

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

FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2024
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 Number: 001-35669

Shutterstock, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

80-0812659
(I.R.S. Employer
Identification No.)

350 Fifth Avenue, 20th Floor
New York, NY 10118
(Address of principal executive offices, including zip code)
646 710-3417
Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	SSTK	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 (§232.405 of this chapter) 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

As of June 30, 2024, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of its voting and non-voting common stock held by non-affiliates was \$942,202,027, based on the last reported sale price of the registrant's common stock on that date.

On February 21, 2025, 34,893,659 shares of the registrant's common stock were outstanding.

Form 10-K
For the Fiscal Year Ended December 31, 2024

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PART I

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, particularly in the discussions under the captions “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” All statements other than statements of historical fact, are forward-looking. Examples of forward-looking statements include, but are not limited to, statements regarding our proposed merger with Getty Images Holdings, Inc. (the “Merger”), guidance, industry prospects, future business, future results of operations or financial condition, future dividends, future stock performance, our ability to consummate other acquisitions and integrate the businesses we have acquired or may acquire into our existing operations, new or planned features, products or services, management strategies and our competitive position. You can identify many forward-looking statements by words such as “may,” “will,” “would,” “should,” “could,” “expects,” “aims,” “anticipates,” “believes,” “estimates,” “intends,” “plans,” “predicts,” “projects,” “seeks,” “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 in the forward-looking statements. Such risks and uncertainties include, among others, those discussed under the caption “Risk Factors” of this Annual Report on Form 10-K, as well as in our consolidated financial statements, related notes, and the other information appearing elsewhere in this report and our other filings with the Securities and Exchange Commission, or the SEC. Given these risks and uncertainties, you should not place undue reliance on any forward-looking statements. The forward-looking statements contained in this Annual Report on Form 10-K are made only as of the date hereof, and we do not intend, and, except as required by law, we undertake no obligation, to update any of our forward-looking statements contained herein after the date of this report to reflect actual results or future events or circumstances.

Unless the context otherwise indicates, references in this Annual Report on Form 10-K to the terms “Shutterstock,” “the Company,” “we,” “our” and “us” refer to Shutterstock, Inc. and its subsidiaries. “Shutterstock,” “Shutterstock Editorial,” “Asset Assurance,” “Offset,” “Bigstock,” “Rex Features,” “PremiumBeat,” “TurboSquid,” “PicMonkey,” “Pattern89,” “Shotzr,” “Pond5,” “Splash News,” “Giphy,” “Shutterstock Studios,” “Shutterstock Editor,” “Shutterstock.AI,” “Creative Flow,” “Backgrid,” “Envato,” “Envato Elements,” “Photodune,” “Tuts+,” “Themeforest,” “Codecanyon,” “Audiojungle,” “Graphicriver,” “Videohive,” “3DOcean,” “Mixkit,” and “Placeit” and their associated logos are registered trademarks and are the property of Shutterstock, Inc. or one of our subsidiaries. All other trademarks, service marks and trade names appearing in this Annual Report on Form 10-K are the property of their respective owners.

Item 1. Business.**Overview**

Shutterstock, Inc. (referred to herein as the “Company”, “we,” “our,” and “us”) is a leading global creative platform connecting brands and businesses to high quality content.

Our platform brings together users and contributors of content by providing readily-searchable content that our customers pay to license and by compensating contributors as their content is licensed. Contributors upload their content to our web properties in exchange for royalty payments based on customer download activity. Beyond content, customers also leverage our platform to assist with the entire creative process from ideation through creative execution.

Digital content licensed to our customers for their creative needs includes images, footage, music, and 3D models (our “Content” offering). Our Content revenues represent the majority of our business and are supported by our searchable creative platform and driven by our large contributor network.

In addition, our customers have needs that are beyond traditional content license products and services. These include (i) licenses to metadata associated with our images, footage, music tracks and 3D models through our data offering, (ii) distribution and advertising services from our Giphy business, which consists of GIFs (graphics interchange format visuals) that serve as a critical ingredient in text- and message- based conversations and in contextual advertising settings, (iii) specialized solutions for high-quality content matched with production tools and services through Shutterstock Studios and (iv) other tailored white-glove services (collectively, our “Data, Distribution, and Services” offerings).

Our Content and Data, Distribution, and Services offering revenues are as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Content	\$ 760,011	\$ 737,264	\$ 789,306
Data, Distribution, and Services	175,251	137,323	38,520
Total Revenue	\$ 935,262	\$ 874,587	\$ 827,826

Merger Agreement with Getty Images

On January 6, 2025, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) to combine in a merger-of-equals transaction with Getty Images Holdings, Inc. (NYSE:GETY) (“Getty Images”) (such transaction referred to herein as the “Merger”). Subject to terms and conditions in the Merger Agreement, the aggregate consideration to be paid by Getty Images in respect of the outstanding shares of common stock of Shutterstock will be:

- An amount in cash equal to the product of \$9.50 multiplied by the number of shares of Shutterstock common stock outstanding immediately prior to the transaction close (including vested Shutterstock restricted stock units and performance stock units); and
- A number of shares of Getty Images common stock equal to the product of 9.17 multiplied by the number of shares of Shutterstock common stock outstanding immediately prior to the transaction close (including vested Shutterstock restricted stock units and performance stock units).

Each holder of Shutterstock common stock immediately prior to the transaction close will have the option to receive, subject to proration, for each share of Shutterstock common stock held by such holder:

- Cash consideration of \$9.50 and 9.17 shares of Getty Images common stock;
- Cash consideration of \$28.8487; or
- 13.67237 shares of Getty Images common stock.

The closing of the Merger is subject to the satisfaction of closing conditions, including receipt of required regulatory approvals, the approval of Getty Images and Shutterstock stockholders and the extension or refinancing of Getty Images’ existing debt obligations. Subject to the satisfaction of the closing conditions, upon closing of the Merger, Shutterstock’s common stock will be delisted from the NYSE and deregistered under the Securities Exchange Act of 1934, as amended.

Our Content Offering

Our Content offering includes licenses for:

- Images - consisting of photographs, vectors and illustrations. Images are typically used in visual communications, such as websites, digital and print marketing materials, corporate communications, books, publications and other similar uses.
- Footage - consisting of video clips, premium footage filmed by industry experts and cinema grade video effects, available in HD and 4K formats. Footage is often integrated into websites, social media, marketing campaigns and cinematic productions.
- Music - consisting of high-quality music tracks and sound effects, which are often used to complement images and footage.
- 3 Dimensional (“3D”) Models - consisting of 3D models available in a variety of formats, used in a variety of industries such as advertising, media and video production, gaming, retail, education, design and architecture.
- Generative AI Content - consisting of images generated from algorithms trained with high-quality, ethically sourced content. Customers can generate images by entering a description of their desired content into model prompts.

Our Content is distributed to customers under the following brands: Shutterstock; Envato; Pond5; TurboSquid; PicMonkey; PremiumBeat; Splash News; Backgrid; Bigstock; and Offset. Shutterstock, our flagship brand, includes various content types such as image, footage, music and editorial.

Envato, which was acquired by the Company on July 22, 2024, also offers a variety of digital assets and templates. Pond5 is a video-first content marketplace which expands the Company’s content offerings across footage, image and music. TurboSquid operates a marketplace that offers more than one million 3D models and a 2 dimensional (“2D”) marketplace derived from 3D objects. PicMonkey is a leading online graphic design and image editing platform. PremiumBeat offers exclusive high-quality music tracks and provides producers, filmmakers and marketers the ability to search handpicked production music from the world’s leading composers. Splash News and Backgrid, which was acquired on February 1, 2024, provide editorial image and video content across celebrity and red carpet events. Bigstock maintains a separate content library tailored for creators seeking to incorporate cost-effective imagery into their projects. Our Offset brand provides authentic and exceptional content for high-impact use cases that require extraordinary images, featuring work from top assignment photographers and illustrators from around the world.

For customers seeking specialized solutions, Shutterstock Studios extends our offerings by providing custom, high-quality content matched with production tools and services at scale, leveraging assets from all brands or creating new assets as required.

Our Data, Distribution, and Services Offering

Our Data, Distribution, and Services offering addresses customer demand for products and services that are beyond our Content licenses. These products and services include, among other things, the use of our metadata, leveraging our Giphy, Inc. platform, and customized Shutterstock Studios offerings.

We have seen increased demand for access to our metadata for machine learning and generative artificial intelligence model training. We offer ethically sourced and licenseable metadata at industry leading scales and quality. Our metadata customer base ranges from large technology and media companies to smaller start-up organizations.

In 2023, we acquired Giphy, Inc. (“Giphy”). Giphy is a content platform that allows users to personalize casual conversations with GIFs, and generates billions of monthly impressions through over 14,000 API partners. We believe customers in all industries will look to use Giphy in marketing campaigns as another advertising outlet.

Our Data, Distribution, and Services offering also includes high-quality production and custom content at scale provided by Shutterstock Studios (“Studios”). Studios is a cost-effective solution for brands and agencies looking to meet their content needs and create fresh dynamic digital assets. Customers can bring an idea, and our Studios team will provide a 360-degree content creation solution. We offer a whole spectrum of services at pre-production, production, live production and post-production stages.

2024 Acquisitions

Backgrid USA, Inc. and Backgrid London LTD

On February 1, 2024, the Company completed its acquisition of all of the outstanding shares of Backgrid USA, Inc. and Backgrid London LTD, (collectively, “Backgrid”), for approximately \$20 million, subject to customary working capital adjustments. The total purchase price was paid with existing cash on hand. Backgrid supplies media organizations with real-time celebrity content. The Company believes this acquisition expands Shutterstock Editorial’s Newsroom offering of editorial images and footage across celebrity, red carpet and live-events.

Envato Pty Ltd.

On July 22, 2024, the Company completed its acquisition of Envato Pty Ltd. (“Envato”) pursuant to a Share Purchase Agreement (the “Purchase Agreement”) entered into on May 1, 2024, to acquire all of the issued and outstanding capital stock of Envato. The aggregate consideration paid by the Company, after customary working capital and other adjustments in accordance with the terms of the Purchase Agreement, was approximately \$250 million.

The addition of Envato has:

- Complemented Shutterstock’s existing offering with Envato Elements, a leading unlimited multi-asset subscription offering,
- Expanded Shutterstock’s reach within faster growing audiences such as freelancers, hobbyists, small businesses and agencies,
- Increased Shutterstock’s Content revenue from video, audio, graphics, fonts and templates, and
- Further diversified Shutterstock into new content types including code & web themes, product mock-ups, fonts and templates (e.g. Slides, PowerPoint, Keynote, WordPress, video, designs for social posts, gaming, podcasts and print-on-demand).

Our Marketplace

We believe that we benefit from scale and network effects between customers and contributors. We have managed to build a world class library of images, footage clips, music and 3D models, sourced from our vast network of contributors. Our extensive content library and contributor network enables us to attract a global and diverse customer base representing businesses of all sizes and from all major industries. Our robust content and rich database continue to attract more customers and draw more contributors, which enhances our network effects and global reach. We believe the success of this network effect is facilitated by the trust that users place in Shutterstock to maintain the quality and integrity of our branded marketplace, and our commitment to seamless integration into users’ creative workflows.

We believe that our licensing model and creative platform drive a high volume of download activity that in turn provides a high volume of search, download and other customer behavioral data that enables us to continuously improve the quality and accuracy of our proprietary search algorithms, including keyword, search localization and similar image identification, and encourages the creation and contribution of new content to meet our customers’ needs. We enable users to search and discover content to meet their unique needs by searching our collection and previewing our content alongside its propensity to perform and global utilization, at no cost prior to licensing. We also leverage, to the greatest extent possible, the global nature of our user interfaces and marketing efforts, including local languages, currencies and payment methods, as well as our effective use of current and emerging technology to attract and retain customers and contributors. We typically offer a royalty-free, non-exclusive license, and the processes we maintain to properly license content and the indemnification protections we provide allow individuals and businesses of all sizes, including media agencies, publishers, production companies and creative service providers, to confidently utilize such content for their unique commercial or editorial needs.

Our online platform provides a freely searchable collection of content that our users can license, download and incorporate into their work. We strive to offer simple, transparent purchase options designed to cater to customers' specific needs. We believe the ability to search for, select, license, download and customize content on our creative flow platform offers our users a streamlined workflow, convenience and speed, and enables us to achieve greater economies of scale. We also have contractual arrangements with third-party resellers and affiliates to license content to customers in markets where we may not have a significant sales and marketing presence. Certain third-party resellers and affiliates sell our products directly to end-users and remit amounts to us based on the type of product sold.

An important driver to grow Content revenue is customer acquisition, which we achieve primarily through marketing efforts and directly through our sales force. Marketing includes search engine optimization, paid search, online display advertising, trade shows, email marketing, direct mail, affiliate marketing, public relations, social media and partnerships. Over the past several years, our investments in marketing have represented a significant percentage of revenue. This spend considers, among other things, the blended average customer value across our various purchase options so we can manage customer acquisition costs and aim to achieve targeted returns.

We believe that another important driver of Content revenue growth is the quality of the user experience we provide on our websites, especially the efficiency and speed with which our search interfaces and algorithms help customers find and download the content that they need, the degree to which our websites have been localized for our global user base, the degree to which we make use of the large quantity of data we collect about image, footage and music and search patterns, and the security of user information on our platform. To this end, we have invested in product development and cloud-based hosting infrastructure, and we intend to continue to invest in these areas, to the extent that we can improve the customer experience and increase the efficiency with which we deploy new products and features.

Our Customers

We serve a diverse array of customers across a variety of industries, organizational sizes and geographies. For the year ended December 31, 2024, over 4.0 million customers in more than 150 countries licensed revenue-generating content, with approximately 51%, 26% and 23% of revenue coming from customers in North America, Europe and the rest of the world, respectively. Our top 25 customers in the aggregate accounted for less than 20% of our revenue in 2024. Our customers are typically classified among three categories, as follows:

- *Corporate Professionals and Organizations.* Marketing and communications professionals incorporate licensed content in the work they produce for their organizational or clients' business communications. Whether providing graphic design, web design, interactive design, advertising, public relations, communications or marketing materials, these professional users and teams support organizations of various sizes including the largest global agencies, large not-for-profit organizations and Fortune 500 companies. These customers may also utilize our content library, through our data offering, to train their AI models.
- *Media and Broadcast Companies.* Media organizations and professionals incorporate licensed content into their work, which includes digital publications, newspapers, books, magazines, television and film, as well as to market their products effectively. Our media and broadcast users range from independent bloggers to multi-national publishing, broadcast and production organizations.
- *Small and Medium-Sized Businesses and Individual Creators.* Organizations of all sizes utilize creative content for a wide range of internal- and external-use communications such as websites, print and digital advertisements, merchandise, brochures, employee communications, newsletters, social media, email marketing campaigns and other presentations. These organizations and users vary in size and type of organization and include casual creatives ranging from sole proprietors to social media influencers.

Customers generally engage with us through the following sales channels:

- *Digital:* The majority of our customers access and/or license content directly through our self-service digital properties. Customers have the flexibility to purchase a subscription-based plan that is paid on either a monthly or annual basis, or to license content on a transactional basis via these properties. Customers who engage and buy exclusively via self-serve digital properties generally license content under our standard or enhanced licenses, with additional licensing options available to meet customers' individual needs. Customers are also able to access content they have purchased through a live interaction or as part of a large global business license option via our self-serve digital properties.

- *Live Sales, Services and Client Management:* We also have a base of customers with unique content, licensing, workflow and service needs. These customers benefit from communication with our dedicated sales and service teams, which provide a number of tailored enhancements to their creative workflows including non-standard licensing rights, multi-seat access, ability to pay on credit terms, multi-brand licensing packages, increased indemnification protection and content licensed for use-cases outside of those available via self-serve environments. Access to additional solutions are also made available through our sales and client management teams. Some of these additional solutions include: (i) Shutterstock Editorial, which includes our library of editorial images and videos; (ii) Shutterstock Studios, our offering which provides custom, high-quality content matched with production tools and services at scale; (iii) our data offering which provides metadata associated with our content collection, used to train AI models; and (iv) distribution and advertising revenue generated from our Giphy assets.

As the use cases for our creative solutions expand, we believe our customers are seeking alternative means to consume our offerings. As a result, we have seen demand for our monthly subscription products. These monthly subscriptions provide for a fixed number of content licenses that may be used to download content during the period. Our subscription-based pricing model makes the creative process easier because customers can download content in our collection for use in their creative process without incremental costs, which provides greater creative freedom and helps improve work product. In addition, customers may also purchase licenses through other contractual plans where the customer commits to buy a predetermined quantity of content licenses that may be downloaded over a period of time, generally between one month to one year. For users who need less content, individual content licenses may also be purchased on a transactional basis, paid for at the time of download.

Content Contributors and Content Review Process

Our collection of content is provided by a community of contributors from around the world and is vetted through our proprietary technology and by a specialized team of reviewers to ensure that it meets our standards of quality and licensability. Whether photographers, videographers, illustrators, designers or musicians, our community of contributors ranges from part-time enthusiasts to full-time professionals. The content contributed by our five highest-earning contributors was together responsible for less than 3% of downloads in 2024, demonstrating the depth and diversity of our contributor population.

The breadth and quality of our content offerings are critical to our success, and we have created an easy-to-use online and mobile account creation process, where we enable contributors to create an account, become verified, submit content, and once approved for submission, upload content onto our platform for licensing. Our contributor website operates in 29 languages and contributors can register and upload content directly through our website or within our mobile application.

We use proprietary AI driven technology along with a trained team of reviewers to complete a comprehensive evaluation of all content submissions. Our content review process is highly efficient, and our content review team generally evaluates and processes images and footage to make them available for license on our sites, while working to continually improve our process to reduce review time.

Contributors are required to add a descriptive title and up to 50 keywords to each image and footage submission. We guide our contributors to provide terms that not only describe literally the objects in the image or clip, but also what is conveyed conceptually and thematically. We provide technical keywording assistance to contributors through our suggested keyword tools, which include a tool that leverages our proprietary AI driven technology to automatically suggest keywords based on visually similar images. We have compiled a vast amount of data relating to the content in our collection, including keywords and aggregated customer behavioral data, which combined with our proprietary AI driven and artificial intelligence technology, drives discovery of content through our search algorithms and search engine optimization (SEO), therefore empowering customers to discover the content best suited for their needs.

We evaluate submissions based on certain technical and legal criteria to ensure we maintain the quality and integrity of our content marketplace, including whether applicable releases have been obtained, whether third-party intellectual property is excluded, and seeking to minimize other technical concerns such as excess noise or focus issues. Contributors are notified within the contributor portal when a content submission is not approved during the review process. This notification includes an explanation of why the image was not selected for publication. We believe that this feedback is valuable to contributors and enhances the quality of future content submissions as well as our customers' experience.

Content accepted into our collection is added to our web properties where it is available for search, selection, license and download. Content accepted is also made available for delivery to our data offering partners for machine learning purposes. Contributors of content typically earn a royalty each time their work is licensed. Contributors earn royalties based on a tiered earnings rate schedule that is tied to annual licensing volume. The earnings tier of the contributor at the time of licensing, as well as the purchase option under which the content was licensed, are used to calculate the royalty earnings for each licensing

event. Contributors may choose to remove their content from our collection, subject to the terms of service that govern our contributor relationships.

We provide valuable tools and insights to our contributors. Our contributors can monitor download activity by content type and geography. We also provide insights into trends we see with seasonal and current customer search behaviors to help our contributors plan future content submissions accordingly.

In addition to content sourced through direct submission to our e-commerce platform, we also obtain all types of content through exclusive distribution agreements with strategic partners or through the direct acquisition of content, content libraries or archives. In certain cases, we enter into arrangements with contributors or strategic partners whereby we guarantee a minimum royalty, in exchange for exclusive rights to distribute content when we believe such exclusivity provides us with a distinct competitive advantage. We also license content from our wholly-owned library. We continuously enhance our collection through the direct acquisition of content and by entering into other strategic agreements and partnerships and we continue to seek opportunities for direct acquisition and strategic partnerships to enhance our collection and provide customers with relevant and high-quality content.

Technology and Infrastructure

Our technology is critical to our business and we have developed proprietary technology to power our products and services. We believe that delivering intuitive, fast and effective user experiences, supported by scalable technology platforms, is critical to our success. We employ technology to support both our public-facing web properties and our back-office systems. In developing, improving and enhancing these sites and systems, we focus our internal development efforts on creating and enhancing specialized proprietary software that is unique to our business and we leverage commercially available and open source technologies for our more generalized needs.

Our customer-facing software enables users to search the millions of images, vectors, illustrations, footage, music tracks and 3D models available in our collection or request custom branded content and then select, organize, pay for, license and download the content that suits their individual needs. Our search platform evolves automatically based on our own 1st party behavioral data, with each search and download that a user performs on our platform providing our search engine with additional information to improve search results in subsequent queries.

We consider the data that we have collected and the search technology that it powers to be an important proprietary asset and competitive advantage that allows us to provide exceptional service to our customers and enable our business. We continuously invest in the localization of our creative platform across many countries and regions, allowing customers to search and make purchases in a variety of languages and currencies. We also maintain an API driven infrastructure, enabling integration of our content platform with various other software tools and services, which enables businesses, and their customers, to gain access to our content without leaving their platform.

We also develop and continuously invest in contributor-facing web properties, which operate in 29 languages and enable individuals and creative professionals to become contributors, upload and tag content, receive feedback on their submissions from our review team, see reports on earnings and payouts, and participate in online discussion forums with other contributors, among other activities. We have also developed proprietary tools to enable our contributors to improve their success on our web properties, including our keyword trends tool that allows contributors to see what terms customers are searching for and how those search terms are trending over time, which, in turn, allows contributors to anticipate demand and generate content that customers may want to license. Our contributor-facing web properties are powered by proprietary technology which supports a content review system that allows our review team to efficiently and effectively review content submissions. Our combination of proprietary technology and large-scale datasets allows us to deliver value to our users and enhances their experience on our platform, which drives growth on our marketplace.

We use a combination of internally-developed software and third-party applications that enable customer and contributor support, intellectual property rights and license tracking, centralized invoicing and sales order processing, customer database management, language translation and global contributor payouts, in addition to supporting the compliance, finance and accounting functions. We continually improve upon these internal tools to enable business growth and drive efficiency.

Our systems infrastructure is hosted primarily by third-party cloud hosting providers that we believe offer scalable, reliable and secure global infrastructure. We also continue to invest in our infrastructure to improve the resiliency of our sites and systems. By using cloud services providers, we believe we are able to dedicate an increasing proportion of our technology resources to scaling our business, better serving our rapidly growing collection of content and meeting global customer demand. We believe continued use of third-party cloud hosting, along with improvements to our platform, allow us to further diversify our product offerings, reach new customers and contributors around the world and enable our developers to rapidly deploy new products, features and functionality.

We have expanded our use of content delivery network solutions to help enable our customers around the world to have sustained and reliable high-speed access to our platform. As we continue to grow our business, our technological needs continue to expand and therefore, we plan to continually invest in our technology to enhance existing products and services and develop new products and services. We view our investments in technology as integral to our long-term success and we intend to continue to investigate, develop and make capital investments in technology and operational systems that support our current business and new areas of potential business expansion.

Marketing

An important driver of our growth is customer acquisition, which we achieve primarily through online and offline marketing efforts and directly through our sales force. Marketing includes search engine optimization, paid search, online display advertising, trade shows, email marketing, direct mail, affiliate marketing, public relations, social media and partnerships. Over the past several years, our investments in marketing have represented a significant percentage of revenue. This spend considers, among other things, the blended average customer value across our various purchase options so we can manage customer acquisition costs and aim to achieve targeted returns.

We also use customer relationship management (CRM) marketing to grow the lifetime value of our existing customers. Our marketing activities aim to raise awareness of our brands and attract paying customers to our websites and our direct sales organization by promoting the key value propositions of our offerings: diverse and high-quality content, intuitive and efficient interfaces and economical content options.

As our marketing efforts attract additional paying customers and generate more revenue for us, our contributors are also able to receive increased earnings from us. Increasing contributor earnings helps attract more content submissions, which in turn helps Shutterstock convert and retain even more paying customers. We believe the high degree of satisfaction that customers have with our product drives word-of-mouth recommendations, which helps our marketing efforts attract an even broader and more diverse audience than we reach directly. Therefore, we believe our marketing efforts have a self-reinforcing network effect, which powers the growth and success of our marketplace.

Customer Support

In addition to outbound sales and marketing activities, our customer service teams assist users worldwide via email, chat and phone in over 20 languages and 150 countries. We have customer service teams in a variety of locations including Singapore, Berlin and New York.

Product Rights and Intellectual Property

Product Rights and Indemnification

All of the content that we make available to customers on our websites is offered under perpetual, royalty-free licenses, with the exception of certain custom, editorial, music, and other content with specific licensing requirements. Royalty-free means that once a customer has licensed content from us, that customer may use the associated content in accordance with the license terms in perpetuity without having to pay any ongoing royalties to us. Typically, content from our library is licensed on a non-exclusive basis, meaning that multiple customers can license the same image, footage clip or music track under the applicable Shutterstock license agreement. Custom content is one-of-a-kind branded content and is licensed on an exclusive basis to our customers to fulfill their specific use-cases. We do not typically require that contributors of content to our library provide their content to us on an exclusive basis, with the exception of custom content and certain editorial, music and other content to which we have exclusive distribution rights. However, once a contributor's content is licensed through our platform, such content is perpetually subject to the customer's license even if the contributor removes the image from our marketplace, except in periodic circumstances where content is removed due to concerns about third-party intellectual property rights.

Under our various license agreements, we expressly represent and warrant that unaltered content downloaded and used in compliance with our license agreements and applicable law will not infringe any copyright, trademark or other intellectual property right, violate any third-party's rights of privacy or publicity, violate any U.S. law, be defamatory or libelous, or be pornographic or obscene. Provided that a customer has not breached the license agreement or any other agreement with us, we will defend, indemnify, and hold a customer harmless from direct damages attributable to breaches of the express representations and warranties provided in our license agreements. From time to time, we agree to customize our license agreements with non-standard indemnification terms. Regardless of customization, indemnification only applies to claims for damages attributable to our breach of the express representations and warranties provided in our license agreement and is generally conditioned on our timely receipt of an indemnification claim and our right to assume the defense of such claim. Our license agreements generally cap our indemnification obligations at amounts ranging from \$10,000 to \$250,000, with exceptions for certain products for which our indemnification obligations may be uncapped. We maintain commercially

reasonable insurance intended to protect against the costs of intellectual property litigation and our indemnification obligations under our license agreements.

Intellectual Property

We protect our intellectual property through a combination of patent, trademark, copyright and domain name registrations, as well as trade secret protections.

