

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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 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 No. 001-40420

vimeo

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 No.)

330 West 34th Street, 5th Floor New York, New York 10001
(Address of registrant's principal executive offices)
555 West 18th Street, New York, New York 10011
(Former name, former address and former fiscal year, if changed since last report)
(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 Exchange on Which Registered
Common Stock, par value \$0.01 per share	VME0	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Securities registered pursuant to Section 12(g) of the Act:

None

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

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

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 29, 2022, the following shares of the registrant's common stock were outstanding:

Common Stock	156,983,661
Class B common stock	9,399,250
Total	166,382,911

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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:

- 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,
- we have a history of losses,
- our prior rapid growth may not be indicative of future performance,
- 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 need additional funding as we continue to invest in research and development and expand internationally,
- 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 experience service interruptions,
- hosting and delivery costs may increase unexpectedly, our success depends on our ability to reach customers and acquire subscribers through digital app stores,
- our business involves hosting large quantities of user content,
- we may face liability for hosting a variety of tortious or unlawful materials,
- 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 impact of the COVID-19 pandemic on our business,
- we have been the target of cyberattacks by malicious actors, and
- the risks described in the section titled "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q.

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 Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q 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
FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

VIMEO, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Unaudited)

	June 30, 2022	December 31, 2021
	(In thousands, except par value amounts)	
ASSETS		
Cash and cash equivalents	\$ 268,078	\$ 321,900
Accounts receivable, net	39,986	29,451
Prepaid expenses and other current assets	19,715	18,811
Total current assets	327,779	370,162
Leasehold improvements and equipment, net	1,497	2,868
Goodwill	245,406	242,586
Intangible assets with definite lives, net	7,936	11,008
Other non-current assets	16,428	22,737
TOTAL ASSETS	\$ 599,046	\$ 649,361
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable, trade	\$ 3,364	\$ 17,501
Deferred revenue	176,918	173,167
Accrued expenses and other current liabilities	62,857	67,385
Total current liabilities	243,139	258,053
Other long-term liabilities	6,478	20,713
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Common stock, \$0.01 par value; 1,600,000 shares authorized; 156,977 and 156,708 shares issued and outstanding, respectively	1,570	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	737,239	704,796
Accumulated deficit	(388,836)	(335,776)
Accumulated other comprehensive loss	(638)	(86)
Total shareholders' equity	349,429	370,595
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 599,046	\$ 649,361

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

VIMEO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(In thousands, except per share data)			
Revenue	\$ 110,977	\$ 96,046	\$ 219,331	\$ 185,468
Cost of revenue (exclusive of depreciation shown separately below)	26,878	25,771	53,634	50,727
Gross profit	84,099	70,275	165,697	134,741
Operating expenses:				
Research and development expense	35,728	27,062	70,146	48,538
Sales and marketing expense	43,080	40,248	86,236	72,317
General and administrative expense	29,710	21,508	58,322	36,026
Depreciation	1,537	186	1,913	300
Amortization of intangibles	1,341	1,583	2,632	3,471
Total operating expenses	111,396	90,587	219,249	160,652
Operating loss	(27,297)	(20,312)	(53,552)	(25,911)
Interest expense	(122)	(122)	(243)	(186)
Interest expense—related party	—	—	—	(726)
Other income, net	1,172	142	1,513	10,229
Loss before income taxes	(26,247)	(20,292)	(52,282)	(16,594)
Income tax provision	(255)	(100)	(778)	(485)
Net loss	\$ (26,502)	\$ (20,392)	\$ (53,060)	\$ (17,079)
Per share information:				
Basic and diluted loss per share	\$ (0.16)	\$ (0.13)	\$ (0.33)	\$ (0.11)
Stock-based compensation expense by function:				
Cost of revenue	\$ 237	\$ 169	\$ 401	\$ 189
Research and development expense	6,722	5,748	11,421	7,468
Sales and marketing expense	2,443	1,498	3,375	1,820
General and administrative expense	9,270	7,280	17,668	10,130
Total stock-based compensation expense	\$ 18,672	\$ 14,695	\$ 32,865	\$ 19,607

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

VIMEO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE OPERATIONS
(Unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(In thousands)			
Net loss	\$ (26,502)	\$ (20,392)	\$ (53,060)	\$ (17,079)
Other comprehensive (loss) income:				
Change in foreign currency translation	(406)	23	(552)	1
Total other comprehensive (loss) income	(406)	23	(552)	1
Comprehensive loss	<u>\$ (26,908)</u>	<u>\$ (20,369)</u>	<u>\$ (53,612)</u>	<u>\$ (17,078)</u>

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

VIMEO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
Three and Six Months Ended June 30, 2022
(Unaudited)

	Common stock, \$0.01 par value		Class B common stock, \$0.01 par value		Additional Paid-in-Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	\$	Shares	\$	Shares				
(In thousands)								
Balance at March 31, 2022	\$ 1,569	156,874	\$ 94	9,399	\$ 718,951	\$ (362,334)	\$ (232)	\$ 358,048
Net loss	—	—	—	—	—	(26,502)	—	(26,502)
Other comprehensive loss	—	—	—	—	—	—	(406)	(406)
Stock-based compensation expense	—	—	—	—	18,672	—	—	18,672
Amounts related to settlement of equity awards	1	103	—	—	(384)	—	—	(383)
Balance at June 30, 2022	<u>\$ 1,570</u>	<u>156,977</u>	<u>\$ 94</u>	<u>9,399</u>	<u>\$ 737,239</u>	<u>\$ (388,836)</u>	<u>\$ (638)</u>	<u>\$ 349,429</u>
Balance at December 31, 2021	\$ 1,567	156,708	\$ 94	9,399	\$ 704,796	\$ (335,776)	\$ (86)	\$ 370,595
Net loss	—	—	—	—	—	(53,060)	—	(53,060)
Other comprehensive loss	—	—	—	—	—	—	(552)	(552)
Stock-based compensation expense	—	—	—	—	32,865	—	—	32,865
Amounts related to settlement of equity awards	3	269	—	—	(422)	—	—	(419)
Balance at June 30, 2022	<u>\$ 1,570</u>	<u>156,977</u>	<u>\$ 94</u>	<u>9,399</u>	<u>\$ 737,239</u>	<u>\$ (388,836)</u>	<u>\$ (638)</u>	<u>\$ 349,429</u>

