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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2022
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 Number 001-40420

VIMEO, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)
85-4334195
(I.R.S. Employer
Identification Number)
330 West 34th Street, 5th Floor New York, New York 10001
(Address of principal executive offices, including Zip Code)
(212) 524-8791
(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 each exchange on which registered
Common Stock, par value $0.01 per share	VMEO	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

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

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

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

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

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

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

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

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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 June 30, 2022, the aggregate market value of shares of Vimeo common stock held by non-affiliates of the registrant (based upon the closing sale prices of such shares on the Nasdaq Global Select Market on June 30, 2022) was approximately $912 million. In determining the market value of non-affiliate common stock, shares of the registrant's common stock beneficially owned by officers, directors and affiliates have been excluded. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 17, 2023, the following shares of the registrant's common stock were outstanding:

Common Stock	157,236,229
Class B common stock	9,399,250
Total	166,635,479

Documents Incorporated By Reference:

Portions of Part III of this Annual Report are incorporated by reference to the Registrant's proxy statement for its 2023 Annual Meeting of Stockholders.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "will," "may, "could," "should," "would," "anticipates," "estimates," "expects," "plans," "projects," "forecasts," "intends," "targets," "seeks" and "believes," as well as variations of these words, among others, generally identify forward-looking statements. These forward-looking statements include, among others, statements relating to Vimeo’s future results of operations and financial condition, business strategy, and plans and objectives of management for future operations.

Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available. These forward-looking statements are subject to a number of known and unknown risks, uncertainties and assumptions. Actual results could differ materially from those contained in or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to:

- we have a history of losses,
- our prior rapid growth may not be indicative of future performance, and our revenue growth rate has declined,
- our limited operating history as a pure software-as-a-service (“SaaS”) company and our limited history of selling such plans on a sales-assisted basis,
- our total addressable market may prove to be smaller than we expect,
- our ability to read data and make forecasts may be limited,
- we may not have the right product/market fit,
- we may not be able to attract free users or paid subscribers,
- we may not be able to convert our free users into subscribers,
- competition in our market is intense,
- we may not be able to scale our business effectively,
- we may need additional funding as we continue to grow our business,
- we may experience service interruptions,
- hosting and delivery costs may increase unexpectedly,
- weakened global economic conditions may harm our industry, business and results of operations,
- our business involves hosting large quantities of user content,
- we have been sued for hosting content that allegedly infringed on a third-party copyright,
- we may face liability for hosting a variety of tortious or unlawful materials,
- we have faced negative publicity for removing, or declining to remove, certain content, regardless of whether such content violated any law,
- we collect, store and process large amounts of content and personal information and any loss of or unauthorized access to such data could materially impact our business,
- the continuing effects of the COVID-19 pandemic are highly unpredictable and could be significant, and the duration and extent to which this will impact our future results of operations and overall financial performance remains uncertain,
- we have been the target of cyberattacks by malicious actors, and
- the risks described in the section titled "Risk Factors" and elsewhere in this Annual Report on Form 10-K.

Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time, and it is not possible for our management to predict all risk factors nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in, or implied by, any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. We cannot assure you that the events and circumstances reflected in the forward-looking statements will be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. You should read this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K and have filed as exhibits to this report with the understanding that our actual future results, levels of activity, performance, and achievements may be materially different from what we expect. Any forward-looking statements only speak as of the date of this document, and we undertake no obligation to update any forward-looking information or statements, whether written or oral, to reflect any change, except as required by law. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified by these cautionary statements.

PART I

Item 1. Business

For the purpose of the following business description about Vimeo, "we," "our" or "us" refers to Vimeo.com, Inc. (formerly known as Vimeo, Inc.) with respect to periods prior to the completion of the Spin-off and to Vimeo, Inc. (formerly known as Vimeo Holdings, Inc.) with respect to periods following the completion of the Spin-off.

Overview

Our mission

Our mission is to enable anyone to create high-quality video experiences to connect better and bring ideas to life.

We proudly serve our growing community of nearly 300 million users — from creative storytellers to globally distributed teams at the world's largest companies, making high quality video accessible to all.

Who we are

We are the world's most innovative video experience platform, providing the full breadth of video tools through a software-as-a-service ("SaaS") model.

We provide a single turnkey solution to create, collaborate, share and communicate with video. Businesses face significant barriers to using video today, including time, cost, lack of technical expertise and the need to pay for and manage multiple software vendors. Our cloud-based software eliminates these barriers and solves essential video needs, including:

- *Creation*: Record, produce, edit and stream videos, for both live and on-demand viewing.
- *Collaboration*: Share videos privately with clients and teams, review and comment on work-in-progress videos and manage team access and permissions.
- *Distribution*: Share videos publicly, including: publishing on a website, blog, marketplace or social media platform, broadcasting through a secure corporate portal, or building a branded video destination or storefront.
- *Hosting*: Organize and manage a central video library across users and teams, in one centralized location.
- *Monetization*: Monetize video through a subscription fee, pay-per-view model or third-party advertising, across devices, currencies and payment methods.
- *Analytics*: Measure video performance across platforms, including tracking viewer engagement and drop-off rates, sources of traffic and customer leads.

We serve a growing community of nearly 300 million registered users (those users who have created an account with us using an email address) in over 190 countries. Our users include large organizations, small businesses, creative professionals, marketers, agencies, schools and nonprofits. They range from the Emmy-nominated animator working on her next short, to the beauty entrepreneur creating videos for Instagram and her Shopify store, to the Fortune 500 company live streaming town halls and remotely training sales associates at stores around the world.

We operate at a significant scale. As of December 31, 2022, our video player was embedded on millions of websites and is powering billions of views a month. Our brand is well known and highly regarded, and most of our new users find us organically. We are also regarded as an industry leader in video technology, having set new standards in adopting higher resolutions, advanced imaging and audio protocols, new video compression formats and intelligent streaming algorithms.

Businesses need video

In the past decade, video has gone from a form of entertainment to the most engaging and effective medium to communicate ideas, build brands, promote products and connect with each other. This is because video is a far richer and more expressive medium than text or static images. As consumers spend more time online and as workforces become more distributed, businesses need to keep pace with their customers and employees, who increasingly expect to consume engaging video content.

Yet for too many businesses, professional-quality video remains out of reach due to lack of time, budget and expertise. For example:

- the average professionally-produced video takes weeks to make and costs thousands of dollars, but has a shelf life on social media of just a few days. Simply shooting content on one's phone won't produce a high-quality product demo, brand video or Facebook ad given the need to edit and stitch together multiple shots and add branding, music, voice-over and motion graphics.
- collaborating on video projects is inefficient and full of friction, often requiring multiple pieces of software, shared passwords, expensive licenses and wasted time sharing feedback in back-and-forth email chains.

- producing a live event typically requires expensive hardware and a professional production team. Even the largest companies struggle today to make their town halls, conferences, webinars and training programs high-quality and engaging.
- companies lack a centralized, secure video library where all their videos are intuitively organized and easily searchable. They also lack robust and centralized video analytics to measure the return on their video investment across platforms and teams.

Vimeo solves essential video needs

We offer a SaaS solution that spans the full breadth of a business's video needs. Our cloud-based software enables users to create, collaborate and communicate with video, eliminating the need to pay for multiple software providers and removing the barriers of time, budget and technical expertise for a wide range of use cases. For example:

- a global company can integrate video across all of its corporate communications, from town halls and training to virtual conferences and product launches;
- any employee in an organization can live stream engaging events, whether to market a product, host a town hall with employees or educate customers;
- a flower shop owner can promote their store re-opening on social media with professional-looking videos they create on their phone in a few clicks;
- a fitness studio can launch its own video channel to stream classes in TV-quality in a matter of minutes; and
- a freelancer or creative agency can showcase their portfolio, collaborate with clients and deliver projects securely, all from a single account.

Trends in Our Favor

We believe that we are witnessing the rapid proliferation of video into every aspect of business communication. We expect many more businesses to require video in the future, aided by the following secular trends:

- *Consumers expect engaging video*. Consumers increasingly expect engaging and real-time video from both brands and employers. We expect the marked growth of self-produced video on social media platforms to put more pressure on businesses to produce professional-quality videos for these platforms as well. At work, employees are increasingly driving IT modernization as they demand the latest technologies from their personal lives in their workplace.
- *Video works better than image and text*. Video is the most engaging medium. A 2018 analysis by Twitter showed that social media posts with video attract 10 times more engagement than those without, and a 2018 analysis by LinkedIn showed that videos are shared 20 times more often than other content formats. A 2020 study on advertising by Amazon shows that video increases clicks, conversion rates and visitor time-on-site, which can assist with both driving traffic and search engine optimization (SEO).
- *The nature of work is changing, and organizations must adapt*. As workforces become more distributed and teams rely more on software to interact with their colleagues, video has become a critical tool to increase employee engagement, productivity and retention. A 2020 study completed by GlobalWebIndex for Vimeo shows that employees at companies that use video are 75% more likely to rate employee engagement highly and 72% more likely to rate productivity highly.
- *Video is broadly distributed*. In the past, online video was primarily viewed on desktop computers that required a physical high-speed Internet connection. Today, mobile phones and tablets enable high-definition video recording and playback, 5G network coverage is expanding, and connected TVs have made their way to many households. With consumers spending an average of over six hours a day watching online video content (based upon 2020 data from Nielsen), we expect more viewing surfaces to emerge in the future, from emerging platforms to virtual reality headsets to augmented reality devices to self-driving cars. As audiences engage on more devices, businesses will increasingly need a central hub to publish video across these platforms.

Our Market Opportunity

Target customers

Our target customers include small-to-midsize businesses (SMBs), larger enterprises, marketers, agencies and creative professionals.

We believe that anyone who produces video content, markets to customers, works with distributed teams or hosts in-person experiences is a potential Vimeo user. We further believe that once our users begin to experience the benefits of our platform, they tend to greatly expand their use of video internally and externally. As a result, we expect that use of our platform will increase the broader market penetration of video across all customer types and use cases.

Geographic market

Our market is global. Our products are used by customers in over 190 countries.

Total addressable market

Based on our internal data, in 2022 we estimated our total addressable market to be approximately $40 billion, growing to $83 billion in 2027. We believe our opportunity includes a range of customer types, including freelancers, small businesses, mid-size businesses, enterprises and consumers.

Our Business Model and Services

We earn revenue primarily through a SaaS business model, selling subscriptions to our cloud-based software on an annual or monthly basis. We employ a “freemium” pricing strategy, offering free membership and access to our video tools alongside paid subscription plans for advanced video capabilities. As of December 31, 2022, over 95% of our subscribers purchased plans without ever speaking to customer support or going through a salesperson.

Anyone can access a basic (free) membership to Vimeo by signing up with an email address. With a basic membership, users can create, record, upload and share videos through our website and native apps for free. Our free users are subject to weekly and total caps on uploaded videos, and do not have access to advanced video capabilities such as live streaming or the ability to add team members. We provide opportunities to upgrade to a paid subscription at natural points in the user’s experience, such as when a free user nears or hits an uploaded video cap. We also highlight the advanced video capabilities of our subscription plans natively within our free user product experience.

We offer paid subscription plans on a “self-serve” basis, meaning that users can sign up directly through our website or apps and pay subscription fees with a credit card or an in-app purchase mechanism. We charge fees that typically range from $7 per month to $900 per year for features that vary depending on the plan type. These features include video creation, collaboration, distribution, hosting, marketing, monetization and analytics. We also offer the ability to add multiple team members to our higher-priced plans. As of December 31, 2022, 17% of our subscribers had added team members.

We sell subscription plans through our sales force, which provide additional features beyond our self-serve plans, plus options for dedicated support, account management, service level agreements and professional live event services. Our sales-assisted contracts range from thousands to hundreds of thousands of dollars per year, and for the quarter ended December 31, 2022, nearly 70% of our new sales-assisted contracts came from customers who were existing free users or self-serve subscribers first.

We acquire subscribers primarily through: (1) conversion of free users to subscribers through organic efforts, including word-of-mouth referrals and in-product messaging; (2) acquisition of subscribers through marketing spend, primarily through digital media channels; (3) our sales force (for sales-assisted customers); and (4) acquisition of subscribers through third party partnerships and integrations.

Key Benefits to Customers

We believe that our solutions provide the following benefits to our customers:

- *Centralized video solution*. We provide an integrated video software solution that enables video creation, hosting, distribution and measurement in one interface. Our platform eliminates the need to purchase and manage multiple software providers for editing, storage, publishing and analytics.
- *Scalable, reliable video delivery*. Our video player delivers a best-in-class playback and live streaming experience for audiences of all sizes, and we optimize video delivery across devices, geographies, bandwidth and network performance. Our technology enables streaming of high dynamic range (HDR) video in up to 8K resolution, and is built to scale with organizations as their needs advance.
- *Easy to use*. We provide a self-serve and intuitive interface that can be easily navigated by even first-time users. The vast majority of our users never speak to a customer support agent or salesperson. Our platform removes the need for video-specific expertise and high-touch user support and troubleshooting.
- *Fast setup, no hardware required*. Our cloud-based software runs natively on desktop and mobile devices without requiring any specialized hardware or need to download third-party software.
- *Attractive return on investment*. With easy-to-use creation and editing tools, we enable almost anyone to create new or optimize existing video content, which reduces the need for businesses to hire expensive outside vendors, saving them time and money. We provide sophisticated marketing tools, such as hotspots, overlays, and narrative branching, which turn videos into immersive video experiences that drive video performance.
- *Fully branded, customizable experience*. We enable subscribers to fully customize the video player experience and exercise complete control over their content and who sees it.
- *Interoperable and integrated*. Vimeo integrates with cloud-based software applications such as Shopify, GoDaddy, Dropbox, Google, Slack, Adobe, Mailchimp, HubSpot, Asana and Figma. We also have an ecosystem of distribution partners where we enable native publishing of videos, including Facebook, YouTube, LinkedIn, Twitter, Pinterest and TikTok.

- *Developer-friendly*. We enable anyone to build on top of our platform. Our flexible video APIs (application programming interfaces) allow external developers and engineering teams to build their own applications using our technology.
- *Robust customer support*. We offer 24/7/365 support globally, through live chat, email, telephone and video. For the year ended December 31, 2022, our customer support team achieved a customer satisfaction score (CSAT) of over 88%. We are committed to providing our users with best-in-class support, as we believe this is a critical driver of our ability to build long-term relationships with them.

Our Growth Strategy

We focus on the following areas to drive our growth:

- *Grow our free user base*: Our adoption is driven by a virtuous cycle of users collaborating on and sharing videos. Every time a free user uploads a video that someone else watches, that viewer experiences a part of our platform. As a result, our addressable customer base expands each time our users publish or broadcast videos to their audience, privately share Vimeo links, collaborate with their team on a video project or embed Vimeo's video player on another platform. These actions attract viewers, who may then decide to register and become users. Our player is embedded on millions of websites and has powered over a hundred billion views.
- *Convert free users into subscribers*: We provide a high-quality free product with numerous features that have the potential to be used repeatedly, and we offer price- and feature-optimized tiering of our subscription plans to drive organic conversion of free users to subscribers, and upgrade subscribers to higher tiers of our available plans.
- *Extend customer value*: We seek to employ a "land and expand" strategy where we inspire our existing subscribers to increase video adoption and usage and upgrade to higher-priced plans over time. For enterprise customers, we seek to expand the number of employees, teams and departments using our platform and increase contract value organization-wide. We are constantly evolving our platform and adding new functionality to drive usage and improve retention.
- *Deliver product innovation*: We continuously innovate and improve our platform by investing in research and development, customer insights and business intelligence analytics. We strive to make both our free and paid experiences more compelling so that our users find increasing value in our services.
- *Grow partnerships*: We seek to grow our presence on third-party platforms with native product integrations, and encourage third-party platforms to natively integrate their software and tools with us.
- *Expand internationally*: We seek to attract more subscribers outside of the U.S. through localized product, marketing and sales efforts in other countries.
- *Scale sales and marketing investments*: We intend to scale investments in marketing and in our sales team. We monitor our sales and marketing spend and return on investment closely to ensure that we are acquiring customers in an efficient manner.

Competition and Competitive Advantages

Competition

Due to the breadth of our all-in-one video solution, we face competition from a range of companies that provide cloud-based video software tools:

- We compete with large social media platforms, such as YouTube, which allow users to upload and share videos for free. While these platforms provide far fewer video capabilities, they offer a large built-in audience, social media-specific features, and the ability to monetize video plays through advertising. We currently partner with many of these platforms and view our role as the agnostic distribution platform to help businesses create and publish content across social media.
- We compete with traditional online video distributors, such as Brightcove, that provide video hosting, content management, distribution, analytics, and in-stream advertisements to larger customers. Operators of these services tend to focus on large media organizations and often also provide custom solutions. We further compete with targeted video point solutions that offer a subset of video capabilities such as screen recording or event-based live streaming.
- We compete with two-way video communications software, such as Zoom and Microsoft Teams. These services allow multiple users to communicate with each other in real time via video and are increasingly adding features that overlap with our platform, including support for webinars and centralized video management. We currently offer integrations and partnerships with many of these companies.
- As we expand our virtual event and webinar capabilities, we expect to compete with event software providers such as On24 and Hopin.
- Finally, we face competition from services that were not traditionally video-centric, such as Slack (real-time text-based communications), Dropbox (cloud storage), and Canva (graphic design). These services have increasingly added

support for video features including screen recording, video hosting and playback, and video creation. We currently offer integrations and partnerships with many of these companies as well.

Competitive advantages

We believe that our competitive advantages include:

- *Centralized video solution*. Vimeo is unique in that we provide an integrated video software solution that eliminates the need to connect and pay for multiple software providers for video creation, hosting, distribution and analytics. The breadth of our tools enables us to offer more value at a competitive price point, and serve a broader range of customer types and use cases.
- *Agnostic distribution*: Social media platforms are overwhelmingly focused on increasing advertising dollars through viewership on their own properties. However, most businesses need and want to distribute their videos across multiple (if not all) platforms to reach the highest number of potential customers. We are an agnostic provider who can facilitate distribution across these platforms as well as on websites, apps and marketplaces. Our business model is aligned with our users' need to put their videos everywhere, and as a result we can provide more distribution opportunities than social media platforms can or are likely to provide. We therefore view social media platforms as our partners rather than competitors, and we already enable native distribution from Vimeo to Facebook, YouTube, LinkedIn, Twitter and Pinterest.
- *Ad-free, fully branded experience*. Unlike social media platforms, we offer our free users an ad-free video player, and enable subscribers to fully customize the video player experience and exercise complete control over their content. Because we don't monetize audiences through advertising, we never try to drive traffic away from our users' content or website. We further enable subscribers to build branded video channels, destinations and storefronts off Vimeo, so they can directly own the relationship with their viewers.
- *High-quality product*. Our video player delivers a best-in-class playback and live streaming experience for audiences of all sizes, optimized across devices, geographies, bandwidth and network performance. Our technology enables streaming of high dynamic range (HDR) video in up to 8K resolution, and is built to scale with organizations as their needs advance.
- *Economies of scale*. As we store and deliver more video, we are able to reduce our variable costs. The significant scale at which we operate has enabled us to improve our margins without increasing our prices. For example, our gross margin reached 77% for the quarter ended December 31, 2022. This further allows us to offer accessible pricing in areas that have been historically cost-prohibitive, such as professional-quality live streaming, over-the-top (OTT) delivery and 8K/HDR video streaming.
- *Cross-platform data*. As a result of our scale, we have deep insight into video engagement and performance across platforms. We expect to use this data over time to provide personalized insights, dynamically optimize content, improve video quality and recommend which types of videos to make, when and for which platform. Our ability to deliver smarter products and insights for our users increases with the more data we collect, and the amount of data we collect increases as our users grow.
- *Creative community*. Many creatives whose work we have recognized as Staff Picks have said that Vimeo's recognition helped them launch their video careers, and the majority of them showcased their work primarily on Vimeo. We believe that the diversity, size and engagement of our creative community is an asset that is difficult for others to replicate.
- *Freemium to self-serve to sales-assisted pipeline*. We believe our go-to-market strategy is better than that of our competitors because we are able to leverage a free user base to drive conversion from free users to self-serve to sales-assisted customers.

Technology

We use proprietary video creation, storage, delivery and playback technology that we have developed or acquired over the past 18 years. We are at the forefront of adopting next-generation video codecs like HEVC and AV1, which use advanced data compression and state-of-the-art prediction techniques to increase video playback quality.

We invest heavily in research and development to drive product improvements and innovation. As of December 31, 2022, over 36% of our employees were in product and engineering roles. The majority of our development work is done in-house, complemented by open-source software, off-the-shelf commercial software, and proprietary vendor-developed software.

Acquisitions

In 2016, we acquired VHX, a provider of over-the-top OTT streaming and monetization services. In 2017, we acquired Livestream, a provider of professional live streaming services. In 2019, we acquired Magisto, a provider of AI-driven video creation and editing tools. In 2021, we acquired WIREWAX, a provider of interactive and shoppable video tools, and Wibbitz, a provider of video creation tools.

Intellectual Property

Our intellectual property includes registered trademarks, such as VIMEO, in the U.S. and over 15 other countries; 21 U.S. patents that claim various technologies that we may use in our operations, including patents directed to live video streaming and video editing using artificial intelligence technologies, with expiration dates ranging from 2028 to 2042; copyrights in our source code, website, apps and creative assets; over 240 domain names, including Vimeo.com and Livestream.com; and trade secrets.

Human Capital

As a software technology company, our employees are our number one resource. As of December 31, 2022, we had 1,236 full-time employees, of whom 494 were based outside of the U.S. None of our employees are covered by collective bargaining agreements. Overall, we consider our relations with employees to be good.

Our Company Culture

We believe that our company culture is a critical driver of our business success. We are a mission-driven company and have designed a set of guiding principles, along with our programs and processes, to help us maximize the potential of every individual in our company. Our principles are:

- Start with Users.
- Ask Why.
- Aim High.
- Own It.
- Be Real.

We believe this approach fosters a culture that is transparent, innovative and ambitious, all of which enable us to drive long-term customer value and achieve competitive differentiation.

Diversity, Equity and Inclusion

We believe our impact is greatest when our workforce represents the diverse and global community that we serve. Accordingly, we view diversity, equity, and inclusion (DE&I) efforts as integral to our success. Our DE&I efforts include:

- *Hiring practices*: We use a number of techniques, primarily directed toward expanding our pipeline, to achieve a diverse workforce. Beginning in 2020, we started implementing, across selected departments in the U.S., a goal of ensuring that women, BIPOC (black, indigenous and people of color), LGBTQIA+ (lesbian, gay, bisexual, transgender, genderqueer, queer, intersexed, agender and asexual) and candidates with disabilities comprise a minimum of 30% of candidates who reach the hiring manager interview stage of our hiring process.
- *Employee community (resource) groups (ECGs)*: ECGs at Vimeo are employee-led and organizationally-supported groups of employees that are drawn together by shared characteristics (such as ethnicity, gender, sexual orientation, etc.) or shared interests. Participation is open to all. Each ECG has a leader and an executive sponsor from our leadership team. ECGs serve as a resource, point of connection, and community for underrepresented employees and their allies, and are an important part of building and maintaining an equitable, diverse and inclusive workforce and community. ECGs also play an integral role in helping Vimeo reach its strategic DE&I goals as they relate to our business operations, our workplace and our community.
- *Cultural education, bias mitigation, and allyship*: We provide regular programming on cultural awareness, bias mitigation, and allyship by partnering with third parties.
- *Skill development*: We provide learning and development resources, including regular manager training and coaching opportunities to continue to build skills.

As of December 31, 2022, our U.S. workforce was, based upon employee self-identification, 57% white, 15% Asian, 4% of two or more racial groups, 6% black, 10% of Hispanic or Latin background, and 0.4% Native Hawaiian or other Pacific Islander; 9% declined to self-identify. As of the same date, our workforce was 59% male, 40% female, and 1% non-binary. We publicly publish metrics on these and other measures of diversity at least once annually.

Compensation

We believe in a performance-based culture and have structured our compensation packages to reflect that. Employees are paid either a salary or on an hourly basis depending on their job duties and legal requirements. For non-sales salaried employees, we set targets for discretionary bonuses as a percentage of base salary, and we determine year-end bonuses based upon a combination of company performance, team performance, and individual performance. Sales-based employees are entitled to commissions based upon sales.

We maintain an employee equity program in which we grant equity in the form of restricted stock units to all full-time employees and permanent part-time employees who regularly work at least 70% of a workweek. We expect to continue providing employees with equity.

In addition to these compensation methods, we provide a broad range of benefits, including comprehensive health and retirement benefits, that we believe meet or exceed market levels. For example, for U.S. full-time employees, we match all pre-tax contributions by our employees to our 401(k) plan, as well as post-tax contributions by our employees to Roth individual retirement accounts, dollar for dollar in an amount of up to 10% of an employee's base salary (subject to an annual cap).

We are committed to providing competitive and equitable pay. We base our compensation on market data and conduct evaluations of our salary bands and compensation practices with a third-party consultant on a regular basis to determine the competitiveness and fairness of our packages.

Talent development

We are committed to empowering our people with career advancement and learning opportunities. We do this by providing, among other things: guidance on expectations for job levels; bi-annual employee evaluations; mentoring programs; training for new managers; professional and leadership development training for ECG leaders; one-on-one coaching for leadership roles; and annual department learning and development opportunities.

Government Regulation

We are subject to domestic and foreign laws that affect companies conducting business on the internet generally, including laws relating to the liability of providers of online services for their operations and the activities of their users.

Because we host user-uploaded content, we may be subject to laws concerning such content. In the U.S., we rely, to a significant degree, on laws that limit the liability of online providers for user-uploaded content, including the Digital Millennium Copyright Act of 1998 (DMCA) and Section 230 of the Communications Decency Act of 1996. Countries outside the U.S. generally do not provide as robust protections for online providers and may instead regulate such entities to a higher degree. For example, in certain countries, online providers may be liable for hosting certain types of content or may be required to remove such content within a short period of time upon notice. We or our customers may also be subject to laws that regulate streaming services or online platforms, such as the EU's Audiovisual Media Services Directive or EU Regulation 2019/1150, which regulates platform-to-business relations.

Because we receive, store and use a substantial amount of information received from or generated by our users, we are also impacted by laws and regulations governing privacy and data security in the U.S. and worldwide. Examples of such regimes include Section 5 of the Federal Trade Commission Act, the EU's General Data Protection Law (GDPR), the California Consumer Privacy Act (CCPA) and the California Privacy Rights Act (CPRA). These laws generally regulate the collection, storage, transfer and use of personal information.

Due to our subscription business model, we are subject to a variety of laws governing online transactions, payment card transactions and the automatic renewal of online agreements. In the U.S., these matters are regulated by, among other things, the federal Restore Online Shoppers Confidence Act (ROSCA) and various state laws.

As a U.S.-based company with foreign offices, we are subject to a variety of foreign laws governing our foreign operations, as well as U.S. laws that restrict trade and certain practices, such as the Foreign Corrupt Practices Act.

Available Information

Our website is located at https://www.vimeo.com, and our investor relations website is located at https://www.investors.vimeo.com. Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available, free of charge, on our investor relations website as soon as reasonably practicable after such reports are filed with, or furnished to, the Securities and Exchange Commission, or the SEC. The SEC also maintains a website at http://www.sec.gov that contains our SEC filings and other information regarding issuers that file electronically with the SEC.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases, and blogs as part of our investor relations website. We have used, and intend to continue to use, our investor relations website as means of disclosing material nonpublic information and for complying with our disclosure obligations under Regulation FD. Further corporate governance information, including our board committee charters and code of conduct, is also available on our investor relations website under the heading "Governance." The contents of our websites are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

Item 1A. Risk Factors

Investing in our securities involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, before making a decision to invest in our securities. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business, financial condition or results of operations could be materially and adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.

Risks Related to Our Business and Strategy

We have a history of losses.

We have not earned a profit in any full fiscal year since our inception, and we cannot be certain as to when or if we will achieve or maintain profitability. Because the market for SaaS video services is rapidly evolving and highly competitive, we must continue to invest in research and development. If such investment does not allow us to scale or attract and retain users and subscribers, we will not be able to achieve profitability.

Our prior rapid growth may not be indicative of future performance, and our revenue growth rate has declined.

We experienced rapid growth during 2020 and the first half of 2021. Since then, we have since seen our revenue growth rate decline. Many factors may contribute to declines in our growth rate, including high prior period growth, decreased demand associated with the reduction in social distancing efforts, increased competition, slowing demand for our platform, a failure by us to continue capitalizing on growth opportunities, and the maturation of our business, among others. If our growth rate does not increase or declines further, investors’ perceptions of our business and the trading price of our common stock could be adversely affected.

We believe our revenue growth depends on a number of factors, including, but not limited to:

- our reputation and brand recognition;
- domestic and global macroeconomic conditions;
- demand for the types of video services we offer;
- the actual and perceived quality, integrity and value of the video services we provide;
- our development and timely deployment of innovative video services that provide value to our users and subscribers;
- our ability to price our video services competitively;
- our ability to acquire new subscribers sustainably, through a combination of organic efforts (continuing to convert a meaningful portion of our free user base into paying subscribers), paid acquisition (marketing), sales efforts (for sales-assisted) and partnerships;
- our ability to retain and upsell existing subscribers by continuing to provide them with value;
- the scalability of our technology platform;
- the quality of our support and onboarding efforts for users and subscribers;
- the growth of our employee base in a highly competitive market for talent;
- our ability to expand internationally;
- our ability to maintain the security and reliability of our platform;
- our ability to successfully integrate new businesses that we acquire; and
- changes in laws that allow us to host and distribute large quantities of user and subscriber content.

Any one or more of the above factors could cause our revenue growth to be harmed. Additionally, bookings is a leading indicator of future revenue potential that we use to assess the performance of our business. There are a number of reasons that the conversion of bookings to revenue may not be directly proportional, including timing, certain revenues generated that do not have associated bookings, and estimates and judgements involved in the calculation of the number.

We have a limited operating history as a pure software-as-a-service (“SaaS”) company and a limited history of selling such plans on a sales-assisted basis.

In our 17-year history, we have explored or experimented with various service offerings, including a proprietary streaming service, and various monetization methods, including advertising, transactions and subscriptions. In 2008, we began selling SaaS subscription plans on a “self-serve” basis (i.e., directly through online means). In 2017, we decided to focus on selling SaaS subscriptions, including on a sales-assisted basis (i.e., through a sales force). Since then, we have significantly increased our sales headcount. As a result of our limited experience with sales-assisted operations, we may experience inefficiencies and our cost of acquiring customers could decline relative to the lifetime revenue of those customers.

***Our total addressable market may prove to be smaller than we expect*.**

While we believe, based primarily upon internal data, that all businesses will need video to succeed, the number of entities that are willing and able to pay fees for software-based video services may not be as large as we expect. We have not engaged a third party to conduct research to validate our data and thesis.

Our ability to read data and make forecasts may be limited.

We rely heavily on data to run our business and make strategic decisions, including decisions about capital deployment. If we misread signals or lack the ability to accurately forecast demand, we may make the wrong decisions. This risk may be heightened in times of economic uncertainty. In hindsight, we have learned that part of the increased demand associated with the COVID-19 pandemic particularly for livestreaming and from segments such as faith and fitness, was specific to the response to the COVID-19 pandemic and could not be sustained when social distancing measures receded.