We own a portfolio of trademarks, including “Shutterstock,” “Shutterstock Editorial,” “Asset Assurance,” “Offset,” “Bigstock,” “Rex Features,” “PremiumBeat,” “TurboSquid,” “PicMonkey,” “Pattern89,” “Shotzr,” “Pond5,” “Splash News,” “Giphy,” “Shutterstock Studios,” “Shutterstock Editor,” “Shutterstock.AI,” “Creative Flow,” “Backgrid,” “Envato,” “Envato Elements,” “Photodune,” “Tuts+,” “Themeforest,” “Codecanyon,” “Audiojungle,” “Graphicriver,” “Videohive,” “3DOcean,” “Mixkit,” and “Placeit” and their associated logos. We will pursue additional trademark registrations to the extent that we create any additional material and registrable trademarks or logos. We are the registered owner of a variety of the shutterstock.com, bigstock.com, offset.com, premiumbeat.com, rexfeatures.com, turbosquid.com, picmonkey.com, pond5.com, splashnews.com, backgrid.com, envato.com, placeit.net, tutsplus.com, themeforest.net, codecanyon.net, videohive.net, audiojungle.net, graphicriver.net, photodune.net, 3docean.net, and mixkit.co. internet domain names and various other related domain names. We have successfully recovered infringing domain names in the past and intend to continue to enforce our rights in the future. We also own copyrights, including certain content on our web properties, publications and designs, as well as patents, including with respect to our display systems and search capabilities. These intellectual property rights are important to our business and marketing efforts. The duration of the protection afforded to our intellectual property depends on the type of property in question, the laws and regulations of the relevant jurisdiction and the terms of our license agreements with others. With respect to our trademarks, trade names and patents, laws and rights are generally territorial in scope and limited to those countries where a mark has been registered or protected. While trademark registrations may generally be maintained in effect for as long as the mark is in use in the respective jurisdictions, there may be occasions where a mark or title is not registrable or protectable or cannot be used in a particular country. In addition, a trademark registration may be canceled or invalidated if challenged by others based on certain use requirements or other limited grounds. We believe the duration of our patents is adequate, relative to the expected lives of our products.

We protect our intellectual property rights by relying on federal, state, and common law rights, including registration, in the United States and applicable foreign jurisdictions, as well as contractual restrictions. We enforce and protect our intellectual property rights through litigation from time to time, and by controlling access to our intellectual property and proprietary technology, in part, by entering into confidentiality and proprietary rights agreements with our employees, consultants, contractors, and vendors. In this way, we have historically chosen to protect our software and other technological intellectual property as trade secrets. We further control the use of our proprietary technology and intellectual property through provisions in our websites’ terms of use and license agreements.

Government Regulation

We are subject to a number of U.S. federal and state and foreign laws and regulations that affect companies conducting business on the internet as well as companies that provide access to content. Many of these laws and regulations are still evolving and are being tested in courts, and the manner in which existing laws and regulations will be applied to the internet and online content in general, and how the foregoing will relate to our business in particular, is still unclear in many cases. These laws and regulations may involve privacy, data management and protection (including with respect to personal information), cybersecurity, content regulation, intellectual property ownership and infringement, defamation, publicity rights, advertising, marketing, employment, taxation, e-commerce, subscription-based billing, quality of products and services, internet neutrality, antitrust, outsourcing, securities law compliance, and online payment services. Additionally, because we operate internationally, we need to comply with various laws associated with doing business outside of the United States, including data privacy and security, anti-money laundering, sanctions, anti-corruption and export control laws. A number of U.S. federal and state and foreign laws that could have an impact on our business practices and e-commerce generally have already been adopted, including, for example:

- The Digital Millennium Copyright Act (the “DMCA”), which regulates digital material and created updated copyright laws to address the unique challenges of regulating the use of digital content.
- The Directive on Copyright in the Digital Single Market, which governs a marketplace for copyright in the European Union.
- The Digital Services Act, which governs the operation of online services in the European Union.
- The Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 and similar laws adopted by a number of states, which regulate the format, functionality and distribution of commercial solicitation e-mails, create criminal penalties for unmarked sexually-oriented material, and control other online marketing practices.

- The Children’s Online Privacy Protection Act and the Prosecutorial Remedies and Other Tools to End Exploitation of Children Today Act of 2003, which regulate the collection or use of information, and restrict the distribution of certain materials, as related to certain protected age groups. In addition, the Protection of Children From Sexual Predators Act of 1998 provides for reporting and other obligations by online service providers in the area of child pornography.
- The Federal Trade Commission Act and numerous state “mini-FTC” acts, which bar “deceptive” and “unfair” trade practices, including in the contexts of online advertising and representations made in privacy policies and other online representations.
- The European Union General Data Protection Regulation (“GDPR”), which governs how we can collect and process the personal data of, primarily, European Union residents.
- The California Consumer Privacy Act of 2018 (“CCPA”), which governs how we can collect and process the personal data of California residents.

In particular, we are subject to U.S. federal and state, and foreign laws regarding privacy and data protection as well as foreign, federal and state regulation. Foreign data protection, privacy, content regulation, consumer protection, and other laws and regulations can be more restrictive than those in the United States and often have extraterritorial application, and the interpretation and application of these laws are continuously evolving, still uncertain and remain in flux. For example, the GDPR, which took effect on May 25, 2018, includes more stringent operational requirements for entities using, processing, and transferring personal information and significant penalties for non-compliance. Several other foreign jurisdictions, such as Brazil and India, have adopted, are considering adopting, or have updated comprehensive privacy legislation to offer additional data privacy protections for individuals. In the U.S., data protection legislation is also becoming increasingly common at both the federal and state level. There are a number of legislative proposals pending before the U.S. Congress and various state legislative bodies concerning privacy, security, content regulation, data protection and other consumer issues that could affect us. For example, the State of California has enacted the CCPA, which became effective in January 2020 and was extended by the California Privacy Rights Act (“CPRA”) effective January 2023. The CCPA and CPRA, among other things, requires companies that collect personal information about California residents to make disclosures to those residents about data collection, use and sharing practices, allows residents, amongst other rights, to opt out of certain data sharing with third parties and provides a private right of action for data breaches. Sixteen other states have passed comprehensive data privacy laws, which are in effect today or taking effect by 2026.

In addition, from a taxation perspective, there are applicable and potential government regulatory matters that may impact us. In particular, certain provisions of the Tax Cuts and Jobs Act of 2017 (the “TCJA”) have had and will continue to have a significant impact on our financial position and results of operations. The TCJA continues to be subject to further regulatory interpretation and technical corrections by the U.S. Treasury Department and the I.R.S. and therefore, the full impact of the TCJA on our tax provision may continue to evolve. Further, we continue to remain subject to uncertainty related to foreign jurisdictions’ potential reactions to the TCJA, as well as evolving regulatory views and legislation regarding taxation of e-commerce businesses such as the Organization for Economic Cooperation and Development (“OECD”) Base Erosion and Profit Shifting (“BEPS”) proposals, specifically the adoption of Pillar Two (relating to the Global Anti-Base Erosion Model Rules) and BEPS Action II (relating to hybrid mismatch arrangements) and its ancillary impacts to other areas of TCJA related laws and regulations as well as any other country specific digital tax initiatives. As these and other tax laws and related regulations continue to evolve, our financial results could prospectively be materially impacted.

The application, interpretation, and enforcement of these U.S. and foreign laws and regulations are often uncertain, particularly in the rapidly evolving industry in which we operate, and may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices. Any existing or new legislation applicable to our operations could expose us to substantial liability, including significant expenses necessary to comply with such laws and regulations, to respond to regulatory inquiries or investigations, and to defend individual or class litigation. These events could dampen growth in the use of the internet in general, and cause Shutterstock to divert significant resources and funds to addressing these issues, and possibly require us to change our business practices.

Competition

We seek to be an integral component of the creative process for our customers based on a number of factors including the quality, relevance and breadth of content; ability to source new content; accessibility of content; distribution capabilities; ease and speed of search and fulfillment; content pricing models and practices; content licensing options and the degree to which users are protected from legal risk; brand recognition and reputation; the effective use of current and emerging technology; the global nature of our interfaces and marketing efforts, including the degree of localization; and customer service. We also compete for contributors on the basis of several similar factors including ease and speed of the upload and content review process; the volume of customers who license their submitted content; contributor commission models and practices; the degree to which contributors are protected from legal risk; brand recognition and reputation; the effective use of technology; the global nature of our interfaces; and customer service.

The industry in which we operate is extremely competitive and rapidly evolving, with low barriers to entry. Some of our currently and potentially significant competitors include:

- other online platforms that feature marketplaces for stock content such as Getty Images and its iStockphoto offering, AdobeStock, Freepik and Storyblocks;
- specialized visual content companies that are established in local, content or product-specific market segments, such as Visual China Group;
- providers of commercially licensable music such as Universal Music Publishing Group, Sony/ATV Music Publishing and Warner/Chappell Music;
- websites focused on providing creative workflow tools such as Adobe, Canva, Picsart and Bending Spoons;
- websites focused on image search and discovery such as Google Images;
- providers of free images, photography, music, footage and related tools;
- social networking and social media services, including GIF platforms such as Alphabet's Tenor; and
- commissioned photographers and photography agencies.

In addition, we compete with the alternative of creating one's own content or choosing not to consume licensed content due to price considerations or because the user is not aware of how to access licensed content.

Human Capital

The Company and its consolidated subsidiaries have 1,715 full-time employees as of December 31, 2024, as compared to 1,274 as of December 31, 2023. Approximately 57% of our global workforce is located in North America and 23% are located in Europe with the remainder located in the rest of the world. None of our employees in the United States are covered by collective bargaining arrangements. In several foreign jurisdictions, including Italy, Canada, France and Brazil, our employees may be subject to national collective bargaining agreements that set minimum salaries, benefits, working conditions and / or termination requirements. We consider our employee relations to be satisfactory. Competition for qualified personnel in our industry is intense, particularly for software engineers, computer scientists and other technical staff.

Our people are critical to our success. We have implemented certain strategies with respect to our employees, to provide a safe, rewarding and respectful workplace. We adhere to our Code of Business Conduct and Ethics, which sets forth a commitment to our stakeholders, including our employees, to operate with integrity and mutual respect. We also incorporate safety principles into every aspect of our business. We have well-developed health and safety programs, which are reinforced through policies, education and engagement of our employees.

We strive to create an outstanding employee experience by creating a culture aligned with our principles by providing our employees access to the programs and initiatives that promote their career growth and development, recognize and reward their performance and support their overall well-being. Our Total Rewards program focuses on developing and implementing policies and programs that support our business goals, maintain competitiveness, promote shared fiscal responsibility among the Company and our employees, strategically align talent within our organization and reward performance, while also managing the costs of such policies and programs. Through our Total Rewards program, we provide our employees with competitive fixed and/or variable pay, and for eligible employees we currently provide access to medical, dental and life insurance benefits, disability coverage, a 401(k) plan, equity-based compensation and employee assistance programs, among other benefits. We encourage employee engagement through regular employee events, productive communication, our global recognition program and by creating a culture of belonging.

Seasonality

Our operating results may fluctuate from quarter to quarter as a result of a variety of factors. Expenditures on content by customers tend to be discretionary in nature, reflecting overall economic conditions, the economic prospects of specific industries, budgeting constraints, buying patterns and a variety of other factors, many of which are outside our control. As a result of these and other factors, the results of any prior quarterly or annual periods should not be relied upon as indicators of our future operating performance.

Additionally, our Data, Distribution, and Services results will fluctuate from quarter to quarter based on the timing of delivery of large metadata sets in our Data business.

Corporate and Available Information

We launched our platform in 2003, and on October 5, 2012, we reorganized as Shutterstock, Inc., a Delaware corporation, from Shutterstock Images LLC, a New York limited liability company. We completed our initial public offering, in October 2012, and completed a follow-on offering in September 2013. Our common stock is listed on the New York Stock Exchange under the symbol “SSTK”.

Our corporate headquarters and principal executive offices are located at 350 Fifth Avenue, 20th Floor, New York, NY 10118, and our telephone number is (646) 710-3417. We maintain a website at investor.shutterstock.com, where our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports are available without charge, as soon as reasonably practicable following the time they are electronically filed with or furnished to the SEC. The information on or accessible through our websites is not incorporated by reference into this Annual Report on Form 10-K. In addition, the SEC maintains a website, www.sec.gov, that includes filings of and information about issuers that file electronically with the SEC.

Item 1A. Risk Factors.

You should carefully consider the risks and uncertainties described below, together with the financial and other information contained in this Annual Report on Form 10-K. Our business may also be adversely affected by risks and uncertainties not presently known to us or that we currently believe to be immaterial. If any of the following risks, such other risks or the risks described elsewhere in this Annual Report on Form 10-K, including in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, actually occur, our business, financial condition, operating results, cash flow and prospects could be materially adversely affected. This could cause the trading price of our common stock to decline.

Risk Factors Summary

Risks Related to the Proposed Merger with Getty Images (the “Merger”)

- Our inability to complete the Merger, or to complete the Merger in a timely manner, including as a result of the failure to obtain required regulatory approvals or the failure to satisfy the other conditions to the consummation of the Merger could negatively affect our business, financial condition and results of operations.
- Failure to complete the Merger could trigger the payment of a termination fee, and, whether or not the Merger is consummated, we have incurred and will continue to incur significant costs, fees and expenses relating to professional services and transaction fees.
- Uncertainties associated with the Merger may cause us to lose key customers or suppliers and make it more difficult to retain and hire key personnel, and the Merger may disrupt our current plans and operations or divert management’s attention from our ongoing business.
- We will be subject to business uncertainties and contractual restrictions while the Merger is pending.
- The proposed Merger and the integration of both companies may be more difficult, costly or time-consuming than expected, and we may fail to realize the anticipated benefits of the Merger.
- The market price of the combined company’s common stock following the anticipated closing of the Merger may be affected by factors different from those that historically have affected or currently affect our common stock.
- We may be unable to retain personnel successfully while the Merger is pending or after the Merger is completed.
- We may become subject to lawsuits relating to the Merger, which could adversely affect our business, financial condition and operating results.

Risks Related to Industry Dynamics and Competition

- The success of our business depends on our ability to continue to attract and retain customers of, and contributors to, our creative platform. If customers reduce or cease their spending with us, or if content contributors reduce or end their participation on our platform, our business will be harmed.
- The industry in which we operate is highly competitive with low barriers to entry and if we do not compete effectively, our operating results could suffer.
- Our marketing efforts to acquire new, and retain existing customers may not be effective or cost-efficient, and may be affected by external factors beyond our control.
- If we cannot continue to innovate technologically or develop, market and offer new products and services, or enhance existing technology and products and services to meet customer requirements, our ability to grow our revenue could be impaired.
- Unless we increase market awareness of our brand and our existing and new products and services, our revenue may not continue to grow.
- In order to continue to attract large corporate customers, we may encounter greater pricing pressure, and increased service, indemnification and working capital requirements, each of which could increase our costs and harm our business and operating results.
- Expansion of our operations into new products, services and technologies, including content categories, is inherently risky and may subject us to additional business, legal, financial and competitive risks.
- The impact of worldwide economic, political and social conditions, including effects on advertising and marketing budgets, may adversely affect our business and operating results.
- Issues relating to the use of new and evolving technologies, such as AI, in our offerings could adversely affect our business and operating results.

Risks Related to Operating our Business

- We may not continue to grow our revenues at historical rates.
- If we do not effectively manage changes to, and retain our sales force, we may be unable to add new customers or increase sales to our existing customers, and our revenue growth and business could be adversely affected.

- We have continued to grow in recent periods and if we fail to effectively manage our growth, our business and operating results may suffer.
- If we do not successfully make, integrate and maintain acquisitions and investments, our business could be adversely impacted.
- We rely on highly skilled personnel and if we are unable to retain and motivate key personnel, attract qualified personnel, integrate new members of our management team or maintain our corporate culture, we may not be able to grow effectively.
- We may be exposed to risks related to our use of independent contractors.
- The non-payment or late payments of amounts due to us from certain customers may negatively impact our financial condition.
- We are subject to payment-related risks that may result in higher operating costs or the inability to process payments, either of which could harm our financial condition and results of operations.
- If our goodwill or intangible assets become impaired, we may be required to record a significant charge to earnings.
- We may need to raise additional capital in the future and may be unable to do so on acceptable terms or at all.
- We have incurred debt which could have a negative impact on our financing options and liquidity position, which could in turn adversely affect our business.

Risks Related to our Intellectual Property and Security Vulnerabilities

- We rely on information technologies and systems to operate our business and maintain our competitiveness, and any failures in our technology infrastructure could harm our reputation and brand and adversely affect our business.
- Technological interruptions that impair access to our web properties or the efficiency of our marketplace could harm our reputation and brand and adversely affect our business and results of operations.
- We face risks resulting from the content in our collection such as unforeseen costs related to infringement claims, potential liability arising from indemnification claims, changes to intellectual property content regulations and laws and the inability to prevent or monitor misuse.
- Assertions by third parties of infringement of intellectual property rights related to our technology could result in significant costs and substantially harm our business and operating results.
- We collect, store, process, transmit and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy, information security and data protection in many jurisdictions. Any cybersecurity incidents or our actual or perceived failure to comply with such legal obligations by us, or by our third-party service providers or partners, could harm our business.
- Cybersecurity incidents and improper access to or disclosure of data or confidential information we maintain, or hacking or phishing attacks on our systems, could expose us to liability, protracted and costly litigation, business interruption, and damage our reputation.
- Failure to protect our intellectual property could substantially harm our business and operating results.
- Much of the software and technologies used to provide our services incorporate, or have been developed with, “open source” software, which may restrict how we use or distribute our services or require that we publicly release certain portions of our source code.
- Catastrophic events or other interruptions or failures of our information technology systems could hurt our ability to effectively provide our products and services, which could harm our reputation and brand and adversely affect our business and operating results.

Risks Related to our International Operations

- Our international operations and our continued expansion internationally expose us to many risks.
- We are subject to foreign exchange risk.

Risks Related to Regulatory and Tax Challenges

- Government regulation of the internet, both in the United States and abroad, is evolving and unfavorable changes could have a negative impact on our business.
- Action by governments to restrict access to, or operation of, our services or the content we distribute in their countries could substantially harm our reputation, business and financial results.
- Income tax laws or regulations could be enacted or changed and existing income tax laws or regulations could be applied to us in a manner that could increase the costs of our products and services, which could harm our financial condition and results of operations.
- We may be exposed to greater than anticipated withholding, sales, use, value added and other non-income tax liabilities, including as a result of future changes in laws or regulations, which could harm our financial condition and results of operations.

Risks Related to Ownership of Our Common Stock

- Our operating results may fluctuate, which could cause our results to fall short of expectations and our stock price to decline.
- Our stock price has been and will likely continue to be volatile.
- Because the exchange ratio in the Merger Agreement is fixed and because the market price of Shutterstock and Getty Images' common stock will fluctuate prior to the completion of the Merger, our stockholders cannot be sure of the market value of the Getty Images common stock they will receive as consideration in the Merger.
- Our stockholders will have a reduced ownership and voting interest in Getty Images following the Merger as compared to their ownership and voting interest in us and will exercise less influence over management.
- Jonathan Oringer, our founder and Executive Chairman of the Board, owns and controls approximately 31% of our outstanding shares of common stock, and his ownership percentage may increase, including as a result of any share repurchases pursuant to our share repurchase program. This concentration of ownership may have an effect on matters requiring the approval of our stockholders, including elections to our board of directors.
- Purchases of shares of our common stock pursuant to our share repurchase program may affect the value of our common stock and diminish our cash reserves, and there can be no assurance that our share repurchase program will enhance stockholder value.
- If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.
- Future sales of our common stock in the public market could cause our share price to decline.
- Anti-takeover provisions in our charter documents and Delaware law could discourage, delay or prevent a change in control of our Company and may affect the trading price of our common stock.
- There can be no assurance that we will declare dividends in the future.
- We have incurred and expect to continue to incur increased costs and our management will continue to face increased demands as a result of continuously improving our operations as a public company.
- If we fail to maintain an effective system of internal control over financial reporting, we may not be able to report our financial results accurately or in a timely fashion, and we may not be able to prevent fraud; in such case, our stockholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our stock.

Risks Related to the Proposed Merger with Getty Images (the "Merger")

Our inability to complete the Merger, or to complete the Merger in a timely manner, including as a result of the failure to obtain required regulatory approvals or the failure to satisfy the other conditions to the consummation of the Merger, could negatively affect our business, financial condition and results of operations.

The Merger is subject to various closing conditions, such as receipt of required regulatory approval and the approval of Shutterstock's stockholders, among other customary closing conditions. It is possible that the regulators may prohibit, enjoin or refuse to grant approval for the consummation of the Merger. If any condition to the closing of the Merger is not satisfied or, if permissible, not waived, the Merger will not be completed. In addition, satisfying the conditions to the closing of the Merger may take longer than we expect. There can be no assurance that the remaining conditions to closing will be satisfied or waived or that other events will not intervene to delay or result in the failure to consummate the Merger.

If the Merger is not completed for any reason, our stockholders would not receive any payment for their shares in connection with the Merger, and we would remain an independent public company, with our shares continuing to be traded on the New York Stock Exchange. If the Merger is not completed or is delayed for any reason, there may be adverse consequences, and we may experience negative reactions from investors, the financial markets, our customers, our vendors and/or our employees. For example, depending on the circumstances that would have caused the Merger not to be completed, the price of our common stock may decline materially. If that were to occur, it is uncertain when, if ever, our common stock would return to the price levels at which the shares currently trade.

Failure to complete the Merger could trigger the payment of a termination fee, and, whether or not the Merger is consummated, we have incurred and will continue to incur significant costs, fees and expenses relating to professional services and transaction fees.

Under the Merger Agreement, we may be required to pay a termination fee if the Merger Agreement is terminated under specified circumstances. There can be no assurance that the Merger Agreement will not be terminated under the circumstances triggering these termination fee obligations. Furthermore, whether or not the Merger is consummated, we have incurred, and will continue to incur, significant costs, fees and expenses relating to professional services and transaction fees in connection

with the proposed Merger. Payment of these costs, fees and expenses could adversely affect our business, financial condition and results of operations.

Uncertainties associated with the Merger may cause us to lose key customers or suppliers and make it more difficult to retain and hire key personnel, and the Merger may disrupt our current plans and operations or divert management's attention from our ongoing business.

As a result of the uncertainty surrounding the conduct of our business while the Merger is pending, our relationships with customers, suppliers and other parties may be adversely affected. Due to uncertainty about our future while the Merger is pending, we may lose customers or suppliers, or customers, suppliers and other parties may alter their business relationships with us.

In addition, our employees, including key personnel, may be uncertain about their future roles and relationships with us following the completion of the Merger, which may adversely affect our ability to retain and motivate them or to hire new employees. Moreover, while the Merger is pending, the potential disruption of plans or diversion of management's attention from our ongoing business operations could adversely affect our business, financial condition and results of operations.

We will be subject to business uncertainties and contractual restrictions while the Merger is pending.

The Merger Agreement subjects us to restrictions on our business activities prior to the closing of the Merger. For example, the Merger Agreement obligates us to generally conduct our business in the ordinary course until the closing and to use our reasonable best efforts to (i) preserve intact our current business organizations, (ii) preserve our assets and properties in good repair and condition and (iii) keep available the services of our current officers and other key employees and preserve our relationships with those having business dealings with us. These restrictions could prevent us from pursuing certain business opportunities that arise prior to the closing and are outside the ordinary course of business.

The proposed Merger and the integration of both companies may be more difficult, costly or time-consuming than expected, and we may fail to realize the anticipated benefits of the Merger.

The success of the Merger will depend in part on our ability to realize anticipated revenue and cost synergies and on our ability to successfully integrate the businesses. If we are not able to successfully achieve these objectives, the anticipated benefits of the Merger may not be realized fully, or at all, or may take longer to realize than expected. In addition, our ability to achieve the goals for the proposed Merger may be affected by future prospects, execution of business strategies, and our ability to manage the various factors discussed within this Annual Report on Form 10-K, including within the forward-looking statements. The actual benefits of the proposed Merger also could be less than anticipated if, for example, completion of the Merger and/or integration of the businesses are more difficult, costly or time-consuming than we expect.

The market price of the combined company's common stock following the anticipated closing of the Merger may be affected by factors different from those that historically have affected or currently affect our common stock.

Upon completion of the Merger, the combined company's financial position may differ from our financial positions before the completion of the Merger, and the results of operations of the combined company may be affected by factors that are different from those currently affecting our results of operations. Accordingly, the market price and performance of the combined company's common stock is likely to be different from the performance of our common stock prior to the closing of the Merger.

We may be unable to retain personnel successfully while the Merger is pending or after the Merger is completed.

The success of the Merger will depend in part on our ability to retain key employees while the Merger is pending or after the Merger is consummated. If we are unable to retain key employees, including management, who are critical to the successful completion, integration and future operation of the combined company, we could face disruption in our operations, loss of key information, expertise or know-how, or unanticipated recruiting costs, which may impact our ability to achieve our goals related to the transaction.

We may become subject to lawsuits relating to the Merger, which could adversely affect our business, financial condition and operating results.

We and/or our respective directors and officers may become subject to lawsuits relating to the Merger. Such litigation is very common in connection with acquisitions of public companies, regardless of the merits of the underlying acquisition. While

we will evaluate and defend against any actions vigorously, the costs of the defense of such lawsuits and other effects of such litigation could have an adverse effect on our business, financial condition and operating results.

Risks Related to Industry Dynamics and Competition

The success of our business depends on our ability to continue to attract and retain customers of, and contributors to, our creative platform. If customers reduce or cease their spending with us, or if content contributors reduce or end their participation on our platform, our business will be harmed.

The continued use of our creative platform by customers and contributors is critical to our success. Our future performance largely depends on our ability to attract new, and retain existing, paying customers and contributors. We do not know whether we will be able to achieve user growth rates in the future similar to our previous results. The majority of our revenue is derived from customers who have purchased from us in the past, but customers have several options to find content. If we lose existing customers, or new customers are not as active as our existing customers, our financial performance and growth could be harmed.

Our ability to attract new customers and contributors, and to incentivize our customers to continue purchasing our products and our contributors to add new content to our platform depends on several factors, including:

- the scope of content available for licensing;
- the effectiveness of our marketing efforts;
- the features and functionality of our platform;
- competitive pricing of our products;
- our current products and services and ability to expand our offerings;
- our customers' and contributors' experience in using our platform; and
- the quality and accuracy of our search algorithms.

Further, our growth strategy relies on network effects: we rely in part on a growing audience of paying users to attract more content from contributors, thereby increasing our content selection and in turn attracting additional paying customers. For example, our global strategy relies on enabling easier global access in order to attract new contributions of local content, in turn attracting more paying customers who have preferences for local content. Any decrease in the attractiveness of our platform relative to other options available to our customers and contributors could lead to decreased engagement on our platform and unfavorably impact the network effects of our platform, which could result in loss of revenue.

If we are unable to grow our customer and contributor base, or retain our existing contributors and paying customers, or are unable to attract paying customers in a cost-effective manner, our financial performance, operating results and business may be adversely affected.

The industry in which we operate is highly competitive with low barriers to entry and if we do not compete effectively, our operating results could suffer.

The industry in which we operate is intensely competitive and rapidly evolving, with low barriers to entry. We compete with a wide and diverse array of companies, from significant media companies to newly emerging generative artificial intelligence ("AI") technologies to individual content creators. Our current and potential domestic and international competitors range from large established companies to emerging start-ups across different industries, including online marketplace and traditional stock content suppliers of current and archival creative and editorial imagery, photography, footage, and music; specialized visual content companies in specific geographic segments; providers of commercially licensable music; websites specializing in image search, recognition, discovery and consumption; websites that host and store images, art and other related products; providers of free images, photography, music, footage and related tools (including offerings by our partners); social networking and social media services; and commissioned photographers and photography agencies.

We believe that the principal competitive factors in the content industry include: quality, relevance and breadth of content; the ability to source new content; content licensing options and the degree to which users are protected from legal risk; the effective use of current and emerging technology; accessibility of content, distribution capability, and speed and ease of search and fulfillment; brand recognition and reputation; customer service; availability of additional platform features, such as workplace tools and ability to engage with additional platform features; the global nature of a company's interfaces and marketing efforts, including local content, languages, currencies, and payment methods; and newly emerging generative AI technologies. If our competitors use their experience and resources to provide an offering that is more attractive to customers

across these categories, or if our competitors innovate and provide products faster than we can, we may be unable to compete effectively and our business will be harmed.

