IAC Q3 2021 Shareholder Letter

November 4, 2021

Dear Shareholders,

A few weeks ago I was surprised to learn we were announcing the largest cash acquisition in IAC's history. Of course, I wasn't surprised by the Meredith acquisition, only that it was the largest amount of cash we'd ever spent at once. We've done larger acquisitions than Meredith involving stock consideration, and we've purchased companies bigger than Meredith where we began with an initial stake and less capital. But $2.7 billion is the most cash we've committed at once, and even though we'll fund a portion of that cash with debt, we consider the entire purchase price as cash at risk as we always expect to return borrowed capital. Given the historical milestone, an explanation is warranted.

Notwithstanding the size, the purchase doesn't feel like the biggest risk we've ever taken. I don't say that because cash may be decreasing in value as we see clear signs of inflation. Nor because we've been following the iconic Meredith brands (*Better Homes & Gardens, PEOPLE, Southern Living*, *Food & Wine*, and *Allrecipes*, among many others) for so long, and considered various transactions with Meredith's management so often, that the people and the properties felt more familiar than new. Meredith doesn't feel like the biggest risk we've ever taken because the acquisition is a natural step forward in Dotdash's growth progression, where we've been steadily acquiring publishing businesses with real synergies for several years.

The team at Dotdash has executed phenomenally well, growing revenue double digits for 18 straight quarters while expanding margins and generally outpacing the growth of its competitors by putting the reader's priorities first. Focused on decision-making moments (e.g. planning a meal, a vacation, a wedding, or a financial future), Dotdash content has a relevant shelf-life measured not in days or hours, but months or years. The longevity of the content, combined with our scale, has allowed us to invest more in both content creation and maintenance and we expect to press that investment over time. The more we invest in a subject, the more audience we can attract. And the more audience we attract, the more value we provide to advertisers, which we can invest right back into the content, and the flywheel continues. That all just gets better with Meredith.

We've also had some favorable tailwinds. We see three meaningful trends on the Internet contributing to our current momentum, which we expect to benefit Dotdash Meredith, too:

1 – Evolving from *every-thing* to *the* thing

2 – *Trust* matters

3 – An increasing premium on *privacy*

Every-thing* to *the thing

The amazing early breakthroughs of the Internet, which put all of the world's information at a user's fingertips and offered delivery of almost any product, facilitated access to *everything.* But now, billions of search results and millions of products overwhelm a user's ability to evaluate, and even the most mundane decisions present an overwhelming abundance of choice. As *everything* becomes table stakes, users now need help finding *the thing.* Dotdash helps users curate. Retailers with *everything* won't typically run a lab to test every product, but on any topic that Dotdash covers, that's exactly what we'll do to identify the winners. Combined with Meredith, Dotdash will have tens of thousands of square feet of testing facilities to test every product we cover, dozens of test kitchens to cook our recipes, and experts to read the terms and conditions on every offer. The greater the breadth of choices as online retail grows, the more important role Dotdash and Meredith's unbiased editorial serves to make decisions. And as retail market share is increasingly concentrated in stores that carry *everything*, Dotdash and Meredith's relevance rises as an independent provider of user confidence to choose *the* thing.

***Trust* matters**

Social media platforms enabled an infinite volume of commentary on virtually any item or subject, but those same platforms have been particularly challenged in establishing trust in any of it. In fact, the social media platforms are quite keen to establish the fact that they stand behind the veracity of *none* of their content. We believe as a result, users will increasingly seek sources backed by brands they can trust, especially those which have been sitting in millions of American homes for decades.

Trust matters to advertisers too. Advertisers need not take risk in reaching our users – we don't host third party or user-generated content, we don't need third party data, we stand behind every single thing we publish, and we're not in the business of producing polarizing content. Dotdash and Meredith's brand advertisers recognize that value, and advertisers who buy directly generally come back every year and spend more over time – of Dotdash's top 25 advertisers in 2019, all have spent in 2020, nearly all have spent in 2021, and their spend has grown 29%.

Both readers and advertisers increasingly appreciate something that years ago was taken for granted: a reliable well-lit place where real people find real information to make life's daily decisions.

Premium on *privacy*

Though likely motivated by more than just users' privacy, two of the biggest advertising platforms in the world have taken to modifying their platforms to prevent advertisers from identifying users. "Cookies," little bits of data placed onto computers to track a user's personal interests, have been a staple of internet advertising for years, but are now moving towards extinction by decree of the most powerful internet platforms. Without these bits of data to determine which users to target and measure which ads perform, advertisers have been forced to find new ways of reaching relevant users. Dotdash has thrived in this environment because private user information isn't required to deliver bona fide value to our advertisers – an article about cooking dinner is a pretty solid indicator that its readers may be people who cook dinner, just as an article about the best 401(k) rollovers is a reliable indicator that readers may be in the market to roll over their 401(k). The advertisements on Dotdash have the added benefit of being relevant to the user at that moment of decision-making. Those advertisements perform, cookie or not.