We may not have the right product/market fit.

Our business depends upon attracting new subscribers and retaining existing ones. To do so, we must provide products with an attractive value proposition. We may fail to do that if we:

- fail to innovate and provide new and useful features that our users and subscribers want;
- release products that fail to reliably operate (due to bugs or service interruptions);
- release products too late relative to competitors;
- price our products in an uncompetitive manner; or
- fail to educate our users and subscribers about our features.

We may not be able to attract free users or paid subscribers.

We rely on both organic means (i.e., search engine optimization, word of mouth, etc.) and paid marketing (i.e., online advertisements) to attract new customers, whether paid or unpaid. We may fail to attract new customers if:

- we do not have products with compelling features that customers want;
- we fail to price our products in a competitive manner;
- organic traffic to our web properties declines;
- or we fail to reach potential paid subscribers through our advertising.

We may not be able to convert our free users into subscribers.

An essential part of our strategy for attracting subscribers depends upon offering basic services for free and converting a certain portion of our free users into subscribers over time. While a majority of our subscribers began as free users, only a small percentage of free users become paying users over time. Our ability to convert users into subscribers at this or a higher rate may not materialize if:

- the number of free users we attract declines, which could occur due to, among other things, reduced visibility of our brand or services;
- we overestimate the number of free users who have the propensity to pay due to issues with duplicative, fraudulent or spam accounts;
- our free users do not consistently use the free product, either because they are unaware of the features we offer or because the features are not perceived as useful;
- we fail to optimize the conversion of free users by communicating the value of our subscription plans;
- our free users are dissatisfied with our products and support;

- our users no longer have a need for our products, including any new users that subscribed to our services during the COVID-19 pandemic that may subsequently reduce or discontinue their use as the impact of the pandemic tapers;
- a reduction in customer information technology spending budgets, which may be reduced during periods of high inflation or economic recession or the perception that competitive products provide better, more secure, or less expensive options;
- we experience headwinds in our international expansion due to variety of reasons, including language and cultural barriers, as well as unfavorable regulatory environments; or
- our service offerings and pricing are not competitive.

If our efforts to convert free users into subscribers do not succeed, we will have to rely more heavily on paid marketing efforts to acquire new subscribers and therefore achieve growth. Such a shift would cause us to incur higher costs in acquiring users, which would reduce our gross margin profile. In addition, some customers downgrade their subscription plans or do not renew their subscriptions.

Competition in our market is intense.

We operate in a highly competitive market. We compete with a variety of companies including large social media networks, real-time video communications services, traditional online video distributors, and niche software providers for business customers. We also face increasing competition for cloud providers that were not traditionally video-centric. These competitors may be able to undercut us on price (e.g., by providing free services), provide superior services, or take advantage of a large installed user base. In addition, we expect that more competitors will emerge given the relatively low barriers to entry for software-based video creation applications, particularly mobile-based applications. New competitors could take the form of start-ups or large, well-funded companies that already operate in markets adjacent to us.

We may not be able to scale our business effectively.

We may not be able to capitalize on the market's demand for video if we cannot scale our operations and infrastructure, including our information technology and financial systems. For example, we might experience delays in onboarding new customers and responding to increased customer support tickets, and we may not be able to handle increased loads on our servers during peak times. The occurrence of these or other similar events would result in missed opportunities or user and subscriber frustration that could negatively affect user and subscriber growth and retention.

We may need additional funding as we continue to grow our business.

Our cash flow may be insufficient to fund significant capital investments we may need to make to grow our business. We may need to raise additional funds by way of a primary offering of shares of our common stock, which would dilute existing stockholders, or through borrowings, which may not be available to us on desired terms or at all. To obtain funding through borrowings, we may need to pledge assets and agree to certain financial covenants. A severe prolonged economic downturn could result in a variety of risks to the business, including weakening our ability to develop potential businesses and a decreased ability to raise additional capital when needed on acceptable terms, if at all.

We may experience service interruptions.

We typically do not provide 100% uptime across our video services in any given month. This may be due to technical errors (bugs), human error (by employees and contractors), interruptions experienced by key vendors (such as cloud-based service or payment providers), higher than anticipated traffic and/or cyberattacks. Interruptions in key aspects of our video services (notably, video delivery and payment processing) could result in lost business, credits against future fees from subscribers with service level agreements, increased user and subscriber support tickets, remediation costs and increased subscriber churn (lost renewals). We have experienced subscriber churn in response to specific lapses in uptime, particularly in the context of livestreaming. In severe cases, we could face litigation or reputational risk, particularly if an interruption occurs during a high-profile event.

Hosting and delivery costs may increase unexpectedly.

Hosting and delivery costs comprise the largest component of our cost of goods sold and thus materially influence our gross margin. These costs could increase unexpectedly if we experience rapid growth over a short period of time (either in terms of users and subscribers or bandwidth consumed), we fail to address subscribers who use more bandwidth than our plans permit (e.g., either by failing to charge them overage fees or by failing to limit their bandwidth) or we fail to distribute increased bandwidth across our content delivery network ("CDN") vendors in a cost-optimal manner by, for example, moving traffic to the lowest-cost provider. We may not be able to pass these costs onto subscribers.

Our success depends on our ability to reach customers and acquire subscribers through digital app stores.

We provide applications ("apps") that operate on third-party operating systems, devices, or browsers. The operators of these platforms, including in particular Apple and Google, exercise significant control over what apps may be offered. These platforms could decide not to market and distribute some or all of our products and services, require costly changes, favor their own products and services over ours and/or significantly increase their fees.

We may offer our apps on a free or paid basis and/or offer the ability to purchase subscription plans within an app (i.e., "in-app purchase"). When purchases are made through these platforms (including through in-app purchase), we pay meaningful service fees, which form part of our cost of goods sold. For example, in the case of Apple, we pay a 30% fee for the first 12 months of a subscription and 15% thereafter. Over the past several years, we have seen an increasing trend away from desktop traffic to mobile traffic. If the percentage of our paid users from in-app purchase increases, our gross margin will decline.

Third-party platforms continually upgrade their software and change their terms of service, sometimes with little to no notice. Some of these upgrades may cause our apps to perform poorly and therefore require us to undertake costly development to provide a new version of our apps. In addition, some platforms may introduce changes that may diminish our ability to offer certain features or to understand how our users are interacting with our apps and websites. For example, in 2021, Apple introduced a new version of iOS (its operating system for the iPhone and iPad) that required app developers to allow users to opt-out of data tracking across apps and websites. This change has diminished our ability to market our products.

We depend on integrations with third parties to enable key features of our video services and to acquire new subscribers.

Some of our video services are integrated, typically through application programming interfaces ("APIs"), with numerous third parties, including companies that compete with us. For example, we provide a "publish to social" feature which allows our users and subscribers to publish their videos to their accounts on Facebook and/or YouTube. This type of feature makes our video services valuable because it effectively allows us to serve as a hub for managing all of the videos for a given user or subscriber across numerous platforms. If platforms change their policies to no longer permit this feature, our video services would be less attractive to our users and subscribers.

We depend on key third-party vendors to provide core services.

We depend on third-party vendors to, among other things, provide customer support, develop software, host videos uploaded by our users, transcode videos (compressing a video file and converting it into a standard format optimized for streaming), stream videos to viewers and process payments. Specifically, Google Cloud Platform ("GCP") provides us with hosting and computing services, Amazon S3 provides us with hosting services and we use multiple CDNs to deliver traffic worldwide. Certain of these third-party vendors have experienced outages in the past that have caused key Vimeo video services to be unavailable for several hours. We do not have backup systems for GCP or Amazon S3. Consequently, outages in those services materially affect our video services. Outages may expose us to having to offer credits to subscribers, loss of subscribers and reputational damage. We may not be able to fully offset these losses with any credits we might receive from our vendors.

We depend on search engines and social media networks for traffic.

We depend on search engines and social media networks to acquire traffic to our website. These third parties have the ability to influence who reaches our website and video services through algorithmic search rankings and other policy decisions, which are subject to frequent change. Some of these third parties or their affiliates compete with us and may have an incentive to favor their competing services over ours. In the past, traffic to our website and video services has been negatively impacted as a result of certain policy changes by both search engines and social media networks.

We depend on internet service providers ("ISPs") to deliver traffic to end users and subscribers.

For our video services to operate, users and subscribers must have a connection to the internet. Typically, our users and subscribers access the internet through a wireline or wireless data service offered by ISPs. There is currently no federal regulation in the U.S. limiting the practices that ISPs may use to impact data flowing from websites and online applications to users and subscribers of online products and services generally. As a result, ISPs could discriminate against data that we deliver to users or subscribers (or data our users upload to us) by blocking us outright, slowing us down or otherwise degrading our quality vis-à-vis competing traffic. ISPs could also cause their customers to favor competing services by “zero rating” traffic to and from our competitors (in other words, not counting competitor traffic against an ISP customer’s data caps) but declining to zero rate our traffic. These practices could make us less attractive as a provider of video services. Alternatively, we may have to pay fees to ISPs to maintain parity with competitors, which could adversely affect our profitability.

If we experience excessive fraudulent activity or cannot meet evolving credit card association merchant standards, we could incur substantial costs and lose the right to accept credit cards for payment, which could cause our customer base to decline significantly.

Our self-serve subscription plan customers authorize us to bill their credit card accounts through our third-party payment processing partners. If customers pay for their subscription plans with stolen credit cards, we could incur substantial third-party vendor costs for which we may not be reimbursed. We also incur charges, which we refer to as chargebacks, from the credit card companies for claims that the customer did not authorize the credit card transaction for subscription plans, something that we have experienced in the past. In addition, credit card issuers may change merchant standards, including data protection and documentation standards, required to utilize their services from time to time. Our third-party payment processing partners must also maintain compliance with current and future merchant standards to accept credit cards as payment for our paid subscription plans, and they have experienced interruptions or errors which have caused us to lose revenue.

We have in the past experienced higher than industry standard rates of chargebacks and unauthorized credit card transactions. As a result of such activity, we have from time to time been in, and may re-enter, monitoring programs with multiple payment card providers and have in the past paid monthly amounts charged by those providers as penalties. We are actively working to reduce the incidence of chargebacks and unauthorized credit card transactions. If we fail to materially reduce such activity, we could be assessed increasing penalties, and we could lose the right to accept credit cards for payment. The loss of a payment option would cause our subscriber base to significantly decrease and would materially harm our business.

We may engage in merger and acquisition activities, which may require significant management attention, disrupt our business, dilute stockholder value, and adversely affect our business, results of operations, and financial condition.

As part of our business strategy to expand our platform and grow our business in response to changing technologies, customer demand, and competitive pressures, we have made and may in the future make investments or acquisitions in other companies, products, or technologies. The identification of suitable acquisition candidates can be difficult, time-consuming, and costly, and we may not be able to complete acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve the goals of such acquisition, and any acquisitions we complete could be viewed negatively by customers or investors. We may encounter difficult or unforeseen expenditures in integrating an acquisition, particularly if we cannot retain the key personnel of the acquired company. Existing and potential customers may also delay or reduce their use of our products due to a concern that the acquisition may decrease effectiveness of our products (including any newly acquired products).

Acquisitions may disrupt our ongoing operations, divert management from their primary responsibilities, subject us to additional liabilities, increase our expenses, subject us to increased regulatory requirements, cause adverse tax consequences or unfavorable accounting treatment, and expose us to claims and disputes by stockholders and third parties. We may not successfully evaluate or utilize the acquired technology and accurately forecast the financial impact of an acquisition transaction, including accounting charges. We may have to pay cash for any such acquisition, which would limit other potential uses for our cash. If we incur debt to fund any such acquisition, such debt may subject us to material restrictions in our ability to conduct our business, result in increased fixed obligations, and subject us to covenants or other restrictions that would decrease our operational flexibility and impede our ability to manage our operations. If we issue a significant amount of equity securities in connection with future acquisitions, existing stockholders’ ownership would be diluted.

Weakened global economic conditions may harm our industry, business and results of operations.

Our overall performance depends in part on worldwide economic conditions. Global financial developments and downturns seemingly unrelated to us or the software-as-a-service industry may harm us. The United States and other key international economies have been affected from time to time by falling demand for a variety of goods and services, restricted credit, reduced liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, bankruptcies, inflation and overall uncertainty with respect to the economy, including with respect to tariff and trade issues. Weak economic conditions or the perception thereof, or significant uncertainty regarding the stability of financial markets related to stock market volatility, inflation, recession, changes in tariffs, trade agreements or governmental fiscal, monetary and tax policies, among others, could adversely impact our business, financial condition and operating results.

More recently, inflation rates in the U.S. have been higher than in previous years, which may result in decreased demand for our products and services, increases in our operating costs including our labor costs, constrained credit and liquidity, reduced government spending and volatility in financial markets. The Federal Reserve has raised, and may again raise, interest rates in response to concerns over inflation risk. Increases in interest rates on credit and debt that would increase the cost of any borrowing that we may make from time to time and could impact our ability to access the capital markets. Increases in interest rates, especially if coupled with reduced government spending and volatility in financial markets, may have the effect of further increasing economic uncertainty and heightening these risks. In an inflationary environment, we may be unable to raise the sales prices of our products and services at or above the rate at which our costs increase, which could reduce our profit margins and have a material adverse effect on our financial results and net income. We also may experience lower than expected sales and potential adverse impacts on our competitive position if there is a decrease in consumer spending or a negative reaction to our pricing. A reduction in our revenue would be detrimental to our profitability and financial condition and could also have an adverse impact on our future growth.

Foreign currency exchange rate fluctuations could harm our financial results.

We conduct certain transactions in currencies other than the U.S. Dollar and in currencies other than the functional currency of the transacting entity. Exchange rate movements have impacted and may continue to impact our consolidated revenues and operating results. It is particularly difficult to forecast exchange rate movements and unanticipated currency fluctuations have affected and could continue to affect our financial results and cause our results to differ from investor expectations or our own guidance in any future periods. Volatility in exchange rates and global financial markets is expected to continue due to political and economic uncertainty globally.

The continuing effects of the COVID-19 pandemic are highly unpredictable and could be significant, and the duration and extent to which this will impact our future results of operations and overall financial performance remains uncertain.

The potential long-term impact and duration of the COVID-19 pandemic on the global economy and our business continue to be difficult to assess or predict. Related public health and safety measures have resulted in significant social disruption and have had an adverse effect on economic conditions, consumer confidence and spending, inflation, interest rates, and business investment, all of which have affected our business. In addition, the cessation of certain health and safety measures initiated in response to the pandemic has likely resulted in lower demand for our services. Moreover, we may also experience business disruption if the operations of our contractors, vendors or business partners are adversely affected.

Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business, results of operations or financial condition.

The Sarbanes-Oxley Act (“SOX”) requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We have limited experience complying with SOX as a standalone public company. We have expended, and anticipate that we will continue to expend, significant resources to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting. If any of these new or improved controls and systems do not perform as expected, we may experience material weaknesses in our controls. Such failure could harm our business, results of operations, and financial condition and could cause a decline in the trading price of our common stock.

Risks Related to Human Capital

Our success will depend upon our continued ability to identify, hire, develop, motivate and retain highly skilled individuals worldwide.

In order to build and scale our business, we may need to further increase our employee base, particularly in the areas of engineering, product development, sales (domestically and internationally), customer support and shared services. Competition for executives, software developers, product managers, sales personnel and other key employees in our industry is intense. In particular, we compete with many other companies for software developers and designers with high levels of experience in designing, developing and managing software for video solution technologies, as well as for skilled sales and operations professionals. At times, we have experienced, and we may continue to experience, difficulty in hiring and retaining employees with appropriate qualifications, and we may not be able to fill positions. Our ability to attract and retain talent and to fully experience the benefits of that talent depends upon:

- our reputation;

- our compensation and benefit packages;
- our ability to successfully onboard new employees;
- our commitment to diversity, equity, and inclusion;
- our ability to maintain our corporate culture while growing headcount, adding employees in new countries and locations and operating on a remote or hybrid basis; and
- the competitive landscape in the geographic markets for talent in which we compete.

Our compensation packages may not be sufficient.

While we have established compensation programs (which include cash compensation, equity-based programs and other benefits) to attract and retain employees, these compensation arrangements may not be sufficient in the highly competitive labor market in which we participate. In addition, in 2022, many of the countries in which we operate, including the United States, have continued to experience higher inflation than in recent prior years, which, among other reasons, has placed pressure on us to raise wages. Large competitors and non-competitors in the technology space may offer compensation arrangements that may significantly exceed those that we are able to offer. If we fail to provide competitive compensation arrangements, we may fail to attract and retain talent. In addition, if we do not ensure the effective transfer of knowledge to successors and smooth transitions (particularly in the case of senior management), our business may be adversely affected. On the other hand, if we increase compensation levels in a significant way in order to compete for talent, our profitability will suffer and, if we increase stock-based compensation, our stockholders will face further dilution. Additionally, increased inflation rates can adversely affect us by increasing our costs, including labor and employee benefit costs. Employee salaries and benefits expenses have increased as a result of economic growth and increased demand for business services among other wage-inflationary pressures, and we cannot assure that they will not continue to rise.

In addition, as our stock price has fluctuated since the completion of the Spin-off, employees joining us at different times could have significant disparities in proceeds from sales of our equity in the public markets, which could create disparities in wealth among our employees, which may harm our culture and relations among employees and our business. Further, the volatility of our stock price may make our equity compensation less attractive to current and potential employees, and could contribute to increased turnover or difficulties in hiring. Further, our recent reductions in force, and any future reductions in force or other restructuring, may adversely affect our ability to attract and retain employees.

We may fail to attract or retain employees for issues that negatively impact our image.

Our ability to attract and retain employees could also be adversely affected by issues that negatively impact our image, such as incidents of actual or perceived discrimination, controversial business decisions, including decisions about user content, and issues with the quality of our products (such as bugs or interruptions in services, among other issues).

We may face productivity challenges arising from our work environment.

In 2020, we moved to a remote working environment with the onset of the COVID-19 pandemic. We now operate our offices in a hybrid manner, with many of our employees working on a completely remote basis. Preservation of our corporate culture may be more difficult as many of our workforce have been working from home in connection with our hybrid workplace model. Even if we return to an office setting, we may experience productivity challenges associated with having some employees remote and some in person and having employees unable to work due to illness or childcare concerns. In addition, moving back to a physical office environment could adversely affect the hiring and retention of employees who prefer to work remotely.

The 2022 Russian invasion of Ukraine has impacted our team and business operations.

Since 2017, we have had operations in Ukraine. As of the year ended December 31, 2022, we had 78 employees in Ukraine. Our Ukraine team is primarily focused on research and developments activities, with 68% of the team in engineering roles. On February 24, 2022, Russia invaded Ukraine. As a result of this war, some of our Ukraine team members have been forced to relocate to other countries and within Ukraine, with many unable to perform all or some work duties. We remain committed to supporting our Ukraine team members and are prioritizing safety over work. The ongoing conflict could cause harm to our team members and otherwise impair their ability to work for extended periods of time, as well as disrupt telecommunications systems, banks and other critical infrastructure necessary to conduct business in Ukraine. In addition, following Russia's invasion of Ukraine, the United States, European Union, and other nations announced various sanctions against Russia and export restrictions against Russia and Belarus. Such restrictions include blocking sanctions on some of the largest state-owned and private Russian financial institutions, and their removal from the Society for Worldwide Interbank Financial Telecommunication, or the SWIFT, payment system. The invasion of Ukraine and the retaliatory measures that have been taken, and could be taken in future, by the U.S., NATO, and other countries have created global security concerns that could result in a regional conflict and otherwise have a lasting impact on regional and global economies, any or all of which could adversely affect our business, including preventing us from performing existing contracts, pursuing new business opportunities, or receiving payments for services already provided to customers.

Risks Related to User Content and Personal Information

Our business involves hosting large quantities of user content.

Our business is hosting video content supplied by others. Some of the videos uploaded to our platform will invariably violate a third party's rights or a law, rule or regulation, and if so, we could, in turn, face lawsuits, liability and negative publicity for hosting such content.

We have been sued for hosting content that allegedly infringed on a third-party copyright.

We cannot guarantee that we will be shielded from third-party copyright infringement lawsuits and related liability for hosting user and subscriber content by laws such as the online safe harbor provisions of the U.S. Digital Millennium Copyright Act of 1998 ("DMCA"), which are intended to limit the liability of online providers with respect to user- and subscriber-uploaded content. In addition, even if we ultimately succeed in demonstrating that the DMCA limits our liability, litigating these issues is costly and time-consuming. For details regarding pending lawsuits of this nature, see "Note 14—Commitments and Contingencies" to the consolidated financial statements included in Item 8—Consolidated Financial Statements and Supplementary Data.

Some countries outside of the United States have laws that, like the DMCA, limit the copyright infringement liability of service providers. However, these laws may impose different requirements upon us and may not protect us to the same degree as the DMCA. We cannot guarantee that we will be compliant with foreign requirements. For example, as described in "Note 14—Commitments and Contingencies" to the consolidated financial statements included in Item 8—Consolidated Financial Statements and Supplementary Data, we have been sued in Italy for the copyright infringement of our users.

If the laws limiting our liability for user and subscriber copyright infringement are changed, either by amendment, regulatory action or judicial interpretation, we could face increased compliance costs and increased risk of liability for copyright infringement. In 2018, the European Union passed Article 17 to revise the EU's existing framework for limiting the liability of service providers for copyright infringement. EU member state laws that have implemented Article 17 may require us to undertake new and costly screening activities or to obtain costly licenses from rights holders or both.

We may face liability for hosting a variety of tortious or unlawful materials.

In the United States, Section 230 of the Communications Decency Act generally limits our liability for hosting tortious and otherwise illegal content. The immunities conferred by Section 230 could be narrowed or eliminated through amendment, regulatory action or judicial interpretation. In 2018, Congress amended Section 230 to remove immunities for content that promotes or facilitates sex trafficking and prostitution. In the most recent session of Congress, multiple bills have been introduced to further limit Section 230. Some bills would repeal or substantially curtail Section 230, while some exempt specific claims or categories of content from Section 230's reach.

Laws like Section 230 generally do not exist outside of the United States, and some countries have enacted laws that require online content providers to remove certain pieces of content within short time frames. If we fail to comply with such laws, we could be subject to prosecution or regulatory proceedings. In addition, some countries may decide to ban our service based upon a single piece of content. We have been subject to temporary bans in certain countries, including India, Russia and Turkey, for hosting content that those governments determined to be illegal.

We may also face liability when we remove content and accounts that we believe are violating our acceptable use policy, and we have been sued in the past for certain content-removal decisions. While we believe that Section 230 allows us to restrict or remove certain categories of content, its protections may not always end a lawsuit at an early stage, potentially resulting in costly and time-consuming litigation.

We have faced negative publicity for removing, or declining to remove, certain content, regardless of whether such content violated any law.

Individuals and groups may upload controversial content to our platform. Removing or failing to remove such content may result in negative publicity, which could harm our efforts to attract and retain users and subscribers. We have also faced criticism from users and subscribers for removing content and terminating accounts in compliance with the DMCA.

We collect, store, and process large amounts of content and personal information and any loss of or unauthorized access to such data could materially impact our business.

We collect, store and process large amounts of content and personal information of our users and subscribers. A significant portion of this data is private or intended for a limited audience. For example, one of our core product features is the ability of users and subscribers to set privacy settings to their videos and thereby determine how the video is to be distributed. A large portion of the videos we host are not publicly available or are available only through channels determined by our users. In addition, we rely on user information, including automatically collected information, to operate our business.

If we fail to secure our data, we might experience the loss, leakage, or inadvertent disclosure of such data. This may occur due to vulnerabilities in our software, human error, or internal or external malfeasance. We have experienced the leakage of data to actors who crawl our website and scrape data. We also routinely receive reports from security researchers regarding potential vulnerabilities in our applications or third party software that we use. We have also experienced cases where user error has caused private data to be exposed. Incidents affecting user data, regardless of the cause, take time for us to investigate and can be frustrating for our users.

A data breach could expose us to regulatory actions and litigation. Depending on the circumstances, we may be required to disclose a suspected breach to regulators, affected individuals and/or the public. This could lead to regulatory actions, including the possibility of fines, class-action or traditional litigation by affected individuals, reputational harm, costly investigation and remedial efforts, the triggering of indemnification obligations under data-protection agreements with subscribers, vendors, and partners and/or higher premiums for cyber insurance, as well as harm to our brand and customer confidence.

We have been the target of cyberattacks by malicious actors, and our actual or perceived failure to adequately protect personal information and confidential information that we (or our service providers or business partners) collect, store or process could trigger contractual and legal obligations, harm our reputation, subject us to liability and otherwise adversely affect our business including our financial results.

We have been targeted with cyberattacks in the past and may be targeted again. Potential attackers span a spectrum from unsophisticated amateurs to highly advanced organizations supported by state actors and use a variety of vectors, including malware, ransomware attacks, denial-of-service attacks, and social engineering. Malicious actors may seek to impede our services (e.g., a denial-of-service attack) or infiltrate our systems for the purpose of introducing malware (e.g., ransomware), deleting or corrupting data, or exfiltrating data.

A cyberattack may cause significant and lasting negative consequences. We may face significant expense in responding to the attack, severely diminished operational capacity, and the loss of data necessary to operate. If the attack results in a data breach, we may be subject to legal liability. Even if financial, legal, or operational harm is avoided, an attack could cause persistent reputational harm to our company. Like other global companies, we face an increasingly difficult challenge to attract and retain highly qualified security personnel to assist us in combatting these security threats.

Our users and subscribers could also be targeted by malicious actors. In the past, we have had instances in which user passwords were guessed by malicious actors or were exposed in breaches of other services and then used by malicious actors to access the user’s account in our system. These cases take time to remediate and are frustrating for our users and subscribers, some of whom may blame us for the situation.

Risks Related to Laws and Regulations

We and our service providers collect, process, transmit and store certain personal information from our users, which creates legal obligations and exposes us to potential liability under federal, state, and international laws applicable to privacy and data protection.

We are subject to a variety of existing and new laws concerning the collection, storing, processing, and transferring of user information. In the U.S., we are subject to federal laws, such as Section 5 of the Federal Trade Commission Act, the Video Privacy Protection Act, and Children's Online Privacy Protection Act, as well as a variety of state laws including the California Consumer Privacy Act, the California Privacy Rights Act, and the Illinois Biometric Information Protection Act. Current or future privacy-related legislation and governmental regulations pertaining to the use of biometrics or other video analytics may affect how our business is conducted or expose us to unfavorable developments resulting from changes in the regulatory landscape. For example, laws such as the Illinois Biometric Information Privacy Act restrict the collection, use and storage of biometric information and provide a private right of action of persons who are aggrieved by violations of the act. Such legislation and regulations have exposed us to, and we expect that they will continue to expose us to, regulatory and litigation risks. Legislation and governmental regulations related to the use of biometrics and other video analytics may also influence our current and prospective customers' activities, as well as their expectations and needs in relation to our products and services. Compliance with these laws and regulations may be onerous and expensive, and may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance and the risk of liability. It is also not clear how existing and future laws and regulations governing issues such as biometrics and other video analytics apply or will be enforced with respect to the products and services we sell. The failure to comply with applicable privacy laws could lead to regulatory actions, including the possibility of fines, class-action or traditional litigation, reputational harm and/or costly investigation and remediation efforts. We have been sued for violating the Illinois Biometric Information Protection Act (see the section entitled "Part 1. Item 13—Commitments and Contingencies").

Outside of the U.S., we are subject to privacy laws of the countries in which we conduct business. For example, the European Union's General Data Protection Regulation ("GDPR") imposes detailed requirements related to the collection, storage and use of personal information related to people located in the EU. The GDPR authorizes fines up to 4% of a company's annual turnover. Privacy laws have proliferated in the past several years, both in the U.S. and worldwide. Because of the speed of change in the area of privacy law, it is impossible to foresee changes in the regulatory environment and we may be forced to make sudden operational shifts in an effort to maintain compliance. New laws, or new interpretations of or stricter enforcement of existing laws, may increase our compliance costs, restrict our ability to determine how our users are using our services, and increase our potential liability in the event of non-compliance. For example, in Europe, we have had to make changes to how we use cookies and other tracking technologies and these changes have reduced our visibility into how our users are using our services.

Our ability to transfer personal information to the United States and other jurisdictions may be restricted.

Some countries outside of the United States (including European Union member states, other members of the European Economic Area, Switzerland and the United Kingdom) may limit the transfer of certain data regarding their residents to other countries. Such laws have the potential to adversely affect our business. For example, prior to June 2020, many U.S companies (including Vimeo) participated in the U.S.-EU and U.S.-Swiss "Privacy Shield" program, which provided a basis on which to transfer personal information from the EU and Switzerland to the U.S. In June 2020, the EU High Court of Justice determined that the program did not adequately protect EU residents' privacy rights. We continue to transfer data from the EU to the U.S. under alternative legal bases, including standard contractual clauses, which were updated in 2021. The use of standard contractual clauses to legalize transfers to the U.S. has been challenged. In addition, rulings by certain European data protection authorities have indicated that, in some cases, U.S.-based providers cannot be used due to their inability to ensure that the personal information of European residents is safeguarded.

If we were unable to transfer personal information from the EU (or any other country), we could face fines for noncompliance and we may have to host personal information locally. Should this occur, we would face higher costs and operational challenges, which could adversely affect our business and gross margin.

Compliance obligations imposed by private entities may adversely affect our business.

Private-market participants may deploy technologies or require certain practices that limit our ability to obtain or use certain information about our users and subscribers. For example, Google has indicated that it will ultimately phase out the use of cookies to track users of its search services in future versions of its Chrome web browser, and Apple has updated its iOS mobile operating system to require app developers to obtain opt-in consent before tracking users of its various services. As these types of changes continue to be implemented, our ability to determine how our users and subscribers are using our video services and to use targeted advertising in a cost-effective manner may be limited.

We may fail to comply with laws regulating subscriptions and free trials.

Subscriptions to our video services automatically renew unless the subscriber cancels the subscription before the end of the current period, and we often provide free or discounted trial periods. There are various laws regulating such offers, such as the U.S. Restore Online Shoppers Confidence Act ("ROSCA") and analogous state-level laws. Non-compliance could result in voided contracts, lost revenue, damages and class action or traditional lawsuits.

Changes in laws or industry practices concerning subscription services may have a negative impact on renewal rates.

New laws or interpretations of existing laws may impose obligations that make it difficult or impossible to implement the automatic renewal of subscriptions to Vimeo's video service. For example, if we were required to obtain express opt-in consent for automatic renewal of our video service and were not permitted to deny transactions to people who fail to opt-in, the related rate of renewal would likely decrease substantially. Similarly, private entities involved in payment collection and processing may also effectively regulate subscriptions to our video services. Failure to comply with these rules could result in our inability to process automatic renewals. Finally, we have no control over policy decisions by app platforms regarding automatic renewals. Policy changes by app platforms could adversely impact our renewal rates for subscription to our video services, and in turn, our business.

The sale of our products is subject to a variety of sales, use and value-added taxes, both in the United States and worldwide.

