

shutterstock®

Shutterstock 2027: Long-range Financial Targets

February 21, 2024



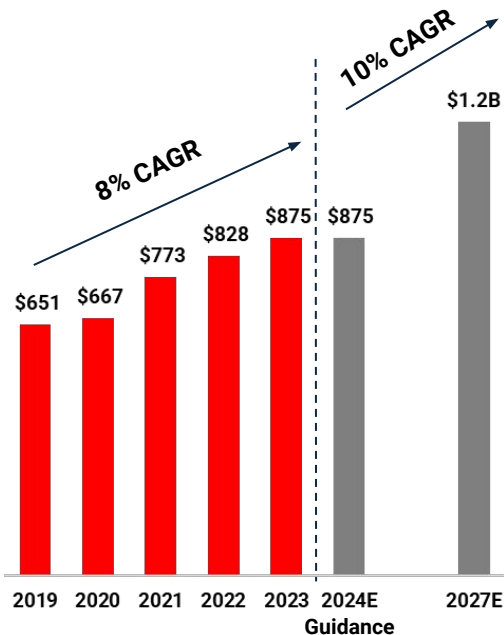
Forward Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, particularly in the discussion of 2027 projected financial information. All statements other than statements of historical fact are forward-looking. Examples of forward-looking statements include, but are not limited to, statements regarding guidance, industry prospects, future business, future results of operations or financial condition, new or planned features, products or services, management strategies and our competitive position. You can identify forward-looking statements by words such as “may,” “will,” “would,” “should,” “could,” “expect,” “aim,” “anticipate,” “believe,” “estimate,” “intend,” “plan,” “predict,” “project,” “seek,” “potential,” “opportunities” and other similar expressions and the negatives of such expressions. However, not all forward-looking statements contain these words. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed or implied by the forward-looking statements contained herein. Such risks and uncertainties include, among others, those risks discussed under the caption “Risk Factors” in our most recent Annual Report on Form 10-K, as well as in other documents that the Company may file from time to time with the Securities and Exchange Commission. As a result of such risks, uncertainties and factors, Shutterstock’s actual results may differ materially from any future results, performance or achievements discussed in or implied by the forward-looking statements contained herein. The forward-looking statements contained in this presentation are made only as of this date and Shutterstock assumes no obligation to update the information included in this presentation or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by law.

Shutterstock 2027: Targeting Double Digit Growth in Revenue and Adjusted EBITDA

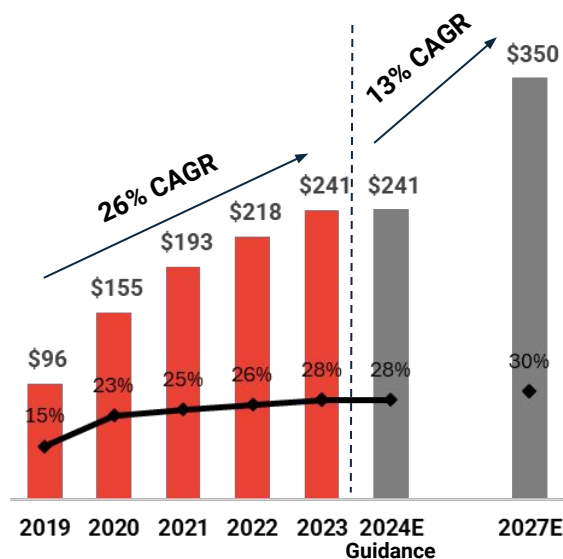
2027 Revenue Target

\$1.2 billion



2027 Adj. EBITDA Target

\$350 million



Industry leading content business

Track record of standing up new growth businesses

Extending TAM opportunity by >10x

30% Adjusted EBITDA margins with strong FCF conversion

Track record of disciplined M&A

Shutterstock is a Disciplined Capital Allocator Geared Towards Growth

Executive Summary

Content

Data, Distribution & Services

2027

Sustain leadership in a large market



- Scaled player with network effects
- Leading portfolio of brands
- Global distribution & customers
- Largest content library and contributor network

