

**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 March 31, 2023
 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, 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)

(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 April 28, 2023, the following shares of the registrant's common stock were outstanding:

Common Stock	156,386,848
Class B common stock	9,399,250
Total	165,786,098

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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:

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

	March 31, 2023	December 31, 2022
	(In thousands, except par value amounts)	
ASSETS		
Cash and cash equivalents	\$ 268,366	\$ 274,497
Accounts receivable, net	28,149	31,434
Prepaid expenses and other current assets	16,163	18,395
Total current assets	312,678	324,326
Leasehold improvements and equipment, net	1,118	1,355
Goodwill	245,406	245,406
Intangible assets with definite lives, net	4,234	5,468
Other non-current assets	25,909	28,876
TOTAL ASSETS	\$ 589,345	\$ 605,431
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable, trade	\$ 5,214	\$ 8,415
Deferred revenue	168,187	167,388
Accrued expenses and other current liabilities	49,782	57,151
Total current liabilities	223,183	232,954
Other long-term liabilities	15,869	18,619
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Common stock, \$0.01 par value; 1,600,000 shares authorized; 156,054 and 157,187 shares issued and outstanding, respectively	1,561	1,572
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	765,662	768,390
Accumulated deficit	(416,065)	(415,367)
Accumulated other comprehensive loss	(959)	(831)
Total shareholders' equity	350,293	353,858
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 589,345	\$ 605,431

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 March 31,	
	2023	2022
(In thousands, except per share data)		
Revenue	\$ 103,582	\$ 108,354
Cost of revenue (exclusive of depreciation shown separately below)	23,672	26,756
Gross profit	79,910	81,598
Operating expenses:		
Research and development expense	31,260	34,418
Sales and marketing expense	39,987	43,156
General and administrative expense	9,306	28,612
Depreciation	928	376
Amortization of intangibles	1,234	1,291
Total operating expenses	82,715	107,853
Operating loss	(2,805)	(26,255)
Interest expense	(121)	(121)
Other income, net	2,644	341
Loss before income taxes	(282)	(26,035)
Income tax provision	(416)	(523)
Net loss	\$ (698)	\$ (26,558)
Basic and diluted per share information:		
Basic and diluted loss per share	\$ —	\$ (0.16)
Stock-based compensation expense by function:		
Cost of revenue	\$ 141	\$ 164
Research and development expense	4,918	4,699
Sales and marketing expense	2,487	932
General and administrative expense	(8,655)	8,398
Total stock-based compensation expense	\$ (1,109)	\$ 14,193

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

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

	Three Months Ended March 31,	
	2023	2022
	(In thousands)	
Net loss	\$ (698)	\$ (26,558)
Other comprehensive loss:		
Change in foreign currency translation adjustment	(128)	(146)
Total other comprehensive loss	(128)	(146)
Comprehensive loss	<u>\$ (826)</u>	<u>\$ (26,704)</u>

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

VIMEO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(Unaudited)

	Three Months Ended March 31, 2023							
	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 December 31, 2022	\$ 1,572	157,187	\$ 94	9,399	\$ 768,390	\$ (415,367)	\$ (831)	\$ 353,858
Net loss	—	—	—	—	—	(698)	—	(698)
Other comprehensive loss	—	—	—	—	—	—	(128)	(128)
Stock-based compensation expense	—	—	—	—	(1,109)	—	—	(1,109)
Amounts related to settlement of equity awards	5	491	—	—	(1,635)	—	—	(1,630)
Restricted Stock Award	(16)	(1,624)	—	—	16	—	—	—
Balance at March 31, 2023	<u>\$ 1,561</u>	<u>156,054</u>	<u>\$ 94</u>	<u>9,399</u>	<u>\$ 765,662</u>	<u>\$ (416,065)</u>	<u>\$ (959)</u>	<u>\$ 350,293</u>

	Three Months Ended March 31, 2022							
	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 December 31, 2021	\$ 1,567	\$ 156,708	\$ 94	\$ 9,399	\$ 704,796	\$ (335,776)	\$ (86)	\$ 370,595
Net loss	—	—	—	—	—	(26,558)	—	(26,558)
Other comprehensive loss	—	—	—	—	—	—	(146)	(146)
Stock-based compensation expense	—	—	—	—	14,193	—	—	14,193
Amounts related to settlement of equity awards	2	166	—	—	(38)	—	—	(36)
Balance at March 31, 2022	<u>\$ 1,569</u>	<u>156,874</u>	<u>\$ 94</u>	<u>9,399</u>	<u>\$ 718,951</u>	<u>\$ (362,334)</u>	<u>\$ (232)</u>	<u>\$ 358,048</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)

	Three Months Ended March 31,	
	2023	2022
(In thousands)		
Cash flows from operating activities:		
Net loss	\$ (698)	\$ (26,558)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	(1,109)	14,193
Amortization of intangibles	1,234	1,291
Depreciation	928	376
Provision for credit losses	(119)	3,123
Gain on the sale of an asset	37	—
Non-cash lease expense	1,126	1,880
Other adjustments, net	(27)	16
Changes in assets and liabilities:		
Accounts receivable	2,198	(8,686)
Prepaid expenses and other assets	1,610	338
Accounts payable and other liabilities	(8,440)	(11,616)
Deferred revenue	2,017	(1,110)
Net cash used in operating activities	(1,243)	(26,753)
Cash flows from investing activities:		
Acquisitions, net of cash acquired	—	21
Capital expenditures	(86)	(515)
Proceeds from the sale of an asset	639	1,611
Net cash provided by investing activities	553	1,117
Cash flows from financing activities:		
Withholding taxes paid related to equity awards	(1,709)	(5,137)
Proceeds from exercise of stock options	79	18
Contingent consideration payment	(3,297)	—
Other	(265)	—
Net cash used in financing activities	(5,192)	(5,119)
Total cash used	(5,882)	(30,755)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(257)	(125)
Net decrease in cash and cash equivalents and restricted cash	(6,139)	(30,880)
Cash and cash equivalents and restricted cash at beginning of period	274,834	322,345
Cash and cash equivalents and restricted cash at end of period	\$ 268,695	\$ 291,465

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. 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. For more information regarding the Spin-off, see our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

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, 2022.

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 equity awards are reflected in the accompanying consolidated statement of cash flows as operating activities. Amounts related to the settlement of equity awards are reflected in the accompanying consolidated statement of cash flows as financing activities.

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

Accounting Estimates

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

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

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 consolidated results of operations, financial condition or cash flows of Vimeo.

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

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. 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.

Disaggregated revenue is as follows:

	Three Months Ended March 31,	
	2023	2022
(In thousands)		
Revenue:		
Self-Serve & Add-Ons	\$ 71,602	\$ 76,091
Vimeo Enterprise	11,572	9,101
Other	20,408	23,162
Total	\$ 103,582	\$ 108,354

Revenue by geography is based on where the customer is located. The United States was the only country whose revenue constituted greater than 10% of total revenue of the Company for the three months ended March 31, 2023 and 2022.

	Three Months Ended March 31,	
	2023	2022
(In thousands)		
Revenue:		
United States	\$ 54,715	\$ 53,831
All other countries	48,867	54,523
Total	\$ 103,582	\$ 108,354

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 are included in the accompanying consolidated balance sheet as follows:

	March 31, 2023	December 31, 2022
(In thousands)		
Deferred revenue	\$ 168,187	\$ 167,388
Other long-term liabilities	1,299	1,286

During the three months ended March 31, 2023, Vimeo recognized \$77.1 million of revenue that was included in the deferred revenue balance at December 31, 2022. During the three months ended March 31, 2022, Vimeo recognized \$84.7 million of revenue that was included in the deferred revenue balance at December 31, 2021.

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

Practical Expedients and Exemptions

Vimeo does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, (ii) contracts with variable consideration that is allocated entirely to unsatisfied performance obligations or to a wholly unsatisfied promise accounted for under the series guidance, and (iii) contracts for which Vimeo recognizes revenue at the amount which Vimeo has the right to invoice for services performed.