In 2018, in South Dakota v. Wayfair, the United States Supreme Court held that states may charge taxes on purchases made by their residents from out-of-state sellers who have no physical nexus to the state. As a result of this decision, we are subject to taxes in states where one or more of our services is taxable, the state permits taxation based upon economic nexus, and we meet certain thresholds. We are also, as before, subject to taxes in states in which we maintain a physical presence. We cannot guarantee complete tax compliance.

We are required to comply with governmental export control laws and regulations. Our failure to comply with these laws and regulations could have an adverse effect on our business and operating results.

Our products are subject to various restrictions under U.S. export control and sanctions laws and regulations, including the U.S. Department of Commerce's Export Administration Regulations ("EAR") and various economic and trade sanctions regulations administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"). We may have experienced violations in the past and we cannot guarantee that the precautions we take will prevent future violations of export control and sanctions laws. If in the future we are found to be in violation of U.S. sanctions or export control laws, it could result in substantial fines and penalties for us and for the individuals working for us.

The interpretation and application of U.S. tax legislation or other changes in U.S. or non-U.S. taxation of our operations could harm our business, revenue and financial results.

Tax reform has been a priority for governments worldwide and numerous proposals have been proposed or enacted. For example, the 2017 Tax Cuts and Jobs Act (the "Tax Act") changed how the United States imposes income tax on multinational corporations in a number of ways. The issuance of additional regulatory or accounting guidance may affect our analysis of the impact of the law on us and may harm our operating results and financial condition. Furthermore, the Tax Act eliminated the option to deduct research and development expenses in the current period and requires taxpayers to capitalize and amortize these expenses. Although Congress may consider legislation that would defer the capitalization and amortization requirement, there is no assurance that the provision will be repealed or otherwise modified. If the requirement is not repealed or modified, our net operating loss utilization will be accelerated. Additionally, further regulatory or legislative developments may also arise from the recently enacted Inflation Reduction Act, which introduced new provisions, including a 15% corporate alternative minimum tax for certain large corporations and an excise tax on stock repurchases. These provisions will be effective for the tax year after December 31, 2022 and may materially affect our financial position and results of operations.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be subject to certain limitations.

As of December 31, 2022, we had U.S. federal net operating loss carryforwards (“NOLs”) and tax credits (collectively, "tax attributes"), of approximately $79.8 million and $14.6 million, respectively. Utilization of our net operating loss carryforwards and other tax attributes, such as research and development tax credits, may be subject to annual limitations, or could be subject to other limitations on utilization or benefit due to the ownership change limitations provided by Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the “Code”), and other similar provisions. Further, the Tax Act changed the federal rules governing net operating loss carryforwards. For net operating loss carryforwards arising in tax years beginning after December 31, 2017, the Tax Act limits a taxpayer’s ability to utilize such carryforwards to 80% of taxable income. In addition, net operating loss carryforwards arising in tax years ending after December 31, 2017 can be carried forward indefinitely, but carryback is generally prohibited. Net operating loss carryforwards generated before January 1, 2018 will not be subject to the Tax Act’s taxable income limitation and will continue to have a twenty-year carryforward period. Our tax attributes may also be impaired under state laws. Furthermore, our ability to utilize tax attributes of companies that we may acquire in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of tax attributes, or other unforeseen reasons, our existing tax attributes could expire or otherwise be unavailable to offset future income tax liabilities. For these reasons, we may not be able to realize a tax benefit from the use of our tax attributes, whether or not we attain profitability.

Risks Related to Ownership of Our Common Stock

The market price and trading volume of our common stock has been, and may continue to be, volatile and has faced, and may continue to face, negative pressure.

The market price of our common stock has been and will likely continue to be volatile and could be subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our common stock. Factors that could cause fluctuations in the trading price of our common stock include the following:

- actual or anticipated fluctuations in our operating results;
- domestic and worldwide economic conditions, including employment rates, inflation and interest rates;
- actions of securities analysts who initiate or maintain coverage of us, changes in earnings estimated by securities analysts or in our ability to meet those estimates;
- the operating and stock price performance of comparable companies;
- significant data breaches, disruptions to, or other incidents involving our products;
- changes to the regulatory and legal environment under which we operate;
- announcements by us or our competitors of new products, features, or services; and
- changes in relationships with significant customers.

These factors, among others, may result in short- or long-term negative pressure on the value of our common stock. In addition, technology stocks have historically and recently experienced high levels of volatility. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial expenses and divert our management’s attention.

Barry Diller and Joseph Levin are able to exercise significant influence over the composition of our Board of Directors, matters subject to stockholder approval and our operations.

As of December 31, 2022, Mr. Diller collectively held shares of our Class B common stock and common stock that represent approximately 38% of our total outstanding voting power. These shares are also subject to a voting agreement with Mr. Levin, Chief Executive Officer of IAC Inc. ("IAC") and the chairman of our Board of Directors.

As a result of this beneficial ownership of our securities, such individuals are, collectively, in a position to influence (subject to our organizational documents and Delaware law), the composition of our Board of Directors and the outcome of corporate actions requiring shareholder approval, such as mergers, business combinations and dispositions of assets, among other corporate transactions. The disparity between the voting power of the holders of our Class B common stock and the corresponding economic ownership position could also create incentives for such holders to either seek to obtain benefits for themselves (in the form of compensation or other contractual benefits, for example) in a form not available to all stockholders on a pro rata basis. In addition, this concentration of investment and voting power could discourage others from initiating a potential merger, takeover or other change of control transaction that may otherwise be beneficial to us and our stockholders, which could adversely affect the market price of our securities.

In addition, the holders of our Class B common stock could sell all or a portion of those shares to a third party, which could result in the purchaser obtaining significant influence over us, the composition of our Board of Directors, matters subject to stockholder approval and our operations, without consideration being paid to holders of shares of our common stock, and without holders of shares of our common stock having a right to consent to the identity of such purchaser.

Our dual-class common stock structure and aspects of our charter and by-laws may negatively impact the market price of our common stock.

Our Class B common stock has 10 votes per share and our common stock has one vote per share. We cannot predict whether our dual-class common stock structure, combined with the concentrated voting power of Mr. Diller as the holder of all of our outstanding Class B common stock, will result in a lower or more volatile market price of our common stock, or other adverse consequences.

For example, certain stock index providers, such as S&P Dow Jones, exclude companies with multiple classes of shares of common stock from being added to certain stock indices, including the S&P 500. In addition, several stockholder advisory firms and large institutional investors oppose the use of multiple class structures. As a result, the dual class structure of our capital stock may prevent the inclusion of our common stock in such indices, may cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure, and may result in large institutional investors not purchasing shares of our common stock. Any exclusion from stock indices could result in a less active trading market for our common stock. Any actions or publications by stockholder advisory firms or institutional investors critical of our corporate governance practices or capital structure could also adversely affect the value of our common stock.

The difference in the voting rights between our common stock and Class B common stock could also harm the value of our common stock to the extent that any investor or potential future purchaser of our common stock ascribes value to the right of holders of our Class B common stock to ten votes per share of Class B common stock, or could potentially result in our Class B common stock of receiving higher consideration in a sale of our company than that paid to holders of our common stock. The existence of two classes of common stock could also result in less liquidity for our common stock than if there were only one class of common stock.

In addition, our charter and by-laws require securities actions to be brought in federal court and derivative actions to be filed in Delaware. These features may impact the value of our stock.

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

Vimeo, Inc. has never declared or paid any cash dividends on its capital stock, and we do not intend to pay any cash dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board of Directors. Accordingly, holders of our common stock may need to rely on sales of our common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

Risks Relating to the Spin-off and our Relationship with IAC

If the Spin-off were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, we and our stockholders could suffer material adverse consequences.

As described more fully in Item 7 under the heading “Spin-off,” on May 25, 2021, Vimeo completed its separation from the remaining businesses of IAC through a series of transactions (which we refer to as the “Spin-off”) that resulted in the distribution of new capital stock to pre-transaction stockholders of IAC and stockholders of the pre-transaction Vimeo operating entity (which we refer to as the “Distribution”). In connection with the Spin-off, IAC received an opinion of IAC’s outside counsel, among other things, to the effect that the Distribution would qualify as a “reorganization” within the meaning of Sections 368(a)(1)(D) and 355(a) of the Internal Revenue Code of 1986, as amended (the "Code"). The opinion of counsel was based upon and relied on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of IAC and Vimeo, including those relating to the past and future conduct of IAC and Vimeo. If any of these representations, statements or undertakings was at the time of the Spin-off, is, or becomes, inaccurate or incomplete, or if any of the representations or covenants contained in any of the transaction-related agreements and documents or in any document relating to the opinion of counsel are inaccurate or not complied with by IAC, Vimeo or any of their respective subsidiaries, the opinion of counsel may be invalid and the conclusions reached therein could be jeopardized.

Notwithstanding receipt of the opinion of counsel regarding the Distribution, the U.S. Internal Revenue Service (the “IRS”) could determine that the Distribution should be treated as a taxable transaction for U.S. federal income tax purposes if it determines that any of the representations, assumptions or undertakings upon which the opinion of counsel were based are inaccurate or have not been complied with. The opinion of counsel represents the judgment of such counsel and is not binding on the IRS or any court, and the IRS or a court may disagree with the conclusions in the opinion of counsel. Accordingly, notwithstanding receipt by IAC of the opinion of counsel, there can be no assurance that the IRS will not assert that the Distribution does not qualify for tax-free treatment for U.S. federal income tax purposes or that a court would not sustain such a challenge. In the event the IRS were to prevail with such a challenge, we and our stockholders could suffer material adverse consequences.

If the Distribution were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, in general, for U.S. federal income tax purposes, IAC would recognize a taxable gain as if it had sold the Vimeo stock in a taxable sale for its fair market value. In such circumstance, IAC stockholders who received Vimeo common stock in the Distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares. Even if the Distribution were otherwise to qualify as a tax-free transaction under Sections 355(a) and 368(a)(1)(D) of the Code, the Distribution may result in taxable gain to IAC, but not its stockholders, under Section 355(e) of the Code if the Distribution were deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50 percent or greater interest (by vote or value) in IAC or Vimeo. For this purpose, any acquisitions of IAC stock or Vimeo stock within the period beginning two years before, and ending two years after, the Distribution are presumed to be part of such a plan, although IAC or Vimeo may be able to rebut that presumption (including by qualifying for one or more safe harbors under applicable regulations promulgated from time to time under the Code (collectively, “Treasury Regulations").

In connection with the Spin-off, IAC and Vimeo entered into a tax matters agreement pursuant to which, among other things, each of IAC and Vimeo are responsible for certain tax liabilities and obligations following the Spin-off. Under the tax matters agreement, Vimeo is generally required to indemnify IAC for any taxes resulting from the failure of the Distribution to qualify for the intended tax-free treatment (and related amounts) to the extent that the failure to so qualify is attributable to (i) an acquisition of all or a portion of the equity securities or assets of Vimeo, whether by merger or otherwise (and regardless of whether Vimeo participated in or otherwise facilitated the acquisition), (ii) other actions or failures to act by Vimeo or (iii) any of the representations or undertakings made by Vimeo in any of the Spin-off related agreements or in the documents relating to the opinion of counsel being incorrect or violated. Any such indemnity obligations could be material.

We may not be able to engage in desirable capital-raising or strategic transactions following the Spin-off.

Under current U.S. federal income tax law, a distribution that otherwise qualifies for tax-free treatment can be rendered taxable to the distributing corporation and its stockholders, as a result of certain post-distribution transactions, including certain acquisitions of shares or assets of the corporation the stock of which is distributed. To preserve the tax-free treatment of the Distribution, the tax matters agreement imposes certain restrictions on us and our subsidiaries during the two-year period following the Distribution (including restrictions on share issuances, business combinations, sales of assets and similar transactions). The tax matters agreement also prohibits us from taking or failing to take any other action that would prevent the Distribution from qualifying as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. These restrictions may limit our ability to pursue certain equity issuances, strategic transactions (including acquisitions by others of the Company), repurchases or other transactions that we may otherwise believe to be in the best interests of our stockholders or that might increase the value of our business.

Actual or potential conflicts of interest may develop between our management and directors, on the one hand, and the management and directors of IAC, on the other hand, or between management and directors of either entity and the management and directors of Expedia Group, Inc. or Match Group, Inc.

Certain of our and IAC’s executive officers and directors own both IAC capital stock and Vimeo capital stock, and certain members of IAC’s senior management team are members of our Board of Directors. This overlap could create, or appear to create, potential conflicts of interest when IAC’s and our directors and executive officers face decisions that could have different implications for IAC and Vimeo. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between IAC and Vimeo regarding terms of the agreements governing the relationship between IAC and Vimeo after the Spin-off, including the separation agreement, the employee matters agreement, the tax matters agreement, the transition services agreement or any commercial agreements between the parties or their affiliates. Potential conflicts of interest could also arise if IAC and Vimeo enter into any commercial arrangements in the future.

Additionally, we have a provision in our certificate of incorporation providing that no officer or director of Vimeo who is also an officer or director of IAC, Expedia Group or Match Group will be liable to Vimeo or our stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to any of such entities instead of Vimeo, or does not communicate information regarding a corporate opportunity to Vimeo that the officer or director has directed to any of such entities. The corporate opportunity provision may have the effect of exacerbating the risk of potential conflicts of interest between IAC and Vimeo, or between Vimeo and Expedia Group or Match Group, because the provision effectively shields an overlapping director/executive officer from liability for breach of fiduciary duty in the event that such director or officer chooses to direct a corporate opportunity to one of such entities instead of to Vimeo.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We recruit and hire employees in jurisdictions around the world based on a range of factors, including the available talent pool, the type of work being performed, the relative cost of labor, regulatory requirements and costs, and other considerations. Since April 2020, the majority of our workforce has been working remotely. Our facilities, most of which are leased in the United States and various jurisdictions abroad, generally consist of executive and administrative offices, data centers and sales offices. All of our offices are leased, and we do not own any real property.

Our corporate headquarters are located at 330 West 34th Street in New York, New York. We believe that our current facilities are adequate to meet our foreseeable needs. We believe that suitable additional or alternative space would be available on commercially reasonable terms, as necessary, to accommodate our future growth.

Item 3. Legal Proceedings

The information set forth under "Note 14— Commitments and Contingencies" to the consolidated financial statements included in Item 8—Consolidated Financial Statements and Supplementary Data of this Annual Report on Form 10-K is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Market Information for Our Common Stock

Our common stock has been listed on Nasdaq under the symbol “VMEO” since May 25, 2021. Prior to that date, there was no public trading market for our common stock.

Holders of Record

As of February 17, 2023, we had 911 holders of record of our common stock and one holder of record of our Class B common stock. Because many of our shares of common stock are held in street name by brokers and other nominees on behalf of stockholders, we are unable to estimate the total number of beneficial owners of our common stock represented by these holders of record.

Dividend Policy

Vimeo, Inc. has never declared or paid any cash dividends on its capital stock. Prior to the Spin-off, on November 5, 2020, the Vimeo OpCo board of directors declared a cash dividend in the amount of $0.22 per share of Vimeo OpCo voting common stock and Vimeo OpCo non-voting common stock. The dividend payment date was set as November 13, 2020, and the dividend was paid to Vimeo OpCo stockholders of record as of the close of business on November 5, 2020.

We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our Board of Directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors that our board of directors may deem relevant.

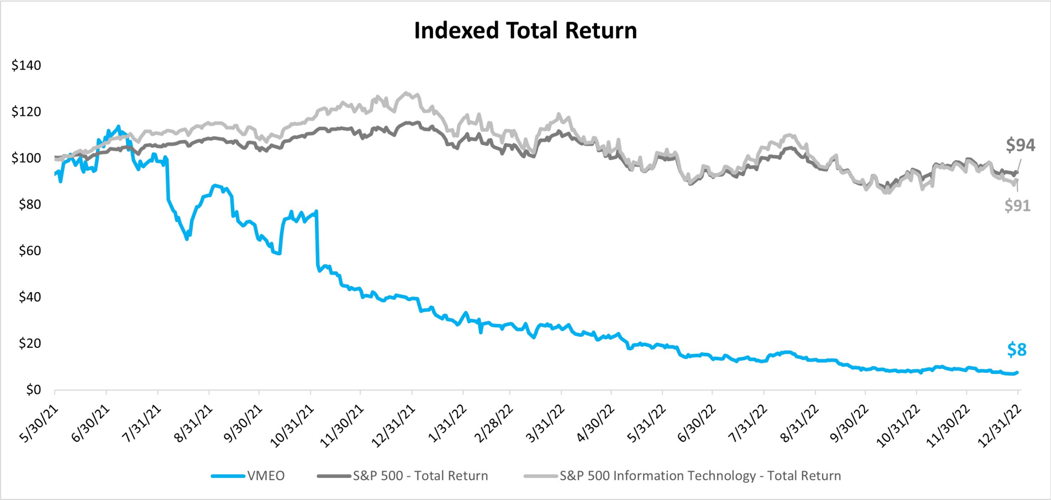
Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this item is incorporated by reference from the section entitled "Securities Authorized for Issuance Under Equity Compensation Plans" included in Part III. Item 12 of this Annual Report on Form 10-K.

Stock Performance Graph

This performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC, for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act.

The following graph compares (i) the cumulative total stockholder return on our common stock from May 25, 2021 (the date our common stock commenced regular-way trading on Nasdaq) through December 31, 2022 with (ii) the cumulative total return of the Standard & Poor's ("S&P") 500 Index and the Standard & Poor’s Information Technology Index over the same period, assuming the investment of $100 in our common stock and in both of the other indices on May 25, 2021 and the reinvestment of dividends. The graph uses the closing market price on May 25, 2021 of $45.39 per share as the initial value of our common stock. As discussed above, we have never declared or paid a cash dividend on our common stock and do not anticipate declaring or paying a cash dividend in the foreseeable future. The returns shown are based on historical results and are not intended to suggest future performance.



Recent Sales of Unregistered Securities

We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions, Regulation D under the Securities Act, Rule 701 under the Securities Act or pursuant to Section 4(a)(2) of the Securities Act regarding transactions not involving a public offering. No underwriters were used in the below issuances.

Minority Investments in Vimeo OpCo

On November 5, 2020, Vimeo.com, Inc. ("Vimeo OpCo," formerly known as Vimeo, Inc.) and IAC Group, LLC ("IAC Group") entered into an investment agreement (the “November 2020 Investment Agreement”) with entities affiliated with Thrive Capital (the “Thrive Entities”) and an entity affiliated with GIC Private Limited (together with the Thrive Entities, the “November Investors”), pursuant to which on November 10, 2020, the November Investors acquired an aggregate of 8,655,510 shares of Vimeo voting common stock for an aggregate purchase price of approximately $150 million, or $17.33 per share, with the transaction valuing Vimeo at an enterprise value of approximately $2.75 billion.

In connection with the investment, Vimeo OpCo, IAC Group and the November Investors entered into an amendment to the existing Vimeo OpCo shareholders agreement. The majority of the provisions of the Vimeo shareholders agreement terminated upon the consummation of the Spin-off and/or the Merger, other than certain confidentiality and registration rights provisions. Additionally, pursuant to the amendment to the Vimeo shareholders agreement, Vimeo OpCo and IAC Group agreed that if the Thrive Entities continue to own at least 75% of the shares of Vimeo voting common stock acquired by the Thrive Entities pursuant to the November 2020 Investment Agreement, and the Thrive Entities owned at least 2% of the outstanding common stock of Vimeo at the time of the Spin-off, the Thrive Entities would have the right to recommend a candidate for consideration for appointment to the initial post-Spin-off Vimeo board of directors, and Vimeo and IAC Group would consider such candidate in good faith.

In addition, the amendment to the Vimeo OpCo shareholders agreement specified certain separation principles relating to a potential Spin-off, with the November Investors’ agreement to cooperate with the Spin-off generally conditioned on compliance with such separation principles (other than departures not materially adverse to the November Investors). The amendment to the shareholders agreement also required that, in connection with the Spin-off, all holders of Vimeo OpCo shares, other than IAC and its affiliates, be given the benefit of an anti-dilution adjustment described in the joint prospectus filed by Vimeo and IAC with the SEC on April 8, 2021.

On January 25, 2021, Vimeo OpCo and IAC Group entered into investment agreements with funds and accounts advised by T. Rowe Price Associates, Inc. and entities affiliated with Oberndorf Enterprises, LLC, pursuant to which Vimeo OpCo issued and sold 6,170,934 shares of Vimeo OpCo voting common stock for $200 million, or $32.41 per share, at a $5.2 billion pre-money valuation, and 2,828,854 shares of Vimeo OpCo voting common stock for $100 million, or $35.35 per share, at a $5.7 billion pre-money valuation.

In connection with the investment, the investors became parties to the Vimeo OpCo shareholders agreement.

Dividend Payment

On November 5, 2020, prior to the completion of the investment pursuant to the November 2020 Investment Agreement, the Vimeo OpCo board of directors declared a cash dividend in the amount of $0.22 per share of Vimeo OpCo voting common stock and Vimeo OpCo non-voting common stock. The dividend payment date was set as November 13, 2020, and the dividend was paid to Vimeo OpCo stockholders of record as of the close of business on November 5, 2020.

Grants of Equity Awards

During the years ended December 31, 2022 and 2021, we granted stock-based compensation generally in the form of restricted stock units, pursuant to the 2021 Plan. Additionally, during the year ended December 31, 2021, we entered into a Restricted Stock Agreement (the “RSA”) with Joseph Levin, Chairman of the Vimeo Board of Directors and IAC’s Chief Executive Officer, which provided for a grant of 4,870,500 shares of Vimeo common stock (“Vimeo Restricted Shares”). For further information, see Note 11—Stock-Based Compensation” to the consolidated financial statements included in Item 8—Consolidated Financial Statements and Supplementary Data of this Annual Report on Form 10-K. The issuances of these securities were exempt pursuant to Rule 701, as transactions pursuant to a compensatory benefit plan, or Section 4(a)(2) of the Securities Act for transactions by an issuer not involving a public offering or Regulation S under the Securities Act. All recipients either received adequate information about us or had access, through employment or other relationships, to such information.

Issuer Purchase of Equity Securities

None.

Item 6. Reserved

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for Vimeo

Spin-off

On May 25, 2021, Vimeo completed its separation from the remaining businesses of IAC/InterActiveCorp ("IAC") through a series of transactions (which we refer to as the “Spin-off”) that resulted in the pre-transaction stockholders of IAC directly owning shares in both IAC and Vimeo, and in Vimeo becoming a separately traded public company.

The Spin-off was structured to include the following steps:

- Certain restructuring transactions, including, among other things, the transfer to Vimeo of IAC’s equity interests in Vimeo.com, Inc. ("Vimeo OpCo," formerly known as Vimeo, Inc.), and the repayment by Vimeo OpCo of all outstanding intercompany debt owed to IAC and its subsidiaries (other than Vimeo OpCo’s subsidiaries).

- Amending IAC’s certificate of incorporation to provide for:

    - the reclassification of each share of IAC common stock, par value $0.001 into (i) one share of IAC common stock, par value $0.0001 and (ii) 1/100th of a share of IAC Series 1 mandatorily exchangeable preferred stock that was automatically exchanged for a number of shares of Vimeo common stock equal to an exchange ratio of 1.6235 (the "Spin-off Exchange Ratio," with holders receiving cash in lieu of any fractional shares of Vimeo common stock resulting, after aggregation, from the reclassification); and

    - the reclassification of each share of IAC Class B common stock, par value $0.001 into (i) one share of IAC Class B common stock, par value $0.0001 and (ii) 1/100th of a share of IAC Series 2 mandatorily exchangeable preferred stock that was automatically exchanged for a number of shares of Vimeo Class B common stock equal to the Spin-off Exchange Ratio (with holders receiving cash in lieu of any fractional shares of Vimeo Class B common stock resulting, after aggregation, from the reclassification).

- The effectiveness of certain other amendments to IAC's certificate of incorporation.

Prior to the Spin-off, IAC indirectly owned approximately 88% of Vimeo OpCo's outstanding shares, with the remaining Vimeo OpCo shares held by third parties. In connection with the Spin-off, the Vimeo OpCo shareholders agreement required IAC to cause the conversion of the Vimeo OpCo shares held by such non-IAC Vimeo OpCo stockholders into Vimeo common stock, which we refer to as the “Vimeo minority exchange.” The shareholders agreement also required that the non-IAC Vimeo OpCo stockholders be compensated (in the form of additional Vimeo equity) for dilution resulting from the issuance of Vimeo options in respect of vested IAC employee option awards that were adjusted in the Spin-off. Each such Vimeo OpCo shareholder was compensated for their ratable portion of 50% of the intrinsic value of the Vimeo options so issued, measured at the time of the Spin-off. The Vimeo Merger, as defined below, was completed pre-market on May 25, 2021 and satisfied these obligations.

On the terms and subject to the conditions of the Agreement and Plan of Merger, as amended and restated on March 12, 2021 (the “Vimeo Merger Agreement”), following the Spin-off on May 25, 2021, Stream Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Vimeo (“Merger Sub”) merged with and into Vimeo OpCo, with Vimeo OpCo surviving as a wholly-owned subsidiary of Vimeo (the “Vimeo Merger”). Each share of Vimeo OpCo capital stock held prior to the Vimeo Merger by a non-IAC Vimeo OpCo stockholder was converted into 1.0143 ("Vimeo Merger Exchange Ratio") shares of Vimeo common stock (with holders receiving cash in lieu of any fractional shares of Vimeo common stock resulting, after aggregation, from the Vimeo Merger).

Additionally, each restricted stock unit ("RSU") corresponding to shares of Vimeo OpCo ("Vimeo OpCo RSU") was converted into an RSU corresponding to shares of Vimeo common stock (“Vimeo RSU”), with the number of shares covered by such Vimeo RSU equal to the number of shares covered by the Vimeo OpCo RSU times the Vimeo Merger Exchange Ratio. Each stock appreciation right ("SAR") corresponding to shares of Vimeo OpCo (“Vimeo OpCo SAR”) was converted into a SAR corresponding to shares of Vimeo common stock (“Vimeo SAR”), with the number of shares covered by such Vimeo SAR equal to the number of shares covered by the Vimeo OpCo SAR times the Vimeo Merger Exchange Ratio and the per share exercise price of such Vimeo SAR equal to the per share exercise price of the Vimeo OpCo SAR divided by the Vimeo Merger Exchange Ratio.

Operating Metrics and Key Terms:

The Company has adjusted its operating metrics and key terms by disaggregating our revenue and associated metrics into three categories. We believe that this better reflects how the Company is managed and provides greater clarity into the Company's business for its stockholders. Please see below for a description of these operating metrics and key terms and the changes from our prior presentation.

	Years Ended December 31,	
	2022	2021
	(In thousands, except ARPU)	
Self-Serve & Add-Ons:		
Subscribers	1,505.0	1,554.7
Average Subscribers	1,529.9	1,443.6
ARPU	$ 199	$ 191
Bookings	$ 297,312	$ 301,463
Vimeo Enterprise:		
Subscribers	2.2	1.6
Average Subscribers	1.9	1.2
ARPU	$ 20,321	$ 19,683
Bookings	$ 46,781	$ 30,567
Other:		
Subscribers	93.3	138.7
Average Subscribers	116.0	168.0
ARPU	$ 767	$ 555
Bookings	$ 67,015	$ 72,565

When the following terms appear in this Management's Discussion and Analysis of Financial Condition and Results of Operations for Vimeo, they have the meanings indicated below:

- **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. Revenue and operating metrics derived from add-on services such as bandwidth charges had previously been included in Sales-Assisted.

- **Vimeo Enterprise** relates to our video offering designed for teams and organizations, which includes the same capabilities of our Self-Serve & Add-Ons plus enterprise-grade features such as advanced security, custom user permissions, single-sign on for employees, interactive video, 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 grows. Revenue and operating metrics derived from Vimeo Enterprise had previously been included in Sales-Assisted.

- **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. Revenue and operating metrics derived from OTT, WIREWAX, Wibbitz, and portions of Livestream had previously been included in Sales-Assisted. Revenue and operating metrics derived from Magisto and portions of Livestream had previously been included in Self-Serve.

- **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.

- **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.

- **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.

- **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.

- **Gross Margin** is revenue less cost of revenue, divided by revenue.

- **Cost of revenue** consists primarily of hosting fees, credit card processing fees, compensation expense and other employee-related costs and stock-based compensation expense for personnel engaged in customer care functions, traffic acquisition costs, which includes the amortization of in-app purchase fees, outsourced customer care personnel costs, rent expense and facilities costs. In-app purchase fees are monies paid to Apple and Google in connection with the processing of in-app purchases of subscriptions and product features through the in-app payment systems provided by Apple and Google.

- **Research and development expense** consists primarily of compensation expense and other employee-related costs and stock-based compensation expense 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, rent expense and facilities costs.

- **Sales and marketing expense** consists primarily of advertising expenditures, which include online marketing, including fees paid to search engines, social media sites, e-mail campaigns, display advertising, video advertising and affiliate marketing, and offline marketing, which includes conferences and events, compensation expense and other employee-related costs and stock-based compensation expense for Vimeo's sales force and marketing personnel, software license and maintenance costs, rent expense and facilities costs.

- **General and administrative expense** consists primarily of compensation expense and other employee-related costs and stock-based compensation expense for personnel engaged in executive management, finance, legal, tax, information technology and human resources, provision for credit losses, fees for professional services (including transaction-related costs related to the Spin-off and acquisitions), rent expense, facilities costs, and software license and maintenance costs.

- **Credit Facility** - On February 12, 2021, Vimeo OpCo entered into a $100 million revolving credit facility, which expires on February 12, 2026. At December 31, 2022, there were no outstanding borrowings under the Credit Facility.

- **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 loss to Adjusted EBITDA for the years ended December 31, 2022 and 2021.

MANAGEMENT OVERVIEW

Vimeo is the world's leading all-in-one video software solution, providing the full breadth of video tools through a software-as-a-service model. Vimeo's comprehensive and cloud-based tools empower its users to create, collaborate and communicate with video on a single, turnkey platform.

Sources of Revenue

Vimeo's revenue is derived primarily from SaaS subscription fees paid by customers for subscription plans. Revenue is recognized on a straight-line basis over the contractual term of the arrangement beginning on the date that the service is made available to the customer. Subscription periods generally range from one month to three years with the most common being an annual subscription and are generally non-cancellable.

Distribution, Marketing and Advertiser Relationships

Vimeo pays to market and distribute its services on third-party search engines and social media websites, and through e-mail campaigns, display advertising, video advertising and affiliate marketing. Vimeo also pays traffic acquisition costs, which consist of fees paid to Apple and Google related to the distribution and the facilitation of in-app purchases of product features. These distribution channels might also offer other third parties services and products, which compete with those Vimeo offers.

Vimeo also markets and offers its services and products through branded websites, allowing customers to transact directly with it in a convenient manner. Vimeo has made significant investments, and expects to scale investments, in online marketing to drive traffic to its websites.

Results of Operations

The following discussion should be read in conjunction with Item 8—Consolidated Financial Statements and Supplementary Data. For a discussion regarding our financial condition and results of operations for the year ended December 31, 2021 compared to the year ended December 31, 2020, please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the annual audited consolidated financial statements for the year ended December 31, 2021 and notes thereto included in the Form 10-K of Vimeo, Inc. filed with the Securities Exchange Commission on March 1, 2022.