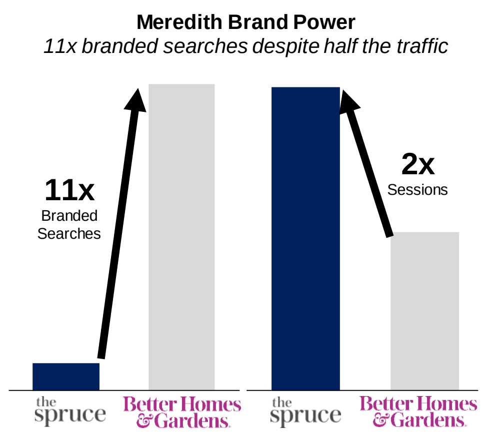
Print!

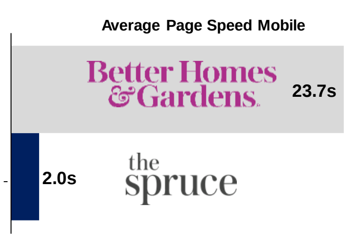
Three pages into this letter, we've avoided the p-word: "print." With Dotdash going so well, one might wonder why venture from digital publications back into the physical. First, we've always seen Meredith not as a printing machine, but as a trusted source of content. Second, we believe that print can, notwithstanding ongoing secular declines, continue to serve an important role as a complement to digital media for the foreseeable future, especially for the portion of our audience that appreciates the paper in their hands. Our goal is to identify those readers and continue to give them what they love, and on the flip side, identify the readers who don't value print, and deliver them a product that better meets their needs and our sustainability goals.

Synergies

Synergies at IAC are generally a dirty word – we don't force two businesses at IAC to work together if it doesn't make commercial sense for both. But within an individual operating business, as Dotdash Meredith will become, synergies can be quite important, and Dotdash and Meredith have plenty to learn from each other.

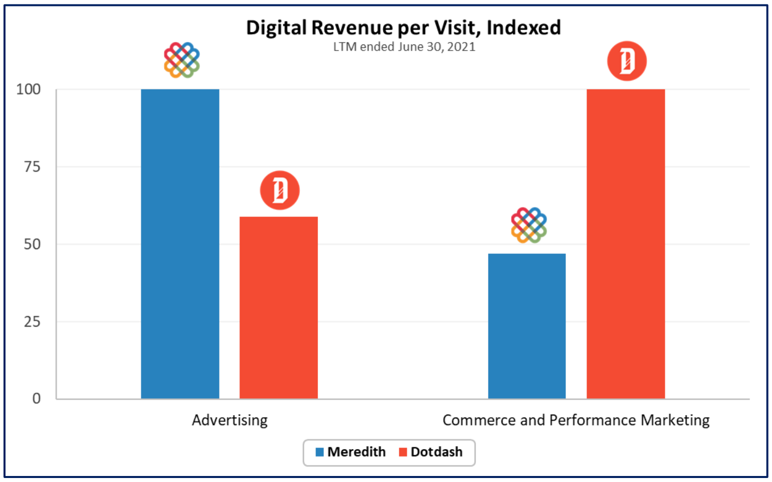
Meredith has built exceptional brands, but maintains a web presence that meaningfully under-indexes relative to the size of the digital audience interested in its brands, while Dotdash, with younger and lesser-known brands, meaningfully over-indexes relative to audience interest. The chart to the right shows that internet users search for Meredith's *Better Homes & Gardens* brand 11x more often than they search for Dotdash's home-focused brand, *The Spruce*. And yet, traffic to *The Spruce's* website is double the traffic of *Better Homes & Gardens*. Many issues could cause this differential, including technical matters like site speed –





the chart to the left shows the difference in site speed between the two properties, where every second matters in capturing and retaining a reader's attention – and issues like page layout or the types and format of advertisements. The exciting opportunity here is not just delivering a faster site, but imagining the potentially amplified impact on the Meredith brands of deploying the range of enhancements we've employed successfully with less recognizable brands.

The two businesses are also complementary in *how* they generate revenues. The following chart from our recent investor deck highlights the opportunity. Meredith's long history building trust and relationships with advertisers has enabled the company to sell premium display advertising showcasing the value of an advertiser's brand almost twice as well as Dotdash. And Dotdash's digital upbringing has forced it to master the underlying technical infrastructure of performance marketing – converting clicks directly into transactions – more than twice as well as Meredith.