Lead in Content

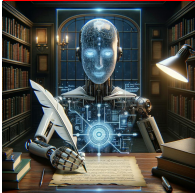
Scale Data, Distribution & Services

Exploit markets with outside potential

- Unique content assets, proprietary data and global reach
- Landmark customer wins
- Attractive opportunity for investment in sales & product



Return value to shareholders



- Track record of disciplined M&A
- 2.5% dividend yield
- \$128 million share repurchases (2021-2023)

Allocate Capital

Grow Free Cash Flow

Drive operating leverage

- 2023 gross margin ex-D&A: 69%
- 2023 Adj. EBITDA margins: 27.5%
- 2023 FCF margins: 15.8%
- 2019-23 Adj. EBITDA: 26% CAGR



Generative AI Creates New Opportunities Across Our Business

Executive
Summary

Content

Data,
Distribution
& Services

2027

Lead in Content

Introduce **new generative AI products** (3D / video / image)

Leverage generative editing to **increase conversion & retention**

Lower cost of content creation

Lead the way in **responsible and ethical AI** via TRUST Framework

Scale Data, Distribution & Services

Commercialize **raw & enriched data** for dataset training and insights use cases

Generate GIFs & stickers

Leverage contributor community to deliver **bespoke data training sets**

Accelerate production and lower costs in Studios



Shutterstock Brings Generative AI to 3D Scene Backgrounds With NVIDIA Picasso

"Creators can quickly create and customize 3D scene backgrounds with the help of generative AI, thanks to cutting-edge tools from Shutterstock."

FAST COMPANY

Why Data Will Always be a Precious Commodity in the AI World

"Data is the backbone of AI and all models rely on patterns and correlations established by vast amounts of training data. Generative AI tools need high quality training data..."

Shutterstock Has Built an Industry Leading Content Business

Largest Content Library in the Industry



771 million
Images



54 million
Videos



4+ million
Music Tracks &
SFX



1.3 million
3D Models

Massive Global Reach Across Portfolio of Brands

shutterstock®

POND5

TURBOSQUID

Premium Beat
by shutterstock

GIPHY



54 million
Monthly Uniques
Across 5 Sites



51%
Revenue ex-
North America



250+
Enterprise
Salespeople

Thriving Marketplace



3.2 million
Contributors



2.1 million
Customers



5 Downloads
Per Second

Large Subscription Revenue Stream



523k
Subscribers



40%
Subscription Revenue
as % Total Revenue

Higher Growth Content Types Driving Growth



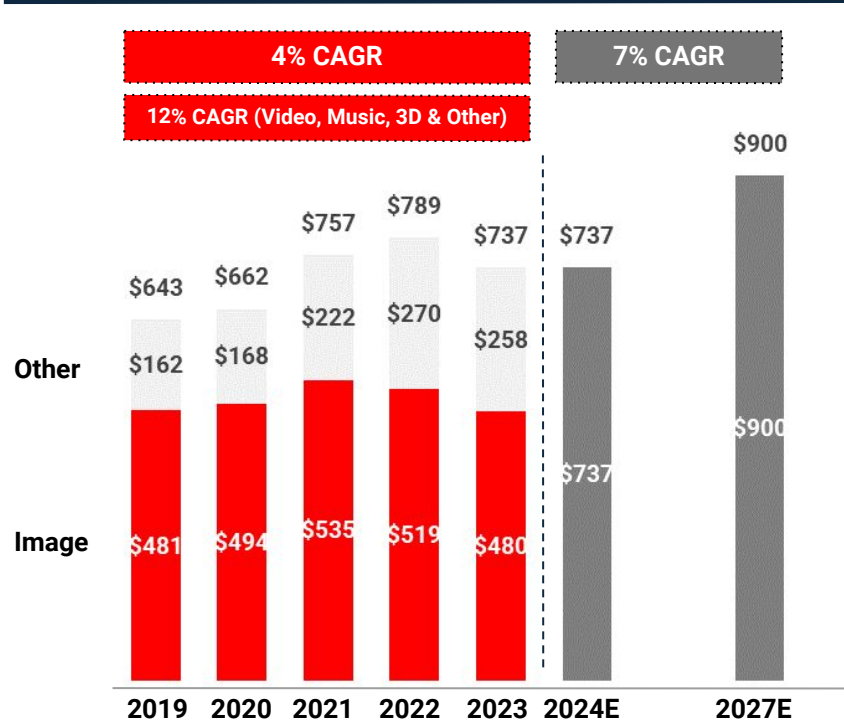
35%
Video, Music, 3D &
Other Revenue as % of
Content Revenues