Results of operations for the periods presented as a percentage of our revenue are as follows:

	Years Ended December 31,	
	2022	2021
	(as a % of revenue)	
Revenue	100 %	100 %
Cost of revenue (exclusive of depreciation shown separately below)	24	26
Gross profit	76	74
Operating expenses:		
Research and development expense	29	27
Sales and marketing expense	39	39
General and administrative expense	25	22
Depreciation	1	—
Amortization of intangibles	1	1
Total operating expenses	95	89
Operating loss	(19)	(16)
Interest expense	—	—
Interest expense—related party	—	—
Other income, net	1	3
Loss before income taxes	(18)	(13)
Income tax provision	—	—
Net loss	(18)%	(13)%

Revenue

	Years Ended December 31,			
	2022	2021	Change	% Change
	(In thousands)			
Self-Serve & Add-Ons	$ 304,726	$ 275,259	$ 29,467	11 %
Vimeo Enterprise	39,271	23,236	16,035	69
Other	89,031	93,183	(4,152)	(4)
Total revenue	$ 433,028	$ 391,678	$ 41,350	11 %

Revenue increased $41.4 million, or 11%, due primarily to increases of $29.5 million or 11% in Self-Serve & Add-Ons and $16.0 million or 69% in Vimeo Enterprise, partially offset by a decrease of $4.2 million or 4% in Other. The increase in Self-Serve & Add-Ons was primarily due to an increase in Average Subscribers and ARPU. The increase in Vimeo Enterprise was primarily due to an increase in Average Subscribers. The decrease in Other was primarily due to the Company actively deprecating the consumer-facing portion of the Magisto business.

Cost of revenue (exclusive of depreciation shown separately below) and Gross profit

	Years Ended December 31,			
	2022	2021	Change	% Change
	(In thousands)			
Cost of revenue (exclusive of depreciation shown separately below)	$ 103,595	$ 102,537	$ 1,058	1 %
Gross profit	$ 329,433	$ 289,141	$ 40,292	14 %
Gross profit margin	76%	74%		

Cost of revenue increased $1.1 million, or 1%, due primarily to an increase of $2.5 million in hosting fees, partially offset by a decrease of $1.5 million in in-app purchase fees. The increase in hosting fees was due to an increase in content storage requirements. The decrease in-app purchase fees was primarily due to the Company actively deprecating the consumer-facing portion of the Magisto business.

Gross profit increased $40.3 million, or 14%, due primarily to the increase in revenue and cost optimization initiatives for hosting, which as a percentage of revenue decreased.

Operating Expenses

	Years Ended December 31,			
	2022	2021	Change	% Change
	(In thousands)			
Research and development expense	$ 127,661	$ 105,586	$ 22,075	21 %
Sales and marketing expense	170,401	152,691	17,710	12
General and administrative expense	107,011	85,111	21,900	26
Depreciation	2,198	923	1,275	NM
Amortization of intangibles	5,100	5,846	(746)	(13)
Total operating expenses	$ 412,371	$ 350,157	$ 62,214	18 %

Research and development expense increased $22.1 million, or 21%, due primarily to increased investment in products and $2.3 million in restructuring costs. The increased investment included $16.9 million in compensation expense and other employee-related costs and $4.3 million in stock-based compensation expense. The increase in compensation expense and other employee-related costs was due primarily to increased headcount. The increase in stock-based compensation expense was due primarily to increased headcount, partially offset by a benefit in stock-based compensation expense due to modifying certain equity awards in connection with the departure of an executive, as well as a decrease in the impact of the modification of certain equity awards in connection with the Spin-off and Vimeo Merger.

Sales and marketing expense increased $17.7 million, or 12%, due primarily to increases of $15.3 million in compensation expense and other employee-related costs, $5.3 million in stock-based compensation expense, $4.5 million in software license and maintenance costs, and $1.1 million in restructuring costs, partially offset by a decrease of $10.8 million in advertising costs. The increases in compensation expense and other employee-related costs, stock-based compensation expense, and software license and maintenance costs were due primarily to growth in the sales force. The decrease in advertising costs was due primarily to cost optimization initiatives.

General and administrative expense increased $21.9 million, or 26%, due primarily to increases of $13.6 million in compensation expense and other employee-related costs, $9.3 million in stock-based compensation expense, and $6.2 million in provision for credit losses, partially offset by a decrease of $9.0 million in professional fees. The increase in compensation expense and other employee-related costs was due primarily to increased headcount. The increase in stock-based compensation was due primarily to increased headcount and the timing of the Vimeo Restricted Shares (as described in "Note 11—Stock-Based Compensation"), which were granted in the second quarter of 2021, partially offset by a decrease in the impact of the modification of certain equity awards in connection with the Spin-off and Vimeo Merger. The increase in the provision for credit losses was due primarily to growth in the business and an increase in aged accounts receivable balances in the first half of 2022. The decrease in professional fees was primarily due to decreases in costs associated with business acquisitions, the implementation of new enterprise systems and third-party recruiting services.

Depreciation increased $1.3 million, due primarily to fully depreciating certain leasehold improvements and equipment in the second quarter of 2022 in connection with the Company's decision to not renew its lease for the space we occupied in IAC's headquarters.

Amortization of intangibles decreased $0.7 million, or 13%, due primarily to certain intangibles that were amortized using an accelerated method of amortization, partially offset by the amortization of intangibles acquired in connection with the acquisitions of Wibbitz and WIREWAX in the fourth quarter of 2021.

Operating loss

	Years Ended December 31,			
	2022	2021	Change	% Change
	(In thousands)			
Operating loss	$ (82,938)	$ (61,016)	$ (21,922)	36 %

Operating loss increased $21.9 million, or 36%, due to an increase in operating expenses of $62.2 million, or 18%, partially offset by an increase in gross profit of $40.3 million, or 14%. The increase in operating expenses was due primarily to increases in compensation expense and other employee-related costs of $45.8 million, stock-based compensation expense of $18.9 million, provision for credit losses of $6.2 million, software license and maintenance costs of $5.2 million, and restructuring costs of $4.2 million, partially offset by decreases in advertising costs of $10.8 million and professional fees of $9.5 million. The increase in gross profit was due to higher revenue and improved gross profit margin (76% in 2022 compared to 74% in 2021).

Adjusted EBITDA

	Years Ended December 31,			
	2022	2021	Change	% Change
	(In thousands)			
Adjusted EBITDA	$ (8,233)	$ (9,354)	$ 1,121	(12)%
As a percentage of revenue	(2)%	(2)%		

For a reconciliation of net loss to Adjusted EBITDA, see "Principles of Financial Reporting."

Adjusted EBITDA increased $1.1 million to a loss of $8.2 million, due to higher revenue and improved gross profit margin, and decreases in advertising costs and professional fees, partially offset by increases in compensation expense and other employee-related costs, provision for credit losses, and software license and maintenance costs.

Non-Operating Expenses

	Years Ended December 31,			
	2022	2021	Change	% Change
	(In thousands)			
Interest expense	$ (491)	$ (438)	$ (53)	12 %
Interest expense—related party	$ —	$ (726)	$ 726	(100)
Foreign exchange gains (losses), net	$ 1,893	$ (2)	$ 1,895	NM
Interest income	3,866	83	3,783	NM
Gain on sale of an asset	—	10,151	(10,151)	(100)
Other, net	5	9	(4)	(39)
Other income, net	$ 5,764	$ 10,241	$ (4,477)	(44)%

Interest expense related to amortization of deferred financing costs and commitment fees associated with the Credit Facility, which commenced on February 12, 2021. See "—Liquidity and Capital Resources—Revolving Credit Facility" for additional information about the Credit Facility.

Interest expense—related party was interest charged by IAC and its subsidiaries on the related party notes which were repaid to IAC in January 2021.

Foreign exchange gains (losses), net increased due primarily to strengthening of the U.S. Dollar.

Interest income increased due primarily to an increase in interest rates on the Company's money market funds.

Gain on sale of an asset for the year ended December 31, 2021 related to the sale of Vimeo's retained interest in its former hardware business.

Income tax provision

	Years Ended December 31,			
	2022	2021	Change	% Change
	(In thousands)			
Income tax provision	$ (1,926)	$ (828)	$ (1,098)	NM

For further details of income tax matters, see "Note 4—Income Taxes" to the consolidated financial statements included in Item 8—Consolidated Financial Statements and Supplementary Data.

Income tax provision primarily related to international and state taxes for jurisdictions in which Vimeo conducts business and increased due primarily to an increase in pre-tax income in international jurisdictions.

PRINCIPLES OF FINANCIAL REPORTING

We have provided Adjusted EBITDA in this report to supplement our financial information presented in accordance with U.S. generally accepted accounting principles ("GAAP"). We use this non-GAAP financial measure internally in analyzing our financial results and believe that use of this non-GAAP financial measure is useful to investors as an additional tool to evaluate ongoing operating results and trends and in comparing our financial results with other companies in our industry, many of which present a similar non-GAAP financial measure. However, our presentation of this non-GAAP financial measure may differ from the presentation of similarly titled measures by other companies. Adjusted EBITDA is one of the metrics on which our internal budgets are based and also one of the metrics by which management is compensated. We believe that investors should have access to, and we are obligated to provide, the same set of tools that we use in analyzing our results. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. We endeavor to compensate for the limitations of the non-GAAP measure presented by providing the comparable GAAP measure with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measure. We encourage investors to examine the reconciling adjustments between the GAAP and corresponding 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 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 nonrecurring in nature. Adjusted EBITDA has certain limitations because it excludes the impact of these expenses.

The reconciliation of net loss to Adjusted EBITDA is as follows:

	Years Ended December 31,	
	2022	2021
	(In thousands)	
Net loss	$ (79,591)	$ (52,767)
Add back:		
Income tax provision	1,926	828
Other income, net	(5,764)	(10,241)
Interest expense—related party	—	726
Interest expense	491	438
Operating loss	(82,938)	(61,016)
Add back:		
Stock-based compensation expense	64,340	44,893
Depreciation	2,198	923
Amortization of intangibles	5,100	5,846
Contingent consideration	(1,116)	—
Restructuring costs	4,183	—
Adjusted EBITDA	$ (8,233)	$ (9,354)

Items That Are Excluded From Non-GAAP Measure

Stock-based compensation expense consists of expense associated with the grants of Vimeo stock-based awards. These expenses are not paid in cash and we view the economic costs of stock-based awards to be the dilution to our share base. We also consider the dilutive impact of stock-based awards in GAAP diluted earnings per share, to the extent such impact is dilutive.

Depreciation is a non-cash expense relating to our leasehold improvements and equipment and is computed using the straight-line method to allocate the cost of depreciable assets to operations over their estimated useful lives, or, in the case of leasehold improvements, the lease term, if shorter.

Amortization of intangible assets and impairments of goodwill and intangible assets are non-cash expenses related to acquisitions. At the time of an acquisition, the identifiable definite-lived intangible assets of the acquired company, such as customer relationships, technology and trade names, are valued and amortized over their estimated lives. An impairment is recorded when the carrying value of an intangible asset or goodwill exceeds its fair value. We believe that intangible assets represent costs incurred by the acquired company to build value prior to acquisition and the related amortization and impairments of intangible assets or goodwill, if applicable, are not ongoing costs of doing business.

Gains and losses recognized on changes in the fair value of contingent consideration arrangements are accounting adjustments to report contingent consideration liabilities at fair value. These adjustments can be highly variable and are excluded from our assessment of performance because they are considered non-operational in nature and, therefore, are not indicative of current or future performance or the ongoing cost of doing business.

Restructuring costs consist of costs associated with exit or disposal activities such as severance and other post-employment benefits paid in connection with a reduction in force. We consider these costs to be non-recurring in nature and therefore, are not indicative of current or future performance or the ongoing cost of doing business.

VIMEO'S FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Financial Position

	December 31,	
	2022	2021
	(In thousands)	
Cash and cash equivalents:		
United States	$ 265,252	$ 317,134
All other countries	9,245	4,766
Total cash and cash equivalents	$ 274,497	$ 321,900

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

Cash Flow Information

	Years Ended December 31,	
	2022	2021
	(In thousands)	
Net cash (used in) provided by:		
Operating activities	$ (37,071)	$ 15,954
Investing activities	$ 830	$ (6,824)
Financing activities	$ (10,588)	$ 203,058

Net cash used in operating activities consists of net loss adjusted for non-cash items and the effect of changes in working capital. Non-cash adjustments include stock-based compensation expense, provision for credit losses, amortization of intangibles, non-cash lease expense, and depreciation.

Year ended December 31, 2022

Adjustments to net loss consisted primarily of $64.3 million of stock-based compensation expense, provision for credit losses of $7.6 million, $5.1 million of amortization of intangibles, non-cash lease expense of $5.0 million, and $2.2 million of depreciation. The decrease from changes in working capital primarily consisted of a decrease in accounts payable and other liabilities of $22.7 million and an increase in accounts receivable of $13.0 million. The decrease in accounts payable and other liabilities was due primarily to the timing of invoice payments and lease payments. The increase in accounts receivable was due primarily to growth in the business.

Net cash provided by investing activities included proceeds of $1.6 million previously held in escrow related to the sale of Vimeo's retained interest in its former hardware business, partially offset by capital expenditures of $0.8 million.

Net cash used by financing activities reflected the timing of net withholding taxes paid related to the exercise of equity awards of $5.4 million and the $4.8 million payment in July 2022 related to the WIREWAX contingent consideration arrangement (as described in "Note 7—Fair Value Measurements").

Year ended December 31, 2021

Adjustments to net loss consisted primarily $44.9 million of stock-based compensation expense, a $10.2 million net gain related to the sale of Vimeo's retained interest in its former hardware business, and $5.8 million of amortization of intangibles. The increase from changes in working capital primarily consisted of increases in deferred revenue of $36.7 million and accounts payable and other liabilities of $14.1 million, partially offset by increases in accounts receivable of $19.2 million and prepaid expenses and other assets of $10.1 million. The increase in deferred revenue was due primarily to growth in sales of annual subscriptions. The increase in accounts payable and other liabilities was primarily due to the timing of invoice payments, partially offset by the payment of related-party accrued interest. The increase in accounts receivable was primarily due to the implementation of a new billing system and growth in the business. The increase in prepaid expenses and other assets was primarily due to an increase in prepaid software license and maintenance costs and insurance.

Net cash used in investing activities includes the acquisitions of Wibbitz and WIREWAX, net of cash acquired of $14.2 million and proceeds of $7.9 million related to the sale of Vimeo's retained interest in its former hardware business, partially offset by capital expenditures of $0.4 million.

Net cash provided by financing activities included $299.8 million in net proceeds from the issuance of 9.0 million shares of Vimeo OpCo's Class A common stock and $3.4 million of proceeds from the exercise of stock options, partially offset by the repayment of related-party debt of $94.6 million, withholding taxes paid related to the exercise of equity awards of $4.1 million and $1.4 million of deferred financing costs related to the Credit Facility.

Liquidity and Capital Resources

January 2021 Primary Equity Raise and Repayment of Debt Payable to IAC

In January 2021, Vimeo OpCo raised $300 million of equity capital via the sale of 6.2 million shares of Vimeo OpCo Class A Voting common stock for $200 million, or $32.41 per share, at a $5.2 billion pre-money valuation, and 2.8 million shares of Vimeo OpCo Class A Voting common stock for $100 million, or $35.35 per share, at a $5.7 billion pre-money valuation. A portion of the proceeds from the January 2021 primary equity raise was used to repay the debt payable to IAC, including accrued interest.

Revolving Credit Facility

On February 12, 2021, Vimeo OpCo entered into its $100 million Credit Facility, which expires on February 12, 2026. Any borrowings under the Credit Facility are guaranteed by Vimeo's wholly-owned material domestic subsidiaries, if any, and are secured by substantially all assets of Vimeo and any guarantors, subject to certain exceptions. At December 31, 2022, the commitment fee, which is based on the consolidated net leverage ratio most recently reported and the average daily amount of the available revolving commitments, was 20 basis points. Any borrowings under the Credit Facility would bear interest, plus an applicable margin, which is determined by reference to a pricing grid based on Vimeo’s consolidated net leverage ratio. The financial covenants require Vimeo to maintain a minimum liquidity of not less than $50.0 million until December 31, 2022 and, thereafter, at the end of each quarterly test period, a consolidated net leverage ratio (as defined in the agreement) of not more than 5.5 to 1.0. The Credit Facility also contains customary affirmative and negative covenants, including covenants that would limit Vimeo’s ability to pay dividends or make distributions on or repurchase certain equity interests in the event a default has occurred or Vimeo’s consolidated net leverage ratio exceeds 4.0 to 1.0. At December 31, 2022, there were no outstanding borrowings under the Credit Facility. In December 2021, Vimeo agreed to cease any borrowings under certain non-USD currencies due to the applicable LIBOR benchmark rates no longer being available publicly from and after December 31, 2021 and until an amendment is made to the Credit Facility to replace LIBOR with an alternative benchmark.

Outstanding Stock-based Awards

Stock-based awards are settled in shares of Vimeo common stock and may be settled on a gross or net basis based upon factors deemed relevant at the time. Since the Spin-off and through December 31, 2022, stock-based awards were generally settled on a gross basis, such that individual award holders were be required to pay their withholding tax obligation, which they were generally able to do by selling shares of Vimeo common stock (including a portion of the shares received in connection with the applicable settlement). In the future, Vimeo currently plans to settle stock-based awards on a net basis, such that individual award holders will receive shares of Vimeo common stock, in each case, net of a number of shares of Vimeo common stock equal to the required cash tax withholding payment, which will be paid by Vimeo on the employee's behalf.

Liquidity Assessment

At December 31, 2022, Vimeo had $274.5 million in cash and cash equivalents and no debt. Vimeo believes its existing cash and cash equivalents will be sufficient to fund its normal operating requirements, including capital expenditures, and other commitments for the foreseeable future. This assessment includes the effect of non-cancellable purchase obligations, which primarily relate to cloud computing arrangements, and operating leases, which primarily relate to office space. For further details, see "Note 13—Leases" and "Note 14—Commitments and Contingencies" to the consolidated financial statements included in Item 8—Consolidated Financial Statements and Supplementary Data. Historically, Vimeo's capital expenditures have not been material, and 2023 capital expenditures are expected to be similar to 2022 capital expenditures. Borrowings under Vimeo’s Credit Facility, which may be limited based on our ability to meet required financial covenants, are a potential source of additional financial flexibility and liquidity.

Vimeo's liquidity could be negatively affected by a decrease in demand for our products and services, or the occurrence of unexpected expenses. Vimeo may need to raise additional capital through future debt or equity financings to make additional acquisitions and investments or to provide for greater financial flexibility. Additional financing may not be available on terms favorable to Vimeo or at all.

Off-Balance Sheet Arrangements

Other than the purchase obligations described in "Note 14— Commitments and Contingencies" to the consolidated financial statements included in Item 8—Consolidated Financial Statements and Supplementary Data, Vimeo does not have any off-balance sheet arrangements as of December 31, 2022.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The following disclosure is provided to supplement the descriptions of Vimeo's accounting policies contained in "Note 2—Summary of Significant Accounting Policies" to the consolidated financial statements included in Item 8—Consolidated Financial Statements and Supplementary Data in regard to significant areas of judgment. Management of Vimeo is required to make certain estimates, judgments and assumptions during the preparation of its consolidated financial statements in accordance with U.S. generally accepted accounting principles ("GAAP"). These estimates, judgments and assumptions impact the reported amount of assets, liabilities, revenue and expenses and the related disclosure of assets and liabilities. Actual results could differ from these estimates. Because of the size of the financial statement elements to which they relate, some of Vimeo's accounting policies and estimates have a more significant impact on its consolidated financial statements than others. A discussion of Vimeo's critical accounting policies and estimates follows.

Allowance for Credit Losses

Vimeo maintains an allowance for credit losses to provide for the estimated amount of accounts receivable that will not be collected. The allowance for credit losses is determined using loss rates applied to the outstanding accounts receivable balances based on the age of outstanding receivables, our previous overall loss history and each specific customer’s ability to pay its obligations with additional adjustment based on our expectations of changes in macroeconomic conditions that may impact our ability to collect the outstanding receivables.

At December 31, 2022 and 2021, the allowance for credit losses was $5.2 million and $1.3 million, respectively, and represented 14% and 4% of outstanding receivables, respectively. The increase in the allowance for credit losses was due primarily to the implementation of a new billing system beginning in the fourth quarter of 2021 that led to an increase in aged accounts receivable balances in the first half of 2022. This resulted in a provision for credit losses of $7.6 million for the year ended December 31, 2022. The loss rates used to calculate the allowance for credit losses are subjective and changes to the loss rates applied may impact the allowance and provision for credit losses.

Contingent Consideration Arrangements

Vimeo invested $14.2 million in the acquisitions of Wibbitz Ltd. ("Wibbitz") and WIREWAX Ltd. ("WIREWAX") in 2021. As described in "Note 7—Fair Value Measurements," in connection with these acquisitions, Vimeo entered into contingent consideration arrangements that were determined to be part of the purchase price. The premise underlying the accounting for contingent consideration arrangements is that there are divergent views as to the acquired company’s valuation between Vimeo and the selling shareholders of the acquiree. Therefore, future payments of a portion of the purchase price may be linked to one or more financial and/or operating metrics or milestones that will be achieved over a specified time frame in the future based upon the performance of the business. Accrued contingent consideration at December 31, 2022 and 2021 were $7.8 million and $12.2 million, respectively.

Vimeo determines the fair value of the contingent consideration arrangements by using probability weighted analyses to determine the amounts of the gross liability, and, if the arrangement is long-term in nature, applying a discount rate that appropriately captures the risk associated with the obligation to determine the net amount reflected in the financial statements. In addition to assessing the likelihood of WIREWAX achieving an integration milestone, the primary estimates used in valuing each of the contingent consideration arrangements for Wibbitz and WIREWAX is a projection of "annual recurring revenue" as of a future measurement date. The contingent consideration arrangements are reassessed and measured at fair value at each subsequent reporting period thereafter until settled. The changes in the fair value of the contingent consideration arrangements during each reporting period are recognized in “General and administrative expense” in the statement of operations. For the year ended December 31, 2022, the Company recognized a net gain of $1.1 million within "General and administrative expense" as a result of the periodic revaluation of the contingent consideration arrangements. The Company also recognized measurement period adjustments of $1.6 million through the finalization of purchase accounting. Significant changes in the forecasted annual recurring revenue may result in significant adjustments to fair value of the contingent consideration arrangements, which can result in volatility of general and administrative expense as the resulting gains and losses are recorded.

Recoverability of Goodwill

Goodwill is Vimeo's largest asset, with a carrying value of $245.4 million and $242.6 million at December 31, 2022 and 2021, respectively.

Vimeo assesses goodwill for impairment annually as of October 1 or more frequently if an event occurs or circumstances change that would more likely than not reduce its fair value below its carrying value. Goodwill is tested for impairment at the reporting unit level which is either the “operating segment level,” or one level below, which is referred to as a “component.” The level at which the impairment test is performed requires judgment in identifying operating segments and components, and whether or not any components can be aggregated for purposes of the impairment test. Management has determined that there is one operating segment and no components below that level, resulting in a single reporting unit at the overall Vimeo level for purposes of testing goodwill for impairment.

In assessing goodwill for impairment, Vimeo has the option to first perform a qualitative assessment to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If Vimeo determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, it is not required to perform any additional tests in assessing goodwill for impairment. However, if Vimeo concludes otherwise or elects not to perform the qualitative assessment, then it is required to perform a quantitative assessment to determine the fair value of its reporting units. If the carrying value of a reporting unit exceeds its fair value, an impairment equal to the excess is recorded.

For Vimeo's annual goodwill test as of October 1, 2022, a qualitative assessment of goodwill was performed because Vimeo concluded it was more likely than not that its fair value was in excess of its carrying value. The primary factor that the Company considered in determining that no impairment exists was that Vimeo’s October 1, 2022 market capitalization of approximately $800 million exceeded its carrying value by approximately $450 million.

Market-Based RSU Award

Stock-based compensation is one of the ways Vimeo attracts, retains, inspires and rewards our management team and employees, by allowing them to benefit directly from the value they help to create.

In March 2022, the Company granted approximately 1.0 million RSUs to Anjali Sud, Vimeo's Chief Executive Officer, for which vesting is subject to the achievement of both stock performance and time-based vesting conditions. The stock performance-based vesting condition will be deemed satisfied with respect to each of the five tranches of RSUs upon the Company's common stock reaching certain price targets, calculated on a 20-day volume weighted average price basis during the measurement period which ends on March 25, 2026 (any such RSUs that satisfy the price targets, the "Available RSUs"). The time-based condition will be deemed satisfied with respect to the Available RSUs if Ms. Sud remains continuously employed by the Company (i) through March 25, 2024, at which time two-thirds of Available RSUs will vest and (ii) through March 25, 2025, at which time the remaining Available RSUs will vest.

The accounting for equity awards with market-based vesting conditions is complex and requires a significant amount of judgment. Specifically, the amount and timing of stock-based compensation expense to record is based on the determination of the grant date fair value of the market-based RSUs and the requisite service period. Market conditions must be included in the determination of the estimated grant-date fair value. Stock-based compensation expense related to an award with a market condition will be recognized regardless of whether the market condition is satisfied, to the extent the time-based condition is satisfied.

Stock-based compensation expense is recognized ratably over the requisite service period for that particular tranche. The requisite service period for each tranche is the longer of the derived service period and the explicit service period. The derived service period represents the estimated length of time from grant-date through the assumed date that the stock-performance condition would be met while the explicit service period represents the stated service conditions of the agreement which are either March 25, 2024 or 2025).

During the year ending December 31, 2022, Vimeo recorded $2.4 million of stock-based compensation expense related to this award. The grant date fair value of this award was $7.2 million in the aggregate as the grant date fair value of each RSU ranged from $4.48 to $9.55, depending primarily on the stock price target of that particular tranche. These fair values were determined by using a Monte Carlo simulation of Vimeo's stock price over the performance period. The key assumptions in this simulation included Vimeo's closing stock price on the date of grant of $12.02, expected volatility of 47.0%, risk-free interest rate of 2.5%, cost of equity of 12.5%, and dividend yield of 0%.

Income Taxes

Vimeo 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 December 31, 2022 and

2021, Vimeo is in a three-year cumulative loss position in the United States and has recorded a full valuation allowance against the related deferred tax assets of $67.5 million and $52.0 million, respectively.

Vimeo evaluates and accounts for uncertain tax positions using a two-step approach. Recognition (step one) occurs when Vimeo concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustainable upon examination. Measurement (step two) determines the amount of benefit that is greater than 50% likely to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. De-recognition of a tax position that was previously recognized would occur when Vimeo subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained. This measurement step is inherently difficult and requires subjective estimations of such amounts to determine the probability of various possible outcomes. At December 31, 2022 and 2021, Vimeo has unrecognized tax benefits of $2.5 million. Vimeo considers many factors when evaluating and estimating its tax positions and unrecognized tax benefits, which may require periodic adjustment and which may not accurately anticipate actual outcomes. Although management currently believes changes to unrecognized tax benefits from period to period and differences between amounts paid, if any, upon resolution of issues raised in audits and amounts previously provided will not have a material impact on the liquidity, results of operations, or financial condition of Vimeo, these matters are subject to inherent uncertainties and management’s view of these matters may change in the future.

Recent Accounting Pronouncements

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Exchange

International revenue, which is based upon the location of the customer, accounted for 49%, 50%, and 51% of Vimeo's total revenue for the years ended December 31, 2022, 2021, and 2020, respectively. Subscriptions that are purchased by international customers through Vimeo's sales force are generally priced in U.S. dollars. Subscriptions that are purchased by international customers directly through our website or apps are generally priced in local currency. Vimeo's investments in foreign subsidiaries that transact business in a functional currency other than the U.S. dollar are not material.

Vimeo is exposed to foreign currency transaction gains and losses to the extent it or its subsidiaries conduct transactions in and/or have assets and/or liabilities that are denominated in a currency other than the entity's functional currency. Vimeo recorded a foreign exchange gain of $1.9 million for the year ended December 31, 2022 and losses of less than $0.1 million and $0.7 million for the years ended December 31, 2021, and 2020, respectively.

Item 8. Consolidated Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Vimeo, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Vimeo, Inc. and subsidiaries (the Company) as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes and the financial statement schedule (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 27, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matters

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

Revenue Recognition

Description of the Matter	During the year ended December 31, 2022, the Company recognized revenue of $433.0 million. As disclosed in Note 2 to the consolidated financial statements, revenue is derived primarily from software-as-a-service subscription fees paid by customers and is recognized on a straight-line basis over the contractual term of the arrangement beginning on the date that the service is made available to the customer. Deferred revenue consists of payments that are received or are contractually due in advance of Vimeo’s performance. Auditing revenue and deferred revenue related to subscription plans sold through the Company’s sales force was especially challenging due to the volume of transactions, the use of data sourced from multiple documents, systems and tools and the manual nature of the Company’s process for calculating and recording revenue and related deferred revenue. This required an increased extent of audit effort to identify, evaluate, and test the inputs to the revenue and deferred revenue calculations.
How We Addressed the Matter in Our Audit	To test revenue and deferred revenue related to subscription plans sold through the Company's sales force, we performed audit procedures that included, among others, testing the completeness and accuracy of the data used in the Company's calculations by comparing contract data to source documents and recalculating the amounts of revenue and deferred revenue recorded for a sample of transactions. We also tested the completeness of recorded revenue transactions by selecting a sample of transactions from the Company's customer information and evaluating whether those transactions were properly included or excluded from revenue recognized during the period.

Accounting for Assets Recognized from Costs to Obtain a Contract with a Customer

Description of the Matter	As of December 31, 2022, the current and non-current balances of capitalized costs to obtain a contract with a customer were $4.2 million and $8.0 million, respectively. As disclosed in Note 2 to the consolidated financial statements, commissions paid to employees pursuant to certain sales incentive programs are capitalized and amortized over the estimated customer relationship period. Auditing the assets recognized from costs to obtain a contract with a customer was especially challenging due to the manual nature of the Company’s processes for determining the costs to be capitalized, as well as the timing and amount of amortization of such capitalized costs. This required an increased extent of audit effort to test and evaluate the completeness and accuracy of costs eligible for capitalization.
How We Addressed the Matter in Our Audit	To test the assets recognized from costs to obtain a contract with a customer, we performed audit procedures that included, among others, testing a sample of capitalized commissions transactions by reviewing and assessing the underlying commission plan to determine if such costs were eligible to be capitalized, recalculating the measurement of capitalized costs and related amortization, and comparing the inputs used in the Company's calculations to source documents including the commission statements and customer contracts. To test for completeness, our procedures also included comparing the capitalized commissions to sales commissions paid and reviewing the commission plans for a sample of commission payments that were not capitalized.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2020.