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

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

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

	March 31, 2023	December 31, 2022
	(In thousands)	
Prepaid expenses and other current assets	\$ 4,506	\$ 4,168
Other non-current assets	7,949	7,988

NOTE 3—INCOME TAXES

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 March 31, 2023 and 2022, Vimeo recorded an income tax provision of \$0.4 million and \$0.5 million, respectively. Vimeo's largest deferred tax assets are tax attribute carryforwards as well as capitalized research and development expenses. 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 tax benefit will not be realized.

At March 31, 2023 and December 31, 2022, unrecognized tax benefits were \$2.7 million and \$2.5 million, respectively. If unrecognized tax benefits at March 31, 2023 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 March 31, 2024. 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:

	March 31, 2023			
	Quoted Market Prices for Identical Assets in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurements
	(In thousands)			
Assets:				
Money market funds	\$ 244,555	\$ —	\$ —	\$ 244,555
Time deposits	—	850	—	850
Total	<u>\$ 244,555</u>	<u>\$ 850</u>	<u>\$ —</u>	<u>\$ 245,405</u>
Liabilities:				
Contingent consideration arrangements	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,977</u>	<u>\$ 2,977</u>

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

Money market funds and time deposits are included in "Cash and cash equivalents" in the accompanying consolidated balance sheet. Contingent consideration is included in "Accrued expenses and other current liabilities" in the accompanying consolidated balance sheet.

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 March 31, 2023	Three Months Ended March 31, 2022
	(In thousands)	
Balance at beginning of period	\$ 7,845	\$ 12,200
Total net losses:		
Included in operating loss	104	—
Measurement period adjustments	—	1,577
Settlements	(4,972)	—
Balance at end of period	<u>\$ 2,977</u>	<u>\$ 13,777</u>

Contingent Consideration Arrangements

The contingent consideration arrangement for WIREWAX Ltd., the acquisition of which the Company completed on December 6, 2021, was based upon achievement of an integration milestone and attainment of certain annual recurring revenue ("ARR") thresholds within two years of the acquisition. The integration milestone was met in July 2022, resulting in a payment of \$4.8 million, which is consistent with the fair value estimated as of the acquisition date. Additionally, during the three months ended March 31, 2023, WIREWAX achieved the ARR threshold that resulted in a payment of \$5.0 million to its former shareholders and a \$0.1 million loss was recorded in the three months ended March 31, 2023, which was recorded within "General and administrative expense" in the accompanying consolidated statement of operations. In the accompanying consolidated statement of cash flows, the final \$5.0 million payment is presented within "Contingent consideration payment" within financing activities and "Accounts payable and other liabilities" within operating activities for \$3.3 million and \$1.7 million, respectively.

At March 31, 2023, the Company had an outstanding contingent consideration arrangement related to Wibbitz Ltd., the acquisition of which the Company completed on November 10, 2021. The maximum contingent payments related to this arrangement at the time of the acquisition was \$15.0 million. The Company remeasures the fair value of the contingent consideration arrangement each reporting period with any adjustments are recognized in "General and administrative expense" in the accompanying consolidated statement of operations.

The contingent consideration arrangement for Wibbitz is primarily dependent upon the amount of ARR from Wibbitz subscribers as of December 31, 2022 who are expected to migrate to the Vimeo platform by June 30, 2023. There was no change to the estimated fair value of this contingent consideration liability during the three months ended March 31, 2023.

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 March 31, 2023, the commitment fee, which is based on the consolidated net leverage ratio most recently reported and the average daily amount of the available revolving commitments, was 20 basis points. Any borrowings under the Credit Facility would bear interest, plus an applicable margin, which is determined by reference to a pricing grid based on Vimeo's consolidated net leverage ratio. The financial covenants require Vimeo to maintain, 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 March 31, 2023, there were no outstanding borrowings under the Credit Facility. In December 2021, Vimeo agreed to cease any borrowings under certain non-USD currencies due to the applicable LIBOR benchmark rates no longer being available publicly from and after December 31, 2021 and until an amendment is made to the Credit Facility to replace LIBOR with an alternative benchmark.

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

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.

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 three months ended March 31, 2023.

NOTE 7—ACCUMULATED OTHER COMPREHENSIVE LOSS

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

	Three Months Ended March 31,	
	2023	2022
	(In thousands)	
Balance at beginning of period	\$ (831)	\$ (86)
Other comprehensive loss	(128)	(146)
Balance at end of period	<u>\$ (959)</u>	<u>\$ (232)</u>

At both March 31, 2023 and 2022, there was no tax benefit or provision on accumulated other comprehensive loss.

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

NOTE 8—STOCK-BASED COMPENSATION**Vimeo Restricted Shares**

On March 20, 2023, Joseph Levin, Chairman and member of the Vimeo Board of Directors (the “Board”) and IAC's Chief Executive Officer, submitted his resignation as Chairman and member of the Board, effective immediately. Mr. Levin’s resignation was not the result of any dispute or disagreement with the Company or the Board. Mr. Levin now serves as Special Advisor to the Board.

In connection with Mr. Levin's resignation, the Company entered into an amended and restated Restricted Stock Agreement, dated as of March 20, 2023 (the “Amended RSA”) to the Restricted Stock Agreement, dated as of June 7, 2021, by and between the Company and Mr. Levin (the “RSA”). Pursuant to the Amended RSA, the RSA will continue in connection with Mr. Levin’s service as Special Advisor to the Board. In consideration of Mr. Levin’s reduced services as Special Advisor in comparison to his services previously provided as Chairman and Board member, the Amended RSA reduces the total number of shares of Vimeo common stock underlying the RSA by one-third, to a total of 3,247,000 shares (“Vimeo Restricted Shares”), that cliff vest on November 5, 2030 based on satisfaction of certain Vimeo stock price targets and Mr. Levin’s continuous service as a Special Advisor through the vesting date.

Mr. Levin may elect to accelerate vesting of the Vimeo Restricted Shares, effective on November 5, 2026 and each year thereafter through November 5, 2029, in which case performance will be measured through such date, and Mr. Levin will receive a pro-rated portion of the award and any remaining shares will be forfeited. The applicable stock price goals are proportionately lower on the earlier vesting dates.

The above summary of the Amended RSA is not complete and is qualified in its entirety by reference to the full text of the Amended RSA, which is attached to this Form 10-Q as Exhibit 10.2.

The Company accounted for these changes as a modification of the Vimeo Restricted Shares because the service condition of the RSA was not met due to Mr. Levin's resignation as Chairman of the Board, but the RSA will continue in connection with Mr. Levin's reduced services as Special Advisor. Accordingly, in the three months ended March 31, 2023, the Company reversed \$14.8 million of stock-based compensation expense which represents the cumulative amount of such stock-based compensation expense recognized in "General and administrative expense" in the accompanying consolidated statement of operations since entering into the RSA with Mr. Levin. The fair value of the Vimeo Restricted Shares underlying the Amended RSA on the modification date was \$2.3 million and is expected to be recognized over the remaining requisite service period through November 5, 2030, subject to Mr. Levin’s continued service as Special Advisor. The fair value of the Vimeo Restricted Shares was determined using a lattice model that incorporated a Monte Carlo simulation of Vimeo's stock price as this award contains a market condition.

CEO Market-Based Award

On March 21, 2023, the Company and Anjali Sud, Vimeo's CEO, entered into an Amended and Restated Restricted Stock Unit Award Agreement (the “Amended RSU Agreement”), which amended and restated the existing Restricted Stock Unit Award Agreement between the Company and Ms. Sud dated March 25, 2022 (the “Original Award Agreement”) to revise the vesting schedule and stock performance targets of the Original Award Agreement. The Company accounted for these changes as a modification, which resulted in incremental stock-based compensation expense of \$2.2 million and is expected to be recognized in "General and administrative expense" in the accompanying consolidated statement of operations over the requisite service period of each of tranche of the award through March 25, 2024 or March 25, 2025, subject to Ms. Sud's continued service as Vimeo CEO.