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

VIMEO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
Three and Six Months Ended June 30, 2021
(Unaudited)

	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 at March 31, 2021	\$ —	\$ —	\$ —	\$ —	\$ 928	92,789	\$ 663	66,285	\$ 667,348	\$ (279,696)	\$ (109)	\$ 389,134
Net loss	—	—	—	—	—	—	—	—	—	(20,392)	—	(20,392)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	23	23
Stock-based compensation expense	—	—	—	—	—	—	—	—	14,695	—	—	14,695
Amounts related to settlement of equity awards	2	213	—	—	—	—	—	—	(4,337)	—	—	(4,335)
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	—	—	—	—	—	—	—	—	13	—	—	13
Balance at June 30, 2021	<u>\$ 1,551</u>	<u>\$ 155,065</u>	<u>\$ 94</u>	<u>\$ 9,399</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ 677,667</u>	<u>\$ (300,088)</u>	<u>\$ (86)</u>	<u>\$ 379,138</u>
Balance at December 31, 2020	\$ —	\$ —	\$ —	\$ —	\$ 837	83,656	\$ 663	66,285	\$ 366,676	\$ (283,009)	\$ (87)	\$ 85,080
Net loss	—	—	—	—	—	—	—	—	—	(17,079)	—	(17,079)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	1	1
Stock-based compensation expense	—	—	—	—	—	—	—	—	19,607	—	—	19,607
Amounts related to settlement of equity awards	2	213	—	—	1	133	—	—	(8,739)	—	—	(8,736)
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 June 30, 2021	<u>\$ 1,551</u>	<u>\$ 155,065</u>	<u>\$ 94</u>	<u>\$ 9,399</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ 677,667</u>	<u>\$ (300,088)</u>	<u>\$ (86)</u>	<u>\$ 379,138</u>

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

VIMEO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2022	2021
(In thousands)		
Cash flows from operating activities:		
Net loss	\$ (53,060)	\$ (17,079)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Stock-based compensation expense	32,865	19,607
Amortization of intangibles	2,632	3,471
Depreciation	1,913	300
Provision for credit losses	7,015	280
Gain on the sale of an asset	—	(10,217)
Non-cash lease expense	3,421	825
Other adjustments, net	(719)	540
Changes in assets and liabilities:		
Accounts receivable	(18,225)	(5,248)
Prepaid expenses and other assets	(2,870)	(6,925)
Accounts payable and other liabilities	(26,127)	3,026
Deferred revenue	4,445	29,571
Net cash (used in) provided by operating activities	(48,710)	18,151
Cash flows from investing activities:		
Acquisitions, net of cash acquired	21	—
Capital expenditures	(630)	(215)
Proceeds from the sale of an asset	1,611	7,768
Net cash provided by investing activities	1,002	7,553
Cash flows from financing activities:		
Proceeds from sale of common stock, net of fees	—	299,750
Principal payments on related-party debt	—	(94,565)
Deferred financing costs	—	(1,440)
Withholding taxes paid related to equity awards	(5,126)	(8,181)
Proceeds from exercise of stock options	18	4
Other	(621)	—
Net cash (used in) provided by financing activities	(5,729)	195,568
Total cash (used) provided	(53,437)	221,272
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(488)	(57)
Net (decrease) increase in cash and cash equivalents and restricted cash	(53,925)	221,215
Cash and cash equivalents and restricted cash at beginning of period	322,345	110,037
Cash and cash equivalents and restricted cash at end of period	\$ 268,420	\$ 331,252

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

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

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," "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.

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

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 unaudited interim 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"). Accordingly, they do not include all of the information and notes required by GAAP for complete annual financial statements. In the opinion of management, the accompanying unaudited interim consolidated financial statements include all adjustments considered necessary for a fair presentation. Interim results are not necessarily indicative of the results that may be expected for the full year. The information included in this Form 10-Q should be read in conjunction with the annual audited consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

All intercompany transactions and balances between and among Vimeo and its subsidiaries have been eliminated. All related party transactions between Vimeo and IAC and its subsidiaries, other than 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 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.

All related party balances between Vimeo and IAC and its subsidiaries, other than borrowings from and principal payments to certain IAC subsidiaries, are reflected in the accompanying consolidated balance sheet within "Accrued expenses and other current liabilities" and "Other long-term liabilities".

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. The allocation of certain IAC corporate expenses is reflected in the accompanying consolidated balance sheet within "Additional paid-in-capital." 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.

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

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.

Recent Accounting Pronouncements

There are no recently issued accounting pronouncements that have not yet been adopted that are expected to have a material effect on the accompanying 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 2—REVENUE

Revenue Recognition

Vimeo's revenue is derived primarily from SaaS subscription fees paid by customers for self-serve and sales-assisted subscription plans. 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.

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. The current and non-current deferred revenue balances at June 30, 2022 were \$176.9 million and \$1.3 million, respectively. Non-current deferred revenue is included in "Other long-term liabilities" in the accompanying consolidated balance sheet. The current and non-current deferred revenue balances at December 31, 2021 were \$173.2 million and \$1.3 million, respectively. During the six months ended June 30, 2022, Vimeo recognized \$141.3 million of revenue that was included in the deferred revenue balance at December 31, 2021. During the six months ended June 30, 2021, Vimeo recognized \$110.7 million of revenue that was included in the deferred revenue balance at December 31, 2020.

Practical Expedients and Exemptions

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

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

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

Vimeo has determined 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.

The current and non-current contract asset balances are included in "Prepaid expenses and other current assets" and "Other non-current assets", respectively, in the accompanying consolidated balance sheet and were \$3.8 million and \$6.7 million, and \$3.5 million and \$6.2 million, at June 30, 2022 and December 31, 2021, respectively.