New York, New York
February 27, 2023

VIMEO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	December 31, 2022	December 31, 2021
	(In thousands, except par value amounts)	
ASSETS		
Cash and cash equivalents	$ 274,497	$ 321,900
Accounts receivable, net of allowance of $5,183 and $1,324 at December 31, 2022 and December 31, 2021, respectively	31,434	29,451
Prepaid expenses and other current assets	18,395	18,811
Total current assets	324,326	370,162
Leasehold improvements and equipment, net	1,355	2,868
Goodwill	245,406	242,586
Intangible assets with definite lives, net	5,468	11,008
Other non-current assets	28,876	22,737
TOTAL ASSETS	$ 605,431	$ 649,361
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable, trade	$ 8,415	$ 17,501
Deferred revenue	167,388	173,167
Accrued expenses and other current liabilities	57,151	67,385
Total current liabilities	232,954	258,053
Other long-term liabilities	18,619	20,713
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Common stock, $0.01 par value; 1,600,000 shares authorized; 157,187 and 156,708 shares issued and outstanding, respectively	1,572	1,567
Class B common stock, $0.01 par value; 400,000 shares authorized; 9,399 shares issued and outstanding	94	94
Preferred stock $0.01 par value; 100,000 shares authorized, no shares issued and outstanding	—	—
Additional paid-in-capital	768,390	704,796
Accumulated deficit	(415,367)	(335,776)
Accumulated other comprehensive loss	(831)	(86)
Total shareholders' equity	353,858	370,595
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 605,431	$ 649,361

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

VIMEO, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

	Years Ended December 31,		
	2022	2021	2020
	(In thousands, except per share data)		
Revenue	$ 433,028	$ 391,678	$ 283,218
Cost of revenue (exclusive of depreciation shown separately below)	103,595	102,537	89,077
Gross profit	329,433	289,141	194,141
Operating expenses:			
Research and development expense	127,661	105,586	64,238
Sales and marketing expense	170,401	152,691	105,630
General and administrative expense	107,011	85,111	49,846
Depreciation	2,198	923	460
Amortization of intangibles	5,100	5,846	14,744
Total operating expenses	412,371	350,157	234,918
Operating loss	(82,938)	(61,016)	(40,777)
Interest expense	(491)	(438)	—
Interest expense—related party	—	(726)	(9,116)
Other income, net	5,764	10,241	93
Loss before income taxes	(77,665)	(51,939)	(49,800)
Income tax provision	(1,926)	(828)	(828)
Net loss	$ (79,591)	$ (52,767)	$ (50,628)
Per share information:			
Basic and diluted loss per share	$ (0.49)	$ (0.33)	$ (0.32)
Dividends declared per share	$ —	$ —	$ 0.22
Stock-based compensation expense by function:			
Cost of revenue	$ 1,000	$ 493	$ 73
Research and development expense	20,447	16,114	2,931
Sales and marketing expense	9,986	4,693	603
General and administrative expense	32,907	23,593	8,058
Total stock-based compensation expense	$ 64,340	$ 44,893	$ 11,665

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

VIMEO, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE OPERATIONS

	Years Ended December 31,		
	2022	2021	2020
	(In thousands)		
Net loss	$ (79,591)	$ (52,767)	$ (50,628)
Other comprehensive (loss) income:			
Change in foreign currency translation adjustments	(745)	1	145
Total other comprehensive (loss) income	(745)	1	145
Comprehensive loss	$ (80,336)	$ (52,766)	$ (50,483)

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

VIMEO, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Years Ended December 31, 2022 and 2021

	Common stock, 0.01 par value		Class B common stock, $0.01 par value		Class A Voting common stock of Vimeo OpCo, $0.01 par value		Class B Non-Voting common stock of Vimeo OpCo, $0.01 par value		Additional Paid-in-Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	$	Shares	$	Shares	$	Shares	$	Shares				
	(In thousands)											
Balance as of December 31, 2020	$ —	—	$ —	—	$ 837	83,656	$ 663	66,285	$ 366,676	$ (283,009)	$ (87)	$ 85,080
Net loss	—	—	—	—	—	—	—	—	—	(52,767)	—	(52,767)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	1	$ 1
Stock-based compensation expense	—	—	—	—	—	—	—	—	44,893	—	—	44,893
Amounts related to settlement of equity awards	18	1,856	—	—	1	133	—	—	(6,896)	—	—	(6,877)
Issuance of common stock, net of fees	—	—	—	—	90	9,000	—	—	299,660	—	—	299,750
Exchange of shares related to Spin-off	1,500	149,981	94	9,399	(928)	(92,789)	(663)	(66,285)	(3)	—	—	—
Restricted Stock Award	49	4,871	—	—	—	—	—	—	(49)	—	—	—
Other	—	—	—	—	—	—	—	—	515	—	—	515
Balance at December 31, 2021	$ 1,567	156,708	$ 94	9,399	$ —	—	$ —	—	$ 704,796	$ (335,776)	$ (86)	$ 370,595
Net loss	—	—	—	—	—	—	—	—	—	(79,591)	—	(79,591)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	(745)	(745)
Stock-based compensation expense	—	—	—	—	—	—	—	—	64,340	—	—	64,340
Amounts related to settlement of equity awards	5	479	—	—	—	—	—	—	(746)	—	—	(741)
Balance at December 31, 2022	$ 1,572	157,187	$ 94	9,399	$ —	—	$ —	—	$ 768,390	$ (415,367)	$ (831)	$ 353,858

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

VIMEO, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Year Ended December 31, 2020

	Class A Voting common stock of Vimeo OpCo, $0.01 par value		Class B Non-Voting common stock of Vimeo OpCo, $0.01 par value					
	$	Shares	$	Shares	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
				(In thousands)				
Balance at December 31, 2019	$ 750	75,000	$ 660	66,021	$ 223,754	$ (201,299)	$ (232)	$ 23,633
Net loss	—	—	—	—	—	(50,628)	—	(50,628)
Other comprehensive income	—	—	—	—	—	—	145	145
Stock-based compensation expense	—	—	—	—	11,665	—	—	11,665
Amounts related to settlement of equity awards	—	—	3	264	(20,962)	—	—	(20,959)
Issuance of common stock, net of fees	87	8,656	—	—	149,513	—	—	149,600
Dividends	—	—	—	—	—	(31,082)	—	(31,082)
Other	—	—	—	—	2,706	—	—	2,706
Balance as of December 31, 2020	$ 837	83,656	$ 663	66,285	$ 366,676	$ (283,009)	$ (87)	$ 85,080

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

VIMEO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Years Ended December 31,		
	2022	2021	2020
	(In thousands)		
Cash flows from operating activities:			
Net loss	$ (79,591)	$ (52,767)	$ (50,628)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Stock-based compensation expense	64,340	44,893	11,665
Amortization of intangibles	5,100	5,846	14,744
Depreciation	2,198	923	460
Provision for credit losses	7,606	1,428	1,834
Gain on the sale of an asset	—	(10,151)	(288)
Non-cash lease expense	4,955	3,686	860
Other adjustments, net	(433)	542	3,681
Changes in assets and liabilities, net of effects of acquisitions and dispositions:			
Accounts receivable	(13,027)	(19,204)	(7,413)
Prepaid expenses and other assets	(3,090)	(10,086)	(4,567)
Accounts payable and other liabilities	(22,744)	14,146	(12,778)
Deferred revenue	(2,385)	36,698	56,291
Net cash (used in) provided by operating activities	(37,071)	15,954	13,861
Cash flows from investing activities:			
Acquisitions, net of cash acquired	21	(14,241)	500
Capital expenditures	(802)	(445)	(844)
Proceeds from the sale of an asset	1,611	7,862	288
Other, net	—	—	98
Net cash provided by (used in) investing activities	830	(6,824)	42
Cash flows from financing activities:			
Proceeds from sale of common stock, net of fees	—	299,750	149,600
Principal payments on related-party debt	—	(94,565)	(35,457)
Proceeds from issuance of related-party debt	—	—	32,563
Deferred financing costs	—	(1,440)	—
Dividends	—	—	(31,079)
Withholding taxes paid related to equity awards	(5,448)	(4,051)	(10,125)
Proceeds from exercise of stock options	18	3,364	—
Reimbursement to IAC/InterActiveCorp for IAC common shares issued to settle Vimeo OpCo stock appreciation rights	—	—	(11,634)
Contingent consideration payment	(4,816)	—	—
Other, net	(342)	—	—
Net cash (used in) provided by financing activities	(10,588)	203,058	93,868
Total cash (used) provided	(46,829)	212,188	107,771
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(682)	120	303
Net (decrease) increase in cash and cash equivalents and restricted cash	(47,511)	212,308	108,074
Cash and cash equivalents and restricted cash at beginning of period	322,345	110,037	1,963
Cash and cash equivalents and restricted cash at end of period	$ 274,834	$ 322,345	$ 110,037

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

NOTE 1—ORGANIZATION AND BASIS OF PRESENTATION

Description of Business

Vimeo is the world’s leading all-in-one video software solution, providing the full breadth of video tools through a software-as-a-service model. Vimeo’s comprehensive and cloud-based tools empower its users to create, collaborate and communicate with video on a single, turnkey platform.

As used herein, "Vimeo," "Company," "we," "our" or "us" and similar terms in these consolidated financial statements refer to Vimeo, Inc. (formerly Vimeo Holdings, Inc.) and its subsidiaries (unless the context requires otherwise).

Spin-off

On May 25, 2021, Vimeo completed its separation from IAC/InterActiveCorp ("IAC") through a series of transactions (which we refer to as the “Spin-off”) that resulted in the pre-transaction stockholders of IAC directly owning shares in both IAC and Vimeo, and in Vimeo becoming a separately traded public company.

The Spin-off was structured to include the following steps:

- Certain restructuring transactions, including, among other things, the transfer to Vimeo of IAC’s equity interests in Vimeo.com, Inc. ("Vimeo OpCo," formerly known as Vimeo, Inc.), and the repayment by Vimeo OpCo of all outstanding intercompany debt owed to IAC and its subsidiaries (other than Vimeo OpCo’s subsidiaries).

- Amending IAC’s certificate of incorporation to provide for:

    - the reclassification of each share of IAC common stock, par value $0.001 into (i) one share of IAC common stock, par value $0.0001 and (ii) 1/100th of a share of IAC Series 1 mandatorily exchangeable preferred stock that was automatically exchanged for a number of shares of Vimeo common stock equal to an exchange ratio of 1.6235 (the "Spin-off Exchange Ratio," with holders receiving cash in lieu of any fractional shares of Vimeo common stock resulting, after aggregation, from the reclassification); and

    - the reclassification of each share of IAC Class B common stock, par value $0.001 into (i) one share of IAC Class B common stock, par value $0.0001 and (ii) 1/100th of a share of IAC Series 2 mandatorily exchangeable preferred stock that was automatically exchanged for a number of shares of Vimeo Class B common stock equal to the Spin-off Exchange Ratio (with holders receiving cash in lieu of any fractional shares of Vimeo Class B common stock resulting, after aggregation, from the reclassification).

- The effectiveness of certain other amendments to IAC's certificate of incorporation.

Prior to the Spin-off, IAC indirectly owned approximately 88% of Vimeo OpCo's outstanding shares, with the remaining Vimeo OpCo shares held by third parties. In connection with the Spin-off, the Vimeo OpCo shareholders agreement required IAC to cause the conversion of the Vimeo OpCo shares held by such non-IAC Vimeo OpCo stockholders into Vimeo common stock, which we refer to as the “Vimeo minority exchange.” The shareholders agreement also required that the non-IAC Vimeo OpCo stockholders be compensated (in the form of additional Vimeo equity) for dilution resulting from the issuance of Vimeo options in respect of vested IAC employee option awards that were adjusted in the Spin-off. Each such Vimeo OpCo shareholder was compensated for their ratable portion of 50% of the intrinsic value of the Vimeo options so issued, measured at the time of the Spin-off. The Vimeo Merger, as defined below, was completed pre-market on May 25, 2021 and satisfied these obligations.

On the terms and subject to the conditions of the Agreement and Plan of Merger, as amended and restated on March 12, 2021 (the “Vimeo Merger Agreement”), following the Spin-off on May 25, 2021, Stream Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Vimeo (“Merger Sub”) merged with and into Vimeo OpCo, with Vimeo OpCo surviving as a wholly-owned subsidiary of Vimeo (the “Vimeo Merger”). Each share of Vimeo OpCo capital stock held prior to the Vimeo Merger by a non-IAC Vimeo OpCo stockholder was converted into 1.0143 ("Vimeo Merger Exchange Ratio") shares of Vimeo common stock (with holders receiving cash in lieu of any fractional shares of Vimeo common stock resulting, after aggregation, from the Vimeo Merger).

Additionally, each restricted stock unit ("RSU") corresponding to shares of Vimeo OpCo ("Vimeo OpCo RSU") was converted into an RSU corresponding to shares of Vimeo common stock (“Vimeo RSU”), with the number of shares covered by such Vimeo RSU equal to the number of shares covered by the Vimeo OpCo RSU times the Vimeo Merger Exchange Ratio. Each stock appreciation right ("SAR") corresponding to shares of Vimeo OpCo (“Vimeo OpCo SAR”) was converted into a SAR corresponding to shares of Vimeo common stock (“Vimeo SAR”), with the number of shares covered by such Vimeo SAR equal to the number of shares covered by the Vimeo OpCo SAR times the Vimeo Merger Exchange Ratio and the per share exercise price of such Vimeo SAR equal to the per share exercise price of the Vimeo OpCo SAR divided by the Vimeo Merger Exchange Ratio.

Basis of Presentation and Consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and with the rules and regulations of the Securities and Exchange Commission ("SEC"). The accompanying consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of entities in which Vimeo has a controlling interest ("subsidiaries"), and in the opinion of management, include all adjustments considered necessary for a fair presentation.

All intercompany balances and transactions between and among Vimeo and its subsidiaries have been eliminated. All related party balances between Vimeo and IAC and its subsidiaries are reflected in the accompanying consolidated balance sheet within "Accrued expenses and other current liabilities" and "Other long-term liabilities".

All related party transactions between Vimeo and IAC and its subsidiaries, other than amounts related to the settlement of equity awards and borrowings from and principal payments to certain IAC subsidiaries, are reflected in the accompanying consolidated statement of cash flows as operating activities. Amounts related to the settlement of Vimeo equity awards and borrowings from and principal payments to certain IAC subsidiaries, are reflected in the accompanying consolidated statement of cash flows as financing activities.

Prior to the Spin-off, the consolidated financial statements of Vimeo OpCo and subsidiaries were prepared on a standalone basis and were derived from the historical accounting records of Vimeo OpCo and IAC. The accompanying consolidated financial statements reflect the historical financial position, results of operations and cash flows of Vimeo and its subsidiaries since their respective dates of acquisition by Vimeo and the allocation to Vimeo of certain IAC corporate expenses relating to Vimeo based on the historical accounting records of IAC. Prior to the Spin-off, IAC allocated certain corporate expenses to Vimeo which were charged to "Additional paid-in-capital" in the accompanying consolidated balance sheet. Additionally, income taxes were computed for Vimeo on an as if standalone, separate tax return basis and payments to and refunds from IAC for Vimeo’s share of IAC’s consolidated state tax return liabilities have been reflected within cash flows from operating activities in the accompanying consolidated statement of cash flows. In management’s opinion, the assumptions underlying the historical consolidated financial statements of Vimeo, including the basis on which the expenses have been allocated from IAC, are reasonable. However, these allocations may not reflect the expenses that Vimeo would have incurred as an independent, standalone company for the periods presented.

Accounting Estimates

Management of Vimeo is required to make certain estimates, judgments and assumptions during the preparation of its consolidated financial statements in accordance with GAAP that affect the amounts reported in the accompanying consolidated financial statements and footnotes thereto. Actual results could differ from these estimates.

Significant estimates and judgments inherent in the preparation of the accompanying consolidated financial statements include those related to: the carrying value of accounts receivable, including the determination of the allowance for credit losses; the determination of the estimated customer relationship period for certain costs to obtain a contract with a customer; the carrying value of right-of-use assets ("ROU assets"); the useful lives and recoverability of intangible assets with definite lives; the recoverability of goodwill; contingencies; 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. Vimeo bases its estimates, judgments and assumptions on historical experience, its forecasts and budgets and other factors that Vimeo considers relevant.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Vimeo's revenue is derived primarily from SaaS subscription fees paid by customers. Revenue, in the amount that reflects the consideration Vimeo expects to be entitled to, is recognized on a straight-line basis over the contractual term of the arrangement beginning on the date that the service is made available to the customer. Subscription periods generally range from one month to three years with the most common being an annual subscription and are generally non-cancellable.

Vimeo's disaggregated revenue disclosures are presented in "Note 3—Revenue."

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

Practical Expedients and Exemptions

Vimeo 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 Vimeo recognizes revenue at the amount which Vimeo has the right to invoice for services performed.

Transaction Price

The objective of determining the transaction price is to estimate the amount of consideration Vimeo is due in exchange for its services or goods. Vimeo determines the total transaction price at contract inception and reassesses this estimate each reporting period.

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

For contracts that have an original duration of one year or less, Vimeo does not consider the time value of money applicable to such contracts.

Arrangements with Multiple Performance Obligations

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

Deferred Revenue

Deferred revenue consists of payments that are received or are contractually due in advance of Vimeo's performance. Vimeo’s deferred revenue is reported on a contract by contract basis at the end of each reporting period. Vimeo classifies deferred revenue as current when the term of the applicable subscription period or expected completion of its performance obligation is one year or less.

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

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

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments, with maturities of 3 months or less from the date of purchase. Domestically, cash equivalents primarily consist of AAA rated government money market funds. Internationally, cash equivalents consist of time deposits. Cash and cash equivalents are principally maintained with financial institutions and are in excess of Federal Deposit Insurance Corporation insurance limits.

Allowance for Credit Losses

Vimeo maintains an allowance for credit losses to provide for the estimated amount of accounts receivable that will not be collected. The allowance for credit losses is based upon a number of factors, including the length of time accounts receivable are past due, Vimeo’s previous loss history and the specific customer’s ability to pay its obligation. The time between Vimeo's issuance of an invoice and payment due date is not significant; customer payments that are not collected in advance of the transfer of promised services or goods are generally due no later than 30 days from invoice date.

VIMEO, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The changes in the allowance for credit losses are as follows:

	Years Ended December 31,	
	2022	2021
	(In thousands)	
Balance at beginning of period	$ 1,324	$ 476
Provision for credit losses	7,606	1,428
Write-offs charged against the allowance	(4,997)	(1,268)
Recoveries collected	1,245	699
Currency translation adjustment	5	(11)
Balance at end of period	$ 5,183	$ 1,324

The increase in the allowance for credit losses for the year ended December 31, 2022 was due primarily to growth in the business, as well as an increase in aged accounts receivable balances in the first half of 2022.

Leasehold Improvements and Equipment

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

	December 31,		
	2022	2021	Estimated Useful Lives
	(In thousands)		
Leasehold improvements	$ 1,332	$ 3,498	Shorter of lease term or 10 Years
Computer and other equipment	807	961	2 to 10 Years
Total leasehold improvements and equipment	2,139	4,459	
Accumulated depreciation and amortization	(784)	(1,591)	
Leasehold improvements and equipment, net	$ 1,355	$ 2,868	

Long-lived assets, excluding goodwill, intangible assets with definite lives and ROU assets, at December 31, 2022 and December 31, 2021 relate to "Leasehold improvements and equipment, net."

	December 31,	
	2022	2021
	(In thousands)	
Leasehold improvements and equipment, net:		
United States	$ 537	$ 1,901
All other countries	818	967
Total	$ 1,355	$ 2,868

Leases

Vimeo leases office space used in connection with its operations under various operating leases, the majority of which contain escalation clauses.

ROU assets represent Vimeo’s right to use the underlying assets for the lease term and lease liabilities represent the present value of Vimeo’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 rates on the lease commencement date. Vimeo 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 Vimeo will exercise the option(s). Lease expense is recognized on a straight-line basis over the term of the lease. Vimeo has elected not to record leases with an initial term of twelve months or less 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. Vimeo’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Business Combinations

The allocation of purchase price to the assets acquired and liabilities assumed is based upon their fair values on the acquisition date, including identifiable intangible assets that either arise from a contractual or legal right or are separable from goodwill. Vimeo generally uses the assistance of outside valuation experts to assist in the allocation of purchase price to the identifiable intangible assets acquired. While outside valuation experts may be used, management has ultimate responsibility for the valuation methods, models and inputs used and the resulting purchase price allocation. The excess purchase price over the value of net tangible and identifiable intangible assets acquired is recorded as goodwill.

Goodwill

Vimeo assesses goodwill for impairment annually as of October 1 or more frequently if an event occurs or circumstances change that would more likely than not reduce its fair value below its carrying value. Goodwill is tested for impairment at the reporting unit level which is either an “operating segment,” or one level below, which is referred to as a “component.” The level at which the impairment test is performed requires judgment as to whether there are multiple operating segments and/or components, and if so, whether their operations are similar such that they should be aggregated for purposes of the impairment test. For purposes of performing the 2022 impairment test, management has determined that there is one operating segment and no components below that level, which results in a single reporting unit at the overall Vimeo level for purposes of testing goodwill for impairment.

When Vimeo elects to perform a qualitative assessment and concludes it is not more likely than not that its fair value is less than its carrying value, no further assessment of goodwill is necessary; otherwise, a quantitative assessment is performed and the fair value of Vimeo is determined. If the carrying value of Vimeo exceeds its fair value, an impairment equal to the excess is recorded. No impairments to goodwill were recorded for the years ended December 31, 2022, 2021, and 2020.

Long-Lived Assets

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

Fair Value Measurements

Vimeo 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

Vimeo'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 for which Vimeo must develop its own assumptions, based on the best information available in the circumstances, about the inputs that market participants would use in pricing the assets or liabilities. See "Note 7—Fair Value Measurements" for a discussion of fair value measurements made using Level 3 inputs.

Advertising Costs

Advertising costs are expensed when incurred (when the advertisement first runs for production costs that are initially capitalized) and represent online marketing, including fees paid to search engines, social media sites, e-mail campaigns, display advertising, video advertising and affiliate marketing, and offline marketing, which is primarily conferences and events. Advertising expense was $76.3 million, $87.1 million, and $65.4 million for the years ended December 31, 2022, 2021, and 2020, respectively.

Income Taxes

Vimeo is included within IAC's tax group for purposes of federal and consolidated state income tax return filings through the Spin-off. For the years ended December 31, 2021 and 2020, the current and deferred income tax provision were computed on an as if standalone, separate tax return basis. For the year ended December 31, 2022, the income tax provision was computed for Vimeo on a true standalone basis.

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

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

Vimeo has made an accounting policy election to treat Global Intangible Low-Taxed Income taxes as a current period expense rather than including these amounts in the measurement of deferred taxes.

Loss per Share

Basic loss or earnings per share is computed by dividing net loss or earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur from stock-based awards. Given that Vimeo has reported a loss for each of the years ended December 31, 2022, 2021, and 2020, the effect of any potentially dilutive securities, such as the Company's stock-based awards, would be anti-dilutive, and therefore are excluded from the computation of diluted loss per share. See "Note 12—Loss per Share" for additional information on dilutive securities.

Foreign Currency

The functional currency of foreign entities is generally the local currency. Functional currency denominated (i) assets and liabilities are translated at the rates of exchange as of the balance sheet date, and (ii) revenue and expenses of these operations are translated at average rates of exchange during the period. Translation gains and losses are included in accumulated other comprehensive income as a component of shareholders' equity. Transaction gains and losses resulting from assets and liabilities denominated in a currency other than the functional currency are included in the consolidated statement of operations as a component of "Other income, net".

Stock-Based Compensation

Vimeo measures and recognizes compensation expense, net of estimated forfeitures for all stock-based awards based on the grant date fair value of the award. Stock-based compensation expense is recognized ratably over the requisite service period. Estimated forfeitures are based on an analysis of historical forfeitures and revised, if necessary, in subsequent periods if actual forfeitures differ from the estimated rate.

The grant-date fair value of a RSU is determined based on the closing sale price of the Company’s common stock on the date of grant. The fair value of a SAR is estimated using the Black-Scholes option-pricing model, which requires the use of subjective assumptions to determine the inputs to the model, which include estimating the expected term from grant date to exercise, the expected volatility of the underlying shares, the risk-free interest rate and the expected dividend yield. See "Note 11—Stock-Based Compensation" for additional information.

Recent Accounting Pronouncements

Recent Accounting Pronouncements Adopted by the Company

ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers

Vimeo adopted ASU No. 2021-08 effective October 28, 2021. ASU No. 2021-08 amends ASC 805 to add contract assets and contract liabilities to the list of exceptions to the recognition and measurement principles that apply to business combinations and to require that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. The adoption of ASU No. 2021-08 did not have a material impact on Vimeo's consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted by the Company

There are no recently issued accounting pronouncements that have not yet been adopted that are expected to have a material effect on the consolidated results of operations, financial condition or cash flows of Vimeo.

Reclassifications

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

NOTE 3—REVENUE

Disaggregated revenue is as follows:

	Years Ended December 31,		
	2022	2021	2020
	(In thousands)		
Revenue:			
Self-Serve & Add-Ons	$ 304,726	$ 275,259	$ 189,449
Vimeo Enterprise	39,271	23,236	6,236
Other	89,031	93,183	87,533
Total	$ 433,028	$ 391,678	$ 283,218

Revenue by geography is based on where the customer is located. The United States was the only country whose revenue constituted greater than 10% of total revenue of the Company for the years ended December 31, 2022, 2021, and 2020.

	Years Ended December 31,		
	2022	2021	2020
	(In thousands)		
Revenue:			
United States	$ 220,742	$ 197,576	$ 139,826
All other countries	212,286	194,102	143,392
Total	$ 433,028	$ 391,678	$ 283,218

Deferred Revenue

The current and non-current deferred revenue balances are included in the accompanying consolidated balance sheet as follows:

	December 31, 2022	December 31, 2021
	(In thousands)	
Deferred revenue	$ 167,388	$ 173,167
Other long-term liabilities	1,286	1,291

During the year ended December 31, 2022, Vimeo recognized $172.0 million of revenue that was included in the deferred revenue balance as of December 31, 2021. During the year ended December 31, 2021, the Company recognized $137.0 million of revenue that was included in the deferred revenue balance as of December 31, 2020.

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

During the years ended December 31, 2022, 2021, and 2020, Vimeo recognized expense of $6.2 million, $7.1 million, and $7.7 million, respectively, related to the amortization of capitalized costs to obtain a contract with a customer.

The current and non-current balances of capitalized costs to obtain a contract with a customer are included in the accompanying consolidated balance sheet as follows:

	December 31, 2022	December 31, 2021
	(In thousands)	
Prepaid expenses and other current assets	$ 4,168	$ 3,498
Other non-current assets	7,988	6,196

NOTE 4—INCOME TAXES

Vimeo was included within IAC's tax group for purposes of federal and consolidated state income tax return filings through the Spin-off. For the years ended December 31, 2021 and 2020, the current and deferred income tax provision were computed on an as if standalone, separate tax return basis. For the year ended December 31, 2022, the income tax provision was computed for Vimeo on a true standalone basis.

U.S. and foreign (losses) earnings before income taxes are as follows:

	Years Ended December 31,		
	2022	2021	2020
	(In thousands)		
U.S.	$ (90,500)	$ (54,085)	$ (52,007)
Foreign	12,835	2,146	2,207
Loss before income taxes	$ (77,665)	$ (51,939)	$ (49,800)

The income tax provisions for the years ended December 31, 2022, 2021, and 2020 primarily relate to international and state taxes for jurisdictions in which Vimeo conducts business and are as follows:

	December 31,		
	2022	2021	2020
	(In thousands)		
Current income tax provision:			
Federal	$ 81	$ 52	$ —
State	88	85	64
Foreign	1,351	761	561
Current income tax provision	1,520	898	625
Deferred income tax provision (benefit):			
Federal	37	(20)	270
State	(4)	(5)	—
Foreign	373	(45)	(67)
Deferred income tax provision (benefit)	406	(70)	203
Income tax provision	$ 1,926	$ 828	$ 828

The tax effects of cumulative temporary differences that give rise to significant deferred tax assets and deferred tax liabilities are presented below. The valuation allowance relates to deferred tax assets for which it is more likely than not that the tax benefit will not be realized.

	December 31,	
	2022	2021
	(In thousands)	
Deferred tax assets:		
Net operating loss carryforwards	$ 31,069	$ 33,897
Tax credit carryforwards	12,138	9,066
Intangible assets with definite lives	—	2,247
Stock-based compensation	10,209	5,467
Capitalized research and development expenses	14,242	—
Other	9,958	8,536
Total deferred tax assets	77,616	59,213
Less: valuation allowance	(67,544)	(52,023)
Net deferred tax assets	10,072	7,190
Deferred tax liabilities:		
Prepaid expenses	(4,834)	(3,835)
Intangible assets with definite lives	(925)	—
Right-of-use assets	(3,755)	(2,561)
Withholding taxes	(905)	(506)
Other	(106)	(299)
Total deferred tax liabilities	(10,525)	(7,201)
Net deferred tax liability	$ (453)	$ (11)

In connection with the Spin-off, Vimeo was allocated a portion of tax attributes related to the IAC consolidated federal and state tax filings pursuant to the Internal Revenue Code ("IRC") and applicable state law following the filing of the December 31, 2021 tax return. Vimeo's net deferred tax position was increased by $4.8 million to reflect the final allocation by IAC with a corresponding increase to valuation allowance.

The composition of Vimeo's NOLs as of December 31, 2022 is as follows:

	Federal	State	Foreign	Total
	(In thousands)			
Subject to expiration [a]	$ 147	$ 57,861	$ —	$ 58,008
Indefinite carryforward [b]	79,641	4,793	45,340	129,774
Total NOLs [c]	$ 79,788	$ 62,654	$ 45,340	$ 187,782

(a) Federal NOL will expire in 2035 and state NOLs will expire at various times between 2025 through 2042.

(b) All indefinite carryforward federal NOLs are subject to the Tax Cuts and Jobs Act 80% taxable income limitation.

(c) State NOLs of $9.7 million are subject to limitations under IRC Section 382, separate return limitations, and applicable law.

At December 31, 2022, Vimeo has tax credit carryforwards of $14.6 million. Of this amount, $12.6 million relates to credits for research activities and $2.0 million relates to credits for foreign taxes. These credit carryforwards will expire between 2026 and 2042.

During 2022, Vimeo's valuation allowance increased by $15.5 million, primarily due to an increase in deferred tax assets related to capitalized research and development expenses and stock-based compensation. At December 31, 2022, Vimeo has a valuation allowance of $67.5 million related to the portion of tax loss carryforwards and other items for which it is more likely than not that the tax benefit will not be realized.

A reconciliation of the income tax provision to the amounts computed by applying the statutory federal income tax rate to loss before income taxes is shown as follows:

	Years Ended December 31,		
	2022	2021	2020
	(In thousands)		
Income tax benefit at the federal statutory rate of 21%	$ (16,310)	$ (10,907)	$ (10,458)
State income taxes, net of effect of federal tax benefit	(1,559)	(2,086)	(963)
Global intangible low-taxed income	1,307	—	—
Return to provision	(765)	(2,249)	1
Change in valuation allowance	12,736	20,858	15,946
Stock-based compensation	8,838	(4,041)	(3,474)
Research credit	(2,631)	(2,163)	(1,439)
Transaction costs	18	698	640
Other, net	292	718	575
Income tax provision	$ 1,926	$ 828	$ 828

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Years Ended December 31,		
	2022	2021	2020
	(In thousands)		
Balance at beginning of period	$ 2,519	$ 1,921	$ 1,475
Additions based on tax positions related to prior years	74	—	538
Settlements	(821)	(329)	(645)
Additions based on tax positions related to the current year	751	927	553
Balance at end of period	$ 2,523	$ 2,519	$ 1,921

At December 31, 2022, 2021, and 2020, unrecognized tax benefits were $2.5 million, $2.5 million, and $1.9 million, respectively. A portion of unrecognized tax benefits as of December 31, 2022 relates to tax positions included in IAC's consolidated tax return filings. If unrecognized tax benefits at December 31, 2022, 2021, and 2020 were subsequently recognized, there would be no impact to income tax expense due to the valuation allowance on deferred tax assets. Vimeo does not expect any settlements or changes to the existing unrecognized tax benefits by December 31, 2023.