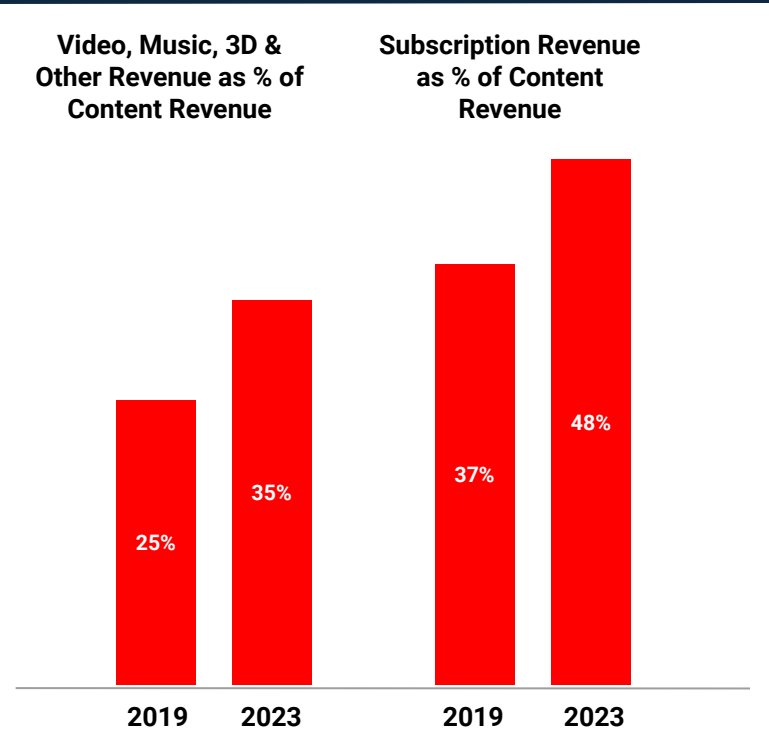
12% CAGR
Growth in Video, Music,
3D & Other Revenue
(2019-2023)