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

NOTE 9—LOSS PER SHARE

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

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

	Three Months Ended March 31,	
	2023	2022
	(In thousands, except per share data)	
Numerator:		
Net loss	\$ (698)	\$ (26,558)
Denominator: ^(a) ^(b)		
Denominator for loss per share—weighted average shares	161,833	161,312
Loss per share attributable to common stock shareholders:		
Loss per share	\$ —	\$ (0.16)

^(a) Vimeo Restricted Shares were included in shares of common stock issued and outstanding at March 31, 2023 and December 31, 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 the three months ended March 31, 2023 and March 31, 2022, approximately 34.3 million and 27.2 million, respectively, potentially dilutive equity awards were excluded from the computation of diluted EPS because the impact would have been anti-dilutive.

NOTE 10—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:

	March 31, 2023	December 31, 2022	March 31, 2022	December 31, 2021
	(In thousands)			
Cash and cash equivalents	\$ 268,366	\$ 274,497	\$ 291,100	\$ 321,900
Restricted cash included in Prepaid expenses and other current assets	329	337	365	445
Total cash and cash equivalents and restricted cash as shown in the accompanying consolidated statement of cash flows	\$ 268,695	\$ 274,834	\$ 291,465	\$ 322,345

Restricted cash primarily consisted of deposits related to a lease and 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 three months ended March 31, 2023 and 2022 are as follows:

	2023	2022
	(In thousands)	
Balance at beginning of period	\$ 5,183	\$ 1,324
Provision for credit losses	(119)	3,123
Write-offs charged against the allowance	(1,858)	(378)
Recoveries collected	321	146
Currency translation adjustment	(17)	—
Balance at end of period	<u>\$ 3,510</u>	<u>\$ 4,215</u>

Accumulated Amortization and Depreciation

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

Asset Category	March 31, 2023	December 31, 2022
	(In thousands)	
ROU assets included in Other non-current assets	\$ 11,213	\$ 10,087
Leasehold improvements and equipment	\$ 1,067	\$ 784
Intangible assets with definite lives	\$ 46,026	\$ 44,792

Other income, net

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

	Three Months Ended March 31,	
	2023	2022
	(In thousands)	
Foreign exchange (losses) gains, net	\$ (5)	\$ 300
Interest income	2,686	41
Loss on sale of an asset	(37)	—
Other income, net	<u>\$ 2,644</u>	<u>\$ 341</u>

Geographic Concentrations

Long-lived assets, excluding goodwill, intangible assets with definite lives and ROU assets, at March 31, 2023 and December 31, 2022 relate to "Leasehold improvements and equipment, net."

	March 31, 2023	December 31, 2022
	(In thousands)	
Leasehold improvements and equipment, net:		
United States	\$ 579	\$ 537
All other countries	539	818
Total	<u>\$ 1,118</u>	<u>\$ 1,355</u>

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

NOTE 11—CONTINGENCIES

In the ordinary course of business, Vimeo is, and from time to time may become, a party to various legal proceedings. Vimeo establishes reserves for specific legal matters when it determines that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable. Management has also identified certain other legal matters where it believes an unfavorable outcome is not probable and, therefore, no reserve is established. Although management currently believes that resolving claims against Vimeo, including claims where an unfavorable outcome is reasonably possible, will not have a material impact on the liquidity, results of operations or financial condition of Vimeo, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. Vimeo also evaluates other contingent matters, including income and non-income tax contingencies, to assess the likelihood of an unfavorable outcome and estimated extent of potential loss. It is possible that an unfavorable outcome of one or more of these lawsuits or other contingencies could have a material impact on the liquidity, results of operations or financial condition of Vimeo. See "Note 3—Income Taxes" for additional information related to income tax contingencies.

EMI/Capitol Records Copyright Infringement Litigation

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

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

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

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

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

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

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

RTI Copyright Litigation

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

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

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

On April 7, 2023 the Civil Court of Rome published a decision finding in favor of Vimeo and dismissing the third case (No. 59780/2017) in its entirety.

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

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

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

Sony/Universal/Warner Copyright Litigation

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

Illinois Biometric Information Privacy Act Litigation

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

On May 29, 2022, the parties entered into a settlement agreement that, subject to court approval, will result in certain payments to class members in exchange for releases to Vimeo. On June 6, 2022, the case was, pursuant to the parties' stipulation, remanded from federal court back to the Circuit Court of Cook County, Illinois. On July 22, 2022, plaintiffs' counsel filed a motion for preliminary approval of the settlement agreement, and the court issued an order granting preliminary approval of the \$2.3 million settlement on January 20, 2023.

Vimeo denies liability in connection with this lawsuit.

NOTE 12—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. The total related charges for the three months ended March 31, 2023 and 2022 were less than \$0.1 million and \$1.3 million, respectively. At March 31, 2023, Vimeo had a current payable due to IAC of less than \$0.1 million which was included in "Accrued expenses and other current liabilities" in the accompanying consolidated balance sheet and was subsequently paid in April 2023. At December 31, 2022, there was no amount due to IAC.

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. In July 2022, Vimeo extended the terms of the West 34th Street Sublease, and added a sublease of a portion of the fifth floor, both through April 2028. At March 31, 2023 Vimeo had a current lease liability of \$2.1 million included in "Accrued expenses and other current liabilities" and a non-current lease liability of \$12.5 million included in "Other long-term liabilities" related to the West 34th Street Sublease in the accompanying consolidated balance sheet. Rent expense for the three months ended March 31, 2023 and 2022 was \$0.9 million and \$1.6 million, respectively.

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

NOTE 13—RESTRUCTURING

During the quarter ended March 31, 2023, the Company completed an evaluation to a sufficient level of detail to commit to a restructuring plan that resulted in a reduction to its workforce of approximately 11% of its employees. One-time termination benefits provided as part of the restructuring plan include severance, continuation of health insurance coverage and other benefits for a specified period of time, which resulted in \$4.9 million of restructuring costs for the three months ended March 31, 2023. These costs have been recognized in the accompanying consolidated statement of operations as follows:

	<u>Three Months Ended March 31,</u>
	<u>2023</u>
	<u>(In thousands)</u>
Restructuring costs:	
Cost of revenue	\$ 298
Research and development expense	2,813
Sales and marketing expense	1,078
General and administrative expense	699
Total	<u>\$ 4,888</u>

At March 31, 2023, a payable of \$0.7 million related to restructuring costs was included in "Accrued expenses and other current liabilities" in the accompanying consolidated balance sheet.

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

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 months ended March 31, 2023 included in "[Item 1—Consolidated Financial Statements](#)."