Vimeo is routinely under audit by federal, state, local, and foreign authorities as a result of previously filed separate company and consolidated tax returns with IAC. These audits include questioning the timing, amount, and allocation of income and deductions among various tax jurisdictions. The Internal Revenue Service ("IRS") has completed its audit of IAC's federal income tax returns for the years ended December 31, 2013 through 2019, which includes the operations of the Company. The settlement of these tax years has been submitted to the Joint Committee of Taxation for approval. The statute of limitations for the years 2013 through 2019 have been extended to December 31, 2023. Various other jurisdictions are open to examination for tax years beginning with 2014. Income taxes payable, which is included in "Accrued expenses and other current liabilities" in the accompanying consolidated balance sheet, include unrecognized tax benefits that are considered to be sufficient to pay assessments that may result from the examination of prior year tax returns. Vimeo considers many factors when evaluating and estimating its tax positions and tax benefits, which may not accurately anticipate actual outcomes and, therefore, may require periodic adjustment. Although management currently believes changes in unrecognized tax benefits from period to period and differences between amounts paid, if any, upon resolution of issues raised in audits and amounts previously provided will not have a material impact on the liquidity, results of operations, or financial condition of Vimeo, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

NOTE 5—BUSINESS COMBINATIONS

On November 10, 2021 and December 6, 2021, Vimeo completed the acquisitions of 100% of the equity interests of Wibbitz Ltd. ("Wibbitz"), a leading enterprise video creation suite, and WIREWAX Ltd. ("WIREWAX"), a leader in interactive and shoppable video, respectively. The aggregate purchase price of both acquisitions consisted of cash consideration and contingent consideration, based on a combination of certain financial metrics and integration milestones.

NOTE 6—GOODWILL AND INTANGIBLE ASSETS WITH DEFINITE LIVES

Goodwill and intangible assets with definite lives, net are as follows:

	December 31,	
	2022	2021
	(In thousands)	
Goodwill	$ 245,406	$ 242,586
Intangible assets with definite lives, net of accumulated amortization	5,468	11,008
Total goodwill and intangible assets with definite lives, net	$ 250,874	$ 253,594

The changes in the carrying value of goodwill for the years ended December 31, 2022 and 2021 are as follows:

	Years Ended December 31,	
	2022	2021
	(In thousands)	
Balance at beginning of period	$ 242,586	$ 219,337
Additions [(a)]	2,820	23,249
Balance at end of period	$ 245,406	$ 242,586

[(a)] Additions reflect measurement period adjustments related to Wibbitz and WIREWAX.

At December 31, 2022 and 2021, intangible assets with definite lives are as follows:

	December 31, 2022			
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Useful Life (Years)
	(In thousands)			
Developed technology	$ 29,730	$ (25,630)	$ 4,100	3.7
Customer relationships	17,530	(16,162)	1,368	3.9
Trade names	3,000	(3,000)	—	1.7
Total	$ 50,260	$ (44,792)	$ 5,468	3.6

	December 31, 2021			
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Useful Life (Years)
	(In thousands)			
Developed technology	$ 26,500	$ (22,026)	$ 4,474	3.5
Customer relationships	21,200	(14,666)	6,534	3.8
Trade names	3,000	(3,000)	—	1.7
Total	$ 50,700	$ (39,692)	$ 11,008	3.5

At December 31, 2022, amortization of intangible assets with definite lives is estimated to be as follows:

Years Ending December 31,	(In thousands)
2023	$ 2,839
2024	1,390
2025	1,239
Total[(a)]	$ 5,468

(a) All intangible assets will be fully amortized by December 31, 2025, therefore there is no estimated amortization for the years 2026 and 2027.

NOTE 7—FAIR VALUE MEASUREMENTS

Vimeo's financial instruments that are measured at fair value on a recurring basis are as follows:

	December 31, 2022			
	Quoted Market Prices for Identical Assets in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurements
	(In thousands)			
Assets:				
Money market funds	$ 249,422	$ —	$ —	$ 249,422
Time deposits	—	847	—	847
Total	$ 249,422	$ 847	$ —	$ 250,269
Liabilities:				
Contingent consideration arrangements	$ —	$ —	$ 7,845	$ 7,845

	December 31, 2021			
	Quoted Market Prices for Identical Assets in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurements
	(In thousands)			
Assets:				
Money market funds	$ 305,836	$ —	$ —	$ 305,836
Liabilities:				
Contingent consideration arrangements	$ —	$ —	$ 12,200	$ 12,200

Money market funds and time deposits are included in "Cash and cash equivalents" in the accompanying consolidated balance sheet. Contingent consideration is included in “Accrued expenses and other current liabilities” and "Other long-term liabilities" in the accompanying consolidated balance sheet at December 31, 2022 and December 31, 2021, respectively.

Vimeo's non-financial assets, such as goodwill, intangible assets with definite lives, ROU assets and leasehold improvements and equipment, are adjusted to fair value only if an impairment is recognized. Such fair value measurements are based predominantly on Level 3 inputs.

The changes in the Company's financial instruments that are measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
	(In thousands)	
Balance at beginning of period	$ 12,200	$ —
Fair value at date of acquisition	—	12,200
Total net losses (gains):		
Included in operating loss	(1,116)	—
Measurement period adjustments	1,577	—
Settlements	(4,816)	—
Balance at end of period	$ 7,845	$ 12,200

Contingent Consideration Arrangements

At December 31, 2022, the Company had two outstanding contingent consideration arrangements related to the acquisitions of Wibbitz and WIREWAX. The maximum contingent payments related to these arrangements at the time of the acquisitions were $15.0 million for Wibbitz and $10.0 million for WIREWAX. The acquisition date fair values of the Wibbitz and WIREWAX contingent consideration arrangements were $5.6 million and $8.2 million, respectively, and were finalized when the Company recorded measurement period adjustments to increase the provisional amounts recorded by $1.6 million in the first quarter of 2022. These changes were recorded as an increase to "Goodwill" in the accompanying consolidated balance sheet. The allocation of the purchase price for these acquisitions was finalized in the second quarter of 2022.

The acquisition date fair value of each of the contingent consideration arrangements was determined by using probability weighted analyses to estimate the contingent payments, adjusted to fair value by applying a discount rate. The Company remeasures the fair value of each contingent consideration arrangement each reporting period using the same methodology and any adjustments are recognized in "General and administrative expense" in the consolidated statement of operations.

The contingent consideration arrangement for Wibbitz is primarily dependent upon the amount of annual recurring revenue ("ARR") from Wibbitz subscribers as of December 31, 2022 who have agreed to migrate to the Vimeo platform by June 30, 2023. During the year ended December 31, 2022, the fair value of the contingent consideration liability was reduced by $2.6 million to $3.0 million due primarily to a decrease in the ARR of Wibbitz subscribers at December 31, 2022, relative to the amounts forecasted as of the acquisition date.

The contingent consideration arrangement for WIREWAX is based upon achievement of an integration milestone and attainment of certain ARR thresholds within two years of the acquisition. The integration milestone was met, resulting in a payment of $4.8 million in July 2022, which is consistent with the acquisition date fair value. Additionally, during the year ended December 31, 2022, the fair value of the contingent consideration liability based on the attainment of certain ARR thresholds was increased by $1.5 million to $4.9 million due primarily to an increase in the likelihood of attaining certain ARR thresholds earlier than previously estimated.

NOTE 8—REVOLVING CREDIT FACILITY

On February 12, 2021, Vimeo OpCo entered into a $100 million revolving credit facility (the "Credit Facility"), which expires on February 12, 2026. Any borrowings under the Credit Facility are guaranteed by Vimeo's wholly-owned material domestic subsidiaries, if any, and are secured by substantially all assets of Vimeo and any guarantors, subject to certain exceptions. At December 31, 2022, the commitment fee, which is based on the consolidated net leverage ratio most recently reported and the average daily amount of the available revolving commitments, was 20 basis points. Any borrowings under the Credit Facility would bear interest, plus an applicable margin, which is determined by reference to a pricing grid based on Vimeo’s consolidated net leverage ratio. The financial covenants require Vimeo to maintain a minimum liquidity of not less than $50.0 million until December 31, 2022 and, thereafter, at the end of each quarterly test period, a consolidated net leverage ratio (as defined in the agreement) of not more than 5.5 to 1.0. The Credit Facility also contains customary affirmative and negative covenants, including covenants that would limit Vimeo’s ability to pay dividends or make distributions on or repurchase certain equity interests in the event a default has occurred or Vimeo’s consolidated net leverage ratio exceeds 4.0 to

1.0. At December 31, 2022, there were no outstanding borrowings under the Credit Facility. In December 2021, Vimeo agreed to cease any borrowings under certain non-USD currencies due to the applicable LIBOR benchmark rates no longer being available publicly from and after December 31, 2021 and until an amendment is made to the Credit Facility to replace LIBOR with an alternative benchmark.

NOTE 9—SHAREHOLDERS' EQUITY

Description of Vimeo Common Stock and Vimeo Class B Common Stock

Except as described herein, shares of Vimeo common stock and Vimeo Class B common stock are identical.

In general, the holders of Vimeo common stock vote together as a single class with the holders of Vimeo Class B common stock on all matters, including the election of directors; provided, however, that the holders of Vimeo common stock, acting as a single class, are entitled to elect twenty-five percent (25%) of the total number of Vimeo directors, rounded up to the next whole number in the event of a fraction. Each outstanding share of Vimeo common stock and Vimeo Class B common stock entitles the holder to one vote per share and ten votes per share, respectively.

The holders of shares of Vimeo common stock and the holders of shares of Vimeo Class B common stock are entitled to receive, share for share, such dividends as may be declared by Vimeo's Board of Directors out of funds legally available for the payment of dividends. In the event of a liquidation, dissolution, distribution of assets or winding-up of Vimeo, the holders of shares of Vimeo common stock and Vimeo Class B common stock are entitled to receive, share for share, all the assets available for distribution after payment of a proper amount to the holders of any series of Vimeo preferred stock, including any series that may be issued in the future.

Upon completion of the Spin-off, Vimeo amended and restated its certificate of incorporation such that it is authorized to issue 1,600,000,000 shares of Vimeo common stock and 400,000,000 shares of Vimeo Class B common stock.

Description of Preferred Stock

Vimeo's Board of Directors is authorized to provide for the issuance of shares of preferred stock, and any class or series thereof, and to assign the designations, powers, preferences and rights to each such class or series and any qualifications, limitations or restrictions. There have been no preferred stock issuances to date.

Sale of Common Stock

In January 2021, Vimeo OpCo raised $300 million of equity capital via the sale of 6.2 million shares of its Class A Voting common stock for $200 million, or $32.41 per share, at a $5.2 billion pre-money valuation, and 2.8 million shares of its Class A Voting common stock for $100 million, or $35.35 per share, at a $5.7 billion pre-money valuation.

On November 10, 2020, Vimeo OpCo raised $150 million of equity capital via the sale of approximately 8.7 million shares of its Class A Voting common stock at a price of $17.33 per share, based on an enterprise value of approximately $2.75 billion.

Stock Repurchase Program

On February 25, 2022, the Board of Directors authorized a stock repurchase program of up to $50 million of the Company’s common stock through open market or private transactions. Under the stock repurchase authorization, Vimeo may repurchase shares of its common stock at any time or from time to time, without prior notice, subject to market conditions and other considerations, as determined by management. Vimeo's repurchases may be made through 10b5-1 plans, open market purchases, privately negotiated transactions, block purchases or other transactions. No date has been established for the completion of the stock repurchase program. Vimeo intends to fund repurchases under the repurchase program from cash on hand. Vimeo has no obligation to repurchase any shares under the repurchase program and may suspend or discontinue it at any time. There were no shares repurchased during the year ended December 31, 2022.

NOTE 10—ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss consisting of foreign currency translation adjustments is as follows:

	Years Ended December 31,		
	2022	2021	2020
	(In thousands)		
Balance at beginning of period	$ (86)	$ (87)	$ (232)
Other comprehensive (loss) income	(745)	1	145
Balance at end of period	$ (831)	$ (86)	$ (87)

At December 31, 2022, 2021, and 2020, there was no tax benefit or provision on accumulated other comprehensive loss.

NOTE 11—STOCK-BASED COMPENSATION

Description of equity plan

Vimeo currently has one active plan, the 2021 Stock and Annual Incentive Plan (the "2021 Plan"), including an Israeli Appendix, which was adopted in connection with the Spin-off. The 2021 Plan replaced the Vimeo, LLC 2012 Incentive Plan, the Vimeo, Inc. 2017 Incentive Plan and the Vimeo, Inc. 2019 Incentive Plan (including an Israeli Appendix), collectively referred to as the “Prior Plans.” The Prior Plans were automatically terminated and replaced and superseded by the 2021 Plan upon the completion of the Spin-off. Any and all awards granted under the Prior Plans, remain in effect on their pre Spin-off terms pursuant to the 2021 Plan, subject to adjustment in connection with the Spin-off and the Vimeo Merger. The 2021 Plan also covers vested IAC stock options that were converted into Vimeo stock options in connection with the Spin-off.

The 2021 Plan authorizes the Company to deliver equity awards to its employees, officers, directors and consultants covering an aggregate of up to 10.0 million shares of the Company's common stock (in addition to previously-awarded shares). At December 31, 2022, there are 9.7 million shares available for delivery under the 2021 Plan.

Equity awards provided for in the 2021 Plan include SARs, stock options, RSUs, and other stock-based awards related to shares of Vimeo common stock. The exercise price of stock options and SARs cannot be less than the market value of Vimeo common stock on the grant date. In connection with the settlement of stock-based awards, shares of Vimeo common stock may be issued either from authorized but unissued shares or from treasury stock. SARs issued to date generally vest in equal annual installments over a three or four-year period. RSUs issued to date generally cliff vest either one year or three years from the grant date or in equal annual installments over a three-year period.

Stock-based compensation expense

Vimeo recorded stock-based compensation expense of $64.3 million, $44.9 million, and $11.7 million for the years ended December 31, 2022, 2021, and 2020 respectively. No income tax benefit was recognized in the accompanying consolidated statement of operations for the years ended December 31, 2022, 2021, and 2020 related to equity awards because Vimeo has recorded a full valuation allowance against the related deferred tax asset.

At December 31, 2022, there was $98.0 million of unrecognized compensation cost, net of estimated forfeitures, related to equity awards of SARs and RSUs, which is expected to be recognized over a weighted-average period of 1.9 years. Additionally, there was $72.4 million of unrecognized compensation cost related to the Vimeo Restricted Shares, which is expected to be recognized over the remaining vesting period of 7.9 years. For more information on the impact of the Spin-off and the Vimeo Merger on equity awards refer to "Note 1—Organization and Basis of Presentation."

Stock appreciation rights and stock options

The weighted average grant date fair value for SARs granted during the year ended December 31, 2020 was $2.16. The weighted average assumptions used to value SARs at their grant date for the year ended December 31, 2020 included expected volatility of 38.0%, risk-free interest rate of 1.0%, expected term of 3.3 years, and dividend yield of 0%.

The total intrinsic value of SARs and stock options exercised during the years ended December 31, 2022, 2021, and 2020 was $1.4 million, $49.4 million, and $23.9 million, respectively. Total cash received from the exercise of stock options for the years ended December 31, 2022 and 2021 was less than $0.1 million and $3.4 million, respectively. There were no stock options exercised in the year ended December 31, 2020. No cash is received from the exercise of SARs, as by their nature they are settled net of the exercise price with the award holder entitled to receive value equal to any appreciation in the award.

SAR and stock option activity for the year ended December 31, 2022 is as follows:

	SARs and stock options	Weighted average exercise price	Weighted average remaining contractual term in years	Aggregate intrinsic value
	(Shares and intrinsic value in thousands)			
Outstanding at December 31, 2021	17,487	$ 5.91		
Exercised	(325)	5.82		
Forfeited or Expired	(1,935)	6.69		
Outstanding at December 31, 2022[(a)]	15,227	5.82	4.9	$ 726
Exercisable at December 31, 2022[(a)]	14,184	$ 5.59	4.8	$ 726

[(a)] Includes 4.8 million outstanding and exercisable stock options at December 31, 2022 which relate solely to the conversion of vested IAC stock options into Vimeo stock options in connection with the Spin-off as more fully described in "Note 1—Organization and Basis of Presentation.

As of December 31, 2022, the number, weighted-average exercise price, weighted-average remaining contractual term, and aggregate intrinsic value of Vimeo SARs and stock options that either had vested or are expected to vest approximate the corresponding amounts for Vimeo SARs and stock options outstanding.

Restricted stock units

The weighted-average grant date fair value of RSUs granted during the years ended December 31, 2022, 2021, and 2020 was $8.17, $30.89, and $17.33, respectively.

The grant date fair value for RSUs subject to market-based conditions granted during the year ended December 31, 2022 was $7.25 and was determined by using a Monte Carlo simulation of Vimeo's stock price over the performance period. The assumptions used to value RSUs subject to market-based conditions at their grant date for the year ended December 31, 2022 included expected volatility of 47.0%, risk-free interest rate of 2.5%, and dividend yield of 0%.

The intrinsic value of RSUs that vested during the years ended December 31, 2022 and 2021 was $3.1 million and less than $0.1 million, respectively. There were no RSUs that vested during the year ended December 31, 2020.

RSU activity for the year ended December 31, 2022 is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
	(Shares in thousands)	
Unvested at December 31, 2021	3,344	$ 30.49
Granted[(a)]	13,889	8.17
Released	(448)	26.85
Forfeited	(851)	18.07
Unvested at December 31, 2022[(a)]	15,934	$ 11.80

[(a)] Includes 1.0 million RSUs subject to market-based conditions.

Vimeo Restricted Shares

In connection with the Spin-off, pursuant to which Vimeo equity awards were issued as part of the adjustment of certain outstanding IAC equity awards, Vimeo entered into a Restricted Stock Agreement (the “RSA”) with Joseph Levin, Chairman of the Vimeo Board of Directors and IAC’s Chief Executive Officer, which provided for a grant of 4,870,500 shares of Vimeo common stock (“Vimeo Restricted Shares”). The terms of the RSA were determined pursuant to the existing requirements of Mr. Levin’s restricted stock agreement with IAC as in effect prior to the Spin-off.

Vimeo Restricted Shares granted pursuant to the RSA will cliff vest on November 5, 2030 based on satisfaction of certain Vimeo stock price targets and Mr. Levin’s continuous service as a Vimeo director through the vesting date. The number of Vimeo Restricted Shares subject to the RSA is the result of the 3,000,000 shares of IAC Restricted common stock, subject to Mr. Levin’s restricted stock agreement with IAC, multiplied by the Spin-off Exchange Ratio.

Mr. Levin may elect to accelerate vesting of the Vimeo Restricted Shares, effective on the 6th, 7th, 8th, or 9th anniversary of the original effective date of the IAC restricted stock agreement (November 5, 2020) (the “Effective Date”), in which case performance will be measured through such date, and Mr. Levin will receive a pro-rated portion of the award (based on the years elapsed from the Effective Date) and any remaining shares will be forfeited. The applicable stock price goals are proportionately lower on the earlier vesting dates.

The value of the Vimeo Restricted Shares was determined using a lattice model that incorporated a Monte Carlo simulation of Vimeo's stock price and IAC’s stock price as this award contains a market condition. The attribution of the estimated fair values of the awards (the sum of the fair value of the original IAC award as of the Effective Date, plus any incremental value as a result of the modification to the original IAC award) between IAC and Vimeo, was determined on a proportional basis as a function of the estimated fair value of each respective award as of the date of the Spin-off. The amount allocated to Vimeo was $87.3 million and is expected to be recognized over the remaining requisite service period through November 2030 subject to Mr. Levin’s continuous service as a Vimeo director.

Modifications

In connection with the Spin-off and Vimeo Merger, the Company modified certain equity awards resulting in a modification charge of $14.0 million, which is recognized, net of forfeitures, over the remaining requisite service period of the modified awards. As a result, the Company recognized incremental stock-based compensation expense of $1.2 million and $9.5 million in the years ended December 31, 2022 and 2021, respectively.

In connection with the departure of certain executives during 2022, the Company modified specific equity awards to allow for accelerated vesting and longer post-termination exercise periods in the case of SARs. As a result, the Company recognized a net benefit to stock-based compensation expense of $4.4 million which was primarily a result of lower stock prices on the applicable modification dates as compared to the original grant date.

NOTE 12—LOSS PER SHARE

Vimeo common stock and Class B common stock are treated as one class of common stock for earnings per share ("EPS") purposes as both classes of common stock participate in earnings, dividends and other distributions on the same basis. The Vimeo Restricted Shares are participating securities because these shares are unvested and have a non-forfeitable dividend right in the event the Company declares a cash dividend to common shareholders and participates in all other distributions of the Company in the same manner as all other Vimeo common shareholders. No allocation of undistributed losses has been made as the Vimeo Restricted Shares do not participate in losses of the Company.

The computation of basic and diluted loss per share attributable to common shareholders is as follows:

	Years Ended December 31,		
	2022	2021	2020
	(In thousands, except per share data)		
Numerator:			
Net loss	$ (79,591)	$ (52,767)	$ (50,628)
Denominator: [(a)] [(b)] [(c)]			
Denominator for earnings per share—weighted average shares	161,478	159,884	159,381
Loss per share attributable to common stock shareholders:			
Loss per share	$ (0.49)	$ (0.33)	$ (0.32)

(a) Vimeo Restricted Shares were included in shares of common stock issued and outstanding at December 31, 2022 and 2021 in the accompanying consolidated balance sheet, but were excluded from the computation of weighted average shares outstanding for EPS purposes because the number of shares that ultimately vest is subject to the satisfaction of the conditions described in "Note 11—Stock-Based Compensation."

(b) For the years ended December 31, 2022 and 2021, approximately 36.0 million and 25.7 million, respectively, potentially dilutive equity awards were excluded from the computation of diluted EPS because the impact would have been anti-dilutive.

(c) Weighted average basic and dilutive shares outstanding for the years ended December 31, 2020 reflects Vimeo's outstanding shares immediately after the completion of the Spin-off as described in "Note 1—Organization and Basis of Presentation."

NOTE 13—LEASES

ROU assets and lease liabilities on the accompanying consolidated balance sheet are as follows:

Leases	Balance Sheet Classification	December 31, 2022	December 31, 2021
		(In thousands)	
Right-of-use assets	Other non-current assets	$ 18,751	$ 13,534
Current lease liabilities	Accrued expenses and other current liabilities	$ 2,979	$ 7,299
Long-term lease liabilities	Other long-term liabilities	16,335	6,709
Total lease liabilities		$ 19,314	$ 14,008

Components of lease expense are as follows:

Lease Expense	Years Ended December 31, 2022	2021	2020
	(In thousands)		
Fixed [(a)]	$ 5,971	$ 3,884	$ 957
Short-term	2,273	553	273
Variable	226	119	143
Sublease income	—	—	(61)
Total lease expense, net	$ 8,470	$ 4,556	$ 1,312

Lease Expense Income Statement Classification	Years Ended December 31, 2022	2021	2020
	(In thousands)		
Cost of revenue	$ 806	$ 304	$ 31
Research and development expense	2,613	1,984	446
Sales and marketing expense	1,622	1,163	187
General and administrative expense	3,429	1,105	648
Total lease expense, net	$ 8,470	$ 4,556	$ 1,312

Maturities of lease liabilities as of December 31, 2022 are as follows:

Years Ended December 31,	(In thousands)
2023	$ 4,379
2024	4,507
2025	4,672
2026	4,378
2027	4,376
Thereafter	1,318
Total[(b)]	23,630
Less: imputed interest	(4,316)
Total lease liabilities	$ 19,314

(b) As of December 31, 2022, the Company had no legally binding minimum lease payments for leases signed but not yet commenced.

The weighted average assumptions used for lease term and discount rate are as follows:

	December 31,		
	2022	2021	2020
Remaining lease term	5.1 years	2.6 years	2.7 years
Discount rate	8.1 %	3.1 %	3.0 %

Other information related to leases is as follows:

	Years Ended December 31,		
	2022	2021	2020
	(In thousands)		
Right-of-use assets obtained in exchange for lease liabilities	$ 14,793	$ 15,654	$ 1,322
Cash paid for amounts included in the measurement of lease liabilities	$ 5,724	$ 3,543	$ 3,601

NOTE 14—COMMITMENTS AND CONTINGENCIES

Commitments

Vimeo has entered into certain off-balance sheet commitments that require the future purchase of services ("purchase obligations"). Future payments under non-cancelable unconditional purchase obligations as of December 31, 2022, principally consist of payments for various cloud computing contracts and are as follows:

	Amount of Commitment Expiration Per Period				
	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years	Total Amounts Committed
	(In thousands)				
Purchase obligations	$ 54,700	$ 39,212	$ —	$ —	$ 93,912

Contingencies

In the ordinary course of business, Vimeo is, and from time to time may become, a party to various legal proceedings. Vimeo 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 it believes an unfavorable outcome is not probable and, therefore, no reserve is established. Although management currently believes that resolving claims against Vimeo, 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 Vimeo, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. Vimeo 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 Vimeo. See "Note 4—Income Taxes" for additional information related to income tax contingencies.

EMI/Capitol Records Copyright Infringement Litigation

In December 2009, a group of music publishers owned by EMI Music Publishing (now owned by Sony/ATV Music Publishing, a subsidiary of Sony Entertainment) and a group of then EMI-affiliated record companies, including Capitol Records (now owned by Universal Music Group), filed two lawsuits against Vimeo and its former owner, Connected Ventures, in the U.S. District Court for the Southern District of New York. See *Capitol Records, LLC v. Vimeo, LLC*, No. 09 Civ. 10101 (S.D.N.Y.) and *EMI Blackwood Music, Inc. v. Vimeo, LLC*, No. 09 Civ. 10105 (S.D.N.Y.). In both cases, plaintiffs allege that Vimeo infringed their music copyrights (in the publishers' musical compositions and the record companies' sound recordings) by hosting and streaming videos uploaded by users (and in certain cases, former employees) featuring their musical works. Plaintiffs seek, among other things, injunctive relief and monetary damages. The initial complaints identified 199 videos as infringing (which Vimeo removed post-suit).

Prior to suit, plaintiffs did not avail themselves of their right to submit a takedown notice to Vimeo pursuant to the online safe harbor provisions of the Digital Millennium Copyright Act of 1998 ("DMCA"), which limits the liability of online service providers for copyright infringement of their users when the provider takes certain measures. Vimeo asserts that the DMCA limits its liability because it complies with the DMCA and plaintiffs failed to submit takedown notices. Plaintiffs disagree, asserting various theories as to why the DMCA may not apply to some or all of the videos-in-suit.

The district court bifurcated proceedings and required the parties to first litigate the issue of whether Vimeo satisfied the DMCA's safe harbor provisions. On September 18, 2013, the district court granted partial summary judgment to Vimeo on 144 of the 199 original videos-in-suit on the ground that Vimeo complied with the threshold requirements of the DMCA and that there was no evidence that a Vimeo employee had watched the videos in question such that Vimeo had actual or "red flag" knowledge of infringement, which would disqualify the DMCA's application. The court denied summary judgment as to 35 videos-in-suit on the ground that there was a material question of fact as to whether Vimeo had "red flag" knowledge of infringement based upon employees having watched all or part of these videos. The court further held that the DMCA did not apply to the record companies' state-law claims regarding sound recordings fixed before February 1972; a trial was necessary to determine whether Vimeo was liable for employees who uploaded approximately 20 videos; and that plaintiffs should be permitted to amend their complaints to add over 1,500 videos allegedly infringing their copyrights (which Vimeo removed after receiving plaintiffs' proposed amended complaint).

Vimeo sought and obtained the right to appeal certain issues on an interlocutory basis to the U.S. Court of Appeals for the Second Circuit. On June 16, 2016, the Second Circuit held that (1) the district court had applied the incorrect summary-judgment standard for "red flag" infringement and that evidence that an employee watched all or part of a video containing plaintiffs' music did not raise a genuine issue of fact as to whether Vimeo had "red flag" knowledge in such video; (2) the DMCA applies to state-law copyright infringement claims predicated on pre-1972 sound recordings; and (3) on an issue raised by plaintiffs in their cross-appeal, the record did not show that Vimeo was willfully blind towards infringing activity taking place on its platform. As a result of these rulings, the Second Circuit partially vacated the district court's ruling and remanded the case for further proceedings consistent with its judgment.

On March 31, 2018, the district court granted Vimeo's motion to dismiss plaintiffs' state-law unfair competition claims on the grounds that they were state-law copyright claims covered by the DMCA per the Second Circuit's judgment. On May 28, 2021, the district court granted Vimeo summary judgment as to videos for which the sole remaining basis of liability the assertion that Vimeo had "red flag" knowledge of infringement. On August 26, 2021, the district court approved a stipulation whereby plaintiffs agreed to conditionally dismiss all remaining claims to allow a final judgment to issue. Under the stipulation, plaintiffs may refile their claims regarding the alleged employee-uploaded videos if the Second Circuit reverses the district court's other rulings in whole or in part. On November 1, 2021, the district court entered a final judgment adopting the terms of the parties' stipulation. On November 29, 2021, plaintiffs filed an appeal to the U.S. Court of Appeals for the Second Circuit. The appeal has been fully briefed.

Vimeo believes that the allegations in these lawsuits are without merit and will defend vigorously against them.

RTI Copyright Litigation

Between 2012 and 2017, Italian broadcaster Reti Televisive Italiane s.p.a. and an affiliate thereof (collectively, "RTI") filed four lawsuits for copyright infringement against Vimeo in the Civil Court of Rome. See *Reti Televisive Italiane s.p.a. v. Vimeo, LLC*, Cause Nos. 23732/12, 62343/2015, and 59780/2017 (Rome Civil Court), and *Medusa Film v. Vimeo, Inc.*, Cause No. 74775/2017 (Rome Civil Court). In each case, RTI asserts that Vimeo infringed its copyrights by hosting and streaming user-uploaded videos that allegedly contain RTI's television or film programming, and seeks, among other things, injunctive relief and monetary damages.

On January 15, 2019, the Civil Court of Rome concluded the first case (No. 23732/12) and entered a judgment against Vimeo, awarding RTI damages of EUR 8,500,000 plus interest and entering an injunction against Vimeo with respect to further acts of infringement. Vimeo filed an appeal and petitioned to stay the judgment pending appeal. On May 13, 2019, the Rome Court of Appeals stayed the judgment pending appeal. On August 10, 2022, the Rome Court of Appeals affirmed the judgment. Vimeo is now appealing to the Italian Supreme Court of Cassation.