Mix Shift Towards 3D & Video Expected to Drive Faster Growth in Content

Content Revenue



Composition of Content Revenue



Extending Our Global Relationships Across 44k Businesses Beyond Content

Executive
Summary

Content














Data,
Distribution
& Services

2027

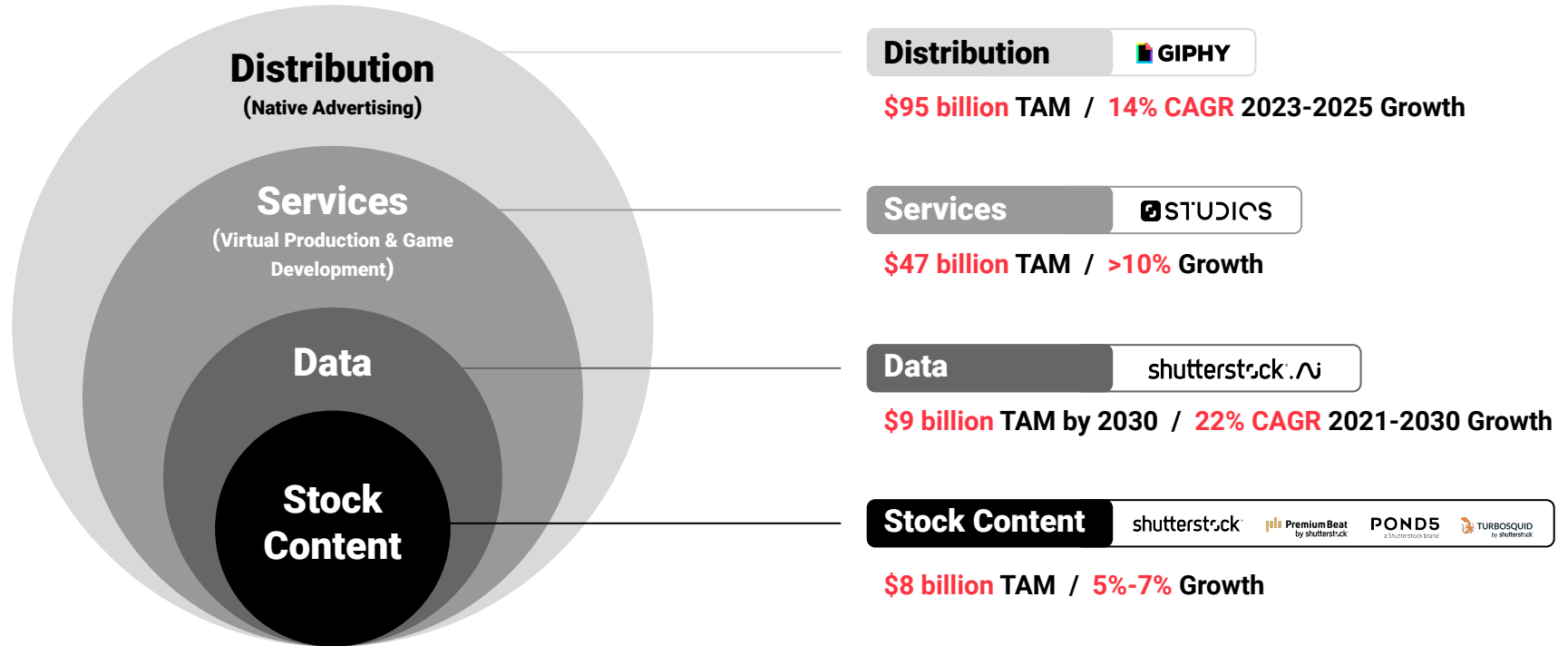
Data, Distribution &
Services Customers



Shutterstock Has Stood Up Three Growth Businesses Leveraging Unique Assets

	Data	Distribution	Services
Description	 <p>Data licensing for customers' AI/ML model training and analytics needs</p>	 <p>Advertising and API-based content solutions</p>	 <p>Custom content production services</p>
Market Tailwinds	<p>Growth in generative AI applications</p> <p>Decline in compute cost</p>	<p>Growth in non-disruptive native advertising</p>	<p>Growth in virtual production</p> <p>Growth in casual and/or mobile gaming</p>
Unique Shutterstock Assets	<p>Ethically Sourced and Cleanly Licensable</p> <p>771 million Images 54 million Videos</p> <p>1.3 million 3D Models 4+ million Music Tracks & SFX</p> <p>Distribution via Cloud Partners</p>    	<p>Massive Reach</p> <p>>10 billion Gifs Served Daily >1 billion Daily User Reach</p> <p>20,000 Distribution Partners, including:</p>      	<p>Diverse Creative Network</p> <p>World Class 3D Content</p> <p>Global Production Capabilities</p>

Data, Distribution & Services Multiplies Estimated Total Addressable Market Opportunity by >10x into Rapidly Growing Markets



NOTE: Estimates for TAM and TAM growth derived from Technavio’s “Stock Images Market,” “Stock Music Market,” and “Stock Video Market” (2023) for stock content; Proficient Market Insights’ “Global 3D Models Industry Research Report 2023” for 3D content; Grand View Research for for data; PwC’s “Top 5 Developments Driving Growth for Video Games” for game development; Deloitte’s “TMT 2023 Predictions” for virtual production; eMarketer for US Native Ad Spending