Many of our competitors have or may obtain significantly greater financial, marketing or other resources or greater brand awareness than we have. Some of these competitors may be able to respond more quickly to new or expanding technology and devote more resources to product development, marketing or content acquisition than we can. This could lead to more variability in operating results and could have a material adverse effect on our business, operating results, and financial condition.

While we believe that there are obstacles to creating a meaningful network effect between customers and contributors, the barriers to creating a platform that allows for the licensing of content or provides workflow tools are low. If competitors offer higher royalties or more favorable royalty earning potential, easier submission workflows, or less rigorous vetting processes or incentivize contributors to distribute their content on an exclusive basis, contributors may choose to stop distributing new content with us or remove their existing content from our collection. Further, as technology advances or other market dynamics make creating, sourcing, archiving, indexing, reviewing, searching or delivering content easier or more affordable, our existing and potential competitors may also seek to develop new products, technologies or capabilities that could render many of the products, services and content types that we offer obsolete or less competitive. For any of these reasons, we may not be able to compete successfully against our current and future competitors.

In addition, demand for our products and services is sensitive to price. Many external factors, including our technology and personnel costs and our competitors' pricing and marketing strategies, could significantly impact our pricing strategies and we could fail to meet our customers' pricing expectations. Increased competition and pricing pressures may result in reduced sales, lower margins, losses or the failure of our product and services to maintain and grow their current market share, any of which could harm our business.

Our marketing efforts to acquire new, and retain existing customers may not be effective or cost-efficient, and may be affected by external factors beyond our control.

Maintaining and promoting awareness of our platform and services is important to our ability to attract and retain customers. We spend a significant amount on marketing activities to acquire new customers and retain and engage existing customers. For example, in 2024, 2023 and 2022 our marketing expenses were approximately \$91.8 million, \$93.1 million and \$97.2 million, respectively, and we expect our marketing expenses to continue to account for a significant portion of our operating expenses. Our business depends on a high degree of website traffic, which is dependent on many factors, including the availability of appealing website content, user loyalty and new user generation from search engine portals. Our primary marketing efforts currently are search engine marketing ("SEM"), search engine optimization ("SEO"), affiliate marketing and display advertising, as well as social media and email. The marketing efforts we implement may not succeed for a variety of reasons, including our inability to execute and implement our plans. External factors beyond our control may also impact the success of our marketing initiatives.

We obtain a significant number of visits via search engines such as Google, and a critical factor in attracting customers to our websites is how prominently our website is displayed in response to search queries. Search engines frequently update and change the logic that determines the placement and display of results of a user's search, such that the purchased or algorithmic placement of links to our sites can be negatively affected. Moreover, a search engine could, for competitive or other purposes, alter its search algorithms or results, causing our sites to place lower in search query results. A major search engine could change its algorithms in a manner that negatively affects our paid or non-paid search ranking, and competitive dynamics could impact the effectiveness of search engine marketing or search engine optimization. Furthermore, our failure to successfully manage our search engine optimization could result in a substantial decrease in traffic to our web properties, as well as increased costs if we were to replace free traffic with paid traffic.

If our marketing activities prove less successful than anticipated in attracting new customers or retaining existing customers, we may not be able to recover our marketing spend, we may not acquire new customers or our cost to acquire new customers may increase, and our existing customers may reduce the frequency or size of their purchases from us, any of which could have a material adverse effect on our business, prospects, results of operations, financial condition or cash flows.

If we cannot continue to innovate technologically or develop, market and offer new products and services, or enhance existing technology and products and services to meet customer requirements, our ability to grow our revenue could be impaired.

Our growth largely depends on our ability to innovate and add value to our existing creative platform and to provide our customers and contributors with a scalable, high-performing technology infrastructure that can efficiently and reliably handle increased customer and contributor usage globally, as well as the deployment of new features. For example, footage represents significantly more data as compared to a still image, and if the proportion of our business related to footage licensing and our footage library continues to grow, we will need to expand and enhance our technological capabilities to ingest, store and search footage and music tracks in ways that are similar to our management of images. Without improvements to our technology and infrastructure, our operations might suffer from unanticipated system disruptions, slow website or application performance or unreliable service levels, any of which could negatively affect our reputation and ability to attract and retain customers and contributors. We are currently making, and plan to continue making, significant investments to maintain and enhance the technology and infrastructure supporting our customer and contributor facing web properties and software platforms and to evolve our information processes and computer systems to more efficiently run our business and remain competitive. For example, in 2024, 2023 and 2022 our product and development costs (which exclude costs that are capitalized related to internal-use software development projects), were approximately \$88.4 million, \$96.2 million and \$65.4 million, respectively, and may continue to increase in the future as we continue to innovate. We may not achieve the anticipated benefits, significant growth or increased market share from these investments for several years, if at all. If we are unable to manage our investments successfully or in a cost-efficient manner, our business and results of operations may be harmed.

Our growth also depends, in part, on our ability to identify and develop new products and services and enhance existing products and services. The process of developing new products and services and enhancing existing products and services and bringing products or enhancements to market in a timely manner is complex, costly and uncertain and we may not execute successfully on our vision or strategy because of challenges such as product planning and timing, technical hurdles, or a lack of resources. The success of our products depends on several factors, including our ability to:

- anticipate customers' and contributors' changing needs or emerging technological trends;
- timely develop, complete and introduce innovative new products and enhancements;
- differentiate our products from those of our competitors;
- effectively market our products and gain market acceptance;
- price our products competitively; and
- provide timely, effective and accurate support to our customers and contributors.

We may be unable to successfully identify new product opportunities or enhancements, develop and bring new products to market in a timely manner, or achieve market acceptance of our products. There can be no assurance that products and technologies developed by others will not render our products or technologies obsolete or less competitive. If we are unsuccessful in innovating our technology or in identifying new or enhancing our existing product offerings, our ability to compete in the marketplace, to attract and retain customers and contributors and to grow our revenue could be impaired.

Unless we increase market awareness of our brand and our existing and new products and services, our revenue may not continue to grow.

We believe that the brand identity that we have developed has significantly contributed to the success of our products and services and that our ability to attract and retain new customers and contributors depends in large part on our ability to increase our brand awareness. We have and may continue to expend significant resources on advertising, marketing, and other brand-building efforts to preserve and enhance customer and contributor awareness of our brand, products and services. We also have incurred and expect to incur significant costs in developing and marketing new products to obtain user acceptance and we may not be successful in our efforts to increase awareness and market share of these products. Our competitors may be able to achieve and maintain brand awareness and market share more quickly and effectively than we can.

Our brand may be adversely affected by a number of factors, including the effectiveness of our marketing campaigns, disruptions in service due to technology, data privacy and security issues, and exploitation of our trademarks and other intellectual property by others without our permission. Maintaining and enhancing our brand will depend largely on our ability to be a leading platform for high-quality content, tools and services for creative professionals and to continue to provide a user experience that anticipates our customers' needs. Additionally, our marketing campaigns or other efforts to increase our brand awareness may not succeed in bringing new visitors to our platform or converting such visitors to paying customers or contributors and may not be cost-effective. It is possible that, as our industry becomes increasingly competitive, maintaining and enhancing our brand may become increasingly difficult and expensive and our efforts may not be successful.

In order to continue to attract large corporate customers, we may encounter greater pricing pressure, and increased service, indemnification and working capital requirements, each of which could increase our costs and harm our business and operating results.

In order to continue to attract and retain customers, particularly larger corporate customers, we may face greater demands in terms of greater pricing pressure, increased service requirements, greater indemnification requirements and greater working capital to accommodate the larger receivables and collections issues that are likely to occur as a result of being paid on credit terms. If we are unable to adequately address those demands or manage our resources, our ability to grow our business may be harmed, which may adversely affect our results of operations and future growth. If we address those demands in a way that expands our risk of indemnification claims, significantly increases our operating costs, reduces our ability to maintain or increase pricing, or increases our working capital requirements, our business, operating results and financial condition may suffer.

Expansion of our operations into new products, services and technologies, including content categories, is inherently risky and may subject us to additional business, legal, financial and competitive risks.

Historically, our operations have been focused on our marketplace for content. Further expansion of our operations and our marketplace into additional content categories, such as Shutterstock Editorial and AI generated content, or into new products and services, such as Shutterstock Studios, an end-to-end custom creative shop and our Creative Flow Applications Suite, involves numerous risks and challenges, including increased capital requirements, increased marketing spend to gain brand awareness of these new operations, potential new competitors, and the need to develop new contributor and strategic relationships. Growth into additional content, product and service areas may require changes to our existing business model and cost structure and modifications to our infrastructure and may expose us to new regulatory and legal risks, any of which may require expertise in which we have little or no experience. There is no guarantee that we will be able to generate sufficient revenue from sales of such content, products and services to offset the costs of developing, acquiring, managing and monetizing such content, products and services and our business may be adversely affected.

The impact of worldwide economic, political and social conditions, including effects on advertising and marketing budgets, may adversely affect our business and operating results.

Global economic, political and social conditions can affect the business of our customers and the markets they serve, as well as disrupt the business of our vendors, third-party resellers and strategic partners. Numerous external forces beyond our control, including generally weak or uncertain economic conditions, negative or uncertain political climates, changes in government and election results in the United States and other jurisdictions in which we operate and global health epidemics, could adversely affect our financial condition. Particularly, our financial condition is affected by worldwide economic conditions and their impact on advertising spending. Expenditures by advertisers generally tend to reflect overall economic conditions, and to the extent that the economy stagnates as a result of macro conditions, companies may reduce their spending on advertising and marketing, and thus the use of our platform. This could have a serious adverse impact on our business. To the extent that overall economic conditions reduce spending on advertising and marketing activities, our ability to retain current and obtain new customers could be hindered, which could reduce our revenue and negatively impact our business. In addition, if we are unable to successfully anticipate changing economic, political and social conditions, we may be unable to effectively plan for and respond to those changes and our business could be negatively affected.

Further, economic, political and social macro developments in the United States, Europe, and Asia could negatively affect our ability to conduct business in those territories. Financial difficulties experienced by our customers, third-party resellers, vendors and strategic partners due to economic volatility or unfavorable changes could result in these companies scaling back operations, exiting businesses, merging with other businesses or filing for bankruptcy protection and potentially ceasing operations, all of which could adversely affect our business, financial condition and results of operations.

Issues relating to the use of new and evolving technologies, such as AI, in our offerings could adversely affect our business and operating results.

Issues relating to the use of new and evolving technologies such as AI in our offerings may result in brand or reputational harm, competitive harm, legal liability, or new or enhanced governmental or regulatory scrutiny, and may cause us to incur additional costs to resolve such issues. We are increasingly building AI into many of our offerings. As with many innovations, AI presents risks and challenges that could affect its adoption, and therefore our business. For example, developing, testing and deploying third-party AI systems may increase the cost profile of our product offerings due to the nature of the computing costs involved in such systems, which could impact our margins and adversely affect our business and operating results. Our business may be disrupted if any of the third-party AI services we use become unavailable due to extended outages or interruptions or because they are no longer available on commercially reasonable terms or prices. Further, market demand and acceptance of AI technologies are uncertain, and we may be unsuccessful in our product development efforts. If we enable or offer solutions that draw controversy due to their perceived or actual impact on society, we may experience brand or reputational harm, competitive harm or legal liability. Potential litigation or government regulation related to AI may also increase the burden and cost of

research and development in this area, subjecting us to brand or reputational harm, competitive harm or legal liability. Failure to address perceived or actual technical, legal, compliance, privacy, security, ethical or other issues relating to the use of AI by us or others in our industry could undermine public confidence in AI, which could slow our customers' adoption of our products and services that use AI.

Risks Related to Operating our Business

We may not continue to grow our revenues at historical rates.

The future profitability of our business depends in part on our continued ability to grow our revenues. In future periods, our revenue could grow more slowly than in recent periods or further decline for many reasons, including any increase in competition, reduction in demand for our products, inability to introduce new products or enhance our existing product offerings, pricing pressures, contraction of our overall market or our failure to capitalize on growth opportunities. A significant decrease in our historical rate of growth may adversely impact our results of operations and financial condition. If our growth rate declines further, investors' perceptions of our business may be adversely affected, and the trading price of our common stock could decline.

If we do not effectively manage changes to, and retain our sales force, we may be unable to add new customers or increase sales to our existing customers, and our revenue growth and business could be adversely affected.

Our Content and Data, Distribution, and Services enterprise customers have unique content, licensing and workflow needs, and we have a dedicated sales, service and research team to provide a number of enhancements to those customers' creative workflows, including non-standard licensing rights, multi-seat access, multi-brand licensing packages and content licensed for use-cases outside of those available for license on our e-commerce platform.

We have been substantially dependent on our sales force to effectively obtain new customers and to drive additional use cases and adoption among our existing customers. We believe that there is significant competition for sales personnel with the skills and knowledge that our business requires. The ability to achieve significant revenue growth with our business will depend, in large part, on the success in recruiting, training and retaining sufficient numbers of qualified sales personnel to support its growth. New hires require significant training and may take a significant amount of time before they achieve full productivity. Further, as we develop and evolve our sales and go-to-market strategies, additional training for new hires and our existing team may be required for our sales force to successfully execute on those strategies. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to retain sufficient numbers of qualified individuals until the Merger is consummated to run our business effectively.

If we have not structured our sales organization or compensation for our sales organization properly, if we fail to make changes in a timely fashion, if we are unable to hire and train a sufficient number of effective sales leadership and personnel, if our sales personnel are not successful in obtaining new customers or increasing sales to our existing customer base, or if we do not effectively manage changes in our sales force and sales strategy, our business and results of operations could be adversely affected.

We have continued to grow in recent periods and if we fail to effectively manage our growth, our business and operating results may suffer.

In the last several years, we have continued to experience revenue growth and may continue to experience such growth in the future. For example, our revenues increased from \$827.8 million in 2022 to \$874.6 million in 2023 and to \$935.3 million in 2024. Our continued growth has placed significant demands on our management and our administrative, operational and financial infrastructure, and our success will depend in part on our ability to manage this growth efficiently. Specifically, as our operations have grown in size, scope and complexity, we have made and expect to continue to make significant expenditures and allocate valuable management resources to improve and upgrade our technology, customer service, sales and marketing infrastructure and product offerings, including new product offerings, and to continue developing or acquiring new and relevant content and product offerings. Growth may also strain our ability to maintain reliable operation of our platform, enhance our operational, financial and management controls and reporting systems and recruit, train and retain highly skilled personnel. If we fail to effectively allocate our limited resources within our organization as it grows and do not successfully implement improved technology and infrastructure, our business, operating results and financial condition may suffer.

Further, as we have a limited history of operations at our current scale and under our current strategy, our ability to forecast our future operating results and plan for and model future growth is more limited than that of companies with longer operating histories and is subject to a number of uncertainties. In addition, we have encountered and expect to continue to encounter risks and uncertainties frequently experienced by growing companies in rapidly changing markets. If our assumptions regarding these risks and uncertainties are incorrect or change, or if we do not execute on our strategy and manage these risks and uncertainties successfully, our operating results could differ materially from our expectations and those of securities analysts and investors, our business could suffer and the trading price of our common stock could decline.

If we do not successfully make, integrate and maintain acquisitions and investments, our business could be adversely impacted.

We have acquired, invested in and entered into strategic relationships with companies, and in the event the Merger Agreement is terminated, we may acquire, invest in or enter into strategic relationships with additional companies to complement our existing business and the breadth of our offerings. These transactions are inherently risky and expose us to risks which include:

- disruption of our ongoing business, including diverting management's attention from existing businesses and operations;
- risks inherent in launching or acquiring new products or extending our existing platform, particularly in market segments or geographies where we have limited or no experience;
- difficulties integrating acquired technology and assets, including content collections, into our systems and offerings;
- risks associated with any acquired liabilities;
- difficulties integrating personnel;
- information security vulnerabilities;
- difficulties integrating accounting, financial reporting, management, infrastructure and information security, human resources and other administrative and operational systems;
- potential impairment resulting from the recording of goodwill and intangible assets that are subject to impairment testing;
- the potential damage to employee, customer, contributor and other supplier relationships;
- additional exposure to economic, political and social risks related to geographies where we have limited or no experience; and
- other unknown liabilities.

Depending upon any future acquisition opportunities available, we may need to raise additional funds through the capital markets or arrange for additional debt financing to consummate such acquisitions. We may be unable to raise the capital required for future acquisitions on satisfactory terms or at all, which could adversely affect our business, financial condition and results of operations. Future acquisitions or investments could also result in potential dilutive issuances of equity securities, use of significant cash balances or the incurrence of debt, any of which could adversely affect our stock price, financial condition and results of operations. Further, our acquisitions or investments could result in significant impairments related to goodwill and amortization expenses related to other intangible assets and exposure to undisclosed or potential liabilities of the acquired companies. To the extent that the goodwill arising from the acquisitions carried on the financial statements does not pass a goodwill impairment test, excess goodwill will be impaired and will reduce future earnings.

Additionally, companies with which we have strategic relationships, including those we have invested in, may not be successful, may have interests that are different from ours which may result in conflicting views as to the conduct of ongoing business or may pivot or shift their business model. In the event that these companies do not succeed in their operating plans or shift their priorities, or we have a disagreement as to the management or conduct of the business and/or relationship, which we cannot resolve, we may lose the value of any investment in these companies and be forced to record impairment charges.

We cannot make assurances that our investments will be successful. If we fail to effectively integrate the companies we acquire, invest in or enter into strategic relationships with, we may not realize the benefits expected from the transaction and our business may be harmed.

We rely on highly skilled personnel and if we are unable to retain and motivate key personnel, attract qualified personnel, integrate new members of our management team or maintain our corporate culture, we may not be able to grow effectively.

We are highly dependent on the continued service and performance of our senior management team as well as key personnel. We believe that the successful performance of our senior management team and key personnel is critical to managing our operations and supporting our growth. Further, many of our technologies and systems are custom-made for our business by our personnel. The loss of any key engineering, product development, marketing or sales personnel and our inability to implement a succession plan or find suitable replacements for any of these individuals could disrupt our operations and have an adverse effect on our business.

Our continued and future success is also dependent, in part, on our ability to identify, attract, retain and motivate highly skilled technical, managerial, product development, marketing, content operations and customer service personnel and to

preserve the key aspects of our corporate culture. Competition for qualified personnel is intense in our industry and we may be unsuccessful in offering competitive compensation packages to attract and retain personnel. Further, we believe that a critical contributor to our success and to our recruiting efforts has been our corporate culture, which we believe fosters innovation, creativity, and teamwork. As we continue to pursue growth and expansion of our operations globally, we may not be able to maintain our corporate culture, which could impact our ability to attract and retain personnel. Among other factors, we are limited in our ability to recruit internationally by restrictive domestic immigration laws. Changes to immigration policies in the U.S. and other key jurisdictions that restrain the flow of technical and professional talent may inhibit our ability to adequately recruit and retain key employees. The failure to successfully recruit and hire key personnel or the loss of any key personnel could have a significant impact on our operations and growth.

We may be exposed to risks related to our use of independent contractors.

We rely on independent third parties to provide certain services for our Company. The state of the law regarding independent contractor status varies from jurisdiction to jurisdiction and is subject to change based on court decisions and regulation. For example, on April 30, 2018, the California Supreme Court adopted a new standard for determining whether a company “employs” or is the “employer” for purposes of the California Wage Orders in its decision in the *Dynamex Operations West, Inc. v. Superior Court* case. This standard was expanded and codified in California via Assembly Bill 5, effective as of January 1, 2020. The *Dynamex* decision and Assembly Bill 5 altered the analysis of whether an individual, who is classified by a hiring entity as an independent contractor in California, has been properly classified as an independent contractor. In addition, independent workers have been the subject of widespread national discussion and it is possible that other jurisdictions may enact laws similar to Assembly Bill 5 or that otherwise impact our business and our relationships with independent third parties. As a result, there is significant uncertainty regarding the future of the worker classification regulatory landscape.

From time to time, we may be involved in lawsuits and claims that assert that certain independent contractors should be classified as our employees. Adverse determinations regarding the status of any of our independent contractors could, among other things, entitle such individuals to the reimbursement of certain expenses and to the benefit of wage-and-hour laws, and could result in the Company being liable for income taxes, employment, social security, and withholding taxes and benefits for such individuals. Any such adverse determination could result in a material reduction of the number of subcontractors we can use for our business or significantly increase our costs to serve our customers, which could adversely affect our business, financial condition and results of operations.

The non-payment or late payments of amounts due to us from certain customers may negatively impact our financial condition.

A portion of our enterprise customers typically purchase our products on payment terms, and therefore we assume a credit risk for non-payment in the ordinary course of business. Further, in certain jurisdictions, we contract with third-party resellers that may collect payment from customers and remit such payment to us. Therefore, we are subject to the third-party resellers’ ability to collect and remit payment to us. We evaluate the credit-worthiness of new customers and resellers and perform ongoing financial condition evaluations of our existing customers and resellers; however, there can be no assurance that our allowances for uncollected accounts receivable balances will be sufficient. As of December 31, 2024, our allowance for doubtful accounts was \$3.1 million. If the volume of sales to enterprise customers grows, we expect to increase our allowance for doubtful accounts primarily as the result of changes in the volume of sales to customers who pay on payment terms or through resellers.

We are subject to payment-related risks that may result in higher operating costs or the inability to process payments, either of which could harm our financial condition and results of operations.

We accept payments using a variety of methods, including credit cards and debit cards. As we offer new payment options to consumers, we may be subject to additional regulations, compliance requirements and fraud. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower profitability. We rely on third parties to provide payment processing services, including the processing of credit cards and debit cards, and it could disrupt our business if these companies became unwilling or unable to provide these services to us, including if they were to suffer a cyberattack or security incident. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, and data security standards, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from consumers or facilitate other types of online payments. Under current credit card practices, we are liable for fraudulent credit card transactions because we do not obtain cardholders’ signatures. We do not currently carry insurance against this risk. Although we have historically experienced minimal impact to our financial statements from credit card fraud, we may experience expense as a result of our failure to adequately control fraudulent credit.

We are also subject to, or voluntarily comply with, several other laws and regulations relating to money laundering, international money transfers, privacy and information security and electronic fund transfers. If we were found to be in violation of applicable laws or regulations, we could be subject to civil and criminal penalties or forced to cease our operations.

If our goodwill or intangible assets become impaired, we may be required to record a significant charge to earnings.

We review our goodwill for impairment annually as of October 1st, or more frequently if and when events or changes in circumstances indicate that an impairment may exist, such as a decline in stock price and market capitalization. If such goodwill or intangible assets are deemed to be impaired, an impairment loss equal to the amount by which the carrying amount exceeds the fair value of the assets would be recognized. We may be required to record a significant charge in our financial statements during the period in which any impairment of our goodwill or intangible assets is determined, which would negatively affect our results of operations.

We may need to raise additional capital in the future and may be unable to do so on acceptable terms or at all.

We evaluate our capital allocation strategy on an ongoing basis and make investments to support our business growth. In the future, we may require additional funds to respond to business needs, opportunities and challenges, including the need to develop new features or functions of our platform, improve our operating infrastructure or acquire complementary businesses, personnel and technologies, or develop and carry out a response to unforeseen circumstances. Our ability to obtain additional capital, if and when required, will depend on our business plans, investor demand, our operating performance, the condition of the capital markets, and other factors. If we raise additional funds through the issuance of equity, equity-linked or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. In addition, on May 6, 2022, we entered into a credit facility (the "Credit Facility") among the Company, as borrower, certain direct and indirect subsidiaries of the Company as Subsidiary Guarantors, the Lenders party thereto, and Bank of America, N.A., as Administrative Agent for the lenders. The Credit Facility contains customary affirmative and negative covenants, including covenants limiting the ability of the Company and its subsidiaries to, among other things, incur debt, grant liens, undergo certain fundamental changes, make investments, make certain restricted payments, dispose of assets, enter into transactions with affiliates, and enter into burdensome agreements, in each case, subject to limitations and exceptions set forth in the Credit Facility. In addition, the Credit Facility also requires us to comply with certain financial ratio covenants, including a consolidated leverage ratio and a consolidated interest coverage ratio, in each case, determined in accordance with the terms of the Credit Facility. Our ability to comply with these ratios may be affected by events beyond our control. The existence of the Credit Facility, and any additional debt financing we secure in the future that may include restrictive covenants relating to our capital raising activities and other financial and operational matters, may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. If we are unable to obtain additional capital when required, or are unable to obtain additional capital on satisfactory terms, our ability to continue to support our business growth or to respond to business opportunities, challenges, or unforeseen circumstances could be adversely affected, and our business may be harmed.

We have incurred debt which could have a negative impact on our financing options and liquidity position, which could in turn adversely affect our business.

As of December 31, 2024, we had \$277.7 million in aggregate principal amount of total debt. Additionally, our revolving credit facility has remaining borrowing capacity of \$94 million, net of standby letters of credit, as of December 31, 2024. Our overall leverage and the terms of our financing arrangements could:

- limit our ability to obtain additional financing in the future for working capital, capital expenditures or acquisitions, to fund growth or for general corporate purposes, even when necessary to maintain adequate liquidity;
- make it more difficult for us to satisfy the terms of our debt obligations;
- limit our ability to refinance our indebtedness on terms acceptable to us, or at all;
- limit our flexibility to plan for and to adjust to changing business and market conditions and increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to make interest and principal payments on our debt, thereby limiting the availability of our cash flow to fund future investments, capital expenditures, working capital, business activities and other general corporate requirements; and
- increase our vulnerability to adverse economic or industry conditions.

Our ability to meet expenses and debt service obligations will depend on our future performance, which could be affected by financial, business, economic and other factors. In addition, a breach of any of the covenants in our outstanding debt

agreements or our inability to comply with the required financial ratios could result in a default under our debt instruments, including the Credit Facility. If an event of default occurs, our creditors could elect to declare all borrowings outstanding, together with accrued and unpaid interest, to be immediately due and payable and/or require us to apply all of our available cash to repay borrowings. If we are not able to pay our debt service obligations we may be required to refinance all or part of our debt, sell assets, borrow more money or raise additional equity capital.

Risks Related to our Intellectual Property and Security Vulnerabilities

We rely on information technologies and systems to operate our business and maintain our competitiveness, and any failures in our technology infrastructure could harm our reputation and brand and adversely affect our business.

We depend on the use of sophisticated information technologies and systems, including technology and systems used for our platform and apps, customer service, invoicing and billing, communications, fraud detection and administration. As our operations grow in size, scope and complexity, we will need to continuously improve and upgrade our systems and infrastructure to offer an increasing number of consumer-enhanced services, features and functionalities, while maintaining and improving the reliability, security and integrity of our systems and infrastructure.

Our future success also depends on our ability to adapt our services and infrastructure to meet rapidly evolving consumer trends and demands while continuing to improve our platform's performance, features and reliability. We may not be able to maintain our existing systems or replace our current systems or introduce new technologies and systems quickly or cost effectively. Failure to invest in and adapt to technological developments and industry trends may have a material adverse effect on our business, results of operations, financial condition and prospects.

We rely upon third-party service providers, such as cloud service providers, for our application hosting, and we are dependent on these third parties to provide continuous power, cooling, internet connectivity and physical security for computing storage resources, and our reliance on these third-parties can be expected to increase as we expand our infrastructure in the future. In the event that these third-party providers experience any interruption in operations or cease business for any reason, or if we are unable to agree on satisfactory terms for continued hosting relationships, our business could be harmed and we could be forced to enter into a relationship with other service providers or assume hosting responsibilities ourselves. Although our use of distributed systems enables us to provide rapid content delivery to our customers and is intended to mitigate the risks associated with supporting business continuity in the event of an emergency, a system disruption at a third-party hosting service provider could result in a noticeable disruption and performance degradation to our websites.