NOTE 3—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 2021, the income tax provision was computed for Vimeo on an as-if-standalone separate tax return basis. Payments to and refunds from IAC for Vimeo's share of IAC's consolidated state tax return liabilities, calculated on this basis, have been reflected within cash flows from operating activities in the accompanying consolidated statement of cash flows. For 2022, the income tax provision is computed for Vimeo on a true standalone basis.

At the end of each interim period, Vimeo estimates the annual expected effective income tax rate and applies that rate to its ordinary year-to-date earnings or loss with discrete items recorded in the period. The estimates used to compute the provision or benefit for income taxes may change as new events occur, additional information is obtained, or Vimeo's tax environment changes.

For the three months ended June 30, 2022 and 2021, Vimeo recorded an income tax provision of \$0.3 million and \$0.1 million, respectively. For the six months ended June 30, 2022 and 2021, Vimeo recorded an income tax provision of \$0.8 million and \$0.5 million, respectively. Vimeo is in a net operating loss ("NOL") position for federal and state income tax purposes. The largest deferred tax assets are NOLs. Vimeo has recorded a valuation allowance for the majority of its net deferred tax assets because it has concluded that it is more likely than not that the NOLs will not be utilized due to its history of pre-tax losses.

At June 30, 2022 and December 31, 2021, unrecognized tax benefits were \$3.0 million and \$2.5 million, respectively. If unrecognized tax benefits at June 30, 2022 are subsequently recognized, there would be no impact to income tax provision due to the valuation allowance on deferred tax assets. Vimeo believes no unrecognized tax benefits would decrease by June 30, 2023. Vimeo recognizes interest and penalties related to unrecognized tax benefits, if applicable, in income tax provision. There are currently no accruals for interest or penalties.

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

NOTE 4—FAIR VALUE MEASUREMENTS

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

	June 30, 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:				
Cash equivalents:				
Money market funds	\$ 254,818	\$ —	\$ —	\$ 254,818
Time deposits	—	256	—	256
Total	\$ 254,818	\$ 256	\$ —	\$ 255,074
Liabilities:				
Contingent consideration arrangements	\$ —	\$ —	\$ 13,108	\$ 13,108

	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:				
Cash equivalents:				
Money market funds	\$ 305,836	\$ —	\$ —	\$ 305,836
Liabilities:				
Contingent consideration arrangements	\$ —	\$ —	\$ 12,200	\$ 12,200

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.

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

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:

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
	(In thousands)	
Balance at beginning of period	\$ 13,777	\$ 12,200
Total net losses (gains):		
Included in operating loss	(669)	(669)
Measurement period adjustments	—	1,577
Settlements	—	—
Balance at end of period	<u>\$ 13,108</u>	<u>\$ 13,108</u>

Contingent Consideration Arrangements

At June 30, 2022, the Company had two outstanding contingent consideration arrangements related to the acquisitions of Wibbitz Ltd. (“Wibbitz”) and WIREWAX Ltd. (“Wirewax”), which were completed on November 10, 2021 and December 6, 2021, respectively. The maximum contingent payments related to these arrangements are \$15.0 million for Wibbitz and \$10.0 million for Wirewax. The fair values of the contingent consideration arrangements were finalized during the first quarter of 2022, when the Company recorded measurement period adjustments to increase the provisional amounts recorded by approximately \$1.6 million. These changes were recorded as an increase to "Goodwill" in the accompanying consolidated balance sheets. As of June 30, 2022, the allocation of the purchase price for the two acquisitions has been completed. The final acquisition date fair values for the contingent consideration arrangements for Wibbitz and Wirewax were \$5.6 million and \$8.2 million, respectively.

The 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 and any adjustments are recognized in "General and administrative expense" in the consolidated statement of operations.

The contingent consideration arrangement for Wibbitz is dependent upon the amount of revenue generated by Wibbitz subscribers who migrate to the Vimeo platform by December 31, 2022. During the quarter ended June 30, 2022, the fair value of the contingent consideration liability was reduced by approximately \$1.6 million due primarily to a decrease in forecasted Wibbitz revenue during the earnout period.

The contingent consideration arrangement for Wirewax is based upon achievement of an integration milestone and attainment of certain revenue thresholds within two years of the acquisition. The integration milestone was met during the quarter ended June 30, 2022, resulting in a payment of \$4.8 million in July 2022, which is consistent with the fair value estimated as of the acquisition date. Additionally during the quarter ended June 30, 2022, the fair value of the contingent consideration arrangement based on the attainment of certain revenue thresholds was increased by \$0.9 million, due primarily to the expected attainment of certain revenue thresholds earlier than previously estimated.

At June 30, 2022, \$13.1 million of contingent consideration is included in “Accrued expenses and other current liabilities” in the accompanying consolidated balance sheet. At December 31, 2021, \$12.2 million of contingent consideration is included in "Other long-term liabilities" in the accompanying consolidated balance sheet.

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

NOTE 5—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 June 30, 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, at Vimeo's option, at either a base rate or LIBOR, in each case 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 June 30, 2022, there were no outstanding borrowings under the Credit Facility. In December 2021, Vimeo agreed to cease any borrowings under certain non-USD currencies and certain USD tenors 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 6—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.

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

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 six months ended June 30, 2022.

NOTE 7—ACCUMULATED OTHER COMPREHENSIVE LOSS

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

	Three Months Ended June 30,	
	2022	2021
	(In thousands)	
Balance at beginning of period	\$ (232)	\$ (109)
Other comprehensive (loss) income	(406)	23
Balance at end of period	\$ (638)	\$ (86)
	Six Months Ended June 30,	
	2022	2021
	(In thousands)	
Balance at beginning of period	\$ (86)	\$ (87)
Other comprehensive (loss) income	(552)	1
Balance at end of period	\$ (638)	\$ (86)

At both June 30, 2022 and 2021, there was no tax benefit or provision on accumulated other comprehensive loss.