Plan in Place to Capitalize on Data, Distribution & Services TAM Opportunity

Data



Build a scalable and expanded GTM channel that leverages cloud partners (wholesale → retail)

Enhance the value of our data

Invest in business development resources

How Shutterstock Wins

Distribution



Monetize Giphy's audience reach via advertising and premium API offerings

Opportunity Sizing

Services



Leverage Shutterstock's 3D assets and generative 3D capabilities

Leverage Shutterstock's global talent network

Today

10

Anchor Customers

\$10 million

Annual Revenue per Customer

Growth Path

150+

Customers

\$1 million

Annual Revenue per Customer

Growth Path

10 billion+

Viewable Impressions

\$5-\$10

CPM

\$100's of millions

Total Revenue Opportunity

Today

150+

Customers

\$100,000

Annual Revenue per Customer

Growth Path

300+

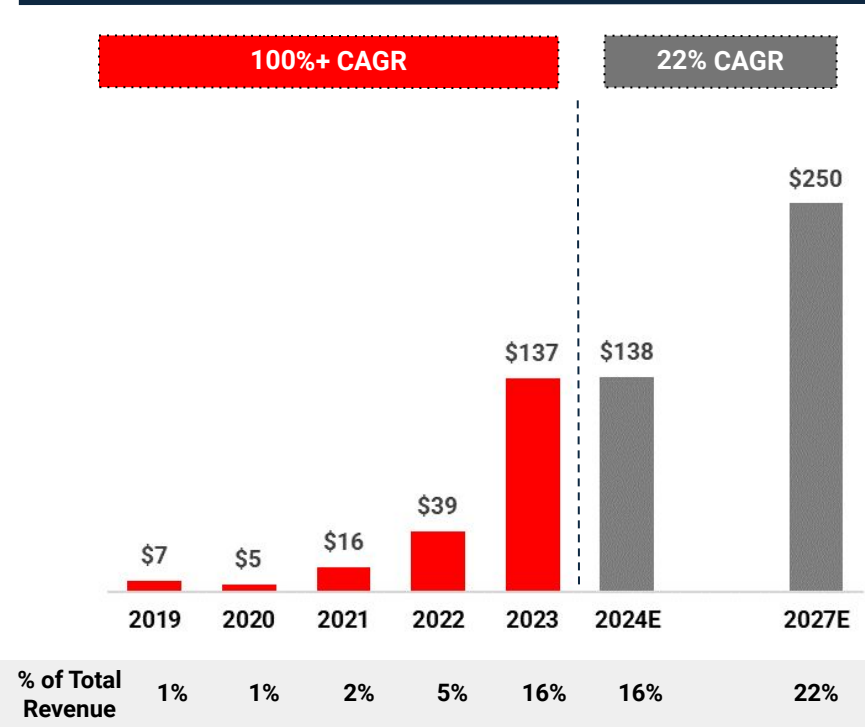
Customers

\$200,000

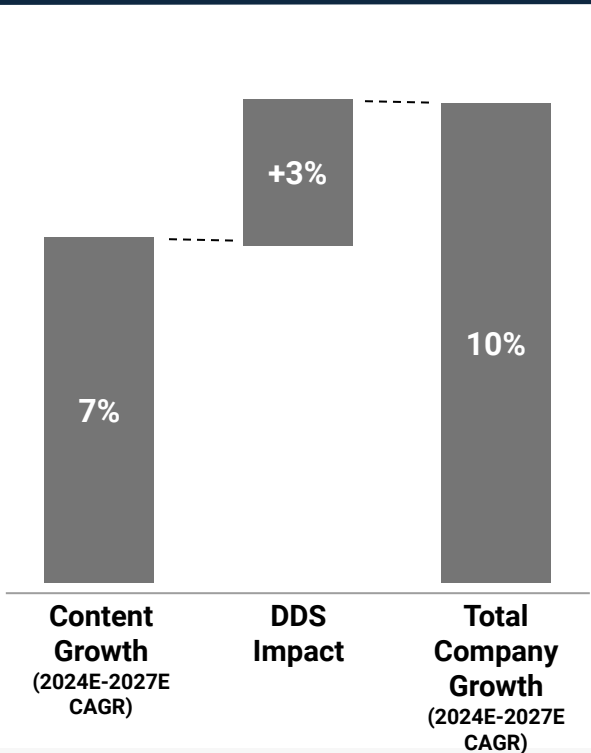
Annual Revenue per Customer

Data, Distribution & Services Expected to Drive Double Digit Revenue Growth

Revenue from Data, Distribution & Services



Data, Distribution & Services' Impact on Total Company Revenue Growth



Exceptional Profitability with Further Potential to Expand Margins

Executive
Summary