Operating Metrics and Key Terms:

	Three Months Ended March 31,		
	2023	2022	% Change
(In thousands, except ARPU)			
Self-Serve & Add-Ons:			
Subscribers	1,478.5	1,566.7	(6)%
Average Subscribers	1,491.8	1,560.7	(4)%
ARPU	\$ 195	\$ 198	(2)%
Bookings	\$ 71,374	\$ 76,275	(6)%
Vimeo Enterprise:			
Subscribers	2.5	1.8	39 %
Average Subscribers	2.4	1.7	39 %
ARPU	\$ 19,831	\$ 21,611	(8)%
Bookings	\$ 13,531	\$ 8,360	62 %
Other:			
Subscribers	83.6	120.9	(31)%
Average Subscribers	88.5	129.8	(32)%
ARPU	\$ 935	\$ 724	29 %
Bookings	\$ 12,855	\$ 18,636	(31)%

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

- **Self-Serve & Add-Ons** relates to our subscription plans sold directly online, and any add-on services tied to those online subscriptions. This includes our Starter, Standard, and Advanced subscription plans, and add-on services such as bandwidth charges, which are sold through our sales force to subscribers of one of our plans if they exceed a certain threshold of bandwidth.
- **Vimeo Enterprise** relates to our video offering designed for teams and organizations, which includes the same capabilities of Self-Serve & Add-Ons plus enterprise-grade features such as advanced security, custom user permissions, single-sign on for employees, interactive video tools, and marketing software integrations. Vimeo Enterprise is sold through our sales force and is often an upgrade from Vimeo's Self-Serve & Add-Ons as the number of users or use cases in an organization grow.
- **Other** relates to products and services we offer outside of Self-Serve & Add-Ons and Vimeo Enterprise, primarily our over-the-top ("OTT") video monetization solution that allows customers to launch and run their own video streaming channel directly to their audience through a branded web portal, mobile apps and Internet-enabled TV apps. Other also includes Magisto, Livestream, WIREWAX, and Wibbitz.
- **Subscribers** is the number of users who have an active subscription to one of Vimeo's paid plans measured at the end of the relevant period. Vimeo counts each account with a subscription plan as a subscriber. In the case of customers

who maintain accounts across Self-Serve & Add-Ons, Vimeo Enterprise, and Other, Vimeo counts them as one subscriber for each of the components in which they maintain a subscription. Vimeo does not count team members who have access to a subscriber's account as additional subscribers.

- **Average Subscribers** is the sum of the number of Subscribers at the beginning and at the end of the relevant measurement period divided by two.
- **Average Revenue per User ("ARPU")** is the annualized revenue for the relevant period divided by Average Subscribers. For periods that are less than a full year, annualized revenue is calculated by dividing the revenue for that particular period by the number of calendar days in the period and multiplying this value by the number of days in that year.
- **Bookings** consists of fixed fees for SaaS services, measured at the end of the relevant period, that subscribers have paid or committed to pay during their subscription period or 12 months, whichever is shorter, less refunds and chargebacks during the same period.
- **Gross Margin** is revenue less cost of revenue, divided by revenue.
- **Cost of revenue** consists primarily of hosting fees, credit card processing fees, compensation expense and other employee-related costs and stock-based compensation expense for personnel engaged in customer care functions, traffic acquisition costs, which includes the amortization of in-app purchase fees, outsourced customer care personnel costs, rent expense and facilities costs. In-app purchase fees are monies paid to Apple and Google in connection with the processing of in-app purchases of subscriptions and product features through the in-app payment systems provided by Apple and Google.
- **Research and development expense** consists primarily of compensation expense and other employee-related costs and stock-based compensation expense that are not capitalized for personnel engaged in the design, development, testing and enhancement of product offerings and related technology, software license and maintenance costs, rent expense and facilities costs.
- **Sales and marketing expense** consists primarily of advertising expenditures, which include online marketing, including fees paid to search engines, social media sites, e-mail campaigns, display advertising, video advertising and affiliate marketing, and offline marketing, which includes conferences and events, compensation expense and other employee-related costs and stock-based compensation expense for Vimeo's sales force and marketing personnel, software license and maintenance costs, rent expense and facilities costs.
- **General and administrative expense** consists primarily of compensation expense and other employee-related costs and stock-based compensation expense for personnel engaged in executive management, finance, legal, tax, information technology and human resources, provision for credit losses, fees for professional services, 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 March 31, 2023, 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 months ended March 31, 2023 and 2022.

MANAGEMENT OVERVIEW

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

Sources of Revenue

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

Distribution, Marketing and Advertiser Relationships

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

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

Results of Operations for the three months ended March 31, 2023 compared to the three months ended March 31, 2022

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

	Three Months Ended March 31,	
	2023	2022
	(as a % of revenue)	
Revenue	100 %	100 %
Cost of revenue (exclusive of depreciation shown separately below)	23	25
Gross profit	77	75
Operating expenses:		
Research and development expense	30	32
Sales and marketing expense	39	40
General and administrative expense	9	26
Depreciation	1	—
Amortization of intangibles	1	1
Total operating expenses	80	100
Operating loss	(3)	(24)
Interest expense	—	—
Other income, net	3	—
Loss before income taxes	—	(24)
Income tax provision	—	—
Net loss	(1)%	(25)%

Revenue

	Three Months Ended March 31,			
	2023	2022	Change	% Change
	(In thousands)			
Self-Serve & Add-Ons	\$ 71,602	\$ 76,091	\$ (4,489)	(6)%
Vimeo Enterprise	11,572	9,101	2,471	27 %
Other	20,408	23,162	(2,754)	(12)%
Total revenue	<u>\$ 103,582</u>	<u>\$ 108,354</u>	<u>\$ (4,772)</u>	(4)%

Revenue decreased \$4.8 million, or 4%, due primarily to decreases of \$4.5 million or 6% in Self-Serve & Add-Ons and \$2.8 million or 12% in Other, partially offset by an increase of \$2.5 million or 27% in Vimeo Enterprise.

The decrease in Self-Serve & Add-Ons was due primarily to decreases of 4% and 2%, in Average Subscribers and ARPU, respectively. The decrease in Other was due primarily to a decrease of 32% in Average Subscribers as the Company is actively depreciating the consumer-facing portion of the Magisto business. The increase in Vimeo Enterprise was primarily due to an increase of 39% in Average Subscribers, partially offset by a decrease of 8% in ARPU.

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

	Three Months Ended March 31,			
	2023	2022	Change	% Change
	(In thousands)			
Cost of revenue (exclusive of depreciation shown separately below)	\$ 23,672	\$ 26,756	\$ (3,084)	(12)%
Gross profit	\$ 79,910	\$ 81,598	\$ (1,688)	(2)%
Gross margin	77%	75%		

Cost of revenue decreased \$3.1 million, or 12%, due primarily to decreases of \$1.3 million in hosting fees driven by cost optimization initiatives, \$0.8 million in customer care personnel costs driven by lower outsourced costs, \$0.5 million in credit card processing fees driven by lower Bookings from Self-Serve & Add-Ons, and \$0.5 million in in-app purchases as the Company is actively depreciating the consumer-facing portion of the Magisto business, partially offset by \$0.3 million in restructuring costs associated with the reduction-in-force completed in the first quarter of 2023.

Gross profit decreased \$1.7 million or 2% due primarily to the decrease in revenue, partially offset by cost optimization initiatives for hosting, which as a percentage of revenue decreased.

Operating Expenses

	Three Months Ended March 31,			
	2023	2022	Change	% Change
	(In thousands)			
Research and development expense	\$ 31,260	\$ 34,418	\$ (3,158)	(9)%
Sales and marketing expense	39,987	43,156	(3,169)	(7)
General and administrative expense	9,306	28,612	(19,306)	(67)
Depreciation	928	376	552	NM
Amortization of intangibles	1,234	1,291	(57)	(4)
Total operating expenses	\$ 82,715	\$ 107,853	\$ (25,138)	(23)%

Research and development expense decreased \$3.2 million, or 9%, due primarily to a decrease of \$5.3 million in compensation expense and other employee-related costs driven by a decrease in headcount, partially offset by restructuring costs of \$2.8 million associated with the reduction-in-force completed in the first quarter of 2023.

Sales and marketing expense decreased \$3.2 million, or 7%, due primarily to a decrease of \$6.4 million in advertising costs, partially offset by increases in share-based compensation expense of \$1.6 million and restructuring costs of \$1.1 million associated with the reduction-in-force completed in the first quarter of 2023. The increase in share-based compensation was due primarily to changes in the executive leadership of the marketing organization implemented in 2022.

General and administrative expense decreased \$19.3 million, or 67%, due primarily to decreases of \$17.1 million in stock-based compensation expense driven by a modification of the Vimeo Restricted Shares (as defined and described in "[Note 8—Stock-Based Compensation](#)") and \$3.2 million in provision for credit losses driven by a decrease in aged accounts receivable balances as result of improved cash collections, partially offset by restructuring costs of \$0.7 million associated with the reduction-in-force completed in the first quarter of 2023.