Further, our technology infrastructure may be vulnerable to damage or interruption from natural disasters, power loss, telecommunication failures, terrorist attacks, computer intrusions, vulnerabilities and malware (including viruses and malicious software), software errors, computer denial-of-service attacks and other events. A number of the systems making up this infrastructure are not redundant, and our disaster recovery planning may not be sufficient for every eventuality. Our technology infrastructure may fail or be vulnerable to damage or interruption because of actions by third parties or employee error or malfeasance. We may not carry business interruption insurance sufficient to protect us from any and all losses that may result from interruptions in our services as a result of technology infrastructure failures or to cover all contingencies. Any interruption in the availability of our websites and on-line interactions with customers or partners may cause a reduction in customer or partner satisfaction levels, which in turn could cause additional claims, reduced revenue or loss of customers or partners. Despite any precautions we may take, such problems could result in, among other consequences, a loss of customers, loss of confidence in the stability and reliability of our platform, damage to our reputation, and legal liability, all of which may adversely affect our business, financial condition, operating results and cash flows.

Technological interruptions that impair access to our web properties or the efficiency of our marketplace could harm our reputation and brand and adversely affect our business and results of operations.

The satisfactory performance, reliability and availability of our web properties and our network infrastructure are critical to our reputation, our ability to attract and retain customers and contributors to our platform and our ability to maintain adequate customer service levels. Any system interruptions that result in the unavailability of our websites could result in negative publicity, damage our reputation and brand or adversely affect our results of operations. We have in the past experienced, and may in the future experience temporary system interruptions for a variety of reasons, including security breaches and other security incidents, malware (including viruses and malicious software), telecommunication and other network failures, power failures, programming errors, undetected bugs, design faults, data corruption, denial-of-service attacks, poor scalability or network overload from an overwhelming number of visitors trying to reach our websites at the same time. Even a disruption as brief as a few minutes could have a negative impact on our marketplace activities and reputation, and could result in a loss of revenue. To date we have not had any material disruptions.

Because some of the causes of system interruptions may be outside of our control, we may not be able to remedy such interruptions in a timely manner, or at all. In addition, we have entered into service level agreements with some of our larger

customers and strategic partners. Technological interruptions could result in a breach of such agreements and subject us to considerable penalties and could cause our customers to believe our service is unreliable, causing harm to our business, reputation and financial condition.

We face risks resulting from the content in our collection such as unforeseen costs related to infringement claims, potential liability arising from indemnification claims, changes to intellectual property content regulations and laws and the inability to prevent or monitor misuse.

Our content is licensed from copyright owners such as photographers, illustrators, videographers and composers who contribute content to our collection and, subject to our licenses with our contributors, we typically offer customers a perpetual, royalty-free license to use the content for their editorial or commercial needs. Although we have implemented measures to review the content that we accept into our collection, we cannot guarantee that each contributor holds the rights or releases he or she claims or that such rights and releases are adequate, which in turn affects the licenses granted to our customer. As a result, we and our customers have been, and in the future will likely be, subject to third-party claims, including intellectual property infringement claims, related to our customers' use of our content.

Under our license agreements with our contributors, our contributors represent and warrant that they have the right to license content to us. Under our license agreements with our customers, we expressly represent and warrant that unaltered content downloaded and used in compliance with our license agreements and applicable law will not infringe any copyright, trademark or other intellectual property right, violate any third-party's rights of privacy or publicity, violate any U.S. law, be defamatory or libelous, or be pornographic or obscene. We offer our customers indemnification at amounts ranging from \$10,000 to \$250,000, with exceptions for certain products for which our indemnification obligations are uncapped, for direct damages attributable to our breach of the express representations and warranties contained in our license agreements. However, our contractual maximum liability may not be enforceable in all jurisdictions. The aggregate amount of capped indemnification liability, or the amount of uncapped indemnification liability in individual instances, may be significant. Any customers who seek indemnification claims from us may also discontinue use of our products and services or encourage other customers to discontinue using our products and services, which could harm our business and reputation.

We are also subject to many federal, state, and foreign laws and regulations related to rights of publicity, rights of privacy, content regulation and intellectual property and we rely on common-law frameworks in order to provide content to our customers. These laws, regulations and frameworks are constantly evolving and may be interpreted, applied, created, or amended in a manner that could seriously harm our business. These legal frameworks are also subject to uncertain judicial interpretation and regulatory and legislative amendments. If the rules around these laws, regulations and doctrines change, if international jurisdictions refuse to apply similar protections, or if a court were to disagree with our application of those rules to our customers' use of content, we and our customers could become subject to third-party claims and we could become subject to significant indemnification liability.

While we maintain insurance policies to cover potential intellectual property disputes and have not historically incurred any material financial liability as a result of these indemnification obligations individually or in the aggregate, we have incurred, and will expect to continue to incur, expenses related to such claims and related settlements, which may increase over time. If a third-party infringement claim or series of claims is brought against us in excess of our insurance coverage or for uninsured liabilities, our business could suffer. In addition, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts or scope to protect us against all losses.

Further, unauthorized parties have attempted, and may in the future attempt, to improperly use the content in our collection and such misuse of our content may result in lost revenue and increase our risk of litigation. While we have proactively enforced our intellectual property rights, preventing misuse or infringement of our content is inherently difficult and identifying and policing misuse, whether by contributors or customers, requires exceptional resources and may not always be effective. We rely on intellectual property laws and contractual restrictions to protect our rights and the content in our collection. Certain countries may be very lax in enforcing intellectual property laws or have very onerous and time-consuming requirements to enforce intellectual property rights. Litigation in those countries will likely be costly and ineffective. Consequently, these intellectual property laws afford us only limited protection. We cannot guarantee that we will be able to prevent the unauthorized use of our content or that we will be successful in stopping such use once it is detected.

Regardless of their merit, intellectual property and indemnification claims are time-consuming, expensive to litigate or settle and cause significant diversion of management attention and could severely harm our financial condition and reputation, and adversely affect our business.

Assertions by third parties of infringement of intellectual property rights related to our technology could result in significant costs and substantially harm our business and operating results.

Internet, technology and media companies are frequently subject to litigation based on allegations of infringement, misappropriation or other violations of intellectual property rights or rights related to their use of technology. Some internet, technology and media companies, including some of our competitors, own large numbers of patents, copyrights, trademarks and trade secrets, which they may use to assert claims against us. Our technology is critical to our business and we have developed proprietary technology and a robust infrastructure to power our products and services. Third parties may in the future assert that the technology we have developed infringes, misappropriates or otherwise violates their intellectual property rights, and as we face increasing competition, the possibility of intellectual property rights claims against us grows. Such litigation may involve patent holding companies or other adverse patent owners who have no relevant product revenue, and therefore our own issued and pending patents may provide little or no deterrence to these patent owners in bringing intellectual property rights claims against us. Existing laws and regulations are evolving and subject to different interpretations, and various federal and state legislative or regulatory bodies may expand current or enact new laws or regulations. We cannot guarantee that our technology is not infringing or violating any third-party intellectual property rights or rights related to use of technology.

We cannot predict whether assertions of third-party intellectual property rights or any infringement or misappropriation or other claims arising from such assertions will substantially harm our business and operating results. If we are forced to defend against any infringement or misappropriation claims, whether they are with or without merit, are settled out of court, or are determined in our favor, we may be required to expend significant time and financial resources on the defense of such claims.

Furthermore, an adverse outcome of a dispute may require us to pay damages, potentially including treble damages and attorneys' fees, if we are found to have willfully infringed a party's intellectual property; expend additional development resources to redesign our technology; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies, content, or materials; and to indemnify our partners and other third parties. Royalty or licensing agreements, if required or desirable, may be unavailable on terms acceptable to us, or at all, and may require significant royalty payments and other expenditures. In addition, any lawsuits regarding intellectual property rights, regardless of their success, could be expensive to resolve and would divert the time and attention of our management and technical personnel.

We collect, store, process, transmit and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy, information security and data protection in many jurisdictions. Any cybersecurity incidents or our actual or perceived failure to comply with such legal obligations by us, or by our third-party service providers or partners, could harm our business.

We currently provide content licensing to customers in more than 150 countries and license content from contributors located in over 150 countries. In connection with providing content licensing, we collect, store, process and use our customers' and contributors' personal information and other data, and we rely on third parties that are not directly under our control to do so as well. We also collect, store, process, transmit and use our employees' personal information and other data in connection with their employment. While we take measures intended to protect the security, integrity and confidentiality of the personal information and other sensitive information we collect, store or transmit, we cannot guarantee that inadvertent or unauthorized use or disclosure will not occur, or that third parties will not gain unauthorized access to or misuse this information. There have been a number of reported incidents where third-party service providers or partners have used software to access the personal information of their customers' or partners' customers for marketing and other purposes. Our privacy policies and practices prohibit such activities, but our third-party service providers or partners may nevertheless engage in such activity without our knowledge or consent. If we or our third-party service providers or partners were to experience a cybersecurity incident, data breach or disruption, unauthorized access or failure of systems compromising our customers', contributors' or employees' data, or if one of our third-party service providers or partners were to access our customers' personal information without authorization, our brand and reputation could be adversely affected, use of our products could decrease, we could experience business interruption and we could be exposed to a risk of loss, litigation and regulatory proceedings. Depending on the nature of the information compromised in a cybersecurity incident, data breach or disruption or unauthorized access or failure of systems compromising our customers', contributors' or employees' data, we may also have obligations to notify customers, contributors, employees or governmental bodies about the incident and we may need to provide some form of mitigation and relief for the individuals affected. In addition, ongoing rulemaking and the potential for changes to cybersecurity disclosure rules may subject us to enhanced or uncertain requirements. Complying with these obligations could cause us to incur substantial costs, including compliance, crisis management and remediation costs, and receive negative publicity. While we maintain insurance coverage that is designed to address certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise in the event we experience a cybersecurity incident, data breach, disruption, unauthorized access or failure of systems.

Regulatory scrutiny of privacy, data collection, use of data and data protection continues to intensify both within the United States and globally. The personal information and other data we collect, store, process and use is increasingly subject to legislation and regulations in numerous jurisdictions around the world, especially in Europe. These laws often develop in ways we cannot predict and some laws may be in conflict with one another. This may significantly increase our cost of doing business, particularly as we expand our localization efforts. For example, the GDPR imposes stringent operational requirements for controllers and processors of personal data of individuals in the European Economic Area (the “EEA”), and noncompliance can trigger fines of up to the greater of €20 million or 4% of global annual revenues. Further, following the U.K.’s formal exit from the E.U. in January 2020, we became subject to the GDPR as incorporated into U.K. law. Additionally, although we are making use of the E.U. Standard Contractual Clauses with regard to the transfer of certain personal data to countries outside the EEA recent legal developments in Europe have created complexity and regulatory compliance uncertainty regarding certain transfers of personal information from the EEA to the United States. For example, on July 16, 2020, the Court of Justice of the European Union (“CJEU”) invalidated the E.U.-U.S. Privacy Shield Framework (“Privacy Shield”) under which personal information could be transferred from the E.U. to U.S. entities who had self-certified under the Privacy Shield program. While the CJEU upheld the adequacy of E.U.-specified standard contractual clauses as an adequate mechanism for cross-border transfers of personal data, it made clear that reliance on them alone may not necessarily be sufficient in all circumstances and that their use must be assessed on a case-by-case basis taking into account the surveillance laws in and the right of individuals afforded by, the destination country. The CJEU went on to state that, if the competent supervisory authority believes that the standard contractual clauses cannot be complied with in the destination country and the required level of protection cannot be secured by other means, such supervisory authority is under an obligation to suspend or prohibit that transfer unless the data exporter has already done so itself.

To fill the gap left by the invalidation of the Privacy Shield, the U.S. and EU agreed on a legal framework in October 2022 for transferring personal information from the EU to the U.S. (“EU-U.S. Data Privacy Framework”). In July 2023, the European Commission issued an adequacy decision on the EU-U.S. Data Privacy Framework which replaced the Privacy Shield. An entity seeking to transfer personal information under the EU-U.S. Data Privacy Framework must first self-certify to the U.S. Department of Commerce that it complies with the EU-U.S. Data Privacy Framework Principles. The protections afford transfers of personal information under the EU-U.S. Data Privacy Framework was also extended to transfers between the U.S. and U.K. in October 2023.

We rely on a mixture of mechanisms to transfer personal information from our E.U. business to the U.S. (having previously relied on the Privacy Shield) and are evaluating what additional mechanisms may be required to establish adequate safeguards for personal information. As supervisory authorities issue further guidance on personal information export mechanisms, including circumstances where the standard contractual clauses cannot be used and/or start taking enforcement action, we could suffer additional costs, complaints, and/or regulatory investigations or fines. Moreover, if we are otherwise unable to transfer personal information between and among countries and regions in which we operate, it could affect the manner in which we provide our services and could adversely affect our financial results.

Several other foreign jurisdictions have adopted or are considering adopting new or updated comprehensive privacy legislation to offer additional data privacy protections for individuals. For example, in Brazil, the General Data Privacy Law, which was signed into law in August 2018 and was subject to enforcement beginning in August 2021, imposes detailed rules for the collection, use, processing and storage of personal information. Similarly, on August 9, 2023, India passed an information protection law that will establish how entities can handle personal information and the rights individuals have over their personal information. Further, data privacy laws have been enacted in a number of jurisdictions, including, but not limited to, the European Union, Illinois, Texas and California, which regulate the collection of certain biometric data regarding individuals, including their facial images, and the use of such data, including in facial recognition systems. State governments as well as private and class plaintiffs have successfully asserted claims in settled litigation relating to the processing and storage of photographs under biometric privacy laws. Similar laws have also been introduced in several additional states. We have entered into certain contractual agreements that may implicate or make use of such technology. Such laws may have the effect of adversely impacting our ability to grow our business in that area. Although we are closely monitoring regulatory developments in this area, any actual or perceived failure by us to comply with any regulatory requirements or orders or other domestic or international privacy or consumer protection-related laws and regulations could result in proceedings or actions against us by governmental entities or others (e.g., class action litigation), subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and adversely affect our business.

Data protection legislation is also becoming increasingly common in the United States at both the federal and state level. For example, in June 2018, the State of California enacted the California Consumer Privacy Act (“CCPA”), which came into effect on January 1, 2020. The CCPA requires, among other things, companies that collect personal information about California residents to make new disclosures to those residents about their data collection, use and sharing practices, allows residents to exercise certain rights regarding their personal information (including the right to opt out of certain data sharing with third parties), and provides a private right of action for data breaches. In addition, the California Privacy Rights Act

("CPRA"), which came into effect on January 1, 2023 (with a look back to January 2022), amends and expands the CCPA to add additional disclosure obligations (including an obligation to disclose retention periods or criteria for categories of personal information), grant consumers additional rights (including rights to correct their data, limit the use and disclosure of sensitive personal information, and opt out of the sharing of personal information for certain targeted behavioral advertising purposes), and establishes a privacy enforcement agency known as the California Privacy Protection Agency ("CPPA"). The CPPA will serve as California's chief privacy regulator, which will likely result in greater regulatory activity and enforcement in the privacy area. Additional comprehensive data privacy laws have become effective in Colorado, Utah, Virginia, Connecticut, Florida, Oregon, Montana, and Texas. In 2025 and 2026, data privacy laws in Delaware, Iowa, New Jersey, Tennessee, Indiana, Kentucky, Maryland, Minnesota, Nebraska, New Hampshire, and Rhode Island will take effect, creating an evolving climate for data privacy compliance obligations and risks. Additionally, the Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination and security of data. The scope and interpretation of data privacy and cybersecurity regulations continues to evolve, and we believe that the adoption of increasingly restrictive regulations in this area is likely in the near future within the U.S. at both state and federal levels. The burdens imposed by the CCPA, the CPRA and other similar laws that may be enacted at the federal and state level may require us to modify our data processing practices and policies and to incur substantial costs in order to investigate, comply and defend against potential private class-action litigation.

Further, we may be or become subject to data localization laws mandating that data collected in a foreign country be processed and stored only within that country. Russia adopted such a law in 2014, and, in 2018, India introduced a bill, which was updated in December 2019, requiring local storage of certain personal information of Indian data principals. Such data localization requirements may have cost implications for us, impact our ability to utilize the efficiencies and value of our global network, and could affect our strategy. Further, if other countries in which we have customers were to adopt data localization laws, we could be required to expand our data storage facilities there or build new ones in order to comply. The expenditure this would require, as well as costs of ongoing compliance, could harm our financial condition.

Cybersecurity incidents and improper access to or disclosure of data or confidential information we maintain, or hacking or phishing attacks on our systems, could expose us to liability, protracted and costly litigation, business interruption, and damage our reputation.

As a global technology business, we and our third-party service providers collect and maintain confidential information and personal information about our employees, customers, contributors and other third parties, in connection with marketplace-related processes on our websites and, in particular, in connection with processing and remitting payments to and from our customers and contributors, and we are therefore exposed to security and fraud-related risks, which are likely to become more challenging as we expand our operations. We also rely heavily on our networks, and on the networks of third-party service providers for the secure storage, processing and transmission of confidential and other information and generally to conduct our business. Although we maintain security features on our websites and utilize encryption and authentication technology, our cybersecurity measures may not detect or prevent all attempts, whether intentional or unintentional, to hack our systems, denial-of-service attacks, malware (including viruses and malicious software), break-ins, phishing attacks, ransomware, other social engineering attacks, cybersecurity incidents or other attacks and disruptions that may jeopardize our networks and the security of information stored in and transmitted by our networks and websites.

We use third-party service providers, including payment processors and co-location and cloud service vendors for our data centers and application hosting, to operate our business, and their security measures may not prevent cybersecurity incidents and other disruptions that may jeopardize their networks and the security of information stored in and transmitted by their networks. Some of the software and services that we use to operate our business, including our internal e-mail, payment processor and customer relationship management software, are also hosted by third parties. It is possible that our security measures or the security measures of our third-party service providers might be breached due to employee error, inadequate use of cybersecurity controls by customers, contributors or employees, malfeasance, system errors or vulnerabilities, or otherwise. Any such breach or unauthorized access could result in the loss of control of confidential or personal information, disruption to our business operations and significant legal and financial exposure, as well as damage to our reputation, and a loss of confidence in the security of our products and services that could potentially have an adverse effect on our business. In addition, a significant cybersecurity breach or cyber-attack could result in payment networks prohibiting us from processing transactions on their networks.

Although cybersecurity and the continued development and enhancement of the processes, practices and controls that are designed to protect our systems, computers, software, data and networks from attack, damage, disruption or unauthorized access are a high priority for us, because the techniques used to attack, damage, disrupt or obtain unauthorized access are constantly evolving in sophisticated ways to avoid detection and often are not recognized until launched against a target, our efforts may not be enough to anticipate or prevent a party from circumventing our security measures, or the security measures of our third-party service providers, and accessing and misusing the confidential or personal information of our employees, customers and contributors and / or our networks. If an actual or perceived breach of our security occurs, the market perception

of the effectiveness of our security measures could be harmed and we could lose users and customers. We may also be required to expend significant capital and other resources to protect against such cybersecurity incidents to alleviate problems caused by such incidents. While we continually work to safeguard our internal network systems and validate the security of our third-party providers, to mitigate these potential risks, including through information security policies and employee awareness and training, there is no assurance that such actions will be sufficient to prevent cyber-attacks or cybersecurity breaches. Any actual or perceived breach or the perceived threat of an attack or breach, could cause our customers, contributors and other third parties to cease doing business with us, or subject us to lawsuits, regulatory fines, criminal penalties, statutory damages, and other costs, including for provision of breach notices and credit monitoring to our customers, and other action or liability, and could lead to business interruption, any of which could harm our reputation, business, financial condition, results of operations and stock price.

Failure to protect our intellectual property could substantially harm our business and operating results.

We regard our patents, trade secrets, trademarks, copyrights and our other intellectual property rights as critical to our success. We rely on trademark, copyright and patent law, trade secret protection, and non-disclosure agreements and other contractual restrictions to protect our proprietary rights. We have registered “Shutterstock,” “Shutterstock Editorial,” “Asset Assurance,” “Offset,” “Bigstock,” “Rex Features,” “PremiumBeat,” “TurboSquid,” “PicMonkey,” “Pattern89,” “Shotzr,” “Pond5,” “Splash News,” “Giphy,” “Shutterstock Studios,” “Shutterstock Editor,” “Shutterstock.AI,” “Creative Flow,” “Backgrid,” “Envato,” “Envato Elements,” “Photodune,” “Tuts+,” “Themeforest,” “Codecanyon,” “Audiojungle,” “Graphicriver,” “Videohive,” “3DOcean,” “Mixkit,” and “Placeit” and associated logos and other marks as trademarks in the United States and other jurisdictions and we are the registered owner of the shutterstock.com, bigstock.com, offset.com, premiumbeat.com, rexfeatures.com, turbosquid.com, picmonkey.com, pond5.com, splashnews.com and giphy.com internet domain names and various other related domain names. Effective intellectual property protection for our trademarks and domain names may not be available or practical in every country in which we operate or intend to operate.

Despite our efforts to protect our intellectual property rights and trade secrets, unauthorized parties may attempt to copy aspects of our intellectual property, trade secrets and other confidential information, or adopt domain names, trademarks or service names confusingly similar to ours. In order to protect our trade secrets and other confidential information, we rely in part on confidentiality agreements with our employees, consultants and third parties with which we have relationships. These agreements may not effectively prevent disclosure of trade secrets and other confidential information and may not provide an adequate remedy in the event of misappropriation of trade secrets or any unauthorized disclosure of trade secrets or other confidential information.

Policing our intellectual property rights is difficult, costly and may not always be effective. Litigation or proceedings to enforce our intellectual property rights, to protect our patent rights, copyrights, trademarks, trade secrets and domain names and to determine the validity and scope of the proprietary rights of others is and will be necessary to enforce our intellectual property rights. The monitoring and protection of our intellectual property rights may become more difficult, costly and time consuming as we continue to expand internationally, particularly in certain markets, such as China and certain other developing countries in Asia, in which legal protection of intellectual property rights is less robust than in the United States and Europe. Our efforts to enforce or protect our proprietary rights may be ineffective and could result in substantial costs and diversion of resources and management time, each of which could substantially harm our operating results.

Much of the software and technologies used to provide our services incorporate, or have been developed with, “open source” software, which may restrict how we use or distribute our services or require that we publicly release certain portions of our source code.

Much of the software and technologies used to provide our services incorporate, or have been developed with, “open source” software. Such “open source” software may be subject to third-party licenses that impose restrictions on our software and services. Examples of “open source” licenses include the GNU General Public License and GNU Lesser General Public License. Such open source licenses typically require that source code subject to the license be made available to the public and that any modifications or derivative works to open source software continue to be licensed under open source licenses. Few courts have interpreted open source licenses, and the way these licenses may be interpreted and enforced is therefore subject to some uncertainty. If portions of our proprietary technology are determined to be subject to an open source license, we could be required to publicly release portions of our source code, re-engineer all or a portion of our technologies, or otherwise be limited in the licensing of our technologies, each of which could reduce or eliminate the value of our services and technologies and materially and adversely affect our ability to sustain and grow our business. If an author or other third-party that distributes open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our services that contained the open source software and required to comply with the foregoing conditions, which could disrupt the distribution and sale of some of our services. The use of open source software can also carry security risks arising from unknown vulnerabilities that can be exploited by malware in unanticipated ways, which can lead to disruption and / or harm to operations and protected data.

Catastrophic events or other interruptions or failures of our information technology systems could hurt our ability to effectively provide our products and services, which could harm our reputation and brand and adversely affect our business and operating results.

Our third-party service providers, including cloud service providers could be disrupted by fire, flood, power loss, telecommunications failure, earthquakes, pandemics, acts of war or terrorism, acts of God, malware (including viruses and malicious software), physical or electronic break-ins and other similar events or disruptions. Our principal executive offices are located in New York City, a region that has experienced acts of terrorism in the past. Any one of these events could cause system interruption, delays and loss of critical data and could prevent our websites, e-commerce platform and infrastructure from functioning effectively, if at all. Our systems may not be adequately designed with the necessary reliability and redundancy to avoid performance delays or outages. Any insufficiency in our redundancy or disaster recovery capabilities could make our products and service offerings less attractive, subject us to liability and could be harmful to our business. In addition, we may have inadequate insurance coverage to compensate for any related loss. Any of these events could damage our reputation and cause a material adverse effect on our financial condition.

In addition, while the long-term effects of climate change on the global economy and the content industry in particular are unclear, we recognize that there are inherent climate-related risks wherever business is conducted. Any of our locations may be vulnerable to the adverse effects of climate change. For example, our New York City corporate office has historically experienced, and is projected to continue to experience, physical climate change risks, including heat waves, heavy rainfall, coastal storms and flooding. Climate-related events, including the increasing frequency of extreme weather events and their impact on critical infrastructure in the United States and elsewhere, have the potential to disrupt our business, our third-party service providers or partners, and/or the business of our customers, and may cause us to experience higher attrition, losses and additional costs to maintain and resume operations. Transitional climate change risks may subject us to increased regulations, reporting requirements, standards or expectations regarding the environmental impacts of our business, and untimely or inaccurate disclosure could adversely affect our reputation, business or financial performance.

Risks Related to our International Operations

Our international operations and our continued expansion internationally expose us to many risks.

Revenues derived from customers outside of the United States comprise a significant portion of our revenues and we seek to expand our international operations to attract customers and contributors in countries other than the United States as a critical element of our business strategy. For each of the years ended December 31, 2024, 2023 and 2022, approximately 55%, 54% and 60%, respectively, of our revenue was derived from customers located outside of the United States. Our ability to expand our business and attract talented employees, as well as customers and contributors, in an increasing number of international markets requires considerable management attention and resources and is subject to the challenges of supporting a growing business in an environment of multiple languages, cultures, customs, legal systems, alternative dispute systems, regulatory systems and commercial infrastructures. If we fail to deploy, manage or oversee our international operations successfully, our business may suffer.

Our international presence exposes us to additional risks, including risks associated with:

- modifying our technology and marketing and localizing our offerings for customers' and contributors' preferences, customs and language;
- legal, political or systemic restrictions on the ability of U.S. companies to do business in foreign countries, including, among others, restrictions imposed by the U.S. Office of Foreign Assets Control ("OFAC") on the ability of U.S. companies to do business in certain specified foreign countries or with certain specified organizations and individuals;
- compliance with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar laws in other jurisdictions;
- compliance with foreign laws and regulations, including with respect to disclosure requirements, privacy, consumer and data protection, marketing restrictions, human rights, rights of publicity, intellectual property, technology and content;
- government regulation of e-commerce and other services and restrictive governmental actions on the distribution of content, such as filtering or removal of content;
- disturbances in a specific country's or region's political, economic or military conditions, including potential sanctions (e.g., civil, political and economic conditions in markets including but not limited to Russia, Ukraine and the Crimean peninsula);
- lower levels of consumer spending in foreign countries or lack of adoption of the internet as a medium of commerce;
- longer payment cycles in some countries, increased credit risk, and higher levels of payment fraud;
- reduced protection for our or our contributors' intellectual property rights in certain countries;
- laws that grant rights that may conflict with our business operations;
- enhanced difficulties of integrating any foreign acquisitions;
- difficulty in staffing, developing, managing and overseeing foreign operations as a result of travel distance, language and cultural differences as well as infrastructure, human resources and legal compliance costs;
- difficulty enforcing contractual rights in our license agreements;
- potential adverse global tax consequences, especially those that may result from the expected proactive global development of greater efforts to identify, capture and subject to income and transactional tax, e-commerce revenue earned solely via the internet;
- currency exchange fluctuations, hyperinflation, or devaluation;
- strains on our financial and other systems to properly comply with, and administer, VAT, withholdings, sales and other taxes; and
- higher costs associated with doing business internationally.