NOTE 8—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. In 2021, Vimeo entered into a Restricted Stock Agreement with Joseph Levin, Chairman of the Vimeo Board of Directors, which provided for a grant of 4,870,500 shares of common stock ("Vimeo Restricted Shares"). 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:

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
(In thousands, except per share data)				
Numerator:				
Net loss	\$ (26,502)	\$ (20,392)	\$ (53,060)	\$ (17,079)
Denominator: ^(a) ^(b)				
Denominator for loss per share—weighted average shares	161,455	159,418	161,384	159,399
Loss per share attributable to common stock shareholders:				
Loss per share	<u>\$ (0.16)</u>	<u>\$ (0.13)</u>	<u>\$ (0.33)</u>	<u>\$ (0.11)</u>

^(a) Vimeo Restricted Shares were included in shares of common stock issued and outstanding at June 30, 2022 in the accompanying consolidated balance sheet, but were excluded from the computation of shares outstanding for EPS purposes because the number of shares that ultimately vest is subject to the satisfaction of certain market-based conditions.

^(b) For both the three and six months ended June 30, 2022, and three and six months ended June 30, 2021, approximately 32.8 million and 26.4 million, respectively, potentially dilutive equity awards were excluded from the computation of diluted EPS because the impact would have been anti-dilutive.

NOTE 9—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:

	June 30, 2022	December 31, 2021	June 30, 2021	December 31, 2020
(In thousands)				
Cash and cash equivalents	\$ 268,078	\$ 321,900	\$ 331,024	\$ 110,011
Restricted cash included in Prepaid expenses and other current assets	342	445	228	26
Total cash and cash equivalents and restricted cash as shown in the accompanying consolidated statement of cash flows	<u>\$ 268,420</u>	<u>\$ 322,345</u>	<u>\$ 331,252</u>	<u>\$ 110,037</u>

Restricted cash at June 30, 2022 and December 31, 2021 primarily consisted of deposits related to a lease and corporate credit cards.

Restricted cash at June 30, 2021 primarily consisted of a deposit related to a lease.

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

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

Credit Losses

The changes in the allowance for credit losses for the six months ended June 30, 2022 and 2021 are as follows:

	2022	2021
	(In thousands)	
Balance at beginning of period	\$ 1,324	\$ 476
Provision for credit losses	7,015	280
Write-offs charged against the allowance	(917)	(522)
Recoveries collected	578	282
Currency translation adjustment	(10)	—
Balance at end of period	<u>\$ 7,990</u>	<u>\$ 516</u>

The increase in the allowance for credit losses for the six months ended June 30, 2022 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, as well as growth in the sales-assisted business.

Accumulated Amortization and Depreciation

Accumulated amortization and depreciation within the accompanying consolidated balance sheet are as follows:

Asset Category	June 30, 2022	December 31, 2021
	(In thousands)	
ROU assets included in Other non-current assets	\$ 7,697	\$ 8,548
Leasehold improvements and equipment	\$ 510	\$ 1,591
Intangible assets with definite lives	\$ 42,324	\$ 39,692

Other income, net

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(In thousands)			
Foreign exchange gains (losses), net	\$ 755	\$ 121	\$ 1,055	\$ (29)
Interest income	417	21	458	41
Gain on sale of an asset	—	—	—	10,217
Other income, net	<u>\$ 1,172</u>	<u>\$ 142</u>	<u>\$ 1,513</u>	<u>\$ 10,229</u>

For the six months ended June 30, 2021, Gain on sale of an asset related to the sale of Vimeo's retained interest in its former hardware business.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Geographic Concentrations

Geographic information about revenue and long-lived assets is presented below.

Revenue by geography is based on where the customer is located. The United States was the only country for which revenue was greater than 10% of Vimeo's total revenue for the three and six months ended June 30, 2022 and 2021.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
(In thousands)				
Revenue:				
United States	\$ 56,050	\$ 48,920	\$ 109,881	\$ 94,715
All other countries	54,927	47,126	109,450	90,753
Total	<u>\$ 110,977</u>	<u>\$ 96,046</u>	<u>\$ 219,331</u>	<u>\$ 185,468</u>

Long-lived assets, excluding goodwill, intangible assets with definite lives and ROU assets, at June 30, 2022 and December 31, 2021 relate to "Leasehold improvements and equipment, net."

	June 30, 2022	December 31, 2021
	(In thousands)	
Leasehold improvements and equipment, net:		
United States	\$ 553	\$ 1,901
All other countries	944	967
Total	<u>\$ 1,497</u>	<u>\$ 2,868</u>

NOTE 10—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.

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).

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

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 Appeal stayed the judgment pending appeal. The appeal is currently pending.

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

Proceedings in the third and fourth cases (Nos. 59780/2017 and 74775/2017, respectively) are pending before the Civil Court of Rome.

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. 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 will, subject to court approval, 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.

Vimeo denies liability in connection with this lawsuit.

NOTE 11—RELATED PARTY TRANSACTIONS

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. Through December 31, 2021, Vimeo participated in IAC's health and welfare benefit plans. The total related charges for the three and six months ended June 30, 2022 and 2021 were \$1.0 million and \$2.3 million, and \$3.2 million and \$5.9 million, respectively. At June 30, 2022 and December 31, 2021, Vimeo had a current payable due to IAC of \$0.3 million and \$6.4 million, respectively, which were included in "Accrued expenses and other current liabilities" in the accompanying consolidated balance sheet and were subsequently paid in July 2022 and January 2022, respectively.

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

Upon the completion of the Spin-off, Vimeo entered into an operating lease agreement with IAC for the space Vimeo had previously occupied in IAC's headquarters building at 555 West 18th Street in New York City. Vimeo exited this space on June 30, 2022. Additionally, 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. At June 30, 2022 Vimeo had a current lease liability of \$1.9 million included in "Accrued expenses and other current liabilities" and a non-current lease liability of \$0.7 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 same space that it occupied in IAC's headquarters building. The total rent expense for these two locations for the three and six months ended June 30, 2022 and 2021 were \$1.4 million and \$3.0 million, and \$1.1 million and \$1.9 million, respectively. See "[Note 12—Subsequent Events](#)" for a description of changes to the West 34th Street Sublease entered into in July 2022.