Depreciation increased \$0.6 million due primarily to costs associated with an asset retirement obligation incurred in connection with the Company's decision to exit a portion of office space it had previously occupied.

Operating loss

	Three Months Ended March 31,			
	2023	2022	Change	% Change
	(In thousands)			
Operating loss	\$ (2,805)	\$ (26,255)	\$ 23,450	89 %

Operating loss decreased \$23.5 million, or 89%, due to a decrease in gross profit of \$1.7 million, more than offset by a decrease in operating expenses of \$25.1 million. The decrease in gross profit was due to lower revenue, partially offset by improved gross margin (77% in 2023 compared to 75% in 2022). The decrease in operating expenses was due primarily to decreases in stock-based compensation of \$15.3 million, advertising costs of \$6.4 million, compensation and other employee-related costs of \$4.1 million, and provision for credit losses of \$3.2 million, partially offset by restructuring costs of \$4.6 million associated with the reduction-in-force completed in the first quarter of 2023.

Adjusted EBITDA

	Three Months Ended March 31,			
	2023	2022	Change	% Change
	(In thousands)			
Adjusted EBITDA	\$ 3,240	\$ (10,395)	\$ 13,635	NM
As a percentage of revenue	3%	(10)%		

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

Adjusted EBITDA increased \$13.6 million to \$3.2 million, primarily due to a decrease in gross profit, more than offset by decreases in advertising costs, compensation expense and other employee-related costs, and provision for credit losses.

Non-Operating Expenses

	Three Months Ended March 31,			
	2023	2022	Change	% Change
	(In thousands)			
Interest expense	\$ (121)	\$ (121)	\$ —	— %
Foreign exchange (losses) gains, net	\$ (5)	\$ 300	\$ (305)	NM
Interest income	2,686	41	2,645	NM
Loss on sale of an asset	(37)	—	(37)	NM
Other income, net	\$ 2,644	\$ 341	\$ 2,303	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.

Other income, net increased \$2.3 million due primarily to the increase in Interest income by \$2.6 million for the three months ended March 31, 2023, driven by an increase in interest rates on the Company's money market funds.

Income tax provision

	Three Months Ended March 31,			
	2023	2022	Change	% Change
	(In thousands)			
Income tax provision	\$ (416)	\$ (523)	\$ 107	(20)%

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 and decreased as a result of lower pre-tax income in the international jurisdictions. 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 this non-GAAP financial measure is useful to investors as an additional tool to evaluate ongoing operating results and trends and in comparing our financial results with other companies in our industry, many of which present a similar non-GAAP financial measure. However, our presentation of this non-GAAP financial measure may differ from the presentation of similarly titled measures by other companies. Adjusted EBITDA is one of the metrics on which our internal budgets are based and also one of the metrics by which management is compensated. We believe that investors should have access to, and we are obligated to provide, the same set of tools that we use in analyzing our results. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. We endeavor to compensate for the limitations of the non-GAAP measure presented by providing the comparable GAAP measure with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measure. We encourage investors to examine the reconciling adjustments between the GAAP and corresponding non-GAAP measure, which we discuss below.

Definition of Non-GAAP Measure

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") is defined as operating loss excluding: (1) stock-based compensation expense; (2) depreciation; (3) acquisition-related items consisting of (i) amortization of intangible assets, (ii) impairments of goodwill and intangible assets, if applicable, and (iii) gains and losses recognized on changes in the fair value of contingent consideration arrangements; and (4) restructuring costs associated with exit or disposal activities such as a reduction in force. We believe this measure is useful for analysts and investors as this measure allows a more meaningful comparison between our performance and that of our competitors. The above items are excluded from our Adjusted EBITDA measure because these items are either non-cash or non-recurring 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 March 31,	
	2023	2022
	(In thousands)	
Net loss	\$ (698)	\$ (26,558)
Add back:		
Income tax provision	416	523
Other income, net	(2,644)	(341)
Interest expense	121	121
Operating loss	(2,805)	(26,255)
Add back:		
Stock-based compensation expense	(1,109)	14,193
Depreciation	928	376
Amortization of intangibles	1,234	1,291
Contingent consideration	104	—
Restructuring costs	4,888	—
Adjusted EBITDA	\$ 3,240	\$ (10,395)

Items That Are Excluded From Non-GAAP Measure

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

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

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

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

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

VIMEO'S FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Financial Position

	March 31, 2023	December 31, 2022
	(In thousands)	
Cash and cash equivalents:		
United States	\$ 256,090	\$ 265,252
All other countries	12,276	9,245
Total cash and cash equivalents	\$ 268,366	\$ 274,497

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

Cash Flow Information

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

	Three Months Ended March 31,	
	2023	2022
	(In thousands)	
Net cash (used in) provided by		
Operating activities	\$ (1,243)	\$ (26,753)
Investing activities	\$ 553	\$ 1,117
Financing activities	\$ (5,192)	\$ (5,119)

Net cash used in operating activities consists of net loss adjusted for non-cash items and the effect of changes in working capital.

2023

Adjustments to net loss consisted primarily of \$1.2 million of amortization of intangibles, non-cash lease expense of \$1.1 million, and \$0.9 million of depreciation. The decrease from changes in working capital consisted of a decrease in accounts payable and other liabilities of \$8.4 million, partially offset by a decrease in accounts receivable of \$2.2 million, an increase in deferred revenue of \$2.0 million, and a decrease in prepaid expenses and other assets of \$1.6 million. The decrease in accounts payable and other liabilities was due primarily to the payment of 2022 cash bonuses in 2023 and payment of the WIREWAX contingent consideration arrangement (the portion that was in excess of the amount recorded in purchase accounting and as described in "[Note 4—Fair Value Measurements](#)") partially offset by the timing of payments related to compensation and other employee related costs. The decrease in accounts receivable was due primarily to a decrease in aged accounts receivable balances driven by improved cash collections. The increase in deferred revenue was due primarily to an increase in Bookings. The decrease in prepaid expenses and other assets was due primarily to the timing of cash payments.

Net cash provided by investing activities included proceeds of \$0.6 million previously held in escrow related to the sale of Vimeo's retained interest in its former hardware business.

Net cash used in financing activities included \$3.3 million, related to the WIREWAX contingent consideration arrangement (the portion up to the amount recorded in purchase accounting as described in "[Note 4—Fair Value Measurements](#)") and withholding taxes paid related to the exercise of equity awards of \$1.7 million.

2022

Adjustments to net loss consisted primarily of \$14.2 million of stock-based compensation expense, provision for credit losses of \$3.1 million, non-cash lease expense of \$1.9 million, and \$1.3 million of amortization of intangibles. The decrease from changes in working capital primarily consisted of a decrease in accounts payable and other liabilities of \$11.6 million and an increase in accounts receivable of \$8.7 million. The decrease in accounts payable and other liabilities was due primarily to the payment of 2021 cash bonuses in 2022, the payment of professional fees related to acquisition activities, and the timing of invoice payments. The increase in accounts receivable was due primarily to the implementation of a new billing system.

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 \$0.5 million.

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

Liquidity and Capital Resources

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 March 31, 2023, the commitment fee, which is based on the consolidated net leverage ratio most recently reported and the average daily amount of the available revolving commitments, was 20 basis points. Any borrowings under the Credit Facility would bear interest, plus an applicable margin, which is determined by reference to a pricing grid based on Vimeo's consolidated net leverage ratio. The financial covenants require Vimeo to maintain, 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 March 31, 2023, there were no outstanding borrowings under the Credit Facility. In December 2021, Vimeo agreed to cease any borrowings under certain non-USD currencies due to the applicable LIBOR benchmark rates no longer being available publicly from and after December 31, 2021 and until an amendment is made to the Credit Facility to replace LIBOR with an alternative benchmark.