Content

Data,
Distribution
& Services

2027

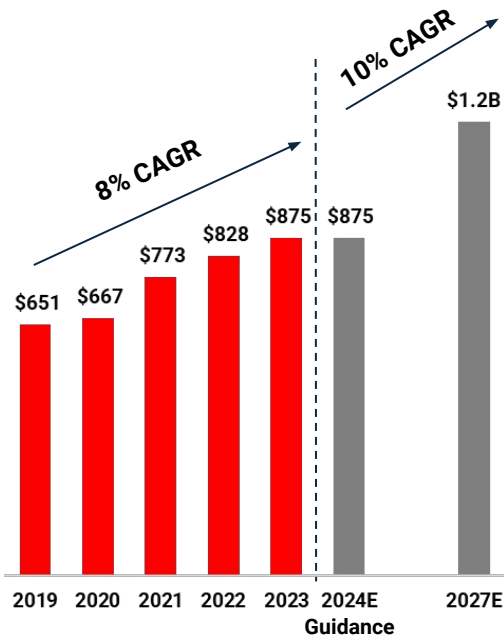
	2019	2023	Improvement (2019-2023)	2027E Target	Key Drivers
Gross Margin	63.5%	68.8%	▲ 530 bps	+1-2% improvement	✓ Mix shift towards Data & Distribution
Product Development % of Revenue	8.1%	6.7%	▲ 140 bps	+1-2% improvement	✓ Infrastructure optimization ✓ Platform consolidation
Sales & Marketing % of Revenue	27.6%	23.1%	▲ 450 bps		✓ Shift towards organic channels ✓ Increased focus on customer retention and upsell
General & Administrative % of Revenue	13.0%	11.5%	▲ 150 bps		✓ Process automation ✓ Migration of certain functions to lower cost locales
Adjusted EBITDA Margin	14.8%	27.5%	▲ 1,270 bps	Approx 30%	✓ Business mix ✓ Operating leverage
Free Cash Flow Margin	11.3%	15.8%	▲ 450 bps	Approx 18%	✓ Favorable working capital ✓ Modest capex

NOTE: Percentages for Gross Margin, Product Development, Sales & Marketing, and General & Administrative have been calculated using the reported balances adjusted for amounts used to reconcile Net Income to Adjusted EBITDA

Shutterstock 2027: Targeting Double Digit Growth in Revenue and Adjusted EBITDA

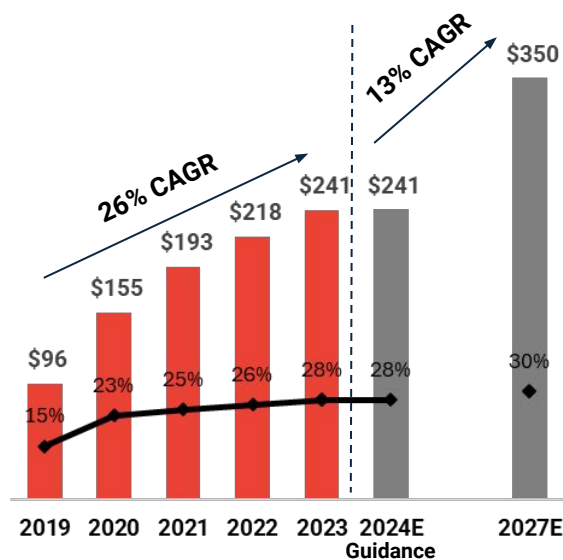
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Extending TAM opportunity by >10x