These risks may make it impossible or prohibitively expensive to expand to new international markets, delay entry into such markets, or require us to enter into commercial arrangements with local partners, all of which may affect our ability to grow our business. As international e-commerce and other online and web services grow, competition is expected to intensify

and local companies may have a substantial competitive advantage because of their greater understanding of, and focus on, the local customer. If we do not effectively enter new international markets, our competitive advantage may be harmed.

We are subject to foreign exchange risk.

As of December 31, 2024, we had operations based in a number of territories outside of the United States and a significant portion of our business may be transacted in currencies other than the U.S. dollar, including the euro, the British pound, the Australian dollar and the Japanese yen. Because our financial results are reported in U.S. dollars, fluctuations in the value of the euro, British pound, Australian dollar, Japanese yen and other currencies against the U.S. dollar have had and will continue to have a significant effect on our reported financial results. Exchange rates have been volatile in recent years and such volatility may persist due to economic and political circumstances.

A decline in the value of any of the foreign currencies in which we receive revenues, including the euro, British pound, Australian dollar and Japanese yen, against the U.S. dollar will tend to reduce our reported revenues and expenses, while an increase in the value of any such foreign currencies against the U.S. dollar will tend to increase our reported revenues and expenses. Variations in exchange rates can significantly affect the comparability of our financial results between financial periods. As we further expand our international operations, our exposure to foreign exchange risk will increase.

At this time, we do not, but we may in the future, enter into derivatives or other financial instruments in order to hedge our foreign currency exchange risk. It is difficult to predict the impact hedging activities would have on our results of operations and any future actions we may take with respect to hedging our foreign currency exchange risk may be unsuccessful.

Risks Related to Regulatory and Tax Challenges

Government regulation of the internet, both in the United States and abroad, is evolving and unfavorable changes could have a negative impact on our business.

The adoption, modification or interpretation of laws or regulations relating to the internet, e-commerce or other areas of our business could adversely affect how we conduct our business or the overall popularity and growth of internet use. Such laws and regulations may cover a vast array of activities. For example, automatic contract or subscription renewal, credit card fraud and processing, sales, advertising, taxation, tariffs, data privacy, management and storage, cybersecurity, pricing, content, copyrights, distribution, electronic contracts, consumer protection, outsourcing, broadband residential internet access, internet neutrality and the characteristics and quality of products or services, and intellectual property ownership and infringement are all subject to jurisdictional laws and regulations. In certain countries, including European jurisdictions in particular, certain of these laws may be more restrictive than in the United States. It is not clear how some existing laws governing issues such as property ownership, sales and other taxes, data privacy and security apply to the internet and e-commerce as many of these laws were adopted prior to the advent of the internet and do not contemplate or address the unique issues raised by the internet or e-commerce.

Those laws that relate to the internet are at various stages of development and are subject to amendment, interpretation or repeal by the courts and agencies, and thus, the scope and reach of their applicability can be uncertain. For example, in 2010, California's Automatic Renewal Law went into effect, requiring companies to adhere to enhanced disclosure requirements when entering into automatically renewing contracts with consumers. Several other states have adopted, or are considering the adoption of, consumer protection policies or legal precedents that purport to void or substantially limit the automatic renewal provisions of consumer contracts or free or discounted trial incentives, as well. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in litigation, damage to our reputation, lost business and proceedings or actions against us by governmental entities or others, which could impact our operating results.

Compliance with new regulations or legislation or new interpretations of existing regulations or legislation could cause us to incur additional expenses, make it more difficult to renew subscriptions automatically, require us to display specific disclaimers, require us to obtain consent from users for certain activities, make it more difficult to attract new customers, require us to implement costly security or other measures before users can utilize our services, or otherwise require us to alter our business model, or cause us to divert resources and funds to address government or private investigatory or adversarial proceedings. Further, the law related to the liability of providers of online services for activities of their users is currently unsettled both within the United States and abroad. Claims may also be threatened against us for aiding and abetting, defamation, negligence, copyright or trademark infringement, or other reasons based on the nature and content of information that we collect or use, or to or from which we provide links or that may be posted online. Any of these outcomes could have a material adverse effect on our business, financial condition or results of operations.

Action by governments to restrict access to, or operation of, our services or the content we distribute in their countries could substantially harm our reputation, business and financial results.

Foreign governments, or internet service providers acting pursuant to foreign government policies or orders, of one or more countries may seek to limit content available through our e-commerce platform in their country, restrict access to our products and services from their country entirely, or impose other restrictions that may affect the accessibility of our services in their country for an extended period of time or indefinitely if our services, or the content we distribute, are deemed to be in violation of their local laws and regulations. For example, domestic internet service providers have previously blocked access to Shutterstock in China and other countries, such as Russia, have previously restricted access to specific content available from the Shutterstock platform. There are substantial uncertainties regarding interpretation of foreign laws and regulations that may limit content available through our platform and we may be forced to significantly change or discontinue our operations in such markets if we were to be found in violation of any new or existing law or regulation. If access to our services is restricted, in whole or in part, in one or more countries or our competitors can successfully penetrate geographic markets that we cannot access, our reputation among our customers, contributors and employees may be negatively impacted, our ability to retain or increase our contributor and customer base may be adversely affected, we may not be able to maintain or grow our revenue as anticipated, and our financial results could be adversely affected.

Income tax laws or regulations could be enacted or changed and existing income tax laws or regulations could be applied to us in a manner that could increase the costs of our products and services, which could harm our financial condition and results of operations.

We believe that our worldwide provision for income taxes is reasonable, but our ultimate income tax liability may differ from the amounts recorded in our financial statements. Any additional income tax liability may have a material adverse effect on our financial results in the period or periods in which such additional liability arises. We have established reserves for such additional income tax liabilities as we believe are appropriate. However, there can be no assurance that our ultimate income tax liability will not exceed those reserves.

Income tax law and regulatory changes in the U.S., the E.U. and other jurisdictions, including income tax law and regulatory changes that may be enacted by the U.S. federal and state governments or as a result of tax policy recommendations from organizations such as the Organization for Economic Co-operation and Development (the “OECD”), have and may continue to have an impact on our financial condition and results of operations.

Specifically, the enactment of the TCJA has had and may continue to have a significant effect on our financial statements. Certain provisions of the TCJA may be amended by future legislation or, by their terms, are scheduled to change or expire on specified dates. In addition, questions remain regarding the interpretation and implementation of the TCJA. Potential regulatory or legislative action to address questions under the TCJA and changes in accounting standards for income taxes or related interpretations in response to the TCJA could cause uncertainty regarding the effect of the TCJA on our provision for income taxes. Moreover, foreign jurisdictions and administrative bodies that have raised concerns about certain provisions of the TCJA might formally challenge those provisions or adopt legislation contrary to those provisions. Such a response could eliminate or reduce the benefits that we have derived or may derive from the TCJA.

Fiscal authorities in many foreign jurisdictions have increased their scrutiny of the potential taxation of e-commerce businesses. The OECD, with the support of the G20, initiated the BEPS project in July 2013 in response to concerns that changes are needed to international tax laws to address situations where multinationals may pay little or no tax in certain jurisdictions by shifting profits away from jurisdictions where the activities creating those profits may take place. In November 2015, “final reports” were approved for adoption by the G20 finance ministers. The final reports provide the basis for international standards for corporate taxation that are designed to prevent, among other things, the artificial shifting of income to tax havens and low-tax jurisdictions, hybrid mismatch arrangements, the erosion of the tax base through interest deductions on intercompany debt and the artificial avoidance of permanent establishments (i.e., tax nexus with a jurisdiction). Legislation to adopt and implement these standards has been enacted or is currently under consideration in a number of jurisdictions.

In May 2019, the OECD published a “Programme of Work,” divided into two pillars, which is designed to address the tax challenges created by an increasing digitalized economy. Pillar One would require the largest and most profitable multinational enterprises to allocate a portion of their profits to markets where they derive revenue, regardless of whether they maintain a physical presence in those markets. Initially, the profit allocation rule, referred to under Pillar One as ‘Amount A’, would apply only to multinational enterprises with more than €20 billion in global annual revenues and a profit margin above 10%. The revenue threshold is expected to be reduced to €10 billion. The review of when to reduce the revenue threshold begins seven years after the effective date of Amount A. Pillar One also includes ‘Amount B’, which provides for a simplified approach to the application of the arm’s length principle to certain activities.

Participating countries are expected to implement Pillar One by entering into a multilateral convention. In October 2023, the OECD released the Multilateral Convention to Implement Amount A of Pillar One (the “MLC”). Since various jurisdictions

have already enacted or are considering enacting digital services taxes, which could lead to inconsistent and potentially overlapping tax regimes as a result of the profit allocation rule under Pillar One, the MLC would require the removal of existing digital services taxes and prohibit the introduction of new digital services taxes. Until the MLC is adopted, however, countries that had previously enacted a digital services tax, may continue to impose their tax. The continued imposition of digital services taxes may have a material effect on our financial condition and results of operations.

Pillar Two would subject multinational enterprises with annual revenue of more than €750 million to a global minimum income tax at a rate of 15%. Based on current U.S. income tax law, disparities exist between the U.S. minimum income tax under the global intangible low-taxed income (“GILTI”) rules and the proposed Pillar Two framework. To assist in the implementation of Pillar Two, the OECD published the Global Anti-Base Erosion Model Rules, a detailed model legislation in December 2021, and related commentary in March 2022, with the latest update to the commentary in December 2023. The OECD has released additional administrative guidance on the global minimum income tax in February, July and December of 2023 and in June 2024. Certain members of the European Union have already adopted domestic legislation implementing the minimum tax rules effective for periods beginning on or after December 31, 2023, with the “under-taxed profit rule” expected to take effect for periods beginning on or after December 31, 2024, pursuant to the European Union’s minimum tax directive, unanimously agreed by the member states in 2022. Legislatures in multiple countries outside of the European Union have also drafted and/or enacted legislation to implement the OECD’s minimum income tax proposal. Given the OECD’s continued release of guidance regarding Pillar Two, that only certain jurisdictions have currently or just recently enacted laws to give effect to Pillar Two, and that jurisdictions may interpret such laws in different manners, the overall implementation of Pillar Two (and in particular, the adoption of the “under-taxed profit rule” by certain countries in which we and our affiliates do business) remain uncertain and subject to change, possibly on a retroactive basis, and could increase our global effective tax rate and have a material effect on our financial position and results of operations.

We may be exposed to greater than anticipated withholding, sales, use, value added and other non-income tax liabilities, including as a result of future changes in laws or regulations, which could harm our financial condition and results of operations.

We are subject to non-income taxes, including withholding, sales, use and value added taxes, in various jurisdictions in which we conduct business. Fiscal authorities in one or more of those jurisdictions may contend that our non-income tax liabilities are greater than the amounts we have accrued and/or reserved for. Moreover, future changes in non-income tax laws or regulations may materially increase our liability for such taxes in future periods.

Significant judgment is required in determining our exposure for non-income taxes. These determinations are highly complex and require detailed analysis of the available information and applicable statutes and regulatory materials. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Moreover, certain jurisdictions in which we do not collect or pay withholding, sales, use, value added or other non-income taxes may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect or pay such taxes in the future.

We continue to evaluate the impact, if any, of the imposition of sales tax on customer demand for our products and results of operations. Recent legislation has, and will continue to, significantly increase the effort, resources and costs associated with the collection and compliance burden for sales tax.

The prospective taxation by multiple jurisdictions of e-commerce businesses could also subject us to exposure to withholding, sales, use, value added and other non-income taxes on our past and future transactions in jurisdictions in which we currently are, or in the future may be, required to report taxable transactions. A successful assertion by a jurisdiction that we failed to pay such taxes, or the adoption of new laws requiring the registration for, collection of, and/or payment of such taxes, could result in substantial tax liabilities related to past, current and future sales and other transactions, create increased administrative burdens and costs, discourage customers from purchasing content from us, or otherwise substantially harm our business and results of operations. We are currently subject to and in the future may become subject to additional compliance requirements for certain of those taxes. Where appropriate, we have made accruals for those taxes, which are reflected in our consolidated financial statements. Changes in the estimates or assumptions underlying those accruals could have an adverse effect on our financial condition.

Risks Related to Ownership of Our Common Stock

Our operating results may fluctuate, which could cause our results to fall short of expectations and our stock price to decline.

Our revenue and operating results could vary significantly from quarter to quarter and year to year due to a variety of factors, many of which are outside our control. As a result, comparing our operating results on a period to period basis may not be meaningful.

Because of the risks described in this “Risk Factors” section and others, it is possible that our future results may be below our expectations and the expectations of analysts and investors. In such an event, the price of our common stock may decline significantly.

Our stock price has been and will likely continue to be volatile.

The trading price of our common stock has fluctuated and may continue to fluctuate substantially. Since 2015, the reported high and low sales prices per share of our common stock have ranged from \$25.13 to \$128.36 through February 21, 2025. These fluctuations could cause our stockholders to lose all or part of their investment in our common stock since they may be unable to sell their shares at or above the price at which they purchased such shares.

The trading price of our common stock depends on a number of factors, including those described in this “Risk Factors” section, many of which are beyond our control and may not be related to our operating performance. Factors that could cause fluctuations in the trading price of our common stock include, but are not limited to, the following:

- uncertainties related to the pendency of the Merger or our inability to complete the Merger, or to complete the Merger in a timely manner;
- changes in projected operational and financial results;
- announcements about our share repurchase program, including purchases or the suspension of purchases under the program;
- issuance of new or updated research or reports by securities analysts;
- the use by investors or analysts of third-party data regarding our business that may not reflect our actual performance;
- fluctuations in the valuation of companies perceived by investors or analysts to be comparable to us;
- the financial guidance we may provide to the public, any changes in such guidance, or our failure to meet such guidance;
- a reduction in the amount of cash dividends on our common stock, the suspension of those dividends or a failure to meet market expectations regarding dividends;
- additions or departures of key senior management;
- our capital allocation strategy;
- fluctuations in the trading volume of our common stock;
- limited “public float” in the hands of a small number of investors whose sales (or lack of sales) could result in positive or negative pricing pressure on the market price for our common stock; and
- general economic and market conditions.

Furthermore, the stock market has experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our common stock. In the past, certain companies that have experienced volatility in the market price of their common stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management’s attention from other business concerns, which could seriously harm our business.

Because the exchange ratio in the Merger Agreement is fixed and because the market price of Shutterstock and Getty Images' common stock will fluctuate prior to the completion of the Merger, our stockholders cannot be sure of the market value of the Getty Images common stock they will receive as consideration in the Merger.

Under the terms of the Merger Agreement, if the Merger is completed, each holder of Shutterstock common stock immediately prior to the transaction close will have the option to receive, subject to proration, for each share of Shutterstock common stock held by such holder:

- (a) Cash consideration of \$9.50 and 9.17 shares of Getty Images common stock;
- (b) Cash consideration of \$28.8487; or
- (c) 13.67237 shares of Getty Images common stock.

The exchange ratio of the Merger consideration is fixed, and under the Merger Agreement there will be no adjustment to the Merger consideration for changes in the market price of Getty Images common stock or our common stock prior to the completion of the Merger.

If the Merger is completed, there will be a time lapse between the date of signing of the Merger Agreement and the date on which our stockholders who are entitled to receive the Merger consideration actually receive the Merger consideration. The respective market values of Getty Images common stock and our common stock have fluctuated and may continue to fluctuate during this period as a result of a variety of factors, including general market and economic conditions, changes in each company's business, operations and prospects, commodity prices, regulatory considerations, and the market's assessment of Getty Images's business and the Merger. Such factors are difficult to predict and in many cases may be beyond the control of Getty Images and us. The actual value of the Merger consideration received by our stockholders at the completion of the Merger will depend on the market value of Getty Images common stock at that time. This market value may differ, possibly materially, from the market value of Getty Images common stock at the time the Merger Agreement was entered into or at any other time.

Our stockholders will have a reduced ownership and voting interest in Getty Images following the Merger as compared to their ownership and voting interest in us and will exercise less influence over management.

Currently, our stockholders have the right to vote in the election of our board and the power to approve or reject any matters requiring stockholder approval under Delaware law and our certificate of incorporation and bylaws. Upon completion of the merger, each of our stockholders who receives shares of Getty Images common stock will become a stockholder of Getty Images with a percentage ownership of Getty Images that is smaller than their current percentage ownership of us. It is expected that Getty Images stockholders will hold approximately 54.7%, and our stockholders will hold approximately 45.3%, of the fully diluted shares of the combined company immediately after the merger, without giving effect to any shares of Getty Images common stock held by our stockholders prior to the completion of the merger.

Consequently, even if all of our former stockholders voted together on all matters presented to Getty Images stockholders from time to time following the merger, our former stockholders would exercise significantly less influence over Getty Images after the completion of the merger relative to their influence over us prior to the completion of the merger, and thus would have a less significant impact on the approval or rejection of future Getty Images proposals submitted to a stockholder vote.

Jonathan Oringer, our founder and Executive Chairman of the Board, owns and controls approximately 31% of our outstanding shares of common stock, and his ownership percentage may increase, including as a result of any share repurchases pursuant to our share repurchase program. This concentration of ownership may have an effect on matters requiring the approval of our stockholders, including elections to our board of directors.

As of February 21, 2025, Jonathan Oringer, our founder, Executive Chairman of the Board, and our largest stockholder, beneficially owned approximately 31% of our outstanding shares of common stock. In addition to his share ownership, Mr. Oringer has significant influence over management and major strategic investments as a result of his position as Executive Chairman of the Board. Furthermore, if we purchase additional shares pursuant to our share repurchase program, Mr. Oringer's ownership percentage would increase, and, depending on the magnitude of our repurchases and other factors impacting dilution, could result in his owning a majority of the outstanding shares of our common stock. If Mr. Oringer were to own a majority of the outstanding shares of our common stock, he would have the ability to control the outcome of certain matters requiring stockholder approval, including the election and removal of our directors.

Purchases of shares of our common stock pursuant to our share repurchase program may affect the value of our common stock and diminish our cash reserves, and there can be no assurance that our share repurchase program will enhance stockholder value.

Pursuant to our share repurchase program, which was publicly announced in June 2023, we were authorized to repurchase up to \$100 million of our outstanding common stock. As of December 31, 2024, there was \$30.2 million remaining authorization for purchases under the share repurchase program. Our board may authorize additional purchases at any time. The timing and amount of any share repurchases will be determined based on market conditions, share price and other factors, and we are not obligated to repurchase any shares. Repurchases of our shares could increase (or reduce the size of any decrease in) the market price of our common stock at the time of such repurchases. Our board has the right to amend or suspend the share repurchase program at any time or terminate the share repurchase program upon a determination that termination would be in our best interests. Additionally, repurchases under our share repurchase program have diminished and would continue to diminish our cash reserves, which could impact our ability to pursue possible strategic opportunities and acquisitions and could result in lower overall returns on our cash balances. Further, under the Inflation Reduction Act of 2022, a 1% excise tax is imposed on the fair market value of certain stock repurchases at the time of such repurchases, which could increase the cost of repurchasing shares of our common stock. However, for the purposes of calculating such excise tax, repurchasing corporations are permitted to net the fair market value of certain new stock issuances against the fair market value of stock repurchases during the same taxable year. In addition, certain exceptions apply to the excise tax. There can be no assurance that any share repurchases will enhance stockholder value, as the market price of our common stock may nevertheless decline.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our common stock is likely to be influenced by the reports that industry or securities analysts publish about us, our business, our market or our competitors. If any of the analysts who cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who covers us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Future sales of our common stock in the public market could cause our share price to decline.

Sales of a substantial number of shares of our common stock in the public market, or the perception that such sales could occur, could adversely affect the market price of our common stock and may make it more difficult for our stockholders to sell their common stock at a time and price that they deem appropriate.

As of February 21, 2025, we had 34,893,659 shares of common stock outstanding. All shares of our common stock are freely transferable without restriction or registration under the Securities Act, except for shares held by our “affiliates,” which remain subject to the restrictions set forth in Rule 144 under the Securities Act.

We filed registration statements on Form S-8 under the Securities Act covering shares of common stock issuable pursuant to options and shares reserved for future issuance under our 2022 Omnibus Equity Incentive Plan and our 2012 Omnibus Equity Incentive Plan. Shares issued pursuant to such options and plans can be freely sold in the public market upon issuance and vesting, subject to the terms of the award agreements delivered under such plans, unless they are held by “affiliates,” as that term is defined in Rule 144 of the Securities Act.

We may also issue our shares of common stock or securities convertible into our common stock from time to time in connection with a financing, acquisition, investment or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the trading price of our common stock to decline.

Anti-takeover provisions in our charter documents and Delaware law could discourage, delay or prevent a change in control of our Company and may affect the trading price of our common stock.

Our amended and restated certificate of incorporation and bylaws contain provisions that could have the effect of rendering more difficult or discouraging a future acquisition deemed undesirable by our board of directors. Our corporate governance documents include provisions that:

- authorize blank check preferred stock, which could be issued with voting, liquidation, dividend and other rights superior to our common stock;
- limit the liability of, and provide indemnification to, our directors and officers;
- limit the ability of our stockholders to call and bring business before special meetings and to take action by written consent in lieu of a meeting;

- require advance notice of stockholder proposals and the nomination of candidates for election to our board of directors;
- establish a classified board of directors, as a result of which the successors to the directors whose terms have expired will be elected to serve from the time of election and qualification until the third annual meeting following their election;
- require that directors only be removed from office for cause; and
- limit the determination of the number of directors on our board and the filling of vacancies or newly created seats on the board to our board of directors then in office.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prevents some stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without the prior approval of our board of directors and, in certain cases, the vote of two-thirds of the shares not held by such stockholder.

These provisions of our charter documents and Delaware law, alone or together, could delay or deter any future hostile takeovers and changes in control or changes in our management. Any provision of our amended and restated certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging takeover attempts in the future.

There can be no assurance that we will declare dividends in the future.

Beginning in 2020, we have paid a quarterly dividend and currently expect to declare and pay cash dividends on a quarterly basis in the future. Any future dividend payments, however, will be within the discretion of our Board of Directors and will depend on, among other things, our future financial condition, results of operations, capital requirements, capital expenditure requirements, contractual restrictions, anticipated cash needs, business prospects, provisions of applicable law and other factors that our Board of Directors may deem relevant. We may not have sufficient liquidity in the future to pay dividends on our common stock. As a result, in the future, we may not choose to, or be able to, declare or pay a cash dividend, and we may not achieve an annual dividend rate in any particular amount. In such event, the return, if any, on any investment in our common stock could depend solely on an increase, if any, in the market value of our common stock.

The reduction or elimination of our cash dividend program could adversely affect the market price of our common stock.

In addition, if the Merger is consummated, the combined company board may determine not to declare dividends in the future or may reduce the amount of dividends paid in the future. Any payment of future dividends will be at the discretion of the combined company board and will depend on the combined company's results of operations, financial condition, cash requirements, future prospects and other considerations that the combined company board deems relevant.

We have incurred and expect to continue to incur increased costs and our management will continue to face increased demands as a result of continuously improving our operations as a public company.

We have incurred and expect to continue to incur significant legal, tax, insurance, accounting and other expenses as a result of conducting our operations as a public company. For example, we have continued to upgrade our financial and business processing applications to accommodate the increased volume of products and transactions resulting from our growth to date. If we experience delays or difficulties in implementing these systems, or if we otherwise do not effectively manage our growth, we may not be able to execute on our business plan, respond to competitive pressures, take advantage of market opportunities, or satisfy customer requirements, among other things.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, the Dodd-Frank Act and related regulations implemented by the SEC and the stock exchanges are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. We are currently evaluating and monitoring developments with respect to new and proposed rules and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. Further, there may be uncertainty regarding the implementation of these laws due to changes in the political climate and other factors. Our compliance with Section 404 of the Sarbanes-Oxley Act has required and will continue to require that we incur substantial accounting expense and expend significant management efforts. We have incurred and expect to continue to incur costs to obtain directors' and officers' insurance as a result of operating as a public company, as well as additional costs necessitated by compliance matters and ongoing revisions to disclosure and governance standards.

Also, the TCJA amended Section 162(m) of the U.S. Internal Revenue Code, which denies a publicly held corporation a deduction for U.S. federal income tax purposes for compensation paid to certain covered employees to the extent that the compensation for a taxable year exceeds \$1 million per employee. Before that amendment, Section 162(m) provided an exception for “performance-based compensation” that met certain requirements. The TCJA eliminated the exception for performance-based compensation, other than for certain arrangements in place before November 2, 2017, and expanded the group of employees covered by the limitation under Section 162(m). The American Rescue Plan Act, enacted on March 11, 2021, further expanded the group of covered employees to include an additional five most highly compensated employees, effective for taxable years beginning after December 31, 2026.

These and other increased costs associated with operating as a public company may decrease our net income or increase our net loss and may cause us to reduce costs in other areas of our business or increase the prices of our products or services to offset the effect of such increased costs. Additionally, if these requirements divert our management’s attention from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to report our financial results accurately or in a timely fashion, and we may not be able to prevent fraud; in such case, our stockholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our stock.

As a public company, we operate in an increasingly demanding regulatory environment, which requires us to comply with the Sarbanes-Oxley Act, and the related rules and regulations of the SEC, expanded disclosure requirements, accelerated reporting requirements and more complex accounting rules. Company responsibilities required by the Sarbanes-Oxley Act include establishing and maintaining corporate oversight and adequate internal control over financial reporting and disclosure controls and procedures. Effective internal control is necessary for us to provide reliable, timely financial reports and prevent fraud.

Our testing of our internal controls, or the testing by our independent registered public accounting firm, may reveal deficiencies in our internal control over financial reporting that we would be required to remediate in a timely manner to be able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act each year. If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner each year, we could be subject to sanctions or investigations by the SEC, the New York Stock Exchange or other regulatory authorities which would require additional financial and management resources and could adversely affect the market price of our common stock. Furthermore, if we cannot provide reliable financial reports or prevent fraud, our business and results of operations could be harmed and investors could lose confidence in our reported financial information.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Risk Management and Strategy

We recognize the importance of assessing, identifying and managing risks from cyber security threats, and our processes to manage risks from cybersecurity threats have been integrated into our overall risk management framework.

As a foundation of this approach, we have implemented a layered governance structure, and our privacy and cybersecurity risk management systems encompass policies, practices, and procedures for incident responses, information security and vendor management. In order to help develop these policies and procedures, we monitor the privacy and cybersecurity laws, regulations and guidance applicable to us in the regions where we do business including European Union General Data Protection Regulation (GDPR), UK Data Protection Law, the Brazilian General Data Protection Law (LGPD), the California Privacy Rights Act (CPRA) and other US state privacy laws, as well as proposed privacy and cybersecurity laws, regulations, guidance and emerging risks.

We annually undergo a Payment Card Industry (PCI) compliance certification process and obtain an attestation through a Qualified Security Assessor (QSA). We have an established bug bounty program and conduct penetration testing as needed to identify vulnerabilities for remediation. With respect to third party service providers, we obligate vendors to adhere to privacy

and cybersecurity measures, perform risk assessments of vendors including their ability to protect data from unauthorized access.

As described in Item 1A “Risk Factors,” our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks, as we provide content licensing to customers in more than 150 countries and license content from contributors located in over 100 countries. Computer viruses, hackers, employee or vendor misconduct, and other external hazards could expose our information systems and those of our vendors to security breaches, cybersecurity incidents or other disruptions, any of which could materially and adversely affect our business including brand reputation, customer sales, legal impacts, and financial costs. While we have experienced cybersecurity incidents, to date, we have not experienced any material cybersecurity incidents.