Outstanding Stock-based Awards

Stock-based awards are settled in shares of Vimeo common stock and may be settled on a gross or net basis based upon factors deemed relevant at the time. Since the Spin-off and through December 31, 2022, stock-based awards were generally settled on a gross basis, such that individual award holders were required to pay their withholding tax obligation, which they were generally able to do by selling shares of Vimeo common stock (including a portion of the shares received in connection with the applicable settlement). Beginning in the first quarter of 2023, stock-based awards have been generally settled on a net basis, such that individual award holders received shares of Vimeo common stock, in each case, net of a number of shares of Vimeo common stock equal to the required cash tax withholding payment, which was paid by Vimeo on the employee's behalf.

Liquidity Assessment

At March 31, 2023, Vimeo had \$268.4 million in cash and cash equivalents and no debt. Vimeo believes its existing cash and cash equivalents will be sufficient to fund its normal operating requirements, including capital expenditures, and other commitments for the foreseeable future. Vimeo does not currently expect to incur significant capital expenditures. Borrowings under Vimeo's Credit Facility, which may be limited based on our ability to meet required financial covenants, are a potential source of additional financial flexibility and liquidity.

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

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 47% and 50% of Vimeo's total revenue for the three months ended March 31, 2023 and 2022, respectively. Subscriptions that are purchased by international customers through Vimeo's sales force are generally priced in U.S. dollars. Subscriptions that are purchased by international customers directly through our website or apps are generally priced in local currency. Vimeo's investments in foreign subsidiaries that transact business in a functional currency other than the U.S. dollar are not material.

Vimeo is exposed to foreign currency transaction gains and losses to the extent it or its subsidiaries conduct transactions in and/or have assets and/or liabilities that are denominated in a currency other than the entity's functional currency. Vimeo recorded a foreign exchange loss of less than \$0.1 million and a gain of \$0.3 million for the three months ended March 31, 2023 and 2022, 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 March 31, 2023 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 11—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, 2022, filed with the SEC on February 27, 2023. 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 March 31, 2023.

Issuer Purchases of Equity Securities

Vimeo has not purchased any shares of its common stock during the quarter ended March 31, 2023.

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	Amendment No. 1 to Offer Letter, dated as of March 22, 2023, by and between Vimeo, Inc. and Anjali Sud	Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on March 23, 2023
10.2	Amended and Restated Restricted Stock Agreement, dated as of March 20, 2023, by and between Vimeo, Inc. and Joseph Levin	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: May 4, 2023

Vimeo, Inc.

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

AMENDED AND RESTATED RESTRICTED STOCK AGREEMENT

THIS AMENDED AND RESTATED RESTRICTED STOCK AGREEMENT (this "**Agreement**"), dated as of March 20, 2023, is between Vimeo, Inc. ("**Vimeo**") and Joseph Levin ("**Levin**").

WHEREAS, Levin and Vimeo previously entered into a Restricted Stock Agreement, dated June 7, 2021 (the "**Predecessor Agreement**");

WHEREAS, in connection with Levin's contemplated transition from a member of the Board to a special advisor to the Board, Vimeo and Levin wish to amend and restate the Predecessor Agreement; and

WHEREAS, the parties agree and acknowledge that no shares have vested under the Predecessor Agreement and neither party has breached the Predecessor Agreement;

NOW THEREFORE, it is agreed by Vimeo and Levin that the Predecessor Agreement is hereby amended and restated in full by this Agreement, effective as of the date hereof.

Capitalized terms used in this Agreement, to the extent not defined, shall have the meanings set forth in the Vimeo, Inc. 2021 Stock and Annual Incentive Plan (the "**Plan**").

1. Definitions

(a) "**Cause**" shall mean the occurrence of any of the following after the date of this Agreement (i) the plea of guilty or nolo contendere to, or conviction for, the commission of a felony offense by Levin; (ii) a willful and material violation by Levin of Vimeo policies pertaining to ethics, wrongdoing or conflicts of interest that results in, or would reasonably be expected to result in material harm to Vimeo or its reputation; or (iii) the refusal or material failure of Levin to provide the Services; *provided*, that in no event shall "Cause" have occurred pursuant to clauses (ii) or (iii) unless (x) an event or circumstance constituting "Cause" shall have occurred and the Company provides Levin with written notice thereof within thirty (30) days after any member of the Board has knowledge of the occurrence or existence of such event or circumstance, which notice specifically identifies the event or circumstance that the Company believes constitutes Cause, (y) Levin fails to cure the circumstance or event so identified (if curable) within thirty (30) days after the receipt of such notice, and (z) within ninety (90) days of such notice there will have been delivered to Levin a copy of a resolution duly adopted by at least seventy-five percent (75%) of the members of the Board who are both disinterested and deemed independent under NASDAQ rules at such time, after reasonable notice is provided to Levin and Levin is given an opportunity, together with counsel, to be heard before the Board, finding that, in the good faith opinion of such directors, Levin has engaged in conduct constituting Cause and specifying the particulars thereof in reasonable detail (it being understood that the determination of whether Cause occurred is a question of fact and shall be subject to de novo review by the applicable courts in any dispute pursuant to Section 12 without deference to any opinion rendered by such directors).

(b) "**CAGR**" shall have the meaning set forth on **Exhibit A** to this Agreement.

(c) "**Change in Control**" shall have the meaning set forth in the Plan as in effect on the date hereof.

(d) "**Disability**" shall have the meaning ascribed to such term in the Plan.

(e) "**Early Settlement Election**" means Levin's election to settle the Award, effective on the sixth, seventh, eighth or ninth anniversary of the Effective Date, as applicable, by providing written notice to Vimeo no earlier than one year prior to the early settlement date and no later than one hundred eighty days prior to the early settlement date.

(f) "**Effective Date**" means November 5, 2020.

(g) "**Pro-Ration Factor**" means a fraction (not to exceed 1), (i) the numerator of which equals the number of full and partial months from the Effective Date through the date Levin's Service as a special advisor to the Board terminates, and (ii) the denominator of which equals 120.

(h) "**Services**" shall mean the services which Levin hereby agrees to provide as a special advisor to the Board, as set forth on **Exhibit B** hereto.

(i) "**Vimeo Common Stock**" means common stock of Vimeo, \$0.01 par value per share.

(j) "**Vimeo FMV**" means the average of the closing prices of a share of Vimeo Common Stock on the NASDAQ Stock Market (or other applicable exchange) on the five trading days preceding the date of measurement.

(k) "**Voting Agreement**" means the Voting Agreement, dated June 7, 2021, by and among Barry Diller, the Diller Parties (as defined therein) and Levin.

2. **Restricted Stock Award.**

(a) *Award.* This Agreement covers 3,247,000 shares of Restricted Stock (the "**Award**") under the Plan. The shares subject to the Predecessor Agreement were originally received in connection with the separation of Vimeo from IAC/InterActiveCorp ("**IAC**") in respect of the 3,000,000 shares of restricted common stock of IAC granted by IAC to Levin on the Effective Date (the "**IAC Award**"). The shares of Restricted Stock covered by this Award are held in the form of a book entry of shares in Levin's name. The book entry relating to the Award includes a notation reflecting the restrictions on transfer applicable to the shares of Restricted Stock covered by the Award. Any shares awarded under the Predecessor Agreement in excess of 3,247,000 shall be deemed canceled and forfeited.

(b) *Restrictions on Transfer.* Until such time (and to such extent) as the Award vests, and, in the case of vesting of the Award in connection with an Early Settlement Election, until the tenth anniversary of the Effective Date, neither the Award, nor the shares of Vimeo Common Stock covered by the Award, shall be transferable by Levin by means of sale, assignment, exchange, encumbrance, pledge, hedge or otherwise; *provided, however*, that Levin may transfer shares of Restricted Stock to Levin's spouse or children (collectively, "**Family Members**"), trusts for the benefit of such Family Members, family limited partnerships or family limited liability companies the partners or members of which are any of the foregoing, and, upon the death of Levin, Levin's executor, administrator and heirs (each, a "**Permitted Transfer**"), in each case subject to the vesting of such shares and the forfeiture of such shares if they do not vest in accordance with the terms of this Agreement; *provided further*, that in each case no Permitted Transfer shall be effective unless and until the transferee of the shares of Restricted Stock executes and delivers to Vimeo an appropriate document, satisfactory to Vimeo, in which such Permitted Transferee agrees that it shall be bound in the same manner as Levin by, and that its beneficial ownership of any shares of Restricted Stock covered by the Award shall be subject to,

all the terms and conditions provided in this Agreement, including the vesting and forfeiture provisions.