30% Adjusted EBITDA margins with strong FCF conversion

Track record of disciplined M&A

Appendix

The background is a solid light blue color. It features several overlapping circles in various shades of blue and teal. A thin white arc is positioned in the lower-left quadrant, partially overlapping a larger teal circle.

Non-GAAP Financial Measures

To supplement Shutterstock's consolidated financial statements presented in accordance with the accounting principles generally accepted in the United States, or GAAP, Shutterstock's management considers certain financial measures that are not prepared in accordance with GAAP, collectively referred to as non-GAAP financial measures, including adjusted EBITDA, adjusted EBITDA margin, free cash flow, and free cash flow margin.

Shutterstock defines adjusted EBITDA as net income adjusted for depreciation and amortization, non-cash equity-based compensation, bargain purchase gain related to the acquisition of Giphy, Giphy Retention Compensation Expense - non-recurring, foreign currency transaction gains and losses, severance costs associated with strategic workforce optimizations, interest income and expense and income taxes; adjusted EBITDA margin as the ratio of adjusted EBITDA to revenue; free cash flow as cash provided by operating activities, adjusted for capital expenditures, content acquisition, cash received related to Giphy Retention Compensation in connection with the acquisition of Giphy, and payments related to long-term incentives related to acquisitions, and free cash flow margin as the ratio of free cash flow to revenue.

The expense associated with the Giphy Retention Compensation related to (i) the one-time employment inducement bonuses and (ii) the vesting of the cash value of unvested Meta equity awards held by the employees prior to closing, which are reflected in operating expenses (together, the "Giphy Retention Compensation Expense - non-recurring"), are required payments in accordance with the terms of the acquisition. Meta's sale of Giphy was directed by the CMA and accordingly, the terms of the acquisition were subject to CMA preapproval. Management considers the operating expense associated with these required payments to be unusual and non-recurring in nature. The Giphy Retention Compensation Expense - non-recurring is not considered an ongoing expense necessary to operate the Company's business. Therefore, such expenses have been included in the below adjustments for calculating adjusted EBITDA, and adjusted EBITDA margin, and free cash flow.

These figures have not been calculated in accordance with GAAP and should be considered only in addition to results prepared in accordance with GAAP and should not be considered as a substitute for, or superior to, GAAP results. Shutterstock cautions investors that non-GAAP financial measures are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similarly-titled measures presented by other companies.

Shutterstock's management believes that adjusted EBITDA, adjusted EBITDA margin, free cash flow, and free cash flow margin are useful to investors because these measures enable investors to analyze Shutterstock's operating results on the same basis as that used by management. Additionally, management believes that adjusted EBITDA, adjusted EBITDA margin, and free cash flow provide useful information to investors about the performance of the Company's overall business because such measures eliminate the effects of unusual or other infrequent charges that are not directly attributable to Shutterstock's underlying operating performance. Management also believes that providing these non-GAAP financial measures enhances the comparability for investors in assessing Shutterstock's financial reporting. Shutterstock's management believes that free cash flow is useful for investors because it provides them with an important perspective on the cash available for strategic measures, after making necessary capital investments in internal-use software and website development costs to support the Company's ongoing business operations and provides them with the same measures that management uses as the basis for making resource allocation decisions.