On June 2, 2019, the Civil Court of Rome concluded the second case (No. 62343/2015) and entered a judgment against Vimeo, awarding RTI damages of EUR 4,746,273 plus interest and entering an injunction against Vimeo as to further acts infringement. Vimeo filed an appeal and petitioned to stay the judgment pending appeal. The Rome Court of Appeal declined to stay the judgment. The appeal is currently pending. On October 26, 2020, RTI commenced a lawsuit against Vimeo in the U.S. District Court for the Southern District of New York to enforce the damages award of the June 2019 judgment. See *Reti Televisive Italiane s.p.a. v. Vimeo, LLC*, No. 20 Civ. 8954 (S.D.N.Y.). On December 22, 2020, Vimeo and RTI filed, and the district court entered, a stipulation and order staying the U.S. proceedings pending the final outcome of the appeals from the Italian judgment at issue.

The third case (No. 59780/2017) is currently pending before the Civil Court of Rome.

On October 18, 2022, the Civil Court of Rome issued a decision in the fourth case, Medusa Film v. Vimeo, Inc. (No. 74775/2017,) finding liability, but rejecting RTI's damage calculation and reserving judgment as to the amount of damages. On November 30, 2022, RTI served a notice of appeal challenging the court's decision on damages.

Vimeo believes that the allegations in these lawsuits are without merit and will defend vigorously against them.

Sony/Universal/Warner Copyright Litigation

In March 2021, Sony Music Entertainment Italy (a subsidiary of Sony Music Entertainment Group), Warner Music Italia (a subsidiary of Warner Music Group), Universal Music Italia (a subsidiary of Universal Music Group), and Warner Music

International Services (a subsidiary of Warner Music Group) filed a lawsuit against Vimeo in the Court of Milan alleging violations of Italian copyright and unfair competition laws. See *Sony Music Entertainment Italy s.p.a. et al. v. Vimeo, Inc.*, Case No. 10977/2021 (Court of Milan, Business Division). The complaint alleges that Vimeo infringed plaintiffs' copyrights by hosting and streaming user-uploaded videos that contain plaintiffs' copyrighted works and that, upon notification of the alleged infringement, Vimeo employed a takedown process that did not comply with Italian law. The complaint seeks, among other things, injunctive relief. On November 3, 2021, Vimeo filed its initial brief. On November 23, 2021, the parties attended the initial hearing with the Court of Milan where the court set forth a briefing schedule. The parties have exchanged briefs, and the next hearing is scheduled for December 18, 2023. Vimeo believes that the allegations in this lawsuit are without merit and will defend vigorously against them.

Illinois Biometric Information Privacy Act Litigation

On September 9, 2019, Bradley Acaley filed, on behalf of himself and other similarly situated individuals, a putative class action complaint against Vimeo in the Circuit Court of Cook County, Illinois. See *Bradley Acaley v. Vimeo, Inc., Acaley v. Vimeo.com, Inc.*, Case No. 2019 CH10873 (Ill. Cir. Ct.). Vimeo thereafter removed the case to the U.S. District Court for the Northern District of Illinois, where it is now pending. See *Bradley Acaley v. Vimeo, Inc.*, No. 19 Civ. 7164 (N.D. Ill.). In his complaint, plaintiff asserts that Vimeo's Magisto mobile application collected facial biometric information in a manner that violated his rights under the Illinois Biometric Information Privacy Act ("BIPA"), and he seeks, among other things, injunctive relief and monetary damages.

On May 29, 2022, the parties entered into a settlement agreement that, subject to court approval, will result in certain payments to class members in exchange for releases to Vimeo. On June 6, 2022, the case was, pursuant to the parties' stipulation, remanded from federal court back to the Circuit Court of Cook County, Illinois. On July 22, 2022, plaintiffs' counsel filed a motion for preliminary approval of the settlement agreement, and the court issued an order granting preliminary approval of the settlement on January 20, 2023.

Vimeo denies liability in connection with this lawsuit.

NOTE 15—RELATED PARTY TRANSACTIONS

Relationship with IAC following the Spin-off

Following the Spin-off, the relationship between Vimeo and IAC has been governed by a number of agreements that include: a separation agreement; a tax matters agreement; a transition services agreement; an employee matters agreement; and a data protection agreement. These agreements were entered into as of May 24, 2021 and are filed as exhibits to the Annual Report on Form 10-K of which these financial statements form a part, and the summaries of these documents that follow are qualified in their entirety by reference to the full text of those documents. The total related charges for the years ended December 31, 2022, 2021, and 2020 were $3.6 million, $12.8 million, and $10.3 million, respectively. At December 31, 2022, there was no amount due to IAC. At December 31, 2021, Vimeo had a current payable due to IAC of $6.4 million, which was included in "Accrued expenses and other current liabilities" in the accompanying consolidated balance sheet and was subsequently paid in January 2022. Certain of the services subject to these agreements have continued into 2023.

In November 2021 Vimeo entered into a sublease agreement with a subsidiary of Angi Inc., which is also an indirect subsidiary of IAC, whereby Vimeo agreed to sublease the 10th floor at 330 West 34th Street ("West 34th Street Sublease") in New York City. In July 2022, Vimeo extended the terms of the West 34th Street Sublease, and added a sublease of a portion of the fifth floor, both through April 2028. At December 31, 2022 Vimeo had a current lease liability of $2.0 million included in "Accrued expenses and other current liabilities" and a non-current lease liability of $13.0 million included in "Other long-term liabilities" related to the West 34th Street Sublease in the accompanying consolidated balance sheet. Prior to the Spin-off, IAC allocated rent expense to Vimeo for the space that it occupied in IAC's headquarters building at 555 West 18th Street in New York City. Upon the completion of the Spin-off, Vimeo entered into an operating lease agreement with IAC for this space, which Vimeo subsequently exited on June 30, 2022. The total rent expense for these two locations for the years ended December 31, 2022, 2021, and 2020 were $4.6 million, $4.4 million, and $3.8 million, respectively.

For the years ended December 31, 2021 and 2020, Vimeo's consolidated statement of operations also includes $1.0 million and $6.1 million of costs allocated by IAC, including stock-based compensation expense, related to IAC's accounting, treasury, legal, tax, corporate support, financial systems, and internal audit functions. These allocations were based on Vimeo's revenue as a percentage of IAC's total revenue and are reflected in the accompanying consolidated balance sheet within "Additional paid-in-capital." It is not practicable to determine the actual expenses that would have been incurred for these services had Vimeo operated as a standalone entity during the periods presented. Management considers the allocation method to be reasonable.

Separation Agreement

The separation agreement provided for restructuring transactions including, among other things, the transfer to Vimeo of IAC’s equity interests in Vimeo OpCo and the repayment by Vimeo OpCo of all outstanding intercompany debt owed to IAC and its subsidiaries (other than Vimeo OpCo’s subsidiaries). The separation agreement also provided for the pre-Spin-off adoption of the certificate of incorporation and by-laws of Vimeo that came into effect at the time of the Spin-off.

Tax Matters Agreement

In connection with the Spin-off, IAC and Vimeo entered into a tax matters agreement that governs the parties’ respective rights, responsibilities and obligations with respect to taxes (including taxes arising in the ordinary course of business and taxes, if any, incurred as a result of any failure of the Distribution to qualify as tax-free for U.S. federal income tax purposes), entitlement to refunds, allocation of tax attributes, preparation of tax returns, control of tax contests and other tax matters.

In addition, the tax matters agreement imposes certain restrictions on Vimeo and its subsidiaries (including restrictions on share issuances, business combinations, sales of assets and similar transactions) designed to preserve the tax-free status of the Distribution. The tax matters agreement provides special rules that allocate tax liabilities in the event the Distribution fails to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355(a) and 368(a)(1)(D) of the Code. Under the tax matters agreement, IAC and Vimeo generally are responsible for any taxes and related amounts imposed on either of the parties as a result of a failure to so qualify to the extent that the failure to so qualify is attributable to a breach of the relevant representations or covenants made by that party in the tax matters agreement or an acquisition of such party’s equity securities or assets.

Employee Matters Agreement

The employee matters agreement covers a range of compensation and benefit matters related to the Spin-off. In general, under the employee matters agreement IAC assumed or retained (i) all liabilities with respect to IAC employees, former IAC employees and their dependents and beneficiaries under all IAC employee benefit plans, and (ii) all liabilities with respect to the employment or termination of employment of all IAC employees, former IAC employees and other service providers. Vimeo assumed or retained (i) all liabilities under its employee benefit plans, and (ii) all liabilities with respect to the employment or termination of employment of all Vimeo employees, former employees and other service providers.

As of January 1, 2022, Vimeo no longer participates in IAC employee benefit plans, but has established its own employee benefit plans that are substantially similar to the plans sponsored by IAC prior to the Spin-off.

Transition Services Agreement

Under the transition services agreement, each of IAC and Vimeo provides to the other party on an interim, transitional basis, various support services, which includes support with governmental affairs, finance and accounting services, corporate sourcing, legal affairs, systems support, and any such other support services as to which IAC and Vimeo mutually agree. The charges for these services is generally on an actual cost basis (without markup), except as otherwise agreed upon prior to the completion of the Spin-off. Each of IAC and Vimeo, as recipient of services, has the right to terminate the transition services agreement with respect to one or more particular services upon 90 days’ prior written notice.

In September 2021, Vimeo and IAC entered into an allocation agreement whereby Vimeo maintains coverage under IAC's membership with a patent risk management service, RPX Corporation ("RPX"), and whereby Vimeo shares the costs of IAC's membership with RPX for the period through September 18, 2023.

Debt—Related Party

In January 2021, Vimeo OpCo repaid its outstanding related party debt to IAC in the amount of $99.5 million, which included accrued interest of $4.9 million, using a portion of the proceeds from the January 2021 primary equity raise described in "Note 9—Shareholders' Equity." Each promissory note bore interest at 10% per annum.

VIMEO, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 16—BENEFIT PLANS

Beginning January 1, 2022, Vimeo employees in the United States may elect to participate in the Vimeo Retirement Savings Plan (the “Vimeo Plan”), which is a retirement savings program in the United States that qualifies under Section 401(k) of the Internal Revenue Code. The employer match under the Vimeo Plan is 100% of the first 10% of a participant’s eligible earnings, subject to IRS limits on the Company’s matching contribution that a participant contributes to the Vimeo Plan. Under the Vimeo Plan, the Company’s common stock is not an available investment option. Vimeo incurred costs related to matching contributions to the Vimeo Plan of $6.7 million for the year ended December 31, 2022.

Prior to January 1, 2022, Vimeo employees in the United States may have elected to participate in the IAC/InterActiveCorp Retirement Savings Plan ("the IAC Plan"), which is a retirement savings program in the United States that qualifies under Section 401(k) of the Internal Revenue Code. The employer match under the IAC Plan was the same as the Vimeo Plan. Vimeo incurred costs related to matching contributions to the IAC Plan of $5.1 million and $3.5 million for the years ended December 31, 2021, and 2020, respectively. On January 1, 2022, all investments in the IAC Plan were transferred to the Vimeo Plan.

Vimeo also has or participates in various benefit plans, primarily defined contribution plans, for its international employees. Vimeo incurred costs related to contributions to these plans of $2.3 million, $1.5 million, and $0.9 million for the years ended December 31, 2022, 2021, and 2020, respectively.

NOTE 17—FINANCIAL STATEMENT DETAILS

Cash and Cash Equivalents and Restricted Cash

The reconciliation of cash and cash equivalents and restricted cash reported within the accompanying consolidated balance sheet to the total amounts shown in the accompanying consolidated statement of cash flows is as follows:

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
	(In thousands)			
Cash and cash equivalents	$ 274,497	$ 321,900	$ 110,011	$ 1,939
Restricted cash included in other current assets	337	445	26	24
Total cash and cash equivalents and restricted cash as shown on the consolidated statement of cash flows	$ 274,834	$ 322,345	$ 110,037	$ 1,963

Restricted cash at December 31, 2022 and 2021 primarily consisted of deposits related to a lease and corporate credit cards.

Restricted cash at December 31, 2020 and 2019 primarily consisted of a deposit related to corporate credit cards.

Prepaid Expenses and Other Current Assets

	December 31,	
	2022	2021
	(In thousands)	
Prepaid expenses	$ 12,503	$ 11,377
Other current assets	5,892	7,434
Prepaid expenses and other current assets	$ 18,395	$ 18,811

Accrued Expenses and Other Current Liabilities

	December 31,	
	2022	2021
	(In thousands)	
Accrued employee compensation and benefits	$ 21,924	$ 23,082
Due to IAC	—	6,426
Other accrued expenses and current liabilities[(a)]	35,227	37,877
Accrued expenses and other current liabilities	$ 57,151	$ 67,385

(a) As of December 31, 2022 and 2021, includes $2.0 million and $6.1 million, respectively, related to the operating lease agreements as described in "Note 15—Related Party Transactions."

Other Income, net

The components of "Other income, net" are as follows:

	Years Ended December 31,		
	2022	2021	2020
	(In thousands)		
Foreign exchange gains (losses), net	$ 1,893	$ (2)	$ (710)
Interest income	3,866	83	12
Gain on sale of an asset	—	10,151	288
Other, net	5	9	503
Other income, net	$ 5,764	$ 10,241	$ 93

Gain on sale of an asset in 2021 related to a net gain of $10.2 million related to the sale of Vimeo’s retained interest in its former hardware business.

Other, net for the year ended December 31, 2020, includes a gain of $0.5 million related to funds released from escrow related to the acquisition of Magisto.

Supplemental Disclosure of Cash Flow Information

	Years Ended December 31,		
	2022	2021	2020
	(In thousands)		
Cash received (paid) during the year for:			
Interest payments	$ (203)	$ (5,064)	$ (10,653)
Income tax payments	(1,336)	(801)	(957)
Income tax refunds	123	62	70

NOTE 18—RESTRUCTURING

During the year ended December 31, 2022, the Company initiated and completed a restructuring plan that resulted in a reduction of its workforce of approximately 6% of its employees. One-time termination benefits include severance, continuation of health insurance coverage, and other benefits for a specified period of time, which resulted in $4.2 million of restructuring costs for the year ended December 31, 2022. These costs have been recognized in the accompanying consolidated statement of operations (depending upon the impacted employee's job function) as follows:

	Year Ended December 31, 2022 (In thousands)
Restructuring costs:	
Research and development expense	$ 2,282
Sales and marketing expense	1,133
General and administrative expense	768
Total	$ 4,183

At December 31, 2022, a payable of $0.3 million related to restructuring costs was included in "Accrued expenses and other current liabilities" in the accompanying consolidated balance sheet.

NOTE 19—SUBSEQUENT EVENT

In January 2023, the Company completed an evaluation to a sufficient level of detail to commit to a restructuring plan that resulted in a reduction to its workforce of approximately 11% of its employees. All impacted employees were notified in January and the Company expects to provide severance payments, continuation of health coverage, and other benefits for a specified period of time to the affected employees. As a result, the Company currently estimates that it will incur restructuring costs of approximately $4.0 million to $5.0 million in the first quarter of 2023.

VIMEO, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Charges to Earnings	Charges to Other Accounts	Deductions	Balance at End of Period
			(In thousands)		
2022					
Allowance for credit losses	$ 1,324	$ 7,606 [a]	$ —	$ (3,747) [b]	$ 5,183
Deferred tax valuation allowance	52,023	12,736 [c]	2,785 [d]	—	67,544
2021					
Allowance for credit losses	$ 476	$ 1,428 [a]	$ —	$ (580) [b]	$ 1,324
Deferred tax valuation allowance	51,689	20,858 [e]	(20,524) [f]	—	52,023
2020					
Allowance for credit losses	$ 273	$ 1,834 [a]	$ —	$ (1,631) [b]	$ 476
Deferred tax valuation allowance	35,745	15,946 [e]	(2) [g]	—	51,689
Other reserves	3				—

(a) Additions to the allowance for credit losses are charged to expense.

(b) Write-off of reserved accounts receivable, net of recoveries.

(c) Amount is due primarily to deferred tax assets for capitalized research and development expenses, partially offset by federal and state NOL utilization.

(d) Amount is due primarily to the change in attributes resulting from the final Spin-off allocation.

(e) Amount is due primarily to federal and state NOLs and other carryforwards.

(f) Amount is due primarily to the decrease in attributes resulting from the Spin-off allocation, partially offset by the acquisition of foreign NOLs.

(g) Amount is due to currency translation adjustments on foreign NOLs.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company monitors and evaluates on an ongoing basis its disclosure controls and procedures and internal control over financial reporting in order to improve their overall effectiveness. In the course of these evaluations, the Company modifies and refines its internal processes as conditions warrant.

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Vimeo's management, including its 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.

Management’s Annual Report on Internal Control Over Financial Reporting

Vimeo management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) for the Company. Vimeo’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2022. In making this assessment, Vimeo management used the criteria for effective internal control over financial reporting described in “Internal Control—Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on this assessment, management has determined that, as of December 31, 2022, the Company’s internal control over financial reporting is effective. The effectiveness of the Company's internal control over financial reporting as of December 31, 2022 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their attestation report, included herein.

Changes in Internal Control over Financial Reporting

There was no change in Vimeo's internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the fiscal quarter ended December 31, 2022 that has materially affected, or is reasonably likely to materially affect, Vimeo's internal control over financial reporting.

Limitations on the Effectiveness of Disclosure Controls and Procedures

In designing and evaluating the disclosure controls and procedures, Vimeo's management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Vimeo, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Vimeo, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Vimeo, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes and the financial statement schedule, and our report dated February 27, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

New York, New York
February 27, 2023

Item 9B. Other Information

As previously disclosed on December 20, 2023, Mark Kornfilt notified Vimeo of his intention to resign as President of the Company effective as of March 31, 2023, to pursue other non-competitive opportunities. In connection with the foregoing, on February 24, 2023, Vimeo and Mr. Kornfilt entered into a Memorandum of Understanding (the “MOU”). The MOU provides that (i) Vimeo and Mr. Kornfilt will separately enter into an agreement whereby the Company will retain Mr. Kornfilt as an advisor to its Board of Directors, as further detailed below, (ii) the Company will accelerate the vesting of Mr. Kornfilt's March 2021 award of 344,216 restricted stock units, which ordinarily would have vested in full on March 3, 2024, and (ii) the Company will provide Mr. Kornfilt with eighteen months after his separation date to exercise his vested stock appreciation rights or stock options, as provided for in Mr. Kornfilt’s offer letter dated May 4, 2022. In addition, the MOU includes other customary terms and covenants in favor of the Company.

Additionally, on February 24, 2023, Vimeo and Mr. Kornfilt entered into a Board Advisor Agreement, pursuant to which Mr. Kornfilt will serve as a non-employee strategic advisor to Vimeo's Board of Directors for a period beginning on April 4, 2023 and ending on March 31, 2024. As part of this agreement, Mr. Kornfilt is expected to attend, in a non-voting advisory capacity, meetings of the Board of Directors. In connection with Mr. Kornfilt's services, Vimeo will pay Mr. Kornfilt a cash retainer of $50,000.

The foregoing summaries of the MOU and the Board Advisor Agreement do not purport to be complete and are qualified in their entirety by reference to the MOU and the Board Advisor Agreement, copies of which are filed as exhibits to this Annual Report on Form 10-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

The information required by Part III (Items 10, 11, 12, 13 and 14) is incorporated by reference to our definitive Proxy Statement to be used in connection with our 2023 Annual Meeting of Stockholders (the "2023 Proxy Statement"), as set forth below in accordance with General Instruction G(3) of Form 10-K.

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item will be included in our 2023 Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this Item will be included in our 2023 Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item will be included in our 2023 Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item will be included in our 2023 Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this Item will be included in our 2023 Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) List of documents filed as part of this Report:

(1) Consolidated Financial Statements of Vimeo

Report of Independent Registered Public Accounting Firm: Ernst & Young LLP (PCAOB ID: 42).
Consolidated Balance Sheet as of December 31, 2022 and 2021.
Consolidated Statement of Operations for the Years Ended December 31, 2022, 2021 and 2020.
Consolidated Statement of Comprehensive Operations for the Years Ended December 31, 2022, 2021 and 2020.
Consolidated Statement of Shareholders' Equity for the Years Ended December 31, 2022, 2021 and 2020.
Consolidated Statement of Cash Flows for the Years Ended December 31, 2022, 2021 and 2020.
Notes to Consolidated Financial Statements.

(2) Consolidated Financial Statement Schedule of Vimeo

Schedule Number	
II	Valuation and Qualifying Accounts.

All other financial statements and schedules not listed have been omitted since the required information is either included in the Consolidated Financial Statements or the notes thereto, is not applicable or is not required.

(3) Exhibits

Exhibit No.	Description of Document	Location
2.1*	Separation Agreement, by and between IAC/InterActiveCorp and Vimeo, Inc., dated May 24, 2021	Exhibit 2.1 to the Registrant's Current Report on Form 8-K, filed on May 27, 2021
2.2*	Amended and Restated Agreement and Plan of Merger, dated as of March 12, 2021 by and among Vimeo, Inc., Stream Merger Sub, Inc. and Vimeo.com, Inc.	Annex G of the Registrant's Joint Registration Statement on Form S-4 with IAC, filed on March 12, 2021
3.1	Amended and Restated Certificate of Incorporation of Vimeo, Inc.	Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on May 27, 2021
3.2	Amended and Restated By-laws of Vimeo, Inc.	Exhibit 3.2 to the Registrant's Current Report on Form 8-K, filed on May 27, 2021
4.1	Description of Securities	Exhibit 4.1 to the Registrant's Annual Report on Form 10-K filed on March 1, 2022
10.1*	Transition Services Agreement by and between IAC/InterActiveCorp and Vimeo, Inc., dated as of May 24, 2021	Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed on May 27, 2021

Exhibit No.	Description of Document	Location
10.2*	Employee Matters Agreement by and between IAC/InterActiveCorp and Vimeo, Inc., dated as of May 24, 2021	Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed on May 27, 2021
10.3*	Tax Matters Agreement by and between IAC/InterActiveCorp and Vimeo, Inc., dated as of May 24, 2021	Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on May 27, 2021
10.4#	Vimeo, Inc. 2021 Stock and Annual Incentive Plan	Exhibit 10.4 to the Registrant's Current Report on Form 8-K, filed on May 27, 2021
10.5#	Vimeo, Inc. Deferred Compensation Plan for Non-Employee Directors	Exhibit 10.5 to the Registrant's Annual Report on Form 10-K filed on March 1, 2022
10.6#	Restricted Stock Agreement, dated as of June 7, 2021, by and between Vimeo, Inc. and Joseph M. Levin	Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on June 8, 2021
10.7#	Offer Letter between Anjali Sud and Vimeo.com, Inc., dated as of May 4, 2022	Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on May 5, 2022
10.8#	Offer Letter between Gillian Munson and Vimeo.com, Inc., dated as of April 2, 2022	Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on May 5, 2022
10.9#*	Offer Letter between Mark Kornfilt and Vimeo.com, Inc., dated as of May 4, 2022	Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed on May 5, 2022
10.10#	Transition Agreement by and between Narayan Menon and Vimeo, Inc., dated as of February 4, 2022	Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on May 5, 2022
10.11#	Memorandum of Understanding by and between Mark Kornfilt and Vimeo, Inc., dated as of February 24, 2023	Filed herewith.
10.12#	Board Advisor Agreement by and between Mark Kornfilt and Vimeo, Inc., dated as of February 24, 2023	Filed herewith.
21.1	List of Subsidiaries of Vimeo, Inc.	Filed herewith.
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm	Filed herewith.
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.

Exhibit No.	Description of Document	Location
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith.
101.INS	Inline XBRL Instance	Filed herewith.
101.SCH	Inline XBRL Taxonomy Extension Schema	Filed herewith.
101.CAL	Inline XBRL Taxonomy Extension Calculation	Filed herewith.
101.DEF	Inline XBRL Taxonomy Extension Definition	Filed herewith.
101.LAB	Inline XBRL Taxonomy Extension Labels	Filed herewith.
101.PRE	Inline XBRL Taxonomy Extension Presentation	Filed herewith.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	

Management contract or compensatory plan or arrangement

* Portions of this exhibit have been omitted because such information is both: (i) not material to the Registrant and (ii) would be competitively harmful if publicly disclosed.

** The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Annual Report on Form 10-K and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates them by reference.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

February 27, 2023	VIMEO, INC.
	By: /s/ Gillian Munson
	Name: Gillian Munson
	Title: Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Gillian Munson and Jessica Tracy, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for such individual in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or the individual's substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed by the following persons on behalf of the Company and in the capacities and on February 27, 2023:

Signature	Title
/s/ Anjali Sud Anjali Sud	Chief Executive Officer *(Principal Executive Officer)*
/s/ Gillian Munson Gillian Munson	Chief Financial Officer *(Principal Financial Officer and Principal Accounting Officer)*
/s/ Joseph Levin Joseph Levin	Chairman of the Board of Directors
/s/ Adam Gross Adam Gross	Director
/s/ Alesia J. Haas Alesia J. Haas	Director
/s/ Kendall Handler Kendall Handler	Director
/s/ Jay Herratti Jay Herratti	Director
/s/ Ida Kane Ida Kane	Director

Signature	Title
/s/ Mo Koyfman Mo Koyfman	Director
/s/ Shelton "Spike" Lee Shelton "Spike" Lee	Director
/s/ Nabil Mallick Nabil Mallick	Director
/s/ Glenn H. Schiffman Glenn H. Schiffman	Director

Exhibit 10.11

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made between Mark Kornfilt ("Executive") and Vimeo, Inc. ("Vimeo" or the "Company") as of February 24, 2023 (the "Effective Date").

WHEREAS, Executive is presently President of the Company;

WHEREAS, Executive and the Company are parties to a letter agreement dated as of May 4, 2022 (the "Letter Agreement");

WHEREAS, Executive has tendered his voluntary resignation to the Company effective March 31, 2023;

WHEREAS, the parties desire to have Executive serve as an advisor to the Company's Board of Directors ("Board") following his departure from the Company and to make other arrangements concerning Executive's departure from the Company as set forth below,

NOW, THEREFORE, for good and valuable consideration, including the mutual promises made below, the parties agree as follows:

1. Resignation. Executive hereby submits, and the Company accepts, Executive's voluntary resignation as the Company's president as documented by the resignation letter set forth in Schedule A hereto. Executive's resignation from the Company and each subsidiary thereof shall be effective as of March 31, 2023 (the "Separation Date"). Except as otherwise provided in this MOU, the Separation Date shall be the end or termination date for the purposes of all benefit plans and equity awards applicable to Executive. Executive and the Company agree and acknowledge that Executive's decision to leave the Company is neither a termination by the Company (for any reason) nor a resignation for "Good Reason" by Executive (as defined in the Letter Agreement).

2. Retention as Board Advisor. The parties shall separately enter into an agreement whereby the Company shall retain Executive as an advisor to the Board beginning on April 1, 2023.

3. Acceleration of RSU Award. In view of Executive's prior contributions and in exchange for the releases granted pursuant to Section 4 below, and notwithstanding anything in the Company's 2021 Stock and Annual Incentive Plan (the "Plan") or Notice of Award of Restricted Stock Units to the contrary, the Board, in conjunction with the Committee that administers the Plan, has determined to accelerate the vesting of Executive's 2021 award of 344,316 restricted stock units ("RSUs") without conditions precedent or subsequent to Executive's Release Date of any nature or description. Acceleration of such RSUs shall take place on the first business day after Executive provides the release required by Section 5(b)

below. Settlement of the RSUs shall occur promptly thereafter and in accordance with the Company's standard procedures for settling RSU awards upon vesting.

4. Extension of Time to Exercise SARs. Pursuant to the "Equity" paragraph of the Letter Agreement, Executive has eighteen (18) months following the Separation Date (i.e., until September 30, 2024) to exercise any vested Vimeo stock appreciation rights ("SARs") or Vimeo stock options held by Executive. Any vested SARs or options not exercised by such date will be forfeited. Company agrees that Executive has satisfied the condition precedent set forth in the "Equity" paragraph of the Letter Agreement and, notwithstanding anything in the Plan or Notice of Award of SARS to the contrary, waives any conditions subsequent.

5. Release. (a) Executive hereby provides the release set forth in Schedule B as of the Effective Date. (b) Executive further agrees to execute the same form of release (updated to release claims through the Separation Date) on or within three (3) business days after the Separation Date (the "Release Date").

6. Continuing Obligations. Executive shall continue to comply with the confidentiality obligations and restrictive covenants set forth in the Letter Agreement and the Company's Confidentiality and IP Agreement set forth in Schedule C. For clarity, the post-employment period of any restrictive covenants shall commence on the Separation Date.

7. Indemnification. For the avoidance of doubt, the indemnification provisions provided for officers or directors of the Company in Article VIII of the Company's Amended and Restated Certificate of Incorporation and Article XII of the Company's by-laws shall apply to Executive with respect to Executive's time served as an officer of the Company.

8. General. This MOU shall be governed by the laws of the State of New York without regard to conflicts of laws principles. Any dispute arising out of this MOU or Executive's former employment shall be maintained in the state or federal courts located in New York County, New York. Such courts have exclusive jurisdiction over the dispute. If the dispute is brought in New York state court, the parties agree that the matter shall be maintained in the Commercial Division of the New York Supreme Court. In any lawsuit, the parties waive any right to a trial by jury. This MOUis binding upon, and shall inure to the benefit of, the parties and their respective heirs, executors, administrators, successors, and assigns. This MOU sets forth the complete understanding of the parties relating to the subject matter thereof and supersedes all prior negotiations, understanding, and agreements relating to such subject matter.

AGREED AND ACCEPTED:

EXECUTIVE:

By: /s/ Mark Kornfilt

Mark Kornfilt

VIMEO, INC.

By: /s/ Anjali Sud

Name: Anjali Sud

Title: Chief Executive Officer

Schedule A: Resignation Letter

February 24, 2023

Anjali Sud
Vimeo, Inc.
330 West 34th Street, 5th Floor
New York, New York 10001

Dear Anjali,

I hereby tender my resignation (i) as President of Vimeo, Inc. (the “Company”), and (ii) as to any and all other positions I may hold, whether as an officer and/or director, of any of the Company’s subsidiaries, effective as of March 31, 2023.

Please note that my resignation is not as a result of any disagreement between myself and the Company, its management, the Company’s Board of Directors (the “Board”) or any committee of the Board.

Sincerely,

/s/ Mark Kornfilt

Mark Kornfilt

cc: Michael A. Cheah, General Counsel & Secretary

Schedule B: Release

In exchange for the consideration set forth in the foregoing Memorandum of Understanding ("MOU"), MARK KORNFILT ("You") hereby grants the following release:

1. In exchange for the consideration set forth in the MOU, you and your heirs, executors, administrators, trustees, legal representatives and assigns (collectively, the "Releasors") hereby waive, release and forever discharge VIMEO, INC. and VIMEO.COM, INC. (collectively, the "Company") and their affiliates, divisions, branches, predecessors, successors, assigns, and its and their past or present directors, officers, employees, agents, partners, members, stockholders, representatives, attorneys, consultants, independent contractors, trustees, administrators, insurers and fiduciaries, in their individual and representative capacities (collectively, the "Releasees") from all forms of legal claims of any kind whatsoever, whether known or unknown, arising from the beginning of time through the Effective Date. Except as set forth below, your waiver and release herein is intended to bar any form of legal claim, complaint or any other form of action (jointly referred to as "Claims") against the Releasees seeking any form of relief including, without limitation, equitable relief (whether declaratory, injunctive or otherwise), the recovery of any damages, or any other form of monetary recovery whatsoever (including, without limitation, back pay, front pay, compensatory damages, emotional distress damages, punitive damages, attorneys' fees and any other costs) against the Releasees, for any alleged action, inaction or circumstance existing or arising through the Effective Date.