3. Vesting of Award

(a) *Regular Vesting.* Subject to the terms and conditions of this Agreement, the provisions of the Plan and Levin's continuous provision of the Services as a special advisor to the Board through the ten year anniversary of the Effective Date, the Award will vest based on the Vimeo FMV as of the tenth anniversary of the Effective Date with respect to the number of shares of Vimeo Common Stock determined in accordance with the "Regular Vesting Matrix" below and Levin shall forfeit any portion of the Award that does not so vest:

Regular Vesting Matrix	
Vimeo FMV	Number of Shares
less than \$29.43	0
\$29.43	541,166
\$37.45	2,164,666
\$47.38	2,976,416
\$59.63 or greater	3,247,000

The "Number of Shares" earned for a Vimeo FMV between \$29.43 and \$37.45, between \$37.45 and \$47.38 or between \$47.38 and \$59.63 shall be determined by straight line interpolation.

(b) *Early Settlement Election.* If Levin makes a valid Early Settlement Election, then, subject to the terms and conditions of this Agreement, the provisions of the Plan and Levin's continuous provision of Services as a special advisor to the Board through the applicable Effective Date anniversary designated in the Early Settlement Election notice, the Award will vest with respect to the number of shares of Vimeo Common Stock determined in accordance with the "Early Settlement Vesting Matrix" below based on the Vimeo FMV on the applicable Effective Date anniversary and Levin shall forfeit any portion of the Award that does not so vest; *provided, however,* that Levin agrees that he shall not transfer or dispose of any such vested shares of Vimeo Common Stock prior to the tenth anniversary of the Effective Date and that Vimeo and Levin will make arrangements that are reasonably satisfactory to Vimeo to ensure Levin's compliance with this transfer restriction.

Early Settlement Vesting Matrix

Early Vesting Date	Vimeo FMV	Number of Shares
6 th Anniversary (6 yrs = 60%)	\$ 26.66	324,700
	\$ 30.81	1,298,800
	\$ 35.48	1,785,850
	\$ 40.73	1,948,200
7 th Anniversary (7 yrs = 70%)	\$ 27.33	378,816
	\$ 32.35	1,515,266
	\$ 38.14	2,083,492
	\$ 44.8	2,272,900
8 th Anniversary (8 yrs = 80%)	\$ 28.01	432,933
	\$ 33.97	1,731,733
	\$ 41	2,381,133
	\$ 49.28	2,597,600
9 th Anniversary (9 yrs = 90%)	\$ 28.71	487,050
	\$ 35.67	1,948,200
	\$ 44.08	2,678,775
	\$ 54.21	2,922,300

The "Number of Shares" earned on any Early Vesting Date for achievement between two Vimeo FMVs shall be determined by straight line interpolation.

(c) [RESERVED]

(d) *Death or Disability.* If Levin's provision of Services as a special advisor to the Board terminates due to Levin's death or Disability, then, Levin or Levin's estate shall remain eligible to earn a number of shares of Vimeo Common Stock equal to the product obtained by multiplying (i) the "Number of Shares" determined by the "Death or Disability Matrix" set forth below by (ii) the Pro-Ration Factor.

Death or Disability Vesting Matrix

<i>Performance</i>	<i>Number of Shares</i>
Less than Tier 1	0
Tier 1	541,166
Tier 2	2,164,666
Tier 3	2,976,416
Tier 4	3,247,000

The "Number of Shares" earned for achievement between Tier 1 and Tier 2, between Tier 2 and Tier 3 or between Tier 3 and Tier 4 shall be determined by straight line interpolation.

(e) *Cause Finding.* If Cause occurs, then Levin immediately shall forfeit any then unvested portion of the Award. This remedy shall be without prejudice to, or waiver of, any other remedies Vimeo and/or its Subsidiaries and/or its Affiliates may have in such event.

(f) *Other Terminations of Service.* Upon any termination of Levin's provision of Services as a special advisor to the Board for any reason, prior to the vesting of the Award, other than a termination of Levin's Service covered by Section 3(d), any unvested portion of the Award shall be forfeited and canceled in its entirety effective immediately upon such event. For the avoidance of doubt, Levin's provision of Services as a special advisor to the Board shall continue for purposes of the Award so long as Levin is willing to provide such Services, notwithstanding any earlier termination by the Board other than for Cause, death or Disability.

(g) *Change in Control.* Upon a Change in Control, a designated percentage of the Award will vest as set forth below based on the timing of the Change in Control relative to the Effective Date:

Change in Control Date	% of Vimeo Award
Prior to 3 rd Anniversary	30%
Between 3 rd and 4 th Anniversary	47.5%
Between 4 th and 5 th Anniversary	65%
Between 5 th and 6 th Anniversary	82.5%
Between 6 th and 7 th Anniversary	100%
Between 7 th and 8 th Anniversary	100%
Between 8 th and 9 th Anniversary	100%
Between 9 th and 10 th Anniversary	100%

(h) [RESERVED]

(i) *Vesting Limits/Award Sharing.* Notwithstanding anything to the contrary contained in this Agreement, upon a vesting event under this Section 3, Levin will forfeit 10% of the portion of the Award that vests (the shares covered by such forfeited portion of the Award that vests, rounded down to the nearest whole share, the "*Shared Award Shares*") shall be allocated by the Compensation Committee among employees of Vimeo and its Subsidiaries with a presumptive emphasis on employees whose annual compensation falls in the bottom quartile of annual compensation of all employees of Vimeo and its Subsidiaries as determined in the reasonable discretion of the Compensation Committee after taking into account Levin's recommendation.

4. Adjustments

The Award, including the applicable performance goals, shall be subject to adjustment pursuant to Section 3(d) of the Plan, as determined by the Compensation Committee or the Board in a reasonable, good faith manner designed to be consistent with the underlying principles and overall intent and thrust of (a) this Agreement and (b) the Voting Agreement and (c) the IAC Award.

5. Release of Shares

Subject to Levin's satisfaction of the tax obligations described immediately below under "Taxes and Withholding," and the requirements of Section 3(b) of this Agreement, evidence of

the removal of the restrictions on shares of Restricted Stock that have vested under this Agreement shall be provided to Levin as soon as practicable following the date on which the restrictions on such shares of Restricted Stock have lapsed. Notwithstanding the foregoing, Vimeo shall be entitled to maintain the restrictions on transfer applicable to the shares of Restricted Stock that have vested under this Agreement until Vimeo or the agent selected by Vimeo to administer the Plan (the "*Agent*") has received from Levin: (i) a duly executed Form W-9 or W-8, as applicable or (ii) payment for any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such Award.

6. Taxes and Withholding

No later than the date as of which an amount in respect of any portion of the Award first becomes includible in Levin's gross income for federal, state, local or foreign income or employment or other tax purposes, Vimeo or its Subsidiaries and/or Affiliates shall deduct any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount due to Levin by reducing the number of shares of Vimeo Common Stock issued upon settlement of the Award that gives rise to the withholding requirement. In the event shares of Vimeo Common Stock are deducted to cover tax withholdings, the number of shares of Vimeo Common Stock withheld shall generally have a value based on the Vimeo FMV equal to the aggregate amount of Vimeo's withholding obligation on the same date. If the event that any such deduction and/or withholding is prohibited by law, Levin shall, prior to or contemporaneously with the vesting of the Award, pay to Vimeo, or make arrangements satisfactory to Vimeo regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount.