Non-GAAP Financial Measures

Shutterstock's management also uses the non-GAAP financial measures adjusted EBITDA, adjusted EBITDA margin, free cash flow, and free cash flow margin in conjunction with GAAP financial measures, as an integral part of managing the business and to, among other things: (i) monitor and evaluate the performance of Shutterstock's business operations, financial performance and overall liquidity; (ii) facilitate management's internal comparisons of the historical operating performance of its business operations; (iii) facilitate management's external comparisons of the results of its overall business to the historical operating performance of other companies that may have different capital structures and debt levels; (iv) review and assess the operating performance of Shutterstock's management team and, together with other operational objectives, as a measure in evaluating employee compensation and bonuses; (v) analyze and evaluate financial and strategic planning decisions regarding future operating investments; and (vi) plan for and prepare future annual operating budgets and determine appropriate levels of operating investments.

Reconciliations of the differences between adjusted EBITDA, adjusted EBITDA margin, free cash flow, and free cash flow margin and the most comparable financial measures calculated and presented in accordance with GAAP, are presented under the headings "Reconciliation of Non-GAAP Financial Information to GAAP" immediately following the presentation.

We do not provide a reconciliation of adjusted EBITDA guidance to net income guidance because we are unable to calculate with reasonable certainty the impact of potential future transactions, including, but not limited to, capital structure transactions, restructuring, acquisitions, divestitures or other events and asset impairments, without unreasonable effort. These amounts depend on various factors and could have a material impact on net income, but may be excluded from adjusted EBITDA. In addition, we believe such reconciliations would imply a degree of precision that would be confusing or misleading to investors. For the same reasons, the Company is unable to address the probable significance of the unavailable information.

Reconciliation of Non-GAAP Financial Information to GAAP

(in thousands)

We define adjusted EBITDA as net income adjusted for depreciation and amortization, write-off of property and equipment, gain on sale of webdam, non-cash equity-based compensation, impairment of lease and related assets, foreign currency transaction gains and losses, severance costs associated with strategic workforce optimizations, interest income and expense and income taxes. We define adjusted EBITDA margin as the ratio of adjusted EBITDA to revenue.

	2019	2020	2021	2022	2023
Net income	\$ 20,108	\$ 71,766	\$ 91,883	\$ 76,103	\$110,269
Add / (less) Non-GAAP adjustments:					
Depreciation and amortization	49,915	41,359	48,771	68,470	79,729
Non-cash equity-based compensation	22,815	28,309	36,179	35,740	48,577
Bargain purchase gain	—	—	—	—	(50,261)
Giphy Retention Compensation Expense - non-recurring	—	—	—	—	31,577
Impairment of lease and related assets	—	—	—	18,664	—
Other adjustments, net	(1,332)	(4,257)	3,370	4,163	8,647
Provision for income taxes	4,808	17,757	12,199	14,934	12,199
Adjusted EBITDA	\$ 96,314	\$154,934	\$192,402	\$218,074	\$240,737
Adjusted EBITDA margin	14.8 %	23.2 %	25.0 %	26.3 %	27.5 %

Reconciliation of Non-GAAP Financial Information to GAAP

(in thousands)

We define free cash flow as cash provided by operating activities, adjusted for capital expenditures, content acquisition, cash received related to Giphy Retention Compensation in connection with the acquisition of Giphy, and payments related to long-term incentives related to acquisitions. We define Free Cash Flow Margin as the ratio of Free Cash Flow to revenue.

	2019	2020	2021	2022	2023
Net cash provided by operating activities	\$102,646	\$165,072	\$216,372	\$158,451	\$140,552
Capital expenditures	(26,081)	(25,630)	(28,125)	(43,296)	(44,645)
Content acquisitions	(3,344)	(2,970)	(8,874)	(16,821)	(11,096)
Cash received related to Giphy Retention Compensation	—	—	—	—	53,657
Payments related to long-term incentives related to acquisitions	—	7,759	—	—	—
Free Cash Flow	\$73,221	\$144,231	\$179,373	\$98,334	\$138,468
Free Cash Flow Margin	11.3%	21.6%	23.2%	11.9%	15.8%

