



IAC July 2020 Shareholder Letter

July 15, 2020

Dear Shareholders,

Since we announced the intended separation from Match Group in August 2019, we have witnessed a record bull market, a short bear market, a recession and a global pandemic. Our market value has doubled, halved, and tripled – all in the span of less than a year. That wasn't the plan. Nonetheless, we emerged with nearly \$4 billion to invest, a clean slate, and a set of businesses with tremendous potential – though admittedly IAC's new, slimmer figure(s) take some getting used to. At first glance at our Q2 numbers post-separation, I thought that our finance team misplaced a decimal. But it feels like we're young again, and we're building.

As we begin to shine a brighter light on more of the pieces of the new IAC, we want to provide a more regular cadence on the metrics driving these businesses, and introduce shareholders to the leaders building them. Included within this letter are the monthly trends for our businesses, and tomorrow you'll have the opportunity to ask questions of the leaders of four of the largest of those businesses: Brandon Ridenour (CEO of ANGI Homeservices), Anjali Sud (CEO of Vimeo), Neil Vogel (CEO of Dotdash), and Tim Allen (CEO of Care.com). We will still have our regular quarterly earnings call in early August following the announcement of Q2 results, though of course now excluding Match Group.

As you will hear from our leaders, we're in good shape to invest in our future. ANGI Homeservices seems to have hit the bottom in March and bounced back quickly, with continued momentum in our fixed price offerings and exciting new initiatives such as payments in our mobile app. Service professional capacity is once again our biggest challenge, but our solutions around fixed price services seem to be working. Vimeo has broken through, as a flood of businesses now appreciate the need to communicate with their constituents with video – we see it

clearly in our bookings and revenue growth as well as product engagement across both self-serve and enterprise. Unbelievably for a publisher, Dotdash has maintained double-digit positive year-over-year revenue growth each month this year so far. Care.com has also returned to year-over-year growth, with signs of strong demand as the pandemic has elevated the need for our users to obtain in-home care of their kids or elderly family members. As many businesses around the world pulled their advertising budgets, a number of our businesses saw an opportunity to lean in stronger with cheap ad rates and elevated audiences – and since late in the second quarter and throughout the third quarter thus far, we’ve resumed spending on marketing across the board with healthy efficiency.

While we’ll always share our general perspective on the outlook for our businesses, we no longer intend to provide specific forward guidance at IAC. Instead, in the spirit of transparency and accountability, we’ll share our key metrics monthly at the completion of each month so that all shareholders can view our trendlines and make their own predictions. As required by the SEC we’ll of course report full financial results quarterly, and we hope that the frequent release of monthly metric data reduces the drama embedded in any individual reporting “event”. As always, we’ll never focus on optimizing results for one month or one quarter – or even one year. We know that the job of any good manager is to balance the short-term and the long-term to deliver the best aggregate results over time. We act as if our shareholders are “forever” holders of the assets under our control, and we’ll ultimately make the decisions necessary to optimize that value for the long run.

Building products that solve for the most basic human needs over a long-term timeline has worked for us. We’ve learned that the tools to find love, to enhance shelter, and to communicate endure. So we’ll keep building.

Sincerely,
Joey Levin
CEO

2020 Monthly Trends through June ^(a):

	Y/Y Growth					
	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20
<u>ANGI Homeservices</u>						
Marketplace Revenue	25%	27%	3%	-2%	20%	18%
Advertising & Other Revenue	7%	8%	4%	4%	1%	0%
Total North America Revenue	21%	23%	3%	-1%	16%	15%
Europe Revenue	3%	-3%	-27%	-28%	-7%	8%
Total ANGI Homeservices Revenue	19%	21%	1%	-2%	15%	14%
Other ANGI Homeservices Metrics						
Marketplace Service Requests	11%	13%	-12%	-8%	27%	34%
Marketplace Monetized Transactions	4%	11%	-11%	-11%	8%	10%
Marketplace Transacting Service Professionals	8%	8%	5%	4%	4%	3%
Advertising Service Professionals	4%	7%	4%	4%	3%	4%
<u>Vimeo</u>						
Total Revenue	30%	34%	29%	46%	52%	43%
Ending Subscribers	29%	29%	31%	35%	39%	16%
<u>Dotdash</u>						
Display Advertising Revenue	17%	17%	12%	-5%	-13%	-6%
Performance Marketing Revenue	70%	65%	96%	114%	121%	87%
Total Revenue	31%	29%	30%	23%	17%	16%
<u>Applications</u>						
Desktop Revenue	-42%	-43%	-47%	-47%	-51%	-47%
Mosaic Group Revenue	10%	9%	2%	0%	0%	3%
Total Revenue	-26%	-26%	-31%	-30%	-32%	-29%
<u>Emerging & Other</u>						
Total Revenue	-1%	20%	30%	16%	4%	24%

(a) As of the date of this shareholder letter, the Company has not yet completed its financial close process for June 2020. As a result, the information herein is preliminary and based upon information available to the Company as of the date of this shareholder letter. During the course of the financial close process the Company may identify items that would require it to make adjustments, which may be material, to the information presented above.

Webcast and Conference Call Details

IAC will host a Q&A with IAC Business Leaders conference call on Thursday, July 16, 2020 at 10:00 a.m. Eastern Time. The live virtual conference call will be open to the public at www.iac.com/Investors or ir.angihomeservices.com. This letter will not be read on the call.

Cautionary Statement Regarding Forward-Looking Information

This letter and the Q&A with IAC Business Leaders conference call, which will be held at 10:00 a.m. Eastern Time on Thursday, July 16, 2020, may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as "anticipates," "estimates," "expects," "plans" and "believes," among others, generally identify forward-looking statements. These forward-looking statements include, among others, statements relating to: IAC's future financial performance, business prospects and strategy, anticipated trends and prospects in the industries in which IAC's businesses operate and other similar matters. Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, among others: the impact of the outbreak of the COVID-19 coronavirus on our businesses, our continued ability to successfully market, distribute and monetize our products and services through search engines, social media platforms and digital app stores, the failure or delay of the markets and industries in which our businesses operate to migrate online, our ability to build, maintain and/or enhance our various brands, our ability to develop and monetize versions of our products and services for mobile and other digital devices, adverse economic events or trends, either generally and/or in any of the markets in which our businesses operate, our continued ability to communicate with users and consumers via e-mail (or other sufficient means), our ability to successfully offset increasing digital app store fees, our ability to establish and maintain relationships with quality service professionals, changes in our relationship with (or policies implemented by) Google, foreign exchange currency rate fluctuations, our ability to protect our systems from cyberattacks and to protect personal and confidential user information, the occurrence of data security breaches, fraud and/or additional regulation involving or impacting credit card payments, the integrity, quality, scalability and redundancy of our systems, technology and infrastructure (and those of third parties with whom we do business), changes in key personnel, our ability to service our outstanding indebtedness and interest rate risk, dilution with respect to our investment in ANGI Homeservices, operational and financial risks relating to acquisitions and our continued ability to identify suitable acquisition candidates, our ability to expand successfully into international markets, regulatory changes and our ability to adequately protect our intellectual property rights and not infringe the intellectual property rights of third parties. Certain of these and other risks and uncertainties are discussed in IAC's filings with the Securities and Exchange Commission. Other unknown or unpredictable factors that could also adversely affect IAC's business, financial condition and results of operations may arise from time to time. In light of these risks and uncertainties, these forward-looking statements may not prove to be accurate. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of IAC's management as of the date of this press release. IAC does not undertake to update these forward-looking statements.