For the six months ended June 30, 2021, Vimeo's consolidated statement of operations also includes \$1.0 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.

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 6—Shareholders' Equity](#)." Each promissory note bore interest at 10% per annum.

NOTE 12—SUBSEQUENT EVENTS

In July 2022, 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 6% of its employees. All impacted employees were notified in July and the Company expects to provide severance payments, continuation of health insurance 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 in the third quarter of 2022.

Additionally in July 2022, Vimeo entered into agreements with a subsidiary of Angi Inc. and a subsidiary of IAC pursuant to which Vimeo extended its sublease of the tenth floor at 330 West 34th Street, and added a sublease of the fifth floor, both through April 2028. As a result of entering into these agreements, future expected lease payments related to 330 West 34th Street are \$20.1 million.

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

GENERAL

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.

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Vimeo consolidated financial statements for the three and six months ended June 30, 2022 included in "[Item 1—Consolidated Financial Statements](#)."

Key Terms:

When the following terms appear in this report, they have the meanings indicated below:

- **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. We count each account with a subscription plan as a Subscriber. In the case of sales-assisted customers who maintain multiple accounts across our platforms as part of a single sales-assisted subscription plan, we count only one Subscriber. We do 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.
- **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 (including stock-based compensation expense) and other employee-related costs 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 (including stock-based compensation expense) and other employee-related costs that are not capitalized for personnel engaged in the design, development, testing and enhancement of product offerings and related technology, software license and maintenance costs, 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 (including stock-based compensation expense) and other employee-related costs 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 (including stock-based compensation expense) and other employee-related costs 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 June 30, 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 three and six months ended June 30, 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 self-serve and sales-assisted 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, and expects to continue to make, significant investments in online marketing to drive traffic to its websites.

Results of Operations for the three and six months ended June 30, 2022 compared to the three and six months ended June 30, 2021

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(as a % of revenue)			
Revenue	100 %	100 %	100 %	100 %
Cost of revenue (exclusive of depreciation shown separately below)	24	27	24	27
Gross profit	76	73	76	73
Operating expenses:				
Research and development expense	32	28	32	26
Sales and marketing expense	39	42	39	39
General and administrative expense	27	22	27	19
Depreciation	1	—	1	—
Amortization of intangibles	1	2	1	2
Total operating expenses	100	94	100	87
Operating loss	(25)	(21)	(24)	(14)
Interest expense	—	—	—	—
Interest expense—related party	—	—	—	—
Other income, net	1	—	1	6
Loss before income taxes	(24)	(21)	(24)	(9)
Income tax provision	—	—	—	—
Net loss	(24)%	(21)%	(24)%	(9)%

Revenue

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021	Change	% Change	2022	2021	Change	% Change
	(In thousands, except ARPU)							
Revenue	\$ 110,977	\$ 96,046	\$ 14,931	16 %	\$ 219,331	\$ 185,468	\$ 33,863	18 %
Operating metrics:								
Subscribers	1,682	1,627	55	3 %	1,682	1,627	55	3 %
Average Subscribers	1,685	1,607	78	5 %	1,688	1,579	109	7 %
ARPU	\$ 264	\$ 240	\$ 24	10 %	\$ 262	\$ 237	\$ 25	11 %

For the three months ended June 30, 2022 compared to the three months ended June 30, 2021

Revenue increased \$14.9 million, or 16%, driven primarily by a 5% increase in Average Subscribers and a 10% increase in ARPU. The growth in Average Subscribers was due to the increase in customers as individuals, businesses and organizations continued to adopt video to communicate. ARPU increased due primarily to the growth in sales-assisted Subscribers, for which average annual contract values are much greater than self-serve Subscribers. The number of sales-assisted Subscribers increased from more than 5,000 to more than 9,000, and sales-assisted revenue, as a percentage of total revenue, increased from 28% to 35%.

For the six months ended June 30, 2022 compared to the six months ended June 30, 2021

Revenue increased \$33.9 million, or 18%, driven primarily by a 7% increase in Average Subscribers and a 11% increase in ARPU. The growth in Average Subscribers and increase in ARPU were due to the factors described above in the three-month discussion. Sales-assisted revenue, as a percentage of total revenue, increased from 27% to 34%.

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021	Change	% Change	2022	2021	Change	% Change
(In thousands)								
Cost of revenue (exclusive of depreciation shown separately below)	\$ 26,878	\$ 25,771	\$ 1,107	4 %	\$ 53,634	\$ 50,727	\$ 2,907	6 %
Gross profit	\$ 84,099	\$ 70,275	\$ 13,824	20 %	\$ 165,697	\$ 134,741	\$ 30,956	23 %
Gross profit margin	76%	73%			76%	73%		

For the three months ended June 30, 2022 compared to the three months ended June 30, 2021

Cost of revenue increased \$1.1 million, or 4%, due primarily to an increase of \$1.4 million in hosting fees, which was primarily due to the increase in Average Subscribers.

Gross profit margin increased due primarily to the increase in revenue.

For the six months ended June 30, 2022 compared to the six months ended June 30, 2021

Cost of revenue increased \$2.9 million, or 6%, due primarily to an increase of \$2.3 million in hosting fees, which was primarily due to the factor described above in the three-month discussion.

Gross profit margin increased due primarily to the increase in revenue.