The sophistication of cybersecurity threats, including through the use of artificial intelligence, continues to increase, and the controls and preventative actions we take to reduce the risk of cybersecurity incidents and protect our systems, including the regular testing of our cybersecurity incident response plan, may be insufficient. In addition, new technology that could result in greater operational efficiency such as artificial intelligence, cloud computing, and machine learning may further expose our computer systems to the risk of cybersecurity incidents.

Governance

As part of our overall risk management approach, we prioritize the identification and management of cybersecurity risk at several levels, including Board oversight, executive commitment and employee training. Our Audit Committee, comprised of independent directors from our Board, oversees the Board’s responsibilities relating to the operational (including information technology (IT) risks, business continuity and data security) risk affairs of the Company. Our Audit Committee is informed of such risks through quarterly reports from our group Chief Information Security Officer (CISO).

Our CISO, who has over 20 years of experience in cyber security and technology, oversees the implementation and compliance of our information security standards and mitigation of information security related risks. We also have management level committees and a cybersecurity incident team that support our processes to assess and manage cybersecurity risk as follows:

- Privacy is co-chaired by the CISO and Assistant General Counsel. They bring IT, cybersecurity, legal, compliance and other function cross-functional members together as needed throughout the year to consider emerging technologies, such as artificial intelligence and emerging cybersecurity and privacy risks; review cybersecurity and privacy regulations; approve, review and update policies and standards as appropriate; and promote cross-functional collaboration to manage cybersecurity and privacy risks across the enterprise.
- Our Technology Leadership Team, which includes our group Chief Technology Officer, CISO, Technology Vice Presidents, and members of executive leadership, oversees IT initiatives while considering cybersecurity risk mitigation with respect to these initiatives on a monthly cadence.
- Our Senior Leadership Team including IT, operations, risk, legal and compliance leaders across business segments, meet quarterly to manage risks from matters related to business continuity including risks posed by cybersecurity threats, and implements controls to mitigate such operational risks. Among other processes, these leaders review the Company’s programs and processes related to information security, third party risk, vendor management, facilities, unplanned downtime, business disruption, business continuity and disaster recovery.
- The Crisis Incident Management Team, which includes senior executives across the Company, is alerted as appropriate to cybersecurity incidents, natural disasters and business outages. Annually, this team assesses its communication plan to confirm that its members can be alerted quickly in the event of an actual crisis and meet as a team to discuss the event and response options.

Each of these committees provides summary reports on their activities, which the CISO communicates as appropriate to the Audit Committee.

At the employee level, we maintain an experienced information technology team who are tasked with implementing our privacy and cybersecurity program and support the CISO in carrying out reporting, security and mitigation functions. We also hold annual employee trainings on privacy and cybersecurity, records and information management, and generally seek to promote awareness of cybersecurity risk through communication and education of our employee population.

Item 2. Properties.

Our corporate headquarters and principal office is located in New York, New York, where we lease approximately 103,000 square feet of office space under a lease agreement, as amended, that expires in 2029. Additionally, we have other office facilities in the United States and abroad related to, among other things, sales and marketing support, technology services and customer service under operating lease agreements that expire on various dates during the period from 2025 through 2029. We do not have any material capital lease obligations, and our property, equipment and software have been purchased with cash.

We believe that our existing facilities are adequate for our current needs and that suitable additional or alternative space will be available on commercially reasonable terms to meet our future needs.

For additional information regarding obligations under operating leases, see Note 17 of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Item 3. Legal Proceedings.

Although we are not currently a party to any material active litigation, from time to time, third parties assert claims against us regarding intellectual property rights, employment matters, privacy issues and other matters arising during the ordinary course of business. Although we cannot be certain of the outcome of any litigation or the disposition of any claims, nor the amount of damages and exposure, if any, that we could incur, we currently believe that the final disposition of all existing matters will not have a material adverse effect on our business, results of operations, financial condition or cash flows. In addition, in the ordinary course of our business, we are also subject to periodic threats of lawsuits, investigations and claims. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is listed on the New York Stock Exchange, or the NYSE, under the symbol “SSTK.”

Stockholders

As of February 21, 2025, there were 3 holders of record of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, this number is not indicative of the total number of stockholders represented by these stockholders of record.

Unregistered Sales of Equity Securities

We did not sell any unregistered equity securities during the year ended December 31, 2024.

Dividend Policy

On February 11, 2020, our Board of Directors approved the initiation of a quarterly cash dividend. We currently expect to continue to pay cash dividends on a quarterly basis in the future. Future declaration of dividends are subject to the final determination of our Board of Directors, and will depend on, among other things, our future financial condition, results of operations, capital requirements, capital expenditure requirements, contractual restrictions, anticipated cash needs, business prospects, provisions of applicable law and other factors our Board of Directors may deem relevant. The dividend policy may be suspended or canceled at the discretion of our Board of Directors at any time.

Issuer Purchases of Equity Securities

In October 2015, our board of directors approved a share repurchase program, authorizing us to repurchase up to \$100 million of our common stock and in February 2017, our Board of Directors approved an increase to the share repurchase program (collectively, the “2015 and 2017 Share Repurchase Programs”), authorizing us to repurchase up to an additional \$100 million of our outstanding common stock. As of December 31, 2022, we have fully utilized our authorization for repurchases under the 2015 and 2017 Share Repurchase Programs.

In June 2023, our Board of Directors approved a share repurchase program (the “2023 Share Repurchase Program”), providing authorization to repurchase up to \$100 million of our common stock. During the year ended December 31, 2024, we repurchased approximately 1.1 million shares of our common stock at an average per share cost of \$37.42 and as of December 31, 2024, we had \$30.2 million of remaining authorization for purchases under the 2023 Share Repurchase Program.

During the three months ended December 31, 2024, we did not repurchase any shares of our common stock.

As of December 31, 2024, we have repurchased approximately 5.5 million shares of our common stock in total since 2015 under our repurchase programs (including our 2015 and 2017 Share Repurchase Programs and the 2023 Share Repurchase Program) at an average per-share cost of \$48.86.

We expect to fund any future repurchases, if any, through a combination of cash on hand, cash generated by operations and future financing transactions, if appropriate. Accordingly, our share repurchase program is subject to us having available cash to fund repurchases. Under the share repurchase program, management is authorized to purchase shares of our common stock from time to time through open market purchases or privately negotiated transactions at prevailing prices as permitted by securities laws and other legal requirements, and subject to market conditions and other factors.

Equity Compensation Plan Information

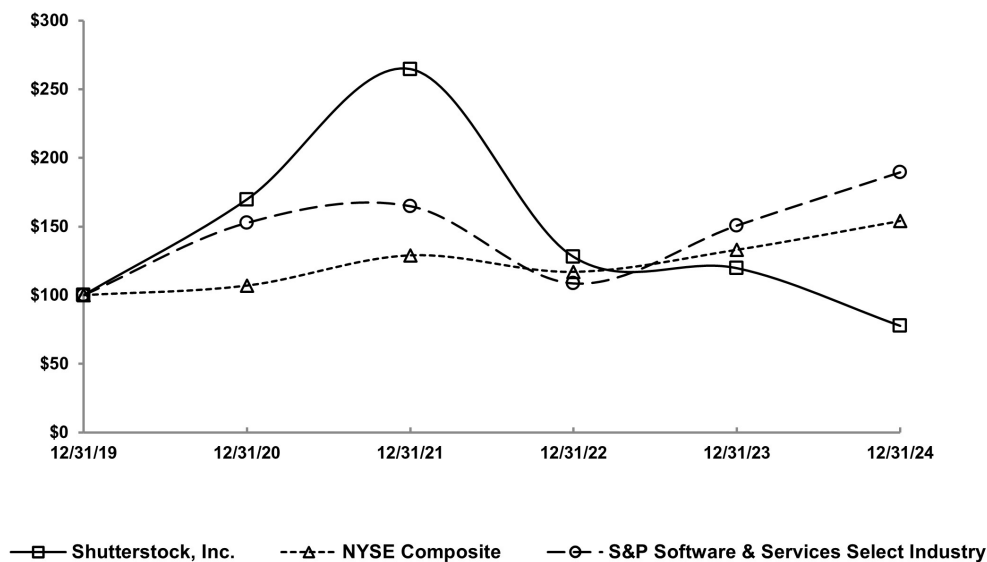
The information required by this item is incorporated by reference to our Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2024.

Performance Graph

The graph below matches Shutterstock, Inc.'s cumulative 5-Year total shareholder return on common stock with the cumulative total returns of the NYSE Composite index and the S&P Internet Software & Services Select index. The graph tracks the performance of a \$100 investment in our common stock and in each index (with the reinvestment of all dividends) from 12/31/2019 to 12/31/2024.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Shutterstock, Inc., the NYSE Composite Index and the S&P Software & Services Select Industry Index



*\$100 invested on 12/31/19 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

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	12/1/2019	12/1/2020	12/1/2021	12/1/2022	12/1/2023	12/2024
Shutterstock, Inc.	100.00	169.70	264.66	127.80	119.58	77.58
NYSE Composite	100.00	106.99	129.11	117.04	133.16	154.19
S&P Software & Services Select Industry	100.00	152.72	164.91	108.52	150.75	189.60

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Item 6. Reserved

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this filing. In addition to historical consolidated financial information, this discussion contains forward-looking statements including statements about our plans, estimates and beliefs. These statements involve risks and uncertainties and our actual results could differ materially from those expressed or implied in forward-looking statements. See “Forward Looking Statements” above. See also the “Risk Factors” disclosure in Item 1A above for additional discussion of the risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements.

Merger Agreement with Getty Images

On January 6, 2025, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) to combine in a merger-of-equals transaction with Getty Images Holdings, Inc. (NYSE:GETY) (“Getty Images”) (such transaction referred to herein as the “Merger”). Subject to terms and conditions in the Merger Agreement, the aggregate consideration to be paid by Getty Images in respect of the outstanding shares of common stock of Shutterstock will be:

- (a) An amount in cash equal to the product of \$9.50 multiplied by the number of shares of Shutterstock common stock outstanding immediately prior to the transaction close (including vested Shutterstock restricted stock units and performance stock units); and
- (b) A number of shares of Getty Images common stock equal to the product of 9.17 multiplied by the number of shares of Shutterstock common stock outstanding immediately prior to the transaction close (including vested Shutterstock restricted stock units and performance stock units).

Each holder of Shutterstock common stock immediately prior to the transaction close will have the option to receive, subject to proration, for each share of Shutterstock common stock held by such holder:

- (a) Cash consideration of \$9.50 and 9.17 shares of Getty Images common stock;
- (b) Cash consideration of \$28.8487; or
- (c) 13.67237 shares of Getty Images common stock.

The Merger is subject to the satisfaction of customary closing conditions, further described below, including receipt of required regulatory approvals, the approval of Getty Images and Shutterstock stockholders and the extension or refinancing of Getty Images’ existing debt obligations. Subject to the satisfaction of the closing conditions, upon closing of the Merger, Shutterstock’s common stock will be delisted from the NYSE and deregistered under the Securities Exchange Act of 1934, as amended. The closing of the Merger is subject to the satisfaction or waiver of certain closing conditions, including:

- adoption of the Merger Agreement by Shutterstock stockholders (the “Shutterstock Stockholder Approval”) and the Getty Images Stockholder Approval, which condition was subsequently satisfied by the Getty Images Stockholder Written Consent,
- Getty Images’ registration statement on Form S-4 to be filed in connection with the Merger having become effective and the mailing of an information statement to Getty Images stockholders at least 20 business days prior to the closing,
- absence of any order, injunction or other order or law in certain jurisdictions prohibiting the Merger or making the closing of the Merger illegal,
- expiration of the applicable waiting period (and extensions thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the receipt of other regulatory approvals deemed necessary or advisable,
- shares of Getty Images Common Stock to be issued in connection with the Merger having been approved for listing on the NYSE,
- accuracy of each party’s representations and warranties, subject to certain standards set forth in the Merger Agreement,
- performance and compliance in all material respects of each party’s agreements and covenants under the Merger Agreement,
- absence of any Getty Images material adverse effect or Shutterstock material adverse effect, as applicable and subject to the definition thereof in the Merger Agreement,

- delivery of an opinion of tax counsel that the Second Merger and the Third Merger as defined in the Merger Agreement, taken together, will qualify as a “reorganization” within the meaning of section 368(a) of the Internal Revenue Code of 1986, as amended, and
- Getty Images having amended or otherwise refinanced its existing term loans and senior notes to extend the maturity of each to no earlier than February 19, 2028 (the “Existing Debt Modifications”).

Overview and Other Recent Developments

Shutterstock is a leading global creative platform connecting brands and businesses to high quality content.

Our platform brings together users and contributors of content by providing readily-searchable content that our customers pay to license and by compensating contributors as their content is licensed. Contributors upload their content to our web properties in exchange for royalty payments based on customer download activity. Beyond content, customers also leverage our platform to assist with the entire creative process from ideation through creative execution.

Digital content licensed to our customers for their creative needs includes images, footage, music, and 3D models (our “Content” offering). Our Content revenues represent the majority of our business and are supported by our searchable creative platform and driven by our large contributor network.

In addition, our customers have needs that are beyond traditional content license products and services. These include (i) licenses to metadata associated with our images, footage, music tracks and 3D models through our data offering, (ii) distribution and advertising services from our Giphy business, which consists of GIFs (graphics interchange format visuals) that serve as a critical ingredient in text- and message- based conversations and in contextual advertising settings, (iii) specialized solutions for high-quality content matched with production tools and services through Shutterstock Studios and (iv) other tailored white-glove services (collectively, our “Data, Distribution, and Services” offerings).

The Company’s Content and Data, Distribution, and Services offering revenues are as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Content	\$ 760,011	\$ 737,264	\$ 789,306
Data, Distribution, and Services	175,251	137,323	38,520
Total Revenue	\$ 935,262	\$ 874,587	\$ 827,826

Our Content Offering:

Our Content offering include:

- Images - consisting of photographs, vectors and illustrations. Images are typically used in visual communications, such as websites, digital and print marketing materials, corporate communications, books, publications and other similar uses.
- Footage - consisting of video clips, premium footage filmed by industry experts and cinema grade video effects, available in HD and 4K formats. Footage is often integrated into websites, social media, marketing campaigns and cinematic productions.
- Music - consisting of high-quality music tracks and sound effects, which are often used to complement images and footage.
- 3 Dimensional (“3D”) Models - consisting of 3D models, used in a variety of industries such as advertising, media and video production, gaming, retail, education, design and architecture.
- Generative AI Content - consisting of images generated from algorithms trained with high-quality, ethically sourced content. Customers can generate images by entering a description of their desired content into model prompts.

Our Content is distributed to customers under the following brands: Shutterstock; Pond5; TurboSquid; PicMonkey; PremiumBeat; Splash News; Bigstock; Envato; and Offset.

Shutterstock, our flagship brand, includes various content types such as image, footage, music and editorial. For customers seeking specialized solutions, Shutterstock Studios extends our offerings by providing custom, high-quality content matched with production tools and services at scale.

Pond5 is a video-first content marketplace which expands the Company's content offerings across footage, image and music. TurboSquid operates a marketplace that offers more than one million 3D models and a 2 dimensional ("2D") marketplace derived from 3D objects. PicMonkey is a leading online graphic design and image editing platform. PremiumBeat offers exclusive high-quality music tracks and provides producers, filmmakers and marketers the ability to search handpicked production music from the world's leading composers. Splash News provides editorial image and video content across celebrity and red carpet events. Bigstock maintains a separate content library tailored for creators seeking to incorporate cost-effective imagery into their projects. Our Offset brand provides authentic and exceptional content for high-impact use cases that require extraordinary images, featuring work from top assignment photographers and illustrators from around the world.

Over 4.0 million active, paying customers contributed to our revenue in 2024. Our contributors made their images, footage and music tracks available in our collection, which has grown to 800 million images and 59 million footage clips as of December 31, 2024. This makes our collection of content one of the largest of its kind, and we delivered 134.3 million paid downloads to our customers across all of our brands during the year ended December 31, 2024.

Contributors of Content typically earn a royalty each time their work is licensed. Content contributors generally earn royalties based on our published earnings schedule that is based on annual licensing volume, which determines the contributor's earnings tier and the purchase option under which the content was licensed. Royalties represent the largest component of our operating expenses, are reported within cost of revenue, tend to fluctuate proportionately with revenue and paid downloads and may be impacted by the mix of products sold.

As the use cases for our creative solutions expand, we believe our customers are seeking alternative means to consume our offerings. As a result, we have seen demand for our monthly subscription products. Our monthly subscriptions provide for either a fixed number of content licenses or credits that may be used to download content during the period. Our subscription-based pricing model makes the creative process easier because customers can download content in our collection for use in their creative process without incremental costs, which provides greater creative freedom and helps improve work product. In addition, customers may also purchase licenses through other contractual plans where the customer commits to buy a predetermined quantity of content licenses that may be downloaded over a period of time, generally between one month to one year. For users who need less content, individual content licenses may also be purchased on a transactional basis, paid for at the time of download.

Our Data, Distribution, and Services offering address customer demand for products and services that are beyond our Content licenses. These products and services include, among other things, the use of our metadata, leveraging our Giphy, Inc. platform, and customized Shutterstock Studios offerings.

We have seen increased demand for access to our metadata for machine learning and generative artificial intelligence model training. We offer ethically sourced and licenseable metadata at industry leading scales and quality. Our metadata customer base ranges from large technology and media companies to smaller start-up organizations.

In 2023, we completed our acquisition of Giphy, Inc. ("Giphy"). Giphy is a content platform that allows users to personalize casual conversations with GIFs, and generates billions of monthly impressions through over 14,000 API partners. We believe customers in all industries will look to use Giphy in marketing campaigns as another advertising outlet.

In 2024, we completed the acquisitions of Backgrid and Envato. The Company believes that Backgrid expands Shutterstock Editorial's Newsroom offerings of editorial images, and Envato enhances digital creative assets and templates.

Our Data, Distribution, and Services offering also includes high-quality production and custom content at scale provided by Shutterstock Studios ("Studios"). Studios is a cost-effective solution for brands and agencies looking to meet their content needs and create fresh dynamic digital assets. Customers can bring an idea, and our Studios team will provide a 360-degree content creation solution. We offer a whole spectrum of services at pre-production, production, live production and post-production stages.

Key Operating Metrics

In addition to key financial metrics, we regularly review a number of key operating metrics to evaluate our business, determine the allocation of resources and make decisions regarding business strategies. We believe that these metrics can be useful for understanding the underlying trends in our business.

Subscribers, subscriber revenue and average revenue per customer from acquisitions are included in these metrics beginning twelve months after the closing of the respective business combination. Accordingly, the metrics include Subscribers, Subscriber revenue, and Average revenue per customer from Pond5 and Splash News beginning May 2023, and for Average Revenue per Customer, from Giphy beginning July 2024. These metrics exclude the respective counts and revenues from Backgrid and Envato.

Subscribers

We define subscribers as those customers who purchase one or more of our monthly recurring products for a continuous period of at least three months, measured as of the end of the reporting period. We believe the number of subscribers is an important metric that provides insight into our monthly recurring business. We believe that an increase in our number of subscribers is an indicator of engagement in our platform and potential for future growth.

Subscriber Revenue

We define subscriber revenue as the revenue generated from subscribers during the period. We believe subscriber revenue, together with our number of subscribers, provide insight into the portion of our business driven by our monthly recurring products.

Average Revenue Per Customer

Average revenue per customer is calculated by dividing total revenue for the last twelve-month period by customers. We define customers as total active, paying customers that contributed to total revenue over the last twelve-month period. Changes in our average revenue per customer will be driven by changes in the mix of our subscription-based and transactional products as well as pricing in our transactional business.

Paid Downloads

We define paid downloads as the number of downloads that our customers make in a given period of our content. Paid downloads exclude content related to our Studios business, downloads of content that are offered to customers for no charge (including our free trials), and downloads associated with our data offering. Measuring the number of paid downloads that our customers make in a given period is important because it is a measure of customer engagement on our platform and triggers the recognition of revenue and contributor royalties.

The following table summarizes our key operating metrics, which are unaudited, for the years ended December 31, 2024, 2023 and 2022:

	Year Ended December 31,				
	Shutterstock ¹ 2024	Envato ² 2024	Pro Forma ³ 2024	2023	2022
Subscribers (end of period)	459,000	629,000	1,088,000	523,000	586,000
Subscriber revenue (in millions)	\$ 318.6	\$ 134.0	\$ 452.6	\$ 351.5	\$ 346.6
Average revenue per customer (last twelve months)	\$ 450	\$ 90	\$ 255	\$ 412	\$ 341
Paid downloads (in millions)	134.3	322.4	456.7	153.0	173.3

¹ Represents Shutterstock, Inc. key operating metrics before combining the Envato related metrics. Subscribers, Subscriber Revenue and Average Revenue Per Customer from acquisitions are included in these metrics beginning twelve months after the closing of the respective business combination. Accordingly, the metrics include Subscribers, Subscriber revenue, and Average revenue per customer from Pond5 and Splash News beginning May 2023, and for Average Revenue per Customer, from Giphy beginning July 2024. These metrics exclude the respective counts and revenues from our acquisitions of Backgrid and Envato.

² Envato Subscribers and Subscriber Revenue are presented as if Envato was acquired as of the beginning of the period presented, and represent metrics incremental to amounts presented under the "Shutterstock, Inc." heading. Envato Average revenue per customer is derived from Envato historical results over the last twelve months.

³ The Pro Forma key operating metrics are derived from (i) the Shutterstock amounts before combining with Envato and (ii) the historical Envato metrics, as discussed in footnote 2 above.

Basis of Presentation

Revenue

A significant portion of our revenues are earned from licensing content. Content licenses are generally purchased on a monthly or annual basis, whereby a customer pays for a predetermined quantity of content that may be downloaded over a specific period of time, or, on a transactional basis, whereby a customer pays for individual content licenses at the time of download. We also generate revenue from tools made available through our platform.

For contracts that contain multiple performance obligations, we allocate the transaction price to each performance obligation based on a relative standalone selling price. The standalone selling price is determined based on the price at which the performance obligation is sold separately, or if not observable through past transactions, is estimated taking into account available information including internally approved pricing guidelines and pricing information of comparable products.

We recognize revenue upon the satisfaction of performance obligations. We recognize revenue on both our subscription-based and transaction-based products when content is downloaded by a customer, at which time the license is provided. In addition, for subscription-based products in which the customer obtains an allotted number of digital assets to download, we estimate expected unused licenses and recognize the revenue associated with the unused licenses as digital assets are downloaded and licenses are obtained for such content by the customer during the subscription period. The estimate of unused licenses is based on historical download activity and future changes in the estimate could impact the timing of revenue recognition of our subscription products. For unlimited download subscription-based products, we recognize revenue in a manner that reflects estimated content download patterns during the subscription period. The estimate of content download patterns is based on historical download activities from the unlimited download products. Revenue associated with tools available through our platform is recognized on a straight-line basis over the subscription period. We expense contract acquisition costs as incurred, to the extent that the amortization period would otherwise be one year or less.

For customers making electronic payments, collectability is probable at the time the order or contract is entered. A significant portion of our customers purchase products by making electronic payments with a credit card at the time of the transaction. Customer payments received in advance of revenue recognition are contract liabilities and are recorded as deferred revenue. Customers that do not pay in advance are invoiced and are required to make payments under standard credit terms. Collectability for customers who pay on credit terms allowing for payment beyond the date at which service commences, is based on a credit evaluation for certain new customers and transaction history with existing customers.

We recognize revenue gross of contributor royalties because we are the principal in the transaction as we are the party responsible for the performance obligation and control the product or service before transferring it to the customer. We also license content to customers through third-party resellers, who are our direct customers. Third-party resellers sell our products directly to end users as the principal in those transactions. Accordingly, we recognize revenue net of costs paid to resellers.

We also report revenue net of return and chargeback allowances. These allowances are based off historical trends when available.

Costs and Expenses

Cost of Revenue. Cost of revenue consists of royalties paid to contributors, credit card processing fees, content review costs, customer service expenses, infrastructure and hosting costs related to maintaining our creative platform and cloud-based software platform, depreciation and amortization of capitalized internal-use software, purchased content and acquisition-related intangible assets, allocated facility costs and other supporting overhead costs. Cost of revenue also includes employee compensation, including non-cash equity-based compensation, bonuses and benefits associated with the maintenance of our creative platform and cloud-based software platform.

Sales and Marketing. Sales and marketing expenses include third-party marketing, advertising, branding, public relations and sales expenses. Sales and marketing expenses also include associated employee compensation, including non-cash equity-based compensation, bonuses and benefits, and commissions as well as allocated facility and other supporting overhead costs.

Product Development. Product development expenses consist of employee compensation, including non-cash equity-based compensation, bonuses and benefits, and expenses related to vendors engaged in product management, design, development and testing of our websites and products. Product development costs also includes software and other IT equipment costs, allocated facility expenses and other supporting overhead costs.

General and Administrative. General and administrative expenses include employee compensation, including non-cash equity-based compensation, bonuses and benefits for executive, finance, accounting, legal, human resources, internal information technology, internet security, business intelligence and other administrative personnel. In addition, general and

administrative expenses include outside legal, tax and accounting services, bad debt expense, insurance, facilities costs, other supporting overhead costs and depreciation and amortization expense.

Impairment of Lease and Related Assets. Impairment of lease and related assets includes impairment charges related to a portion of the Company's right-of-use assets and property and equipment triggered by the decision to cease using certain office spaces.

Bargain Purchase Gain. A bargain purchase gain is recognized subsequent to an acquisition, if the fair value of the net assets acquired and liabilities assumed exceeds the net consideration.

Interest Expense. Interest expense consists of interest on our debt and amortization of deferred financing fees.

Other Income / (Expense), Net. Other income / (expense), net consists of non-operating costs such as foreign currency transaction gains and losses, in addition to unrealized gains and losses on investments and interest income and expense.

Income Taxes. We compute income taxes using the asset and liability method, under which deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted statutory income tax rates in effect for the year in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce net deferred tax assets to the amount expected to be realized.

Results of Operations

The following table presents our results of operations for the periods indicated. The period-to-period comparisons of results are not necessarily indicative of results for future periods.

	Year Ended December 31,		
	2024	2023	2022
(in thousands)			
Consolidated Statements of Operations:			
Revenue	\$ 935,262	\$ 874,587	\$ 827,826
Operating expenses:			
Cost of revenue	396,297	352,630	314,306
Sales and marketing	222,704	214,749	203,154
Product development	88,417	96,162	65,434
General and administrative	159,136	142,646	132,644
Impairment of lease and related assets	—	—	18,664
Total operating expenses	866,554	806,187	734,202
Income from operations	68,708	68,400	93,624
Bargain purchase gain	—	50,261	—
Interest expense	(10,561)	(1,857)	(1,336)
Other income / (expense), net	4,401	5,664	(1,251)
Income before income taxes	62,548	122,468	91,037
Provision for income taxes	26,616	12,199	14,934
Net income	\$ 35,932	\$ 110,269	\$ 76,103

The following table presents the components of our results of operations for the periods indicated as a percentage of revenue:

	Year Ended December 31,		
	2024	2023	2022
Consolidated Statements of Operations:			
Revenue	100 %	100 %	100 %
Operating expenses:			
Cost of revenue	42 %	40 %	38 %
Sales and marketing	24 %	25 %	25 %
Product development	9 %	11 %	8 %
General and administrative	17 %	16 %	16 %
Impairment of lease and related assets	— %	— %	2 %
Total operating expenses	93 %	92 %	89 %
Income from operations	7 %	8 %	11 %
Bargain purchase gain	— %	6 %	— %
Interest expense	(1)%	— %	— %
Other income / (expense), net	— %	1 %	— %
Income before income taxes	7 %	14 %	11 %
Provision for income taxes	3 %	1 %	2 %
Net income	4 %	13 %	9 %

Comparison of the Years Ended December 31, 2024 and December 31, 2023

The following table presents our results of operations for the periods indicated:

	Year Ended December 31,			
	2024	2023	\$ Change	% Change
(in thousands)				
Consolidated Statements of Operations Data:				
Revenue	\$ 935,262	\$ 874,587	\$ 60,675	7 %
Operating expenses:				
Cost of revenue	396,297	352,630	43,667	12
Sales and marketing	222,704	214,749	7,955	4
Product development	88,417	96,162	(7,745)	(8)
General and administrative	159,136	142,646	16,490	12
Total operating expenses	866,554	806,187	60,367	7
Income from operations	68,708	68,400	308	—
Bargain purchase gain	—	50,261	(50,261)	*
Interest expense	(10,561)	(1,857)	(8,704)	469
Other income, net	4,401	5,664	(1,263)	(22)
Income before income taxes	62,548	122,468	(59,920)	(49)
Provision for income taxes	26,616	12,199	14,417	118
Net income	\$ 35,932	\$ 110,269	\$ (74,337)	(67)%

* Not meaningful

Revenue

Revenue increased by \$60.7 million, or 7%, to \$935.3 million in 2024 as compared to 2023. Foreign currency fluctuations did not have a significant impact on our revenue in the year ended December 31, 2024.