We believe Meredith can introduce large advertisers to Dotdash properties, and Dotdash can enable purchasing directly from unbiased editorial on Meredith properties. Similarly, Meredith has built a robust licensing business, ranging from retail partners such as Walmart to digital partners such as Apple News, where Meredith properties are a staple, and we believe Meredith can help grow the licensing business at Dotdash.

As we move towards closing this acquisition, we know enough to expect the inevitable surprises, but so far, we see incredible alignment and potential in bringing these two businesses together, and believe the power of intent-driven publishing has a bright future online. So we've set an ambitious target of more than $450 million Adjusted EBITDA from digital publishing in 2023.

Angi

We continue to invest in unifying our brands. Both unaided and aided awareness continue to improve, driving better response rates to our advertising. Good news is Angi is growing, bad news is HomeAdvisor is still declining. But overall, the trend toward Angi is encouraging. The Angi brand now comprises almost 60% of North America revenue up from less than 40% this time last year, and the remaining contribution of the HomeAdvisor brand is concentrated in the Leads business. We expect the Angi mix to continue growing nicely – the primary objective of the rebrand – as we concentrate our marketing on Angi, continue to ramp Angi Services, and recover the SEO and SEM losses.

Angi Services remains the biggest driver of our revenue growth and our investments. We are improving the customer experience task by task, more accurately pricing jobs, and properly identifying and compensating the right pros. We've demonstrated the ability to scale economically, more than doubling revenue year-over-year while expanding contribution margins. These are the proof points that instill real confidence for continued investment. The expanding contribution margins in our earliest categories provide flexibility to reinvest in improved fulfillment rates, which is critical to ensure both consumer and pro satisfaction and drive higher repeat use and retention rates. Improvements are also underway in the service professional onboarding experience for the Ads and Leads business and in organizing the service professional and homeowner experience by task, which should reduce zero accepts and improve retention. We've previously discussed the multiple years' worth of changes we packed into 2021, and as more of these issues move to the rearview, we're grateful for the pace at which we've moved.

We adjusted our revenue disclosure this quarter to better reflect how the business is run. Through our Ads and Leads business, consumers use Angi to discover high quality service professionals and *service professionals pay us* for that exposure and connection. Through our Services business, consumers pay Angi to get their job done and *we pay service professionals* to complete the work. Our reporting now better aligns with both the homeowner and service professional's experience, and with how we manage the business. The trends and outlook are consistent with our recent history and, while we did manage to deliver modest profit in Q3, our focus remains on investment over profitability – in Services, in building the Angi brand, and in reimagining the Ads and Leads business – and our near-term target remains break-even profit.

Conclusion

IAC will soon own three clear category leaders in Angi, Dotdash Meredith, and Care.com. Across our four operating segments, each will boast nearly a billion dollars of revenue or more, and in aggregate IAC will be generating meaningful cashflow. We have significant minority investments in MGM Resorts International and Turo, several promising seeds planted for the future, no debt at the IAC level, and plenty of remaining purchasing power for opportunistic capital allocation. IAC at its best has our hands on multiple interesting levers at the same time, constantly reinventing ourselves, making large but prudent bets, and creating our own opportunities by positioning ourselves to act decisively in a wide range of situations.

Sincerely,
Joey Levin
CEO

2021 Monthly Trends through October [a]:

	Apr '21	May '21	June '21	July '21	Aug '21	Sep '21	Oct '21
Angi Inc.							
Angi Ads and Leads	11%	-4%	-4%	-3%	2%	0%	-2%
Angi Services (b)	195%	114%	96%	169%	164%	148%	124%
Total North America Revenue	24%	7%	7%	17%	22%	19%	16%
Europe Revenue	53%	12%	1%	0%	2%	4%	4%
Total Revenue	**25%**	**7%**	**7%**	**16%**	**21%**	**18%**	**15%**
Angi Service Requests	30%	-7%	-13%	-13%	-13%	-8%	-11%
Angi Monetized Transactions	28%	5%	3%	0%	2%	2%	-4%
Angi Transacting Service Professionals	14%	16%	16%	12%	9%	7%	5%
Angi Advertising Service Professionals	7%	7%	6%	4%	2%	1%	1%
Dotdash							
Display Advertising Revenue	70%	73%	64%	34%	37%	33%	20%
Performance Marketing Revenue	62%	59%	51%	25%	18%	10%	12%
Total Revenue	**67%**	**67%**	**59%**	**31%**	**29%**	**25%**	**17%**
Search							
Ask Media Group Revenue	85%	80%	54%	51%	101%	110%	109%
Desktop Revenue	-30%	-25%	-17%	-19%	-11%	-20%	-15%
Total Revenue	**43%**	**45%**	**32%**	**30%**	**67%**	**74%**	**78%**
Emerging & Other							
Total Revenue	**36%**	**44%**	**40%**	**31%**	**33%**	**33%**	**31%**

(a) As of the date of this document, the Company has not yet completed its financial close process for October 2021. As a result, the information herein is preliminary and based upon information available to the Company as of the date of this document. During the course of the financial close process, the Company may identify items that would require it to make adjustments, which may impact growth rates and be material to the information presented above.