Operating Expenses

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021	Change	% Change	2022	2021	Change	% Change
(In thousands)								
Research and development expense	\$ 35,728	\$ 27,062	\$ 8,666	32 %	\$ 70,146	\$ 48,538	\$ 21,608	45 %
Sales and marketing expense	43,080	40,248	2,832	7 %	86,236	72,317	13,919	19 %
General and administrative expense	29,710	21,508	8,202	38 %	58,322	36,026	22,296	62 %
Depreciation	1,537	186	1,351	NM	1,913	300	1,613	NM
Amortization of intangibles	1,341	1,583	(242)	(15)%	2,632	3,471	(839)	(24)%
Total operating expenses	\$ 111,396	\$ 90,587	\$ 20,809	23 %	\$ 219,249	\$ 160,652	\$ 58,597	36 %

For the three months ended June 30, 2022 compared to the three months ended June 30, 2021

Research and development expense increased \$8.7 million, or 32%, due primarily to increased investment in products. The increased investment included \$9.2 million in compensation expense (including an increase of \$1.0 million in stock-based compensation expense) and other employee-related costs. The increase in compensation expense and other employee-related costs was due primarily to increased headcount, partially offset by 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 \$2.8 million, or 7%, due primarily to increases of \$6.9 million in compensation expense (including an increase of \$0.9 million in stock-based compensation expense) and other employee-related costs, \$1.1 million in software license and maintenance costs, and \$0.5 million in travel and conference costs, partially offset by a decrease of \$5.9 million in advertising costs. The increases in compensation expense and other employee-related costs, and software license and maintenance costs was due primarily to growth in the sales force. The increase in travel and conference costs was due primarily to more frequent travel and on-site training. The decrease in advertising costs was due primarily to cost optimization initiatives.

General and administrative expense increased \$8.2 million, or 38%, due primarily to increases of \$5.6 million in compensation expense (including an increase of \$2.0 million in stock-based compensation expense) and other employee-related costs, and \$3.7 million in provision for credit losses, partially offset by a decrease of \$1.0 million in professional fees. The increase in compensation expense and other employee-related costs was due primarily to increased headcount and the timing of the Vimeo Restricted Shares (as described in "Note 8—Loss Per Share") which were granted in the second quarter of 2021, partially offset 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 the implementation of a new billing system beginning in the fourth quarter of 2021 that led to an increase in aged accounts receivable balances. The decrease in professional fees was primarily due to decreases in costs associated with the implementation of new enterprise systems and costs associated with the Spin-off, partially offset by an increase in third-party recruiting services.

Depreciation increased \$1.4 million due primarily to fully depreciating certain leasehold improvements and equipment 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 \$0.2 million, or 15%, due primarily to certain intangibles that were amortized using an accelerated method of amortization.

For the six months ended June 30, 2022 compared to the six months ended June 30, 2021

Research and development expense increased \$21.6 million, or 45%, due primarily to increased investment in products. The increased investment included \$21.7 million in compensation expense (including an increase of \$4.0 million in stock-based compensation expense) and other employee-related costs. The increase in compensation expense and other employee-related costs was due to the factors described above in the three-month discussion.

Sales and marketing expense increased \$13.9 million, or 19%, due primarily to increases of \$13.1 million in compensation expense (including an increase of \$1.6 million in stock-based compensation expense) and other employee-related costs, \$1.9 million in software license and maintenance costs, \$0.8 million in travel and conference costs, partially offset by a decrease of \$2.6 million in advertising costs. These variances were due to the factors described above in the three-month discussion.

General and administrative expense increased \$22.3 million, or 62%, due primarily to increases of \$15.8 million in compensation expense (including an increase of \$7.5 million in stock-based compensation expense) and other employee-related costs, and \$6.7 million in provision for credit losses, partially offset by a decrease of \$1.7 million in professional fees. These variances were due to the factors described above in the three-month discussion.

Depreciation increased \$1.6 million due primarily to the factor described above in the three-month discussion.

Amortization of intangibles decreased \$0.8 million, or 24%, due primarily to the factor described above in the three-month discussion.

Operating loss

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021	Change	% Change	2022	2021	Change	% Change
	(In thousands)							
Operating loss	\$ (27,297)	\$ (20,312)	\$ (6,985)	(34)%	\$ (53,552)	\$ (25,911)	\$ (27,641)	(107)%

For the three months ended June 30, 2022 compared to the three months ended June 30, 2021

Operating loss increased \$7.0 million, or 34%, due to an increase in operating expenses of \$20.8 million, partially offset by an increase in gross profit of \$13.8 million. The increase in operating expenses was due primarily to increases in compensation expense of \$21.7 million (including stock-based compensation of \$3.9 million) and other employee-related costs, provision for credit losses of \$3.7 million, depreciation of \$1.4 million, and software license and maintenance costs of \$1.4 million, partially offset by a decrease in advertising costs of \$5.9 million and professional fees of \$1.7 million. The increase in gross profit was due to higher revenue and improved gross profit margin (76% in 2022 compared to 73% in 2021).

For the six months ended June 30, 2022 compared to the six months ended June 30, 2021

Operating loss increased \$27.6 million, or 107%, due to an increase in operating expenses of \$58.6 million, partially offset by an increase in gross profit of \$31.0 million. The increase in operating expenses was due primarily to increases in compensation expense of \$50.5 million (including stock-based compensation of \$13.0 million) and other employee-related costs, provision for credit losses of \$6.7 million, software license and maintenance costs of \$2.8 million, and depreciation of \$1.6 million, partially offset by a decrease in advertising costs of \$2.6 million and professional fees of \$2.3 million. The increase in gross profit was due to higher revenue and improved gross profit margin (76% in 2022 compared to 73% in 2021).

Adjusted EBITDA

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021	Change	% Change	2022	2021	Change	% Change
	(In thousands)							
Adjusted EBITDA	\$ (6,416)	\$ (3,848)	\$ (2,568)	67 %	\$ (16,811)	\$ (2,533)	\$ (14,278)	564 %
As a percentage of revenue	(6)%	(4)%			(8)%	(1)%		

For a reconciliation of net loss to Adjusted EBITDA, see "[Principles of Financial Reporting](#)."

For the three months ended June 30, 2022 compared to the three months ended June 30, 2021

Adjusted EBITDA decreased \$2.6 million to a loss of \$6.4 million, due primarily to increases in compensation expense and other employee-related costs, provision for credit losses, and software license and maintenance costs, partially offset by higher revenue and improved gross profit margin, and decreases in advertising costs and professional fees.

For the six months ended June 30, 2022 compared to the six months ended June 30, 2021

Adjusted EBITDA decreased \$14.3 million to a loss of \$16.8 million, due to the factors described above in the three-month discussion.