2. Without limiting the foregoing general waiver and release, you specifically waive and release the Releasees from any Claim arising from or related to your current employment relationship with the Company or the termination thereof, including, without limitation:

(a) Claims under any state or federal discrimination, fair employment practices or other employment related statute, regulation or executive order prohibiting discrimination, retaliation, or harassment based upon any protected status including, without limitation, race, national origin, age, religion, gender, marital status, disability, veteran status or sexual orientation. Without limitation, specifically included in this paragraph are any Claims arising under the Civil Rights Acts of 1866 and 1871, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans With Disabilities Act, the Age Discrimination in Employment Act, the Genetic Information Nondiscrimination Act of 2008, the Family and Medical Leave Act of 1993, the Employee Retirement Income Security Act of 1974, COBRA, and any similar state or local statute or ordinance.

(b) Claims under any other state or federal employment related statute, regulation or executive order (as they may have been amended through the Effective Date) relating to any other terms and conditions of employment, including but not limited to the Fair Labor Standards Act, and any other state or local equivalent.

(c) Claims under any state or federal common law theory including, without limitation, wrongful discharge, breach of express or implied contract, promissory estoppel, unjust enrichment, breach of a covenant of good faith and fair dealing, violation of public policy, defamation, interference with contractual relations, intentional or negligent infliction of emotional distress, invasion of privacy, misrepresentation, deceit, fraud or negligence.

(d) Any other Claim arising under local, state or federal law.

3. Notwithstanding the foregoing, this paragraph does not release the Releasees from (a) any claim to enforce the MOU; (b) any claims for indemnification obligations by the Company; (c) the Company's obligation to pay your last paycheck following the Separation Date in accordance with applicable law; (d) any right of reimbursement with respect to expenses that you submitted before the Separation Date that are reimbursable pursuant to the Company's expense policies; or (e) any rights with respect to vested equity under the Equity Plan and any award notices made pursuant thereto (as modified by the MOU). Further, your releases do not apply to any claims that cannot be waived or released as a matter of law under applicable, federal, state, or local laws, including without limitation unemployment and workers' compensation claims or rights to receive any governmental bounties. However, you acknowledge and agree that you do not have any work-related injuries or occupational diseases.

4. Consistent with the provisions of federal, state, and local discrimination laws, nothing in this release shall be deemed to prohibit you from challenging the validity of this release under such discrimination laws (the "Discrimination Laws") or from filing a charge or complaint of age or other employment related discrimination with the Equal Employment Opportunity Commission ("EEOC") or state or local equivalents, or from participating in any investigation or proceeding conducted by the EEOC or state or local equivalents. Further, nothing in this release shall be deemed to limit the Company's right to seek immediate dismissal of such charge or complaint on the basis that your signing of this release constitutes a full release of any individual rights under the Discrimination Laws, or to seek restitution to the extent permitted by law of the economic benefits provided to you under the MOU in the event that you successfully challenge the validity of this release and prevail in any claim under the Discrimination Laws.

By: /s/ Mark Kornfilt

Mark Kornfilt

<u>Schedule C</u>

EMPLOYEE PROPRIETARY INFORMATION
AND INVENTIONS AGREEMENT

I understand and agree that, as a condition of my employment with Vimeo.com, Inc. (the "**Company**"), I have an obligation to maintain the confidentiality of the Company's Proprietary Information (as described and defined below), while at the same time preserving the confidentiality of any other existing employers or third parties for whom I may perform employment or other services. As used in this Agreement, "**the Company**" refers to Vimeo.com, Inc. and each of its subsidiaries or affiliated companies. I recognize and agree that my obligations under this Agreement and all terms of this Agreement apply to me regardless of whether I am employed by or work for the Company or any other subsidiary or affiliated company of the Company. Furthermore, I understand and agree that the terms of this Agreement will continue to apply to me even if I transfer at some time during the term of my employment from one subsidiary or affiliate of the Company to another.

I have reviewed the agreement below and have had the opportunity to consider the terms thereof and seek legal counsel regarding the same.

1. Nondisclosure.

1.1 Recognition of Company's Rights; Nondisclosure. At all times during and after my employment with the Company, I will hold in strictest confidence and will not disclose, use, lecture upon or publish any of the Company's Proprietary Information (defined below), except as such disclosure, use or publication may be required in connection with my employment for the Company. I will obtain the Company's written approval before publishing or submitting for publication any material (written, verbal, or otherwise) that relates to my employment at the Company and/or incorporates any Proprietary Information. I hereby assign to the Company any rights I may have or acquire in Proprietary Information and recognize that all Proprietary Information is the sole property of the Company and its assigns.

1.2 Proprietary Information. The term "**Proprietary Information**" means any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, "**Proprietary Information**" includes (a) trade secrets, inventions, mask works, ideas, processes, systems, methods, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques (hereinafter collectively referred to as "**Inventions**"); (b) information regarding plans for research, development, new products, services, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; (c) information regarding the skills and compensation of other employees of the Company; (d) information regarding Company end users; (e) information disclosed by the Company’s affiliates, businesses, partners, customers and contractors pursuant to confidentiality agreements; and (f) information which I develop or learn during the course of my employment with the Company. Notwithstanding the foregoing, it is understood that, at all times, I am free to use information which is generally known in the trade or industry, which is not gained as result of a breach of this Agreement, and my own skill, knowledge, know-how and experience to whatever extent and in whichever way I wish.

1.3 Third Party Information. I understand, in addition, that the Company has received and in the future will receive from third parties confidential or proprietary information ("**Third Party Information**") subject to a duty on the Company's part to maintain the confidentiality of this information and to use it only for certain limited purposes. During and after my employment, I will hold Third Party Information in the strictest confidence and will not disclose to anyone (other than Company personnel who need to know such information in connection with their work for the Company) or use, except in connection with my employment with the Company, Third Party Information unless expressly authorized by an officer of the Company in writing.

1.4 No Improper Use of Information of Existing or Prior Employers and Others. During my employment, I will not improperly use or disclose any confidential information or trade secrets, if any, of any existing or former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto the premises of the Company any unpublished documents or any property belonging to any existing or former employer or any other person to whom I have an obligation of confidentiality unless consented to in writing by that former employer or person. I will use in the performance of my duties only information that is generally known and used by persons with training and experience comparable to my own, which is common knowledge in the industry or otherwise legally available in the public domain, or which is otherwise provided or developed by the Company. I represent and warrant that I have returned all property and confidential information (other than my personal compensation and benefits information) belonging to all prior employers.

1.5 Defend Trade Secrets Act Information. I understand that, notwithstanding the foregoing limitations on the disclosure of trade secrets, I may not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) *in confidence* to a Federal, State or local government official, either directly or indirectly, or to an attorney, and (ii) *solely* for the purpose of reporting or investigating a suspected violation of law, or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, *if* such filing is made *under seal*. In addition, if I file a proceeding against the Company in connection with my report of a suspected legal violation, I may disclose the trade secret to the attorney representing me and use the trade secret in the court proceeding, *if* I file any document containing the trade secret under seal and do not disclose the trade secret, except pursuant to court order.

2. Assignment of Inventions.

2.1 Proprietary Rights. The term "**Proprietary Rights**" means all trade secret, patent, copyright, mask work, moral rights and all other intellectual property and industrial rights throughout the world.

2.2 Prior Inventions. Inventions, if any, patented or unpatented, which I made prior to the commencement of my employment for the Company are excluded from the scope of this Agreement. To preclude any possible uncertainty, I have set forth on Exhibit A (Previous Inventions) attached to this Agreement a complete list of all Inventions that I have, alone or jointly with others, conceived, developed or reduced to practice or caused to be conceived, developed or reduced to practice prior to my employment with the Company, that I consider to be my property or the property of third parties and that I wish to have excluded from the scope of this Agreement (collectively referred to as "**Prior Inventions**"). If disclosure of any Prior Invention would cause me to violate any prior confidentiality agreement, I understand that I am not to list these Prior Inventions in Exhibit A but am only to disclose a cursory name for each invention, a listing of the party(ies) to whom it belongs and the fact that full disclosure as to the inventions has not been made for that reason. A space is provided on Exhibit A for this purpose. If no disclosure is attached, I represent and warrant that there are no Prior Inventions. If, in the course of my employment for the Company, I incorporate a Prior Invention into a Company product, process or machine, I hereby grant the Company, and the Company has and will have, a nonexclusive, royalty-free, fully paid up, irrevocable, perpetual, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to make, have made, modify, have modified, use, have used, sell and have sold the Prior Invention. Notwithstanding the foregoing, I agree that I will not incorporate, or permit to be incorporated, Prior Inventions in any Company Inventions (as defined in Section 2.3 below) without the Company's prior written consent.

2.3 **Assignment of Inventions.** Subject to Section 2.5, I hereby assign and agree to assign in the future (when any Inventions or Proprietary Rights are first conceived, developed, reduced to practice or first fixed in a tangible medium, as applicable) to the Company all my right, title and interest in and to any and all Inventions (and all Proprietary Rights with respect thereto), free and clear of all liens and encumbrances, whether or not patentable or registrable under copyright, patent or similar statutes, developed, made, conceived or reduced to practice or learned by me, either alone or jointly with others, during the period of my employment with the Company. Inventions assigned to the Company, or to a third party as directed by the Company pursuant to this Section 2, are hereinafter referred to as "**Company Inventions**." To the extent I have any rights in any Company Inventions that cannot be so assigned, including without limitation any moral rights, I unconditionally and irrevocably waive all such rights.

2.4 **Obligation to Keep Company Informed.** During my employment, I will promptly disclose to the Company fully and in writing all Inventions authored, conceived or reduced to practice by me, either alone or jointly with others and I will promptly disclose to the Company all patent applications filed by me or on my behalf.

2.5 **Government or Third Party.** I also agree to assign all my right, title and interest in and to any particular Company Invention to a third party, including without limitation the United States, as directed by the Company.

2.6 **Works for Hire.** I acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of my employment for the Company and which are protectable by copyright are "works made for hire," pursuant to United States Copyright Act (17 U.S.C., Section 101).

2.7 **Enforcement of Proprietary Rights.** I will assist the Company in every proper way to obtain, and from time to time enforce, United States and foreign Proprietary Rights relating to Company Inventions in any and all countries. To that end I will execute, verify and deliver documents and perform other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing Proprietary Rights and the assignment of Proprietary Rights. In addition, I will execute, verify and deliver assignments of Proprietary Rights to the Company or its designee. My obligation to assist the Company with respect to Proprietary Rights relating to Company Inventions in any and all countries will continue beyond the termination of my employment, but the Company will compensate me at a reasonable rate after my termination for the time actually spent by me at the Company's request on the assistance.

In the event the Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified in the preceding paragraph, I irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, which appointment is coupled with an interest, to act for and on my behalf to execute, verify and file any documents and to do all other lawfully permitted acts to further the purposes of the preceding paragraph with the same legal force and effect as if executed by me. I waive and quitclaim to the Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any Proprietary Rights I assign to the Company.

3. **Records.** I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by the Company) of all Proprietary Information developed by me and all Inventions made by me during my employment for the Company. These records will be available to and remain the sole property of the Company at all times.

4. **No Conflicting Obligation.** I represent that my performance of all the terms of this Agreement and employment with the Company does not and will not breach any other agreement to keep in confidence information acquired by me. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict with this Agreement.

5. **Reserved.**

6. **Return of Company Documents.** When my employment with the Company terminates (or at any earlier time upon the Company’s request), I will deliver to the Company, and I will not retain, any and all drawings, notes, memoranda, specifications, devices, formulas, and documents, together with all copies thereof, and any other material containing or disclosing any Company Inventions, Third Party Information or Proprietary Information of the Company. I agree to delete all Company Inventions, Third Party Information or Proprietary Information of the Company from the hard drive of any computer that I retain after termination of my employment. I further agree that any property situated on the Company's premises and owned by the Company, including disks and other storage media, filing cabinets or other work areas, is subject to inspection by Company personnel at any time with or without notice.

7. **Legal and Equitable Remedies.** Because my services are personal and unique and because I may have access to and become acquainted with the Proprietary

Information of the Company, the Company will have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

8. Notices. Any notices required or permitted under this Agreement must be given to the appropriate party at the address specified below or at another address as the party may specify. The notice will be deemed given upon personal delivery to the appropriate address, upon confirmation of receipt if by overnight courier/mail or facsimile, or if sent by certified or registered mail, on the date of confirmed delivery of the mailing.

Mark Kornfilt Address:by mail at 7 Avenue Gaspard-Vallette, 1206 Geneva, Switzerland; and by email at markk03@gmail.com.

Vimeo: By email at legal@vimeo.com and by mail at Vimeo.com Inc., Attn Legal, 330 West 34th Street, 5th Floor, New York, New York 10001.

9. General Provisions.

9.1 Governing Law. This Agreement shall be governed by the laws of the State of New York, without regard to conflicts of law rules. Any dispute arising under this Agreement shall be resolved in the federal and state courts located in New York County, New York, and I submit to the exclusive jurisdiction of such courts.

9.2 Severability. In case one (1) or more of the provisions contained in this Agreement is, for any reason, held to be invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability will not affect the other provisions of this Agreement, and this Agreement will be construed as if the invalid, illegal or unenforceable provision had never been contained in this Agreement. If one (1) or more of the provisions contained in this Agreement is for any reason held to be excessively broad as to duration, geographical scope, activity or subject, it will be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law at the time.

9.3 Employment Status. I understand that this Agreement is not an employment contract and does not in any way affect my status as an at-will employee of the Company.

9.4 Successors and Assigns. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

9.5 Survival. The provisions of this Agreement will survive the termination of my employment and the assignment of this Agreement by the Company to any successor in interest or other assignee.

9.6 Waiver. No waiver by the Company of any breach of this Agreement will be a waiver of any preceding or succeeding breach. No waiver by the Company of any right under this Agreement will be construed as a waiver of any other right. The Company will not be required to give notice to enforce strict adherence to all terms of this Agreement.

9.7 Advice of Counsel. I acknowledge that, in executing this Agreement, I have had the opportunity to seek the advice of independent legal counsel, and I have read and understood all of the terms and provisions of this Agreement. This Agreement will not be construed against any party by reason of the drafting or preparation of this Agreement.

9.8 Entire Agreement. This Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matter of this Agreement and supersedes and merges all prior discussions between us. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by the party to be charged.

Exhibit A

1. Except as listed in Section 2 below, the following is a complete list of all inventions or improvements relevant to the subject matter of my employment for Vimeo.com, Inc. (the "**Company**") that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my engagement by the Company, and there are no other ideas, processes, trademarks, service marks, inventions, technology, computer programs, original works of authorship, designs, formulas, discoveries, patents, copyrights, or any claims, rights, or improvements to the foregoing that I wish to exclude from the operation of this Agreement:

☐ No inventions or improvements.

☐ My inventions are:

____

____

____

☐ Additional sheets attached.

2. Due to a prior confidentiality agreement, I cannot complete the disclosure under Section 1 above with respect to inventions or improvements generally listed below, the proprietary rights and duty of confidentiality with respect to which I owe to the following party(ies):

____

☐ Additional sheets attached

BOARD ADVISOR AGREEMENT

THIS BOARD ADVISOR AGREEMENT, dated February 24, 2023 (this "Agreement"), is made by and between VIMEO, INC., a Delaware corporation (the "Company"), and Mark Kornfilt ("Advisor").

For good and valuable consideration, Company and Advisor hereby agree as follows:

1. Engagement.

(a) Subject to the terms hereof, Company hereby engages Advisor to serve as Strategic Advisor to the Board of Directors of the Company (the "Board") for a period beginning on April 1, 2023 and ending on March 31, 2024 (the "Term").

(b) During the Term, Advisor shall provide strategic consulting advice to the Board and Company management (the "Approved Purposes"). The Advisor shall perform services hereunder as an independent contractor and not as an employee, agent, joint venturer or partner of the Company. The Advisor shall have no power or authority to act for, represent or bind the Company or its affiliates in any manner whatsoever, except as may be expressly agreed on each occasion, in writing, by the Company's authorized signatories or the Board. The Advisor agrees to take no action that expresses or implies that the Advisor has such power or authority.

(c) The Company shall invite Advisor to attend, in a non-voting advisory capacity, all meetings of the Board, but excluding meetings of its committees (each a "Committee"). Advisor shall have the right to be heard at any such meeting, but in no event shall Advisor: (i) be deemed to be a member of the Board or such Committees; (ii) have the right to vote on any matter under consideration by the Board or such Committees or otherwise have any power to cause the Company to take, or not to take, any action; or (iii) except as expressly set forth in this Agreement, have or be deemed to have, or otherwise be subject to, any duties (fiduciary or otherwise) to the Company or its stockholders or any duties (fiduciary or otherwise) otherwise applicable to the directors of the Company. As a non-voting Advisor, Advisor will also be provided (concurrently with delivery to the directors of the Company and in the same manner delivery is made to them) copies of all notices, minutes, consents, and all other materials or information (financial or otherwise) that are provided to the directors with respect to a meeting or any written consent in lieu of meeting (except to the extent Advisor has been excluded therefrom pursuant to Section 1(d) below). Advisor shall use best efforts to attend all Board meetings, either in person or virtually. Notwithstanding the foregoing, the Company may, in its sole discretion, exclude Advisor from access to any material or meeting or portion thereof.

(d) The Company shall pay Advisor a cash retainer of $50,000 per annum for the services rendered hereunder, paid quarterly. The Company shall reimburse Advisor for all reasonable out-of-pocket expenses incurred by Advisor in connection with in-person attendance at Board meetings; such expenses shall be paid to Advisor in accordance with the Company's policies and practices with respect to reimbursement of contractors.

(e) The parties agree and acknowledge that in performing this Agreement, Advisor is an independent contractor vis-a-vis the Company and is not an employee or director thereof. The Advisor shall be solely responsible for paying all federal, state and local taxes and any other legally required payments applicable to any compensation paid pursuant to this Agreement.

2. Confidentiality.

(a) Confidentiality Obligations. In consideration of the Company's disclosure to Advisor of information which is not publicly available concerning or related to the Company for the Approved Purposes, Advisor agrees that this Agreement will apply to all information, in any form whatsoever, disclosed or made available to Advisor concerning or related to the Company, its affiliates and/or the Approved Purposes ("Confidential Information"). Except as otherwise provided herein, Advisor agrees: (i) to hold Confidential Information in strict confidence; (ii) not to disclose Confidential Information to any third parties; and (iii) not to use any Confidential Information for any purpose except for the Approved Purposes.

(b) Exempted Disclosure. The foregoing restriction on the use and nondisclosure of Confidential Information will not include information which: (i) is, or hereafter becomes, through no act or failure to act on the part of Advisor, generally known or available to the public; (ii) was acquired by Advisor before receiving such information from the Company, without restriction as to use or disclosure; (iii) is hereafter furnished to Advisor by a third party, without, to Advisor's knowledge, restriction as to use or disclosure; (iv) such information was independently developed by Advisor; or (v) is required or requested to be disclosed pursuant to judicial, regulatory or administrative process or court order, provided, that to the extent permitted by law, rule or regulation, Advisor gives the Company prompt notice of such required disclosure so that the Company may challenge the same.

(c) Return of Confidential Information. Following the termination of the rights of Advisor described in Section 1 and upon request of the Company, Advisor will promptly: (i) return to the Company all physical materials containing or consisting of Confidential Information and all hard copies thereof; and (ii) destroy all electronically stored Confidential Information in Advisor's possession or control. Advisor may retain in his confidential files one copy of any item of Confidential Information in order to comply with any legal, compliance or regulatory requirements. Any Confidential Information that is not returned or destroyed, including, without limitation, any oral Confidential Information, and all notes, analyses, compilations, studies or other documents prepared by or for the benefit of Advisor from such information, will remain subject to the confidentiality obligations set forth in this Agreement indefinitely.

(d) Disclaimer. All Confidential Information is provided to Advisor "as is" and the Company does not make any representation or warranty as to the accuracy or completeness of the Confidential Information or any component thereof. The Company will have no liability to Advisor resulting from the reliance on the Confidential Information by Advisor or any third party to whom such Confidential Information is disclosed.

(e) Ownership. Advisor acknowledges that all of the right, title and interest relating to all inventions, improvements, discoveries, methods, developments, software, and works of authorship, whether patentable or not, which are created, made, conceived or reduced to practice by the Advisor or jointly with others in the course of the Advisor's performance of services under this Agreement or using the Company's Confidential Information (collectively, "Developments") is owned solely by the Company (or its licensors) and that the unauthorized disclosure or use of such Developments would cause irreparable harm and significant injury, the degree of which may be difficult to ascertain. Therefore, in the event of any breach of this Agreement, the Company is entitled to seek all forms of equitable relief (including an injunction and order for specific performance), in addition to all other remedies available at law or in equity. The Advisor agrees to cooperate fully with the Company, both during and after the Term, with respect to the procurement, maintenance and enforcement of intellectual property rights (both in the United States and foreign countries) relating to any Developments. The Advisor shall sign all documents which may be necessary or desirable in order to protect the Company's rights in and to any Developments, and the Advisor hereby irrevocably designates and appoints each officer of the Company as the Advisor's agent and attorney-in-fact to execute any such documents on the Advisor's behalf, and to take any and all actions as the Company may deem necessary or desirable in order to protect its rights and interests in any Developments. Notwithstanding anything to the contrary above, this Section 2(e) does not apply to an invention for which no equipment, supplies, facility or trade secret information of the Company was used and which was developed entirely on the Advisor's own time, unless the invention relates to the business of the Company or to the Company's actual or demonstrably anticipated research or development, or the invention results from any work performed by the Advisor for the Company.

(f) Non-Solicitation. As additional protection for Confidential Information, Advisor agrees that during the Term, and for one year thereafter, Advisor will not encourage or solicit any employee or consultant of the Company to leave the Company for any reason. For the avoidance of doubt, the restrictions contained in this Section 2(f) are separate and distinct from the restrictions contained in Advisor's offer letter dated May 4, 2022, and such restrictions remain in full force and effect.

3. Compliance with Securities Laws. Advisor agrees that the Confidential Information is given in confidence in accordance with the terms of this Agreement, and Advisor will (i) comply with the Company's securities policies during the Term (including its Insider Trading Policy); and (ii) not take any action (directly or indirectly) relating to the securities of the Company which would constitute insider trading, market manipulation, or any other violation of applicable securities law.

4. Conflicts of Interest. During the Term, Advisor agrees that prior to performing any services for or otherwise participating in a company developing or commercializing new services, methods or products that may be competitive with the Company, the Advisor shall first notify the Company in writing. It is understood that in such event, the Company will review whether the Advisor's activities are consistent with Advisor remaining an advisor to the Company. The Advisor represents that nothing in this Agreement conflicts with the Advisor's obligations to any other person or would otherwise prevent the Advisor from performing his obligations under this Agreement.

5. Indemnification.

(a) The Company will indemnify and hold harmless Advisor from and against any losses, claims, damages, liabilities and expenses to which Advisor may become subject, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) arise out of, relate to, or are based upon Advisor's designation or attendance as a non-voting Advisor at meetings of the Board, Advisor's receipt of materials or information under this Agreement, or Advisor's exercise of his rights under this Agreement, *provided, however,* that the foregoing indemnity shall not apply to any such losses, claims, damages, liabilities or expenses arising out of or in connection with the Advisor's willful misconduct or fraud, or material breach of this Agreement or that cannot be subject to indemnification under applicable law. Subject to the foregoing, the Company will pay or reimburse Advisor for such losses, claims, damages, liabilities and expenses as they are incurred, including, without limitation, for amounts incurred in connection with investigating or defending any such loss, claim, damage, liability, expense or action.

(b) Promptly after receipt by Advisor under Section 5(a) of notice of the commencement of any action (but in no event in excess of 30 days after receipt of actual notice), Advisor will, if a claim in respect thereof is to be made against Advisor under this Section 5, notify the Company in writing of the commencement thereof, but the omission to so notify the Company will not relieve the Company from any liability under this Section 5, except to the extent that the Company is materially prejudiced by such failure to notify and, in such case, only as to the particular item for which indemnification is then being sought and with respect to which the Company has been materially prejudiced and not from any other liability which the Company may have to Advisor.

(c) In case any such action is brought against Advisor, and Advisor notifies the Company of the commencement thereof, the Company will be entitled, to the extent it may wish, to participate in the defense thereof, with separate counsel. Such participation shall not relieve the Company of the obligation to pay or reimburse Advisor for reasonable legal and other expenses (subject to Subsection (a) and this Subsection (c) incurred by Advisor in defending himself, except for such expenses incurred after the Company has deposited funds sufficient to effect the settlement (unless an expungement proceeding has been initiated), with prejudice, of the claim in respect of which indemnity is sought. The Company shall not be liable to Advisor on account of any settlement of any claim or action effected without the consent of the Company, such consent not to be unreasonably withheld or delayed.

(d) Subject to Subsection (a), the Company shall pay all reasonable legal fees and expenses of Advisor in the defense of such claims or actions; provided, however, that the Company shall not be obliged to pay legal expenses and fees to more than one law firm (in addition to local counsel) in connection with the defense of similar claims arising out of the same alleged acts or omissions giving rise to such claims notwithstanding that such actions or claims are alleged or brought by one or more parties against Advisor. Such law firm (in addition to local counsel) shall be paid only to the extent of reasonable services performed by such law firm and no reimbursement shall be payable to such law firm on account of legal services performed by another law firm (other than local counsel).

6. Renewal and Termination.

(a) Company may renew this Agreement for one-year periods by providing 90 days written notice before the end of the current Term. Advisor shall have 30 days to reject the renewal of this Agreement by providing written notice to the Company. Each renewal of this Agreement shall extend the Term for a one-year period.

(b) Either may terminate this Agreement for convenience by providing written notice to the other party at least 30 days before the end of a calendar quarter. Following the provision of such notice, the engagement shall be deemed terminated as of the end of the current calendar quarter.

(c) Either party may terminate this Agreement in the event of the other party’s material breach thereof, *provided* that the non-breaching party shall first provide 10 days written notice to the breaching party and an opportunity to cure (assuming the breach is by its nature curable). In addition to any breach of a term of this Agreement, Advisor shall be deemed in breach if Advisor commits conduct that would (i) violate the Company’s Code of Conduct; or (ii) bring the Company into disrepute.

(d) The rights and obligations described in Section 1 shall terminate upon: (i) the end of the Term (as may be renewed in accordance with Section 6(a)); (ii) the end of the relevant calendar quarter if this Agreement is terminated in accordance with Section 6(b); the breaching party's failure to cure a material breach in accordance with Section 56c) (or immediately if the material breach is not a breach that can be cured); or (iv) the death or disability of Advisor.

(e) If this Agreement is terminated by Advisor in accordance with Section 6(b) or (c), the Advisor will provide a pro-rata refund to the Company of any prepaid fees for the remainder of the prepaid term as of the date of termination. If this Agreement is terminated by the Company in accordance with this Section 6(b) or (c), the Company will pay any unpaid fees outstanding and due to the Advisor as of the date of termination.

(f) Notwithstanding anything to the contrary herein, the provisions of Sections 2 and 5 - 7 shall survive any termination or expiration of this Agreement.

7. General Provisions.

(a) This Agreement shall be governed in all respects by the laws of the State of New York (without giving effect to principles of conflicts of laws which would lead to the application of the laws of another jurisdiction).

(b) Each party hereby irrevocably and unconditionally consents to the jurisdiction of the federal and state courts in New York County, New York, for any action, suit or proceeding arising out of or related to this Agreement. Each party hereto hereby irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of or relating to this Agreement in the federal and state courts in New York County, New York, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(c) With respect to any dispute, the parties hereby irrevocably and unconditionally WAIVE ANY RIGHT TO A TRIAL BY JURY.

(d) All notices and communications hereunder shall be in writing and shall be deemed to have been given and delivered when sent by email to the address set forth below.

To the Company:

Vimeo, Inc.
330 West 34th Street, 5th Floor
New York, NY 10001
Attention: General Counsel
legal@vimeo.com

To Advisor:

Mark Kornfilt
[ADDRESS]
Geneva, Switzerland
[personal email address]

(e) This Agreement constitutes the complete and exclusive statement regarding the subject matter of this Agreement and supersedes all prior agreements, understandings and communications, oral or written, between the parties regarding the subject matter of this Agreement. Any modification of this agreement shall be set forth in a writing signed by both parties.

IN WITNESS WHEREOF, the undersigned have hereto executed this Agreement as of the date first above written.

COMPANY:

Vimeo, Inc.

By: /s/ Anjali Sud	ADVISOR:
Name: Anjali Sud	Mark Kornfilt
Title: Chief Executive Officer	By: /s/ Mark Kornfilt

Exhibit 21.1

Vimeo, Inc. and Subsidiaries

Name	Place of Incorporation
Vimeo, Inc.	Delaware
Vimeo.com, Inc.	Delaware
Vimeo Australia Pty Ltd	Australia
Vimeo UK Limited	England & Wales
Vimeo Technologies Private Limited	India
Vimeo Israel Ltd	Israel
Vimeo Singapore Pte. Ltd.	Singapore
Vimeo Ukraine Technologies LLC	Ukraine
Livestream LLC	New York
Wibbitz Ltd.	Israel
Wibbitz, Inc.	Delaware
Wibbitz SAS	France
WIREWAX Ltd.	England & Wales
WIREWAX U.S., Inc.	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements:

1. Registration Statement (Form S-8, No. 333-256512) pertaining to Vimeo, Inc.'s 2021 Stock and Annual Incentive Plan, and

2. Registration Statement (Post-Effective Amendment No. 2 to Form S-1 on Form S-3, No. 333-256513)

of our reports dated February 27, 2023, with respect to the consolidated financial statements and schedule of Vimeo, Inc. and subsidiaries, and the effectiveness of internal control over financial reporting of Vimeo, Inc. and subsidiaries, included in this Annual Report (Form 10-K) of Vimeo, Inc. and subsidiaries for the year ended December 31, 2022.

/s/ Ernst & Young LLP

New York, New York
February 27, 2023

Exhibit 31.1

Management Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Anjali Sud, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2022 of Vimeo, 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: February 27, 2023

/s/ Anjali Sud
Anjali Sud
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Management Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Gillian Munson, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2022 of Vimeo, 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: February 27, 2023

/s/ Gillian Munson
Gillian Munson
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Annual Report on Form 10-K of Vimeo, Inc. (the “Company”) for the period ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Anjali Sud, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 27, 2023

/s/ Anjali Sud

Anjali Sud
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Annual Report on Form 10-K of Vimeo, Inc. (the “Company”) for the period ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Gillian Munson, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of her knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 27, 2023

/s/ Gillian Munson

Gillian Munson
Chief Financial Officer
(Principal Financial Officer)