7. [RESERVED]

8. Rights as a Stockholder

Except as otherwise specifically provided in the Plan or this Agreement, Levin shall have, with respect to the shares of Restricted Stock covered by the Award, all of the rights of a stockholder of Vimeo holding shares of Vimeo Common Stock, including, if applicable, the right to vote the shares of Restricted Stock; *provided, however*, that (a) cash dividends on shares of restricted Vimeo Common Stock covered by the Award shall be paid solely with respect to the number of shares of restricted Vimeo Common Stock determined in accordance with the "Ordinary Cash Dividend Determination Matrix" set forth below, and (b) subject to any adjustment pursuant to Section 3(d) of the Plan, dividends payable in shares of Vimeo Common Stock shall be paid in the form of shares of Restricted Stock, held subject to the vesting of the shares of Restricted Stock covered by the Award.

Ordinary Cash Dividend Determination Matrix

<i>Performance</i>	<i>Number of Shares</i>
Below Tier 1	0
Tier 1	541,166
Tier 2	2,164,666
Tier 3	2,976,416
Tier 4	3,247,000

The "Number of Shares" with respect to which ordinary cash dividends shall be paid with respect to any given dividend record date for achievement between Tier 1 and Tier 2, between Tier 2 and Tier 3 or between Tier 3 and Tier 4 shall be determined by straight line interpolation.

9. Conflicts and Interpretation

In the event of any conflict between this Agreement and the Plan, the Plan shall control; *provided* that (a) an action or provision that is permissive under the terms of the Plan, and required under this Agreement, shall not be deemed a conflict and this Agreement shall control and (b) in all other cases the Plan shall be interpreted in a manner that gives maximum effect to the terms of this Agreement. In the event of any ambiguity in this Agreement, or any matters as to which this Agreement is silent, the Plan shall govern including, without limitation, the provisions thereof pursuant to which the Compensation Committee has the power, among others, to: (x) interpret the Plan, (y) prescribe, amend and rescind rules and regulations relating to the Plan and (z) make all other determinations deemed necessary or advisable for the administration of the Plan; provided that, in the event of a dispute between Vimeo and Levin, Section 12 of this Agreement will apply and the court need not give deference to any Compensation Committee interpretation.

10. Amendment

This Agreement and the Award shall not be modified in any respect except by a writing executed by each party hereto.

11. Data Protection

The acceptance of the Award constitutes Levin's authorization of the release from time to time to Vimeo or any of its Subsidiaries or Affiliates and to the Agent (together, the "**Relevant Companies**") of any and all personal or professional data that is necessary or desirable for the administration of the Award and/or the Plan (the "**Relevant Information**"). Without limiting the above, this authorization permits Vimeo to collect, process, register and transfer to the Relevant Companies all Relevant Information (including any professional and personal data that may be useful or necessary for the purposes of the administration of the Award and/or the Plan and/or to implement or structure any further grants of equity awards (if any)). The acceptance of the Award also constitutes Levin's authorization of the transfer of the Relevant Information to any jurisdiction in which Vimeo or the Agent considers appropriate. Levin shall have access to, and the right to change, the Relevant Information, which will only be used in accordance with applicable law.

12. Governing Law; Jurisdiction

This Agreement and the legal relations thus created between the parties hereto (including, without limitation, any dispute arising out of or related to this Agreement) shall be governed by and construed under and in accordance with the internal laws of the State of Delaware without reference to its principles of conflicts of laws. Any dispute under this Agreement will be heard and determined before the Delaware Chancery Court located in Wilmington, Delaware, or, if not maintainable therein, then in an appropriate federal court located in Wilmington, Delaware, and each party hereto submits itself and its property to the non-exclusive jurisdiction of the foregoing courts with respect to such disputes. Each party hereto (a) agrees that service of process may be made by mailing a copy of any relevant document to the address of the party set forth below (which either party may change from time to time by providing written notice), (b) waives to the fullest extent permitted by law any objection which it may now or hereafter have to the courts referred to above on the grounds of inconvenient forum or otherwise as regards any dispute between the parties hereto arising out of or related to this Agreement, (c) waives to the fullest extent permitted by law any objection which it may now or hereafter have to the laying of venue

in the courts referred to above as regards any dispute between the parties hereto arising out of or related to this Agreement and (d) agrees that a judgment or order of any court referred to above in connection with any dispute between the parties hereto arising out of or related to this Agreement is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

Notices:

<p>If to Levin:</p> <p>Joseph Levin c/o IAC, Inc. 555 West 18th Street New York, New York 10011</p> <p>With a copy to:</p> <p>Marc Trevino Sullivan and Cromwell 125 Broad Street New York, New York 10004-2498</p>	<p>If to Vimeo:</p> <p>Vimeo, Inc. 330 West 34th Street, 5th Floor New York, New York 10001 Attention: General Counsel</p>
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[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Vimeo has caused this Agreement to be executed and delivered by its duly authorized officer and Levin has executed and delivered this Agreement on March 20, 2023.

Vimeo, Inc.

/s/ Anjali Sud

By: Anjali Sud

Title: Chief Executive Officer

/s/ Joseph Levin

JOSEPH LEVIN

Exhibit A

"**CAGR**" shall mean, with respect to a specified period of years (including partial years), the compounded annual growth rate, expressed as a percentage, rounded to four decimal places, in the value of Vimeo Common Stock during such period calculated as:

$$(A/B)^{1/C} \text{ minus } 1$$

where:

"A" equals the Vimeo FMV on the date of measurement;

"B" equals \$22.99; and

"C" equals the number of years, including any fraction of a year, from the Effective Date through the date of measurement.

Illustrative Example of CAGR Calculation

$$(A/B)^{1/C} \text{ minus } 1$$

"A" equals \$350, the Vimeo FMV on the sixth anniversary of the Effective Date;

"B" equals \$22.99; and

"C" equals 6.

$$(\$350/\$22.99)^{1/6} \text{ minus } 1 = 57.4302\% \text{ CAGR}$$

For purposes of the "Death or Disability Vesting Matrix" and the "Ordinary Cash Dividend Determination Matrix":

"**Tier 1**" means achievement of the CAGR implied by the second row of the "Regular Vesting Matrix" (\$29.43) for the period from the Effective Date through the date of Levin's termination of provision of Services due to death or Disability, in the case of the Death or Disability Vesting Matrix, or through the applicable dividend record date in the case of the Ordinary Cash Dividend Determination Matrix.

"**Tier 2**" means achievement of the CAGR implied by the third row of the "Regular Vesting Matrix" (\$37.45) for the period from the Effective Date through the date of Levin's termination of provision of Services due to death or Disability, in the case of the Death or Disability Vesting Matrix, or through the applicable dividend record date in the case of the Ordinary Cash Dividend Determination Matrix.

"**Tier 3**" means achievement of the CAGR implied by the fourth row of the "Regular Vesting Matrix" (\$47.38) for the period from the Effective Date through the date of Levin's termination of provision of Services due to death or Disability, in the case of the Death or Disability Vesting Matrix, or through the applicable dividend record date in the case of the Ordinary Cash Dividend Determination Matrix.

"**Tier 4**" means achievement of the CAGR implied by the fifth row of the "Regular Vesting Matrix" (\$59.63 or greater) for the period from the Effective Date through the date of Levin's

termination of provision of Services due to death or Disability, in the case of the Death or Disability Vesting Matrix, or through the applicable dividend record date in the case of the Ordinary Cash Dividend Determination Matrix.

**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 for the fiscal quarter ended March 31, 2023 of Vimeo, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 4, 2023

/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 for the fiscal quarter ended March 31, 2023 of Vimeo, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 4, 2023

/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 period ended March 31, 2023 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 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: May 4, 2023

/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 period ended March 31, 2023 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: May 4, 2023

/s/ Gillian Munson

Gillian Munson
Chief Financial Officer
(Principal Financial Officer)