Non-Operating Expenses

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021	Change	% Change	2022	2021	Change	% Change
	(In thousands)							
Interest expense	\$ (122)	\$ (122)	\$ —	— %	\$ (243)	\$ (186)	\$ (57)	31 %
Interest expense—related party	\$ —	\$ —	\$ —	NM	\$ —	\$ (726)	\$ 726	(100)%
Foreign exchange gains (losses), net	\$ 755	\$ 121	\$ 634	NM	\$ 1,055	\$ (29)	\$ 1,084	NM
Interest income	417	21	396	NM	458	41	417	NM
Gain on sale of an asset	—	—	—	NM	—	10,217	(10,217)	NM
Other income, net	\$ 1,172	\$ 142	\$ 1,030	NM	\$ 1,513	\$ 10,229	\$ (8,716)	NM

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

Foreign exchange gains (losses), net increased \$0.6 million and \$1.1 million for three and six months ended June 30, 2022, respectively, due primarily to fluctuations in exchange rates.

Interest income increased \$0.4 million for both the three and six months ended June 30, 2022 respectively, due primarily to an increase in interest rates on the Company's money market funds.

Gain on sale of an asset for the six months ended June 30, 2021 related to the sale of Vimeo's retained interest in its former hardware business.

Income tax provision

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021	Change	% Change	2022	2021	Change	% Change
	(In thousands)							
Income tax provision	\$ (255)	\$ (100)	\$ (155)	155 %	\$ (778)	\$ (485)	\$ (293)	60 %
Effective income tax rate	(1)%	—%			(1)%	(3)%		

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

Income tax provision primarily relates to international and state taxes for jurisdictions in which Vimeo conducts business. For both the three and six months ended June 30, 2022 compared to the three and six months ended June 30, 2021, the increase in income tax provision was driven by a net increase in international tax accruals. The difference between the effective income tax rate and the federal statutory rate was due primarily to the impact of stock-based awards and the valuation allowance on deferred tax assets.

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 the metric on which our internal budgets are based and also the metric 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(In thousands)			
Net loss	\$ (26,502)	\$ (20,392)	\$ (53,060)	\$ (17,079)
Add back:				
Income tax provision	255	100	778	485
Other income, net	(1,172)	(142)	(1,513)	(10,229)
Interest expense—related party	—	—	—	726
Interest expense	122	122	243	186
Operating loss	(27,297)	(20,312)	(53,552)	(25,911)
Add back:				
Stock-based compensation expense	18,672	14,695	32,865	19,607
Depreciation	1,537	186	1,913	300
Amortization of intangibles	1,341	1,583	2,632	3,471
Contingent consideration	(669)	—	(669)	—
Adjusted EBITDA	\$ (6,416)	\$ (3,848)	\$ (16,811)	\$ (2,533)

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. Stock-based awards are generally settled on a gross basis in shares of Vimeo common stock such that individual award holders will pay their withholding tax obligation, generally by selling shares of Vimeo common stock (including a portion of the shares received in connection with the applicable exercise).

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

	June 30, 2022	December 31, 2021
	(In thousands)	
Cash and cash equivalents:		
United States	\$ 261,094	\$ 317,134
All other countries	6,984	4,766
Total cash and cash equivalents	<u>\$ 268,078</u>	<u>\$ 321,900</u>

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

Cash Flow Information

In summary, Vimeo's cash flows are as follows:

	Six Months Ended June 30,	
	2022	2021
	(In thousands)	
Net cash (used in) provided by		
Operating activities	\$ (48,710)	\$ 18,151
Investing activities	\$ 1,002	\$ 7,553
Financing activities	\$ (5,729)	\$ 195,568

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, non-cash lease expense, amortization of intangibles, and depreciation.

2022

Adjustments to net loss consisted primarily of \$32.9 million of stock-based compensation expense, provision for credit losses of \$7.0 million, non-cash lease expense of \$3.4 million, \$2.6 million of amortization of intangibles, and \$1.9 million of depreciation. The decrease from changes in working capital primarily consisted of a decrease in accounts payable and other liabilities of \$26.1 million and an increase in accounts receivable of \$18.2 million. The decrease in accounts payable and other liabilities was due primarily to the timing of invoice payments, the payment of 2021 cash bonuses in 2022, and the payment of professional fees related to acquisition activities. The increase in accounts receivable 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, as well as growth in the sales-assisted 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 \$0.6 million.

Net cash used by financing activities reflected the timing of net withholding taxes paid related to the exercise of equity awards of \$5.1 million.

2021

Adjustments to net loss consisted primarily of \$19.6 million of stock-based compensation expense, a \$10.2 million gain related to the sale of Vimeo's retained interest in its former hardware business, and \$3.5 million of amortization of intangibles. The increase from changes in working capital primarily consisted of increases in deferred revenue of \$29.6 million and accounts payable and other liabilities of \$3.0 million, partially offset by increases in prepaid expenses and other assets of \$6.9 million and accounts receivable of \$5.2 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 increases in accrued employee compensation, VAT taxes payable, accrued advertising and timing of payments, partially offset by the payment of 2020 cash bonuses in 2021 and the payment of related-party accrued interest. The increase in prepaid expenses and other assets was primarily due to an increase in prepaid insurance and software license and maintenance costs. The increase in accounts receivable was primarily due to timing of cash receipts, and growth in customers.

Net cash provided by investing activities included proceeds of \$7.8 million related to the sale of Vimeo's retained interest in its former hardware business.

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 Voting common stock, partially offset by the repayment of related-party debt of \$94.6 million, withholding taxes paid related to the exercise of equity awards of \$8.2 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 June 30, 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, at Vimeo's option, at either a base rate or LIBOR, in each case 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 June 30, 2022, there were no outstanding borrowings under the Credit Facility. In December 2021, Vimeo agreed to cease any borrowings under certain non-USD currencies and certain USD tenors 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

Prior to the Spin-off, equity awards were settled on a net basis, with the award holder entitled to receive shares of IAC common stock with a value equal to the intrinsic value of the Vimeo OpCo award upon settlement less an amount equal to the required cash tax withholding payment, which was paid by IAC on behalf of the employee. Vimeo reimbursed IAC in cash for the withholding taxes remitted on behalf of the Vimeo employees and generally reimbursed IAC for the IAC shares through the issuance of shares of Vimeo common stock.