(b) Includes revenue from Total Home Roofing, Inc. ("Angi Roofing") which was acquired on July 1, 2021.

Webcast and Conference Call Details

IAC and Angi Inc. will livestream a joint video conference call to answer questions on November 5, 2021 at 10:00 a.m. Eastern Time. The livestream will be open to the public at **ir.iac.com** or **ir.angi.com**. This letter will not be read on the call.

Non-GAAP Financial Measures

This letter contains references to certain non-GAAP measures. These non-GAAP measures should be considered in conjunction with, but not as a substitute for, financial information presented in accordance with GAAP.

Dotdash Meredith 2023 Adjusted EBITDA:

(a)Adjusted EBITDA is defined as operating income excluding: (1) stock-based compensation expense; (2) depreciation; (3) acquisition-related items consisting of (i) amortization of intangible assets and impairments of goodwill and intangible assets, if applicable, and (ii) gains and losses recognized on changes in the fair value of contingent consideration arrangements; and (5) expenses associated with the acquisition of Meredith Corporation's National Media Group by Dotdash.

IAC does not have the ability to prepare a reconciliation of digital Adjusted EBITDA to Dotdash and Meredith combined net income (loss) for 2023 because the forecast for certain expenses following the acquisition (e.g., stock-based compensation and certain expenses associated with the acquisition) is not yet complete.

Cautionary Statement Regarding Forward-Looking Information

This letter and the livestream, which will be held at 10;00 a.m. Eastern Time on Friday, November 5, 2021, 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: (i) our ability to market our products and services in a successful and cost-effective manner, (ii) the display of links to websites offering our products and services in a prominent manner in search results, (iii) changes in our relationship with (or policies implemented by) Google, (iv) our continued ability to market, distribute and monetize our products and services through search engines, digital app stores and social media platforms, (v) the failure or delay of the markets and industries in which our businesses operate to migrate online and the continued growth and acceptance of online products and services as effective alternatives to traditional products and services, (vi) our continued ability to develop and monetize versions of our products and services for mobile and other digital devices, (vii) our ability to establish and maintain relationships with quality and trustworthy service professionals and caregivers, (viii) the ability of Angi Inc. to successfully implement its brand initiative (which could involve substantial costs, including as a result of a continued negative impact on its organic search placement) and expand Angi Services (its pre-priced offerings), (ix) our ability to engage directly with users, subscribers, consumers, service professionals and caregivers directly on a timely basis, (x) our ability to access, collect and use personal data about our users and subscribers, (xi) the ability of our Chairman and Senior Executive, certain members of his family and our Chief Executive Officer to exercise significant influence over the composition of our board of directors, matters subject to stockholder approval and our operations, (xii) our inability to freely access the cash of Angi Inc. and its subsidiaries, (xiii) dilution with respect to our investment in Angi Inc., (xiv) our ability to compete, (xv) adverse economic events or trends (particularly those that adversely impact advertising spending levels and consumer confidence and spending behavior), either generally and/or in any of the markets in which our businesses operate, (xvi) our ability to build, maintain and/or enhance our various brands, (xvii) the impact of the COVID-19 outbreak on our businesses, (xviii) our ability to protect our systems, technology and infrastructure from cyberattacks and to protect personal and confidential user information, (xix) the occurrence of data security breaches and/or fraud, (xx) increased liabilities and costs related to the processing, storage, use and disclosure of personal and confidential user information, (xxi) the integrity, quality, efficiency and scalability of our systems, technology and infrastructure (and those of third parties with whom we do business), (xxii) changes in key personnel, (xxiii) the risks inherent in the completed separation of Vimeo, Inc. from our other businesses, including (among others) uncertainties related to whether the expected benefits of the transaction will be realized (on the anticipated timeline or at all), the expected tax treatment of the transaction and the impact of the transaction on our remaining businesses, and (xxiv) the risks inherent in the consummation and success of the proposed acquisition of Meredith by Dotdash and the ability to achieve the expected benefits thereof, including (among others) the risk that the parties fail to obtain the required regulatory approvals or fulfill the other conditions to closing on the expected timeframe or at all, the occurrence of any other event, change or circumstance that could delay the transaction or result in the termination of the acquisition agreement or the risks that IAC's synergy estimates are inaccurate or that combined company faces higher than anticipated integration or other costs in connection with the proposed acquisition. 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 letter. IAC does not undertake to update these forward-looking statements.