Our Content revenues increased by 3%, to \$760.0 million in 2024, as compared to 2023. Foreign currency fluctuations did not have a significant impact on our Content license revenues in 2024. The increase in our Content license revenues was driven by revenue from Envato, which was acquired on July 22, 2024.

Our Data, Distribution, and Services revenues increased by 28%, to \$175.3 million in 2024, as compared to 2023. Foreign currency fluctuations did not have a significant impact on our Data, Distribution, and Services revenues in 2024. The increase in Data, Distribution, and Services revenues was primarily driven by growth in our data offering, which grew 15% in the twelve months ended December 31, 2024, as well as growth in our Distribution and Services offerings.

Changes in our revenue by region were as follows: revenue from North America increased by \$46.9 million, or 11%, to \$474.7 million; revenue from Europe increased by \$14.6 million, or 6%, to \$245.7 million; and revenue from outside Europe and North America remained relatively flat, decreasing by \$0.9 million to \$214.9 million, in the year ended December 31, 2024 compared to 2023.

Cost and Expenses

Cost of Revenue. Cost of revenue increased by \$43.7 million, or 12%, to \$396.3 million in 2024 as compared to 2023. As a percent of revenue, cost of revenues increased to 42% for the year ended December 31, 2024, from 40% for 2023. This increase was driven by increased royalty and content costs, costs associated with website hosting, hardware and software licenses, employee related costs, and depreciation and amortization driven by the acquisition of Envato. We expect that our cost of revenue will continue to fluctuate in line with changes in revenue.

Sales and Marketing. Sales and marketing expenses increased by \$8.0 million, or 4%, to \$222.7 million in 2024 as compared to 2023. As a percent of revenue, sales and marketing expenses decreased to 24% for the year ended December 31, 2024, from 25% for the same period in 2023. This increase was driven by increases in employee-related costs, occupancy expenses, and other administrative expenses, partially offset by a decline in performance marketing spend and consulting expenses. In addition, there were \$4.3 million and \$0.6 million increases from recurring and non-recurring Giphy Retention

Compensation, respectively. We expect sales and marketing expenses to continue to fluctuate as we optimize our sales channels and invest in new customer acquisition, products and geographies.

Product Development. Product development expenses decreased by \$7.7 million, or 8%, to \$88.4 million in 2024 as compared to 2023. The decrease in product development was driven by decreases in outside consultant expenses and employee-related costs. This was partially offset by an increase in software licenses. In addition, there was a \$1.3 million increase and a \$4.8 million decrease from recurring and non-recurring Giphy Retention Compensation expenses, respectively. We expect product development expenses, of which a portion will be capitalized, to continue in the foreseeable future, as we pursue opportunities to invest in developing new products and internal tools and enhance the functionality of our existing products and technologies.

General and Administrative. General and administrative expenses increased by \$16.5 million, or 12%, to \$159.1 million in 2024 as compared to 2023. The increase was driven by an increase in professional fees associated with the acquisitions of Envato and Backgrid, consisting of \$7.6 million of transaction costs, and increases in employee-related costs and software licenses driven by the acquisition of Envato. This was partially offset by a decrease in bad debt expense. In addition, there was a \$0.1 million decrease and a \$2.6 million decrease from recurring and non-recurring Giphy Retention Compensation expenses, respectively.

Bargain Purchase Gain. In the twelve months ended December 31, 2023, we recognized a bargain purchase gain of \$50.3 million related to the acquisition of Giphy, which represents the excess of the fair value of the net assets acquired in addition to the net negative purchase price.

Interest Expense. In the twelve months ended December 31, 2024 and December 31, 2023, we recognized interest expense of \$10.6 million and \$1.9 million, respectively related to our credit facility and the amortization of deferred financing fees. Interest expense for the twelve months ended December 31, 2024 increased due to borrowings under the A&R Credit Agreement entered into during the quarter ended September 30, 2024 to fund the acquisition of Envato.

Other Income, Net. During the twelve months ended December 31, 2024, other income, net substantially consisted of \$4.1 million of interest income and \$2.2 million of unrealized gains related to our investment in Meitu, Inc., partially offset by \$1.8 million of unrealized foreign currency losses. During the twelve months ended December 31, 2023, other income, net consisted of \$4.8 million of interest income and \$0.9 million of unrealized foreign currency gains. As we increase the volume of business transacted in foreign currencies resulting from international expansion and as currency rates fluctuate, we expect foreign currency gains and losses to continue to fluctuate.

Income Taxes. Income tax expense increased by \$14.4 million, to \$26.6 million in 2024 as compared to 2023. Our effective tax rates for the years ended December 31, 2024 and 2023 were approximately 42.6% and 10.0%, respectively.

The 2024 effective tax rate differs from the U.S. federal statutory tax rate primarily due to non-deductible equity compensation and a one-time charge for the foreign rate differential on acquired intangible assets, partially offset by the effect of the U.S. Research and Development (“R&D”) tax credit and the foreign-derived intangible income deduction.

The 2023 effective tax rate differs from the U.S. federal statutory tax rate primarily due to the non-taxable bargain purchase gain associated with the acquisition of Giphy, the effect of the U.S. Research and Development (“R&D”) tax credit and the foreign-derived intangible income deduction.

Comparison of the Years Ended December 31, 2023 and December 31, 2022

The following table presents our results of operations for the periods indicated:

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
(in thousands)				
Consolidated Statements of Operations Data:				
Revenue	\$ 874,587	\$ 827,826	\$ 46,761	6 %
Operating expenses:				
Cost of revenue	352,630	314,306	38,324	12
Sales and marketing	214,749	203,154	11,595	6
Product development	96,162	65,434	30,728	47
General and administrative	142,646	132,644	10,002	8
Impairment of long-lived assets	—	18,664	(18,664)	*
Total operating expenses	806,187	734,202	71,985	10
Income from operations	68,400	93,624	(25,224)	(27)
Bargain purchase gain	50,261	—	50,261	*
Interest expense	(1,857)	(1,336)	(521)	39
Other income / (expense), net	5,664	(1,251)	6,915	(553)
Income before income taxes	122,468	91,037	31,431	35
Provision for income taxes	12,199	14,934	(2,735)	(18)
Net income	\$ 110,269	\$ 76,103	\$ 34,166	45 %

* Not meaningful

Revenue

Revenue increased by \$46.8 million, or 6%, to \$874.6 million in 2023 as compared to 2022. On a constant currency basis, revenue increased approximately 5% in the year ended December 31, 2023, as compared to 2022.

Content license revenues decreased by 7%, to \$737.3 million in 2023 as compared to 2022. On a constant currency basis, Content revenues decreased by 7% in 2023, as compared to 2022. The decline in our Content license revenues was driven by weakness in new customer acquisition, partially offset by increases in Pond5. Pond5 contributed to revenues for the full year in 2023 compared to seven months in 2022.

Data, Distribution, and Services revenues increased by 256%, to \$137.3 million in 2023 as compared to 2022. Foreign currency fluctuations did not have a significant impact on our Data, Distribution, and Services revenues in 2023. The increase in Data, Distribution, and Services revenues was primarily driven by growth in our data offering, which accounted for \$84.9 million of the growth from 2022 to 2023 and \$10.5 million of revenue generated from Giphy.

Changes in our revenue by region were as follows: revenue from North America increased by \$74.5 million, or 21%, to \$427.7 million, revenue from Europe decreased by \$12.0 million, or 5%, to \$231.0 million and revenue from outside Europe and North America decreased by \$15.8 million, or 7%, to \$215.8 million, in the year ended December 31, 2023 compared to 2022.

Cost and Expenses

Cost of Revenue. Cost of revenue increased by \$38.3 million, or 12%, to \$352.6 million in 2023 as compared to 2022. As a percent of revenue, cost of revenues increased to 40% for the year ended December 31, 2023, from 38% for 2022. This increase was primarily driven by: (i) increased depreciation and amortization expense driven by our recent acquisitions; (ii) increased royalty, content and reviewer costs; (iii) higher costs associated with website hosting, hardware and software licenses; and (iv) Giphy employee-related costs comprised of \$4.9 million of recurring Giphy Retention Compensation and \$4.3 million of non-recurring Giphy Retention Compensation. We expect that our cost of revenue will continue to fluctuate in line with changes in revenue.

Sales and Marketing. Sales and marketing expenses increased by \$11.6 million, or 6%, to \$214.7 million in 2023 as compared to 2022. As a percent of revenue, sales and marketing expenses was 25% for the years ended December 31, 2023 and 2022. The increase in sales and marketing expenses was primarily driven by (i) \$5.1 million in higher employee-related costs; (ii) \$3.1 million in higher consultant costs; and (iii) Giphy employee-related costs comprised of \$1.4 million of recurring Giphy Retention Compensation and \$1.0 million of non-recurring Giphy Retention Compensation not considered necessary to operate our business. We expect sales and marketing expenses to continue to fluctuate as we optimize our sales channels and invest in new customer acquisition, products and geographies.

Product Development. Product development expenses increased by \$30.7 million, or 47%, to \$96.2 million in 2023 as compared to 2022. This increase was primarily driven by (i) Giphy employee-related costs comprised of \$5.5 million of recurring Giphy Retention Compensation, net of capitalized labor and \$20.9 million of non-recurring Giphy Retention Compensation not considered necessary to operate our business and (ii) \$2.8 million in higher non-cash compensation expense. We expect product development expenses, of which a portion will be capitalized, to continue in the foreseeable future, as we pursue opportunities to invest in developing new products and internal tools and enhance the functionality of our existing products and technologies.

General and Administrative. General and administrative expenses increased by \$10.0 million, or 8%, to \$142.6 million in 2023 as compared to 2022. This increase was primarily driven by (i) \$7.9 million in lower non-cash compensation expense and (ii) Giphy employee-related costs comprised of \$1.8 million of recurring Giphy Retention Compensation, net of capitalized labor and \$5.4 million of non-recurring Giphy Retention Compensation not considered necessary to operate our business. These increases were partially offset by (i) \$1.4 million in lower occupancy costs and \$1.2 million in lower professional fees. For the years ended December 31, 2023 and 2022, general and administrative expenses included \$3.0 million and \$3.9 million in transaction costs related to the Giphy and Pond5 acquisitions, respectively.

Bargain Purchase Gain. We recognized a bargain purchase gain of \$50.3 million in 2023 related to the acquisition of Giphy, which represents the excess of the fair value of the net assets acquired in addition to the net negative purchase price.

Impairment of Lease and Related Assets. Impairment of lease and related assets was \$18.7 million in 2022. In the fourth quarter of 2022, the Company completed an analysis of leased-office usage and (i) ceased using certain of its office space, including two floors of its headquarters in New York City as well as (ii) abandoned certain other smaller office spaces. This resulted in an \$18.7 million impairment charge, of which \$15.9 million and \$2.8 million relates to right-of-use assets and property and equipment, respectively. There was no impairment of lease and related assets in 2023.

Interest Expense. In the twelve months ended December 31, 2023 and 2022, we recognized interest expense of \$1.9 million and \$1.3 million, respectively related to our credit facility and the amortization of deferred financing fees.

Other income / (expense), net. During 2023, other income / (expense), net substantially consisted of \$4.8 million of interest income and \$0.9 million of favorable unrealized foreign currency fluctuations. As we increase the volume of business transacted in foreign currencies resulting from international expansion and as currency rates fluctuate, we expect foreign currency gains and losses to continue to fluctuate.

During 2022, other income / (expense), net substantially consisted of \$1.3 million of expense due to foreign currency fluctuations.

Income Taxes. Income tax expense decreased by \$2.7 million, to \$12.2 million in 2023 as compared to 2022. Our effective tax rates for the years ended December 31, 2023 and 2022 were approximately 10.0% and 16.4%, respectively.

The 2023 effective tax rate differs from the U.S. federal statutory tax rate primarily due to the non-taxable bargain purchase gain associated with the acquisition of Giphy, the effect of the U.S. Research and Development (“R&D”) tax credit, and the foreign-derived intangible income deduction. The 2022 effective tax rate differs from the U.S. federal statutory rate primarily due to the effect of the U.S. R&D tax credit and the foreign-derived intangible income deduction.

Liquidity and Capital Resources

As of December 31, 2024, we had cash and cash equivalents totaling \$111.3 million, which primarily consisted of bank balances. Since inception, we have financed our operations primarily through cash flows generated from operations. In addition, if necessary, we have the ability to draw on our A&R Credit Agreement dated July 22, 2024.

Historically, our principal uses of cash have included funding our operations, capital expenditures, and content acquisitions. In addition, our capital allocation strategies also include funding business combinations and asset acquisitions that enhance our strategic position, cash dividend payments, principal and interest payments under our credit facilities and share

purchases under our share repurchase programs. We plan to finance our operations, capital expenditures and corporate actions largely through cash generated by our operations and our credit facility. Since our results of operations are sensitive to the level of competition we face, increased competition could adversely affect our liquidity and capital resources.

Dividends

We declared and paid cash dividends of \$1.20 per share of common stock, or \$42.4 million during the year ended December 31, 2024.

On January 27, 2025, our Board of Directors declared a quarterly cash dividend of \$0.33 per share of outstanding common stock payable on March 20, 2025 to stockholders of record at the close of business on March 6, 2025. The Company currently expects to continue to pay comparable cash dividends on a quarterly basis in the future. Future declarations of dividends are subject to the final determination of our Board of Directors, and will depend on, among other things, our future financial condition, results of operations, capital requirements, capital expenditure requirements, contractual restrictions, anticipated cash needs, business prospects, provisions of applicable law and other factors our Board of Directors may deem relevant.

Share Repurchase Program

In June 2023, our Board of Directors approved a share repurchase program (the “2023 Share Repurchase Program”), providing authorization to repurchase up to \$100 million of our common stock.

We expect to fund future repurchases, if any, through a combination of cash on hand, cash generated by operations and future financing transactions, if appropriate. Accordingly, our 2023 Share Repurchase Program is subject to us having available cash to fund repurchases. Under the share repurchase program, management is authorized to purchase shares of our common stock from time to time through open market purchases or privately negotiated transactions at prevailing prices as permitted by securities laws and other legal requirements, and subject to market conditions and other factors.

As of December 31, 2024, we have repurchased approximately 5.5 million shares of our common stock since 2015 under our repurchase programs (including our 2015 and 2017 Share Repurchase Programs and our 2023 Share Repurchase Program) at an average per-share cost of \$48.86. During the year ended December 31, 2024, we repurchased approximately 1.1 million shares of our common stock at an average per share cost of \$37.42. As of December 31, 2024, we had \$30.2 million of remaining authorization for purchases under the 2023 Share Repurchase Program.

Credit Facility and A&R Credit Agreement

On May 6, 2022, we entered into a five-year \$100 million unsecured revolving loan facility (the “Credit Facility”) with Bank of America, N.A., as Administrative Agent and other lenders. The Credit Facility includes a letter of credit sub-facility and a swingline facility and it also permitted, subject to the satisfaction of certain conditions, up to \$100 million of additional revolving loan commitments with the consent of the Administrative Agent.

On July 22, 2024, we entered into an amended and restated credit agreement (the “A&R Credit Agreement”), which was entered into among us, as borrower, certain direct and indirect subsidiaries of our as guarantors, the lenders party thereto, and Bank of America, N.A., as Administrative Agent for the lenders. The A&R Credit Agreement provides for a five-year (i) senior unsecured term loan facility (the “Term Loan”) in an aggregate principal amount \$125 million and (ii) senior unsecured revolving credit facility (the “Revolver”) in an aggregate principal amount of \$250 million. The A&R Credit Agreement provides for a letter of credit subfacility and a swingline facility.

At our option, loans under the A&R Credit Agreement accrue interest at a per annum rate based on either (i) the base rate plus a margin ranging from 0.375% to 0.750%, determined based on our consolidated leverage ratio or (ii) the Term Secured Overnight Financing Rate (“SOFR”) (for interest periods of 1, 3 or 6 months) plus a margin ranging from 1.375% to 1.750%, determined based on our consolidated leverage ratio, plus a credit spread of 0.100%. We are also required to pay an unused commitment fee ranging from 0.175% to 0.250%, determined based on our consolidated leverage ratio. In connection with the execution of this agreement, we paid debt issuance costs of approximately \$2.2 million.

The A&R Credit Agreement replaces our existing Credit Facility, which was fully repaid and terminated upon the effectiveness of the A&R Credit Agreement. In connection with the closing of the Credit Facility, we repaid \$30 million of existing outstanding borrowings and accrued interest.

As of December 31, 2024, we had a remaining borrowing capacity of \$94 million, net of standby letters of credit.

The A&R Credit Agreement contains financial covenants and requirements restricting certain of our activities, which are customary for this type of credit facility. We are also required to maintain compliance with a consolidated leverage ratio and a consolidated interest coverage ratio, in each case, determined in accordance with the terms of the A&R Credit Agreement. As of December 31, 2024, we were in compliance with these covenants.

Our outstanding debt (in thousands) is reflected in the table below. We classify the Revolver as a current liability since we could draw upon and repay the outstanding amount as needed. The maturity of the Revolver is in 2029.

Our debt consists of the following (in thousands):

	<u>As of December 31, 2024</u>	<u>As of December 31, 2023</u>
Current Debt:		
Revolver - Credit Facility	—	30,000
Revolver - A&R Credit Agreement	155,000	—
Term Loan - A&R Credit Agreement	3,106	
Non-Current Debt:		
Term Loan - A&R Credit Agreement	119,598	—

Based on Level 2 inputs, the carrying value of our debt approximates its fair value, as borrowings are subject to variable interest rates that adjust with changes in market rates and market conditions and the current interest rate approximates that which would be available under similar financial arrangements.

For the year ended December 31, 2024, we recognized interest expense of \$10.6 million. As of December 31, 2024, unamortized debt issuance cost related to the Term Loan - A&R Credit Agreement is \$0.7 million.

Sources and Uses of Funds

We believe, based on our current operating plan, that our cash and cash equivalents, and cash from operations, will be sufficient to meet our anticipated cash needs for at least the next 12 months. Our longer-term liquidity is contingent upon future operating performance. Future capital expenditures will generally relate to building enhancements to the functionality of our current platform, the acquisition of additional storage, servers, network connectivity hardware, security apparatus and software, leasehold improvements and furniture and fixtures related to office expansion and relocation, content and general corporate infrastructure.

As of December 31, 2024, we had approximately \$56 million in unconditional cash obligations, consisting primarily of purchase obligations related to contracts for cloud-based services, infrastructure and other business services as well as minimum royalty guarantees in connection with certain content licenses, of which the majority is due to be paid within the next two years. In addition, as of December 31, 2024, we had approximately \$38 million in operating lease obligations with lease payments extending through 2029.

See Notes 17 and 18 of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for information regarding our lease and other non-lease commitments, respectively, as of December 31, 2024.

Cash Flows

The following table summarizes our cash flow data for 2024, 2023 and 2022, respectively.

	<u>Year Ended December 31,</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
	(in thousands)		
Net cash provided by operating activities	\$ 32,646	\$ 140,552	\$ 158,451
Net cash used in investing activities	\$ (166,168)	\$ (54,316)	\$ (275,550)
Net cash provided by / (used in) financing activities	\$ 150,096	\$ (102,704)	\$ (79,487)

Operating Activities

Our primary source of cash from operating activities is cash collections from our customers. The majority of our revenue is generated from credit card transactions and is typically settled within one to five business days. Our primary uses of cash for operating activities are for the payment of royalties to content contributors, employee-related expenditures and the payment of other operating expenses incurred in the ordinary course of business.

Net cash provided by operating activities was \$32.6 million for the year ended December 31, 2024, compared to \$140.6 million for the year ended December 31, 2023. In the twelve months ended December 31, 2024, operating cash flows included a \$10.3 million increase in the recurring and non-recurring payments made to the Giphy workforce, the reimbursement of which is reflected in Investing Activities on the Statement of Cash Flows. In addition, in the twelve months ended

December 31, 2024, operating cash flows included \$63.3 million of cash outflows made for liabilities assumed which were triggered upon the closing of the Envato acquisition (“the Envato Seller Obligations”). The acquired cash from Envato included \$63.4 million to fund the Envato Seller Obligations.

Net cash provided by operating activities was \$140.6 million for the year ended December 31, 2023, compared to \$158.5 million for the year ended December 31, 2022. The decline in cash provided by operating activities for the year ended December 31, 2023 was impacted by the timing of payments and cash receipts in the ordinary course of business which can cause operating cash flow to fluctuate from period to period.

In addition, operating cash flows for the year ended December 31, 2023 were unfavorably impacted by the recurring and non-recurring payments made to the Giphy workforce, the reimbursement of which is reflected in Investing Activities on the Statement of Cash Flows.

Investing Activities

Our investing activities have consisted primarily of capital expenditures, business combinations, asset acquisitions, investments and content acquisitions. Starting in 2023, investing activities also includes amounts related to the Giphy Retention Compensation. Capital expenditures include internal-use software and website development costs, purchases of software equipment, and capitalization of leasehold improvements. Capital expenditures are primarily attributable to investments in internally developed software. We continue to invest significantly in product development to enhance our customer experience and increase the efficiency with which we deploy new products and features. Cash used in investing activities totaled \$166.2 million, \$54.3 million and \$275.6 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Cash used in investing activities for the year ended December 31, 2024 was \$166.2 million, consisting primarily of (i) \$179.1 million cash used in the acquisitions of Envato and Backgrid, net of cash acquired; (ii) capital expenditures of \$47.2 million for internal-use software and website development costs and purchases of software and equipment; and (iii) \$4.0 million paid to acquire the rights to distribute certain digital content into perpetuity. These cash outflows were partially offset by \$64.0 million of Giphy Retention Compensation, as reimbursed by the Giphy seller.

Cash used in investing activities for the year ended December 31, 2023 was \$54.3 million, consisting primarily of (i) \$53.7 million cash used in the acquisition of Giphy, net of cash acquired; (ii) capital expenditures of \$44.6 million for internal-use software and website development costs, and purchase of software and equipment, and (iii) \$11.1 million paid to acquire the rights to distribute certain digital content in perpetuity. These cash outflows were partially offset by \$53.7 million of Giphy Retention Compensation, as reimbursed by the Giphy seller.

Cash used in investing activities for the year ended December 31, 2022 was \$275.6 million, consisting primarily of (i) \$211.8 million cash used in the acquisitions of Pond5 and Splash News, net of cash acquired; (ii) capital expenditures of \$43.3 million for internal-use software and website development costs, and purchase of software and equipment, and (iii) \$16.8 million to acquire the rights to distribute certain digital content in perpetuity.

Financing Activities

Our financing activities have consisted primarily of payments associated with cash dividends, settlements of tax withholding obligations related to employee stock-based compensation awards and repurchases of common stock under our share repurchase program. Our financing activities also includes proceeds from and payments of our A&R Credit Agreement and our Credit Facility, and proceeds received in connection with the exercise of stock options. Cash provided by financing activities totaled \$150.1 million for the year ended December 31, 2024, and cash used in financing activities totaled \$102.7 million and \$79.5 million for the years ended December 31, 2023, and 2022, respectively.

Cash provided by financing activities during 2024 was \$150.1 million, consisting of (i) \$280.0 million received from our A&R Credit Agreement; (ii) \$31.6 million used for the repayment of our Credit Facility and A&R Credit Agreement; (iii) \$42.4 million, related to the payment of the quarterly cash dividend; (iv) \$41.6 million paid in connection with the repurchase of common stock under our 2023 Share Repurchase Program; (v) \$12.2 million paid in the settlement of tax withholding obligations related to employee stock-based compensation awards; and (vi) \$2.2 million paid for debt issuance costs.

Cash used in financing activities during 2023 primarily consisted of (i) \$50.0 million used for the repayment of our Credit Facility; (ii) \$38.7 million, related to the payment of the quarterly cash dividend; (iii) \$28.2 million in connection with the repurchase of common stock under our 2023 Share Repurchase Program; and (iv) \$15.8 million, paid in settlement of tax withholding obligations related to employee stock-based compensation awards. These amounts were partially offset by approximately \$30.0 million in proceeds received from our Credit Facility.

Cash used in financing activities during 2022 primarily consisted of (i) \$73.5 million in connection with the repurchase of common stock under our share repurchase program; (ii) \$34.6 million related to the payment of the quarterly cash dividend; and

(iii) \$22.6 million paid in settlement of tax withholding obligations related to employee stock-based compensation awards. These amounts were partially offset by approximately \$50.0 million in proceeds received from our Credit Facility.

Non-GAAP Financial Measures

To supplement our consolidated financial statements presented in accordance with the accounting principles generally accepted in the United States, or GAAP, our management considers certain financial measures that are not prepared in accordance with GAAP, collectively referred to as non-GAAP financial measures, including adjusted net income, adjusted net income per diluted common share, adjusted EBITDA, adjusted EBITDA margin, revenue growth (including by product offering) on a constant currency basis (expressed as a percentage), and adjusted free cash flow. These non-GAAP financial measures are included solely to provide investors with additional information regarding our financial results and are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similarly-titled measures presented by other companies.

	Year Ended December 31,		
	2024	2023	2022
Non-GAAP Financial Measures (in thousands):			
Adjusted net income	\$ 138,742	\$ 157,581	\$ 141,548
Adjusted EBITDA	\$ 247,115	\$ 240,776	\$ 218,074
Adjusted free cash flow	\$ 108,693	\$ 138,468	\$ 98,334
Revenue growth on a constant currency basis	7 %	5 %	11 %

These non-GAAP financial measures have not been calculated in accordance with GAAP, 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 measures. In addition, adjusted net income, adjusted net income per diluted common share, adjusted EBITDA, adjusted EBITDA margin, revenue growth (including by product offering) on a constant currency basis (expressed as a percentage) and adjusted free cash flow should not be construed as indicators of our operating performance, liquidity or cash flows generated by operating, investing and financing activities, as there may be significant factors or trends that they fail to address. We caution investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions; accordingly, its use can make it difficult to compare our current results with our results from other reporting periods and with the results of other companies.

Our management uses these non-GAAP financial measures, 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 our 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 our management team and, together with other operational objectives, as a measure in evaluating employee compensation; (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.