After the Spin-off, equity awards are settled in shares of Vimeo common stock, generally on a gross basis, such that individual award holders will be required to pay their withholding tax obligation, which they will generally be able to do by selling shares of Vimeo common stock (including a portion of the shares received in connection with the applicable settlement).

Liquidity Assessment

At June 30, 2022, Vimeo had approximately \$268.1 million in cash and cash equivalents and no debt. At June 30, 2022, approximately 88% of Vimeo's Subscribers were on annual subscription plans.

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. Vimeo does not currently expect to incur significant capital expenditures. The \$100 million of available borrowings under Vimeo's Credit Facility will be a potential source of additional financial flexibility and liquidity, if needed.

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.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Foreign Currency Exchange Risk

International revenue, which is based upon the location of the customer, accounted for 49% and 50% of Vimeo's total revenue for the three and six months ended June 30, 2022, respectively, and 49% of Vimeo's total revenue for both the three and six months ended June 30, 2021. Vimeo's self-serve subscription plans are generally priced in local currency for international customers and Vimeo's sales-assisted subscription plans are generally priced in U.S. dollars for international customers. Vimeo's investments in foreign subsidiaries that transact business in a functional currency other than the U.S. dollar are not material and, therefore, translation gains and losses are not material.

In addition, foreign currency exchange gains or losses historically have not been material to Vimeo. Vimeo recorded foreign exchange gains of \$0.8 million and \$1.1 million for the three and six months ended June 30, 2022, respectively, and gains of \$0.1 million and losses of less than \$0.1 million for the three and six months ended June 30, 2021, respectively.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Vimeo 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, Vimeo 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 Vimeo's disclosure controls and procedures as defined by Rule 13a-15(e) under the Exchange Act. Based on this evaluation, management has concluded that Vimeo's disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There were no changes to 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 quarter ended June 30, 2022 that have materially affected, or are 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.

PART II
OTHER INFORMATION

Item 1. *Legal Proceedings*

The information set forth under “Note 10 – Contingencies” in the accompanying notes to our consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by reference.

Item 1A. *Risk Factors*

You should carefully consider the risks described under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the SEC on March 1, 2022. These risks are not exclusive and additional risks and uncertainties that we are unaware of, or that we currently believe are not material, also may become important factors that affect us. There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K.

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

Unregistered Sales of Equity Securities

Vimeo has not issued or sold any shares of its common stock or any other equity securities pursuant to unregistered transactions during the quarter ended June 30, 2022.

Issuer Purchases of Equity Securities

Vimeo has not purchased any shares of its common stock during the quarter ended June 30, 2022.

Item 6. Exhibits

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

Exhibit Number	Description	Location
10.1	Extension Request #2 Pursuant to Transition Services Agreement by and between IAC/InterActiveCorp and Vimeo, Inc., dated as of June 30, 2022	Filed herewith.
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act	Filed herewith.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act	Filed herewith.
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act	Furnished herewith.
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act	Furnished herewith.
101.INS	Inline XBRL Instance	Filed herewith. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema	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)	Filed herewith.

* The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q 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.

SIGNATURES

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

Dated: August 4, 2022

Vimeo, Inc.

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

EXTENSION REQUEST #2 PURSUANT TO TRANSITION SERVICES AGREEMENT

June 30, 2022

From:
Vimeo, Inc.
555 West 18th Street
New York, NY 10011

To:
IAC/InterActiveCorp
555 West 18th Street
New York, NY 10011

Dear Sir or Madam:

Reference is hereby made to the Transition Services Agreement by and between IAC/InterActiveCorp (“IAC”) and Vimeo, Inc. (“Vimeo”) dated as of May 24, 2021, as supplemented by the Extension Request Pursuant to Transition Services Agreement dated August 26, 2021 (the “Agreement”). Unless otherwise defined herein, capitalized terms have the meanings assigned to them in the Agreement.

Pursuant to Section 4.2 of the Agreement, a Recipient may request an extension of the Term of such Service, and such request shall be considered in good faith by the applicable Provider. Schedule A to the Agreement provides that IAC shall provide certain information technology services to Vimeo through the end of Vimeo’s lease term at 555 West 18th Street, for a monthly price set forth therein (the “General IT Services”). Vimeo hereby requests that IAC extend all General IT Services other than Active Directory Access (the “IT Services”) through September 30, 2022 (the “Extended Term”), for the same monthly price less Active Directory Access through the end of the Extended Term.

If you are in agreement with Vimeo’s request to extend the IT Services through the Extended Term, please sign the below acknowledgement and return it to Vimeo at your earliest convenience.

[Remainder of page intentionally left blank.]

Sincerely,

Vimeo, Inc.

By: /s/ Michael A. Cheah

Name: Michael A. Cheah

Title: General Counsel & Secretary

Acknowledged and Agreed:

IAC/InterActiveCorp

By: /s/ Joanne Hawkins

Name: Joanne Hawkins

Title: SVP & Deputy General Counsel

[Signature Page to Extension Request]

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

I, Anjali Sud, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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. [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 4, 2022

/s/ Anjali Sud

Anjali Sud
Chief Executive Officer
(Principal Executive Officer)

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

I, Gillian Munson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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. [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 4, 2022

/s/ Gillian Munson

Gillian Munson
Chief Financial Officer
(Principal Financial Officer)

**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 Quarterly Report on Form 10-Q of Vimeo, Inc. (the "Company") for the quarterly period ended June 30, 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: August 4, 2022

/s/ Anjali Sud

Anjali Sud
Chief Executive Officer
(Principal Executive Officer)

**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 Quarterly Report on Form 10-Q of Vimeo, Inc. (the "Company") for the quarterly period ended June 30, 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: August 4, 2022

/s/ Gillian Munson

Gillian Munson
Chief Financial Officer
(Principal Financial Officer)