Management believes that adjusted net income, adjusted net income per diluted common share, adjusted EBITDA, adjusted EBITDA margin, revenue growth (including by product offering) on a constant currency basis (expressed as a percentage) and adjusted free cash flow 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 net income, adjusted net income per diluted common share, adjusted EBITDA and adjusted EBITDA margin 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 and revenue growth (including by product offering) on a constant currency basis (expressed as a percentage), provides useful information to investors by eliminating the effect of foreign currency fluctuations that are not directly attributable to Shutterstock's operating performance. Management also believes that providing these non-GAAP financial measures enhances the comparability for investors in assessing Shutterstock's financial reporting. Management believes that adjusted 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.

Our use of non-GAAP financial measures has limitations as an analytical tool, and these measures should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP, as the excluded items may have significant effects on our operating results and financial condition. Additionally, our methods for measuring non-GAAP financial measures may differ from other companies' similarly titled measures. When evaluating our performance, these non-GAAP financial measures should be considered alongside other financial performance measures, including various cash flow metrics, net income and our other GAAP results.

Our method for calculating adjusted net income, adjusted net income per diluted common share, adjusted EBITDA, adjusted EBITDA margin, revenue growth (including by product offering) on a constant currency basis (expressed as a percentage) and adjusted free cash flow, as well as a reconciliation of the differences between each of our non-GAAP financial measures (adjusted EBITDA, adjusted net income, revenue growth (including by product offering) on a constant currency basis (expressed as a percentage) and adjusted free cash flow), and each measure's most directly comparable financial measure calculated and presented in accordance with GAAP, is presented below.

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 ongoing expense necessary to operate the Company's business. Therefore, such expenses have been included in the below adjustments for calculating adjusted EBITDA, adjusted EBITDA margin, adjusted net income and adjusted net income per diluted common share. For the twelve months ended December 31, 2024, the Company also incurred \$21.4 million of Giphy Retention Compensation expense related to recurring employee costs, which is included in operating expenses, and is not included in the below adjustments for calculating adjusted EBITDA, adjusted EBITDA margin, adjusted net income and adjusted net income per diluted common share.

Adjusted Net Income and Adjusted Net Income Per Diluted Common Share

We define adjusted net income as net income adjusted for the impact of non-cash equity-based compensation, the amortization of acquisition-related intangible assets, bargain purchase gain related to the acquisition of Giphy, Giphy Retention Compensation Expense - non-recurring, impairment of lease and related assets, cost incurred associated with the Getty merger, unrealized gains and losses on investments, severance costs associated with strategic workforce optimizations and the estimated tax impact of such adjustments. We define adjusted net income per diluted common share as adjusted net income divided by weighted average diluted shares.

The following is a reconciliation of net income to adjusted net income for each of the periods indicated:

	Year Ended December 31,		
	2024	2023	2022
	(in thousands)		
Net income	\$ 35,932	\$ 110,269	\$ 76,103
Add / (less) Non-GAAP adjustments:			
Non-cash equity-based compensation	56,330	48,577	35,740
Tax effect of non-cash equity-based compensation ⁽¹⁾⁽²⁾	(6,883)	(11,416)	(8,397)
Acquisition-related amortization expense ⁽³⁾	37,967	34,737	29,302
Tax effect of acquisition-related amortization expense ⁽¹⁾	(8,922)	(8,163)	(6,886)
Bargain purchase gain	—	(50,261)	—
Giphy Retention Compensation Expense - non-recurring	22,116	31,577	—
Tax effect of Giphy Retention Compensation Expense - non-recurring ⁽¹⁾	(5,197)	(7,421)	—
Impairment of lease and related assets	—	—	18,664
Tax effect of impairment of lease and related assets ⁽¹⁾	—	—	(4,199)
Merger-related costs	2,750	—	—
Tax effect of merger-related costs ⁽¹⁾	(619)	—	—
Other ⁽⁴⁾	7,425	12,493	1,576
Tax effect of other ⁽¹⁾	(2,157)	(2,811)	(355)
Adjusted net income ⁽⁴⁾	<u>\$ 138,742</u>	<u>\$ 157,581</u>	<u>\$ 141,548</u>
Net income per diluted common share	\$ 1.01	\$ 3.04	\$ 2.08
Adjusted net income per diluted common share	<u>\$ 3.89</u>	<u>\$ 4.35</u>	<u>\$ 3.87</u>
Weighted average diluted shares	<u>35,658</u>	<u>36,242</u>	<u>36,546</u>

(1) Statutory tax rates are used to calculate the tax effect of the adjustments.

(2) For the twelve months ended December 31, 2024, the tax effect of non-cash equity-based compensation includes a \$6.2 million add-back for the reduction of deferred tax assets associated with the expiration of performance-based stock options and restricted stock units granted the Company's Founder and Executive Chairman in 2014. The performance-based metrics were not met, the awards were not exercisable, and the Company recognized a non-cash tax expense for the change in deferred taxes.

(3) Of these amounts, \$32.7 million, \$31.6 million and \$27.0 million are included in cost of revenue for the years ended December 31, 2024, 2023 and 2022, respectively. The remainder of acquisition-related amortization expense is included in general and administrative expense in the Statement of Operations.

(4) Other consists of unrealized gains and losses on investments and severance costs associated with strategic workforce optimizations.

Adjusted EBITDA and Adjusted EBITDA Margin

We define 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, impairment of lease and related assets, foreign currency transaction gains and losses, severance costs associated with strategic workforce optimizations, unrealized gains and losses on investments, transaction costs associated with the Getty merger, interest income and expense and income taxes. We define adjusted EBITDA margin as the ratio of adjusted EBITDA to revenue.

The following is a reconciliation of net income to adjusted EBITDA for each of the periods indicated:

	Year Ended December 31,		
	2024	2023	2022
	(in thousands)		
Net income	\$ 35,932	\$ 110,269	\$ 76,103
Add / (less) Non-GAAP adjustments:			
Interest expense	10,561	1,857	1,336
Interest income	(4,072)	(4,785)	(87)
Provision for income taxes	26,616	12,199	14,934
Depreciation and amortization	87,626	79,729	68,470
EBITDA	156,663	199,269	160,756
Non-cash equity-based compensation	56,330	48,577	35,740
Bargain purchase gain	—	(50,261)	—
Giphy Retention Compensation Expense - non-recurring	22,116	31,577	—
Merger-related costs	2,750	—	—
Foreign currency loss / (gain)	1,831	(879)	1,338
Unrealized gain on investment	(2,160)	—	—
Impairment of lease and related assets	—	—	18,664
Workforce optimization - severance	9,585	12,493	1,576
Adjusted EBITDA	\$ 247,115	\$ 240,776	\$ 218,074
Revenue	935,262	874,587	827,826
Net income margin	3.8 %	12.6 %	9.2 %
Adjusted EBITDA margin	26.4 %	27.5 %	26.3 %

Revenue Growth (including by distribution channel) on a Constant Currency Basis

We define revenue growth (including by distribution channel) on a constant currency basis (expressed as a percentage) as the increase in current period revenues over prior period revenues, utilizing fixed exchange rates for translating foreign currency revenues for all periods in the comparison.

	Year Ended December 31,		
	2024	2023	2022
Reported revenue (in thousands)	\$ 935,262	\$ 874,587	\$ 827,826
Revenue growth	7 %	6 %	7 %
Revenue growth on a constant currency basis	7 %	5 %	11 %
Content reported revenue (in thousands)	\$ 760,011	\$ 737,264	\$ 789,306
Content revenue growth	3 %	(7)%	4 %
Content revenue growth on a constant currency basis	3 %	(7)%	8 %
Data, Distribution, and Services reported revenue (in thousands)	\$ 175,251	\$ 137,323	\$ 38,520
Data, Distribution, and Services revenue growth	28 %	256 %	142 %
Data, Distribution, and Services revenue growth on a constant currency basis	28 %	256 %	144 %

Adjusted Free Cash Flow

We define adjusted free cash flow as our net 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 cash paid for Envato Seller Obligations.

The following is a presentation of cash flow information and a reconciliation of net cash provided by operating activities to adjusted free cash flow for each of the periods indicated:

	Year Ended December 31,		
	2024	2023	2022
(in thousands)			
Cash flow information:			
Net cash provided by operating activities	\$ 32,646	\$ 140,552	\$ 158,451
Net cash used in investing activities	\$ (166,168)	\$ (54,316)	\$ (275,550)
Net cash provided by / (used in) financing activities	\$ 150,096	\$ (102,704)	\$ (79,487)
Adjusted free cash flow:			
Net cash provided by operating activities	\$ 32,646	\$ 140,552	\$ 158,451
Capital expenditures	(47,215)	(44,645)	(43,296)
Content acquisitions	(4,029)	(11,096)	(16,821)
Cash received related to Giphy Retention Compensation	63,971	53,657	—
Cash paid for Envato Seller Obligations ⁽¹⁾	63,320	—	—
Adjusted Free Cash Flow	\$ 108,693	\$ 138,468	\$ 98,334

(1) Envato Seller Obligations relate to payments made on behalf of the Envato sellers' after the closing of the acquisition. These liabilities were funded from the acquired cash on the Envato balance sheet and are not indicative of obligations and cash flows to be incurred prospectively.

Critical Accounting Estimates

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of the consolidated financial statements in conformity with GAAP requires our management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure or inclusion of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. We evaluate our significant estimates on an ongoing basis, including, but not limited to, estimates related to allowance for doubtful accounts, the volume of expected unused licenses used in revenue recognition for our subscription-based products, the fair value of acquired goodwill and intangible assets, and income tax provisions. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

We believe that the assumptions and estimates associated with our revenue recognition, allowance for doubtful accounts, valuation of acquired goodwill and intangible assets, and accounting for income taxes have the greatest potential impact on our financial statements. Therefore, we consider these to be our critical accounting estimates.

Revenue Recognition

A significant portion of our revenues are earned from the license of content. Content licenses are generally purchased on a monthly or annual basis, whereby a customer pays for a predetermined quantity of content that may be downloaded over a specific period of time, or, on a transactional basis, whereby a customer pays for individual content licenses at the time of download. We also generate revenue from tools available through our platform.

For contracts that contain multiple performance obligations, we allocate the transaction price to each performance obligation based on a relative standalone selling price. The standalone selling price is determined based on the price at which the performance obligation is sold separately, or if not observable through past transactions, is estimated taking into account available information including internally approved pricing guidelines and pricing information of comparable products.

We recognize revenues upon the satisfaction of performance obligations. We recognize revenue on both our subscription-based and transaction-based products when content is downloaded by a customer, at which time the license is provided. In addition, for subscription-based products in which the Customer obtains an allotted number of digital assets to download, we estimate expected unused licenses and recognize the revenue associated with the unused licenses as digital assets are

downloaded and licenses are obtained for such content by the customer during the subscription period. The estimate of unused licenses is based on historical download activity and future changes in the estimate could impact the timing of revenue recognition of our subscription products. For unlimited download subscription-based products, we recognize revenue in a manner that reflects estimated content download patterns during the subscription period. The estimate of content download patterns is based on historical download activities from the unlimited download products. Revenue associated with tools available through our platform is recognized on a straight-line basis over the subscription period. We expense contract acquisition costs as incurred, to the extent that the amortization period would otherwise be one year or less.

For customers making electronic payments, collectability is probable at the time the order or contract is entered. A significant portion of our customers purchase products by making electronic payments with a credit card at the time of the transaction. Customer payments received in advance of revenue recognition are contract liabilities and are recorded as deferred revenue. Customers that do not pay in advance are invoiced and are required to make payments under standard credit terms. Collectability for customers who pay on credit terms allowing for payment beyond the date at which service commences, is based on a credit evaluation for certain new customers and transaction history with existing customers.

We recognize revenue gross of contributor royalties because we are the principal in the transaction as it is the party responsible for the performance obligation and it controls the product or service before transferring it to the customer. We also license content to customers through third-party resellers. Third-party resellers sell our products directly to customers as the principal in those transactions. Accordingly, the Company recognizes revenue net of costs paid to resellers.

The Company also reports revenue net of return and chargeback allowances. These allowances are based off historical trends when available.

Acquisitions

Business combinations are recorded at fair value and the purchase price is allocated to the assets acquired and liabilities assumed in the transaction. Assets acquired may include intangible assets such as customer relationships, trade names, developed technology and contributor content. Fair values are based on the exit price (i.e., the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date) and valuation methods that may be utilized include the multiple-period excess earnings method, the relief-from-royalty method and the cost-to-recreate method. Determining the fair value requires management to use significant judgment and estimates, including revenue growth rates, the royalty rate, the discount rate, and the economic life related to developed technology and revenue growth rates, the royalty rate, and the the discount rate related to the trademark, among others. Other assets and liabilities acquired in a business combination are recorded based on the fair value of the assets acquired and liabilities assumed at acquisition date. Changes to these factors could affect the measurement and allocation of fair value.

Recent Accounting Pronouncements

See Note 1 of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for a full description of recent accounting pronouncements, which is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business, including risks related to foreign currency exchange rate fluctuation, interest rate fluctuation and inflation.

Foreign Currency Exchange Risk

Our sales to international customers are denominated in multiple currencies, including but not limited to the U.S. dollar, the euro, the British pound, the Australian dollar and the Japanese yen. Revenue denominated in foreign currencies as a percentage of total revenue was approximately 27%, 29% and 32% in 2024, 2023 and 2022, respectively. Changes in exchange rates will affect our revenue and certain operating expenses to the extent that our revenue is generated and expenses are incurred in currencies other than the U.S. dollar. Royalties earned by and paid to contributors are denominated in the U.S. dollar and will not be affected by changes in exchange rates. Based on our foreign currency denominated revenue for 2024, we estimate that a 10% change in the exchange rate of the U.S. dollar against all foreign currency denominated revenues would impact our revenue by approximately 3%.

We have established foreign subsidiaries in various countries and have concluded that the functional currency of these entities is generally the local currency. Business transacted in currencies other than each entity's functional currency results in transactional gains and losses. The net impacts of foreign currency transactions on our financial statements were losses of \$3.2 million and \$3.1 million in 2024 and 2022, respectively, and a gain of \$0.7 million in 2023. Translation adjustments

resulting from converting the foreign subsidiaries' financial statements into U.S. dollars are recorded as a component of accumulated other comprehensive income (loss) in stockholders' equity. We do not currently enter into derivatives or other financial instruments in order to hedge our foreign currency exchange risk, but we may do so in the future.

Our historical revenue by currency is as follows (in thousands):

	Year Ended December 31,					
	2024		2023		2022	
	U.S. Dollars	Originating Currency	U.S. Dollars	Originating Currency	U.S. Dollars	Originating Currency
Euro	\$ 142,729	€ 131,958	\$ 139,529	€ 128,714	\$ 148,643	€ 138,531
British pounds	57,960	£ 45,573	56,679	£ 45,366	57,144	£ 45,711
All other non-U.S. currencies ⁽¹⁾	53,255		54,839		59,204	
Total foreign currency	253,944		251,047		264,991	
U.S. dollar	681,318		623,540		562,835	
Total revenue	\$ 935,262		\$ 874,587		\$ 827,826	

(1) Includes no single currency which exceeded 5% of total revenue for any of the periods presented.

Interest Rate Fluctuation Risk

Our cash and cash equivalents consist of cash and money market accounts. The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. The fair value of our cash and cash equivalents is not particularly sensitive to interest rate changes.

Amounts borrowed under our A&R Credit Agreement accrue interest at a per annum rate based on either (i) the base rate plus a margin ranging from 0.375% to 0.750%, determined based on our consolidated net leverage ratio or (ii) the Term SOFR rate (for interest periods of 1, 3 or 6 months) plus a margin ranging from 1.375% to 1.750%, determined based on our consolidated net leverage ratio, plus a credit spread adjustment of 0.100%. A hypothetical 10% change in interest rates would not have a material impact on our interest expense as of December 31, 2024.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

Item 8. Financial Statements and Supplementary Data.

The information required by this item is incorporated by reference to the consolidated financial statements and accompanying notes which begins on page F-2 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2024. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. However, any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objective.

On July 22, 2024, the Company completed its acquisition of Envato Pty Ltd. (“Envato”). The financial results of this acquisition are included in the consolidated financial statements as of and for the year ended December 31, 2024 and represent approximately 10% and 6% of total revenues and total assets, respectively. Management is currently integrating Envato into our operations and internal control processes and, pursuant to the SEC’s guidance that an assessment of a recently acquired business may be omitted from the scope of an assessment in the year of acquisition, the Company is excluding the internal control over financial reporting of Envato from its evaluation of the effectiveness of the Company’s disclosure controls and procedures as of December 31, 2024.

Based on the evaluation of our disclosure controls and procedures as of December 31, 2024, and subject to the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Management assessed our internal control over financial reporting as of December 31, 2024. Management based its assessment on criteria established in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In accordance with guidance issued by the SEC, companies are permitted to exclude acquisitions from their final assessment of internal control over financial reporting for the first fiscal year in which the acquisition occurred. Our management’s evaluation of internal control over financial reporting excluded the internal control activities of Envato Pty Ltd., acquired in July 2024, as discussed in Note 5 to the Consolidated Financial Statements. The financial results of this acquisition are included in the consolidated financial statements as of and for the year ended December 31, 2024 and represent approximately 10% and 6% of total revenues and total assets, respectively.

Based on our assessment, and subject to the foregoing, management has concluded that our internal control over financial reporting was effective as of December 31, 2024.

PricewaterhouseCoopers LLP, an independent registered public accounting firm (PCAOB ID 238), has audited the consolidated financial statements included in this Annual Report on Form 10-K and, as part of the audit, has issued a report on the effectiveness of our internal control over financial reporting as of December 31, 2024, which begins on page F-2 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act that occurred during the three months ended December 31, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As mentioned above, the Company completed its acquisition of Envato on July 22, 2024. The Company is in the

process of reviewing the internal control structure of Envato and, if necessary, will make appropriate changes as it integrates Envato into the Company's overall internal control over financial reporting process.

Limitations on Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and fraud. The design of a control system must reflect that there are resource constraints, and the benefits of controls must be considered relative to their costs. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

Item 9B. Other Information.

(c) Insider Trading Arrangements

During the three months ended December 31, 2024, none of our directors or officers (as defined in Section 16 of the Securities Exchange Act of 1934, as amended), adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (each as defined in Item 408(a) and (c), respectively, of Regulation S-K).

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item, other than the information set forth below, is incorporated by reference to our Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC, within 120 days after the end of the fiscal year ended December 31, 2024.

We have adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees, including our principal executive officer and our principal financial and accounting officer. The Code of Business Conduct and Ethics is available on our investor relations website (investor.shutterstock.com) in the “Corporate Governance” section. We will post any amendments to, or waivers from, a provision of this Code of Business Conduct and Ethics by posting such information on our website, at the address and location specified above.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to our Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC, within 120 days after the end of the fiscal year ended December 31, 2024.

Item 12. Security Ownership Of Certain Beneficial Owners And Management And Related Stockholder Matters

The information required by this item is incorporated by reference to our Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC, within 120 days after the end of the fiscal year ended December 31, 2024.

Item 13. Certain Relationships And Related Transactions, and Director Independence

The information required by this item is incorporated by reference to our Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC, within 120 days after the end of the fiscal year ended December 31, 2024.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference to our Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC, within 120 days after the end of the fiscal year ended December 31, 2024.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are included as part of this Annual Report on Form 10-K:

(1) Financial Statements

[Report of Independent Registered Public Accounting Firm](#)

[F-2](#)

[Consolidated Balance Sheets](#)

[F-5](#)

[Consolidated Statements of Operations](#)

[F-6](#)

[Consolidated Statements of Comprehensive Income](#)

[F-7](#)

[Consolidated Statements of Stockholders' Equity](#)

[F-8](#)

[Consolidated Statements of Cash Flows](#)

[F-9](#)

[Notes to Consolidated Financial Statements](#)

[F-10](#)

(2) Financial Statement Schedules

Financial statement schedules have been omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto.

(3) Exhibits

See the Exhibit Index, which immediately precedes the signature page of this Annual Report on Form 10-K.

Item 16. Form 10-K Summary.

None.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Shutterstock, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Shutterstock, Inc. and its subsidiaries (the “Company”) as of December 31, 2024 and 2023, and the related consolidated statements of operations, of comprehensive income, of stockholders’ equity and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management’s Report on Internal Control over Financial Reporting, management has excluded Envato Pty Ltd. (“Envato”) from its assessment of internal control over financial reporting as of December 31, 2024 because it was acquired by the Company in a purchase business combination during 2024. We have also excluded Envato from our audit of internal control over financial reporting. Envato is a wholly-owned subsidiary whose total assets and total revenues excluded from management’s assessment and our audit of internal control over financial reporting represent 6% and 10%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2024.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Recognition - Content

As described in Notes 3 and 11 to the consolidated financial statements, for the year ended December 31, 2024, the Company's total revenue was \$935.3 million, of which content revenue totaled \$760.0 million. Content licenses are generally purchased on a monthly or annual basis, whereby a customer pays for a predetermined quantity of content that may be downloaded over a specific period of time, or, on a transactional basis, whereby a customer pays for individual content licenses at the time of download. The Company recognizes revenue upon the satisfaction of performance obligations. The Company recognizes revenue on both its subscription-based and transaction-based products when content is downloaded by a customer, at which time the license is provided.

The principal considerations for our determination that performing procedures relating to content revenue recognition is a critical audit matter are a high degree of auditor effort in performing procedures and evaluating audit evidence related to content license arrangements and customer download activity.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over content revenue recognized. These procedures also included, among others, evaluating the content revenue recognized on a sample basis by inspecting content license arrangements and evaluating the appropriateness of the revenue recognized based on the terms of each arrangement and customer download activity.

Envato - Valuation of Developed Technology and Trademark Intangible Assets

As described in Note 5 to the consolidated financial statements, on July 22, 2024, the Company completed the acquisition of Envato. The aggregate amount paid by the Company, after customary working capital and other adjustments was \$250.2 million. The acquisition resulted in \$61.0 million of developed technology and \$31.0 million of trademark intangible assets being recorded. Fair values of the trademark and developed technology were determined using the relief-from-royalty method. Determining the fair value requires management to use significant judgment and estimates, including revenue growth rates, the royalty rate, the discount rate, and the economic life related to developed technology and revenue growth rates, the royalty rate, and the discount rate related to the trademark, among others.

The principal considerations for our determination that performing procedures relating to the valuation of the developed technology and trademark intangible assets acquired in the acquisition of Envato is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the developed technology and trademark intangible assets acquired; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the royalty rates and the discount rates used in the valuation of the developed technology and trademark intangible assets acquired; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the acquisition accounting, including controls over management's valuation of the developed technology and trademark intangible assets acquired. These procedures also included, among others (i) reading the purchase agreement; (ii) testing management's process for developing the fair value estimate of the developed technology and trademark intangible assets acquired; (iii) evaluating the appropriateness of the relief-from-royalty method used by management; (iv) testing the completeness and accuracy of underlying data used in the relief-from-royalty method; and (v) evaluating the reasonableness of the significant assumptions used by management related to the royalty rates and the discount rates used in the valuation of the developed technology and trademark intangible assets acquired. Professionals with specialized skill and knowledge were used to assist in the evaluation of the appropriateness of the relief-from-royalty method and the reasonableness of the assumptions related to the royalty rates and the discount rates used in the valuation of the developed technology and trademark intangible assets acquired.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 25, 2025

We have served as the Company's auditor since 2011.

SHUTTERSTOCK, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except par value amount)

	December 31,	
	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 111,251	\$ 100,490
Accounts receivable, net of allowance of \$3,101 and \$6,335	95,225	91,139
Prepaid expenses and other current assets	49,482	100,944
Total current assets	255,958	292,573
Property and equipment, net	66,400	64,300
Right-of-use assets	13,956	15,395
Intangible assets, net	248,477	184,396
Goodwill	569,668	383,325
Deferred tax assets, net	70,982	24,874
Other assets	83,715	71,152
Total assets	\$ 1,309,156	\$ 1,036,015
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 9,221	\$ 9,108
Accrued expenses	126,643	131,443
Contributor royalties payable	81,076	54,859
Deferred revenue	225,489	203,463
Debt	158,106	30,000
Other current liabilities	24,751	23,513
Total current liabilities	625,286	452,386
Deferred tax liability, net	2,174	4,182
Long-term debt	119,598	—
Lease liabilities	23,365	29,404
Other non-current liabilities	20,383	22,949
Total liabilities	790,806	508,921
Commitments and contingencies (Note 18)		
Stockholders' equity:		
Common stock, \$0.01 par value; 200,000 shares authorized; 40,395 and 39,982 shares issued and 34,874 and 35,572 shares outstanding as of December 31, 2024 and December 31, 2023, respectively	403	399
Treasury stock, at cost; 5,521 and 4,410 shares as of December 31, 2024 and December 31, 2023, respectively	(269,804)	(228,213)
Additional paid-in capital	468,390	424,229
Accumulated other comprehensive loss	(16,841)	(11,974)
Retained earnings	336,202	342,653
Total stockholders' equity	518,350	527,094
Total liabilities and stockholders' equity	\$ 1,309,156	\$ 1,036,015

See accompanying notes to consolidated financial statements

SHUTTERSTOCK, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Year Ended December 31,		
	2024	2023	2022
Revenue	\$ 935,262	\$ 874,587	\$ 827,826
Operating expenses:			
Cost of revenue	396,297	352,630	314,306
Sales and marketing	222,704	214,749	203,154
Product development	88,417	96,162	65,434
General and administrative	159,136	142,646	132,644
Impairment of lease and related assets	—	—	18,664
Total operating expenses	866,554	806,187	734,202
Income from operations	68,708	68,400	93,624
Bargain purchase gain	—	50,261	—
Interest expense	(10,561)	(1,857)	(1,336)
Other income / (expense), net	4,401	5,664	(1,251)
Income before income taxes	62,548	122,468	91,037
Provision for income taxes	26,616	12,199	14,934
Net income	<u>\$ 35,932</u>	<u>\$ 110,269</u>	<u>\$ 76,103</u>
Earnings per share:			
Basic	<u>\$ 1.02</u>	<u>\$ 3.07</u>	<u>\$ 2.11</u>
Diluted	<u>\$ 1.01</u>	<u>\$ 3.04</u>	<u>\$ 2.08</u>
Weighted average shares outstanding:			
Basic	<u>35,330</u>	<u>35,878</u>	<u>36,042</u>
Diluted	<u>35,658</u>	<u>36,242</u>	<u>36,546</u>

See accompanying notes to consolidated financial statements

SHUTTERSTOCK, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Year Ended December 31,		
	2024	2023	2022
Net income	\$ 35,932	\$ 110,269	\$ 76,103
Foreign currency translation (loss) / gain	(4,867)	3,465	(4,651)
Other comprehensive (loss) / income	(4,867)	3,465	(4,651)
Comprehensive income	<u>\$ 31,065</u>	<u>\$ 113,734</u>	<u>\$ 71,452</u>

See accompanying notes to consolidated financial statements

SHUTTERSTOCK, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) / Income	Retained Earnings	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2021	39,209	\$ 392	2,792	\$ (127,196)	\$ 376,537	\$ (10,788)	\$ 229,537	\$ 468,482
Equity-based compensation	—	—	—	—	35,740	—	—	35,740
Issuance of common stock in connection with employee stock option exercises and RSU vesting	654	7	—	—	1,803	—	—	1,810
Common shares withheld for settlement of taxes in connection with equity-based compensation	(258)	(3)	—	—	(22,598)	—	—	(22,601)
Repurchase of Treasury Shares	—	—	984	(72,812)	—	—	—	(72,812)
Cash dividends paid	—	—	—	—	—	—	(34,589)	(34,589)
Other comprehensive (loss) / income	—	—	—	—	—	(4,651)	—	(4,651)
Net income	—	—	—	—	—	—	76,103	76,103
Balance at December 31, 2022	39,605	396	3,776	(200,008)	391,482	(15,439)	271,051	447,482
Equity-based compensation	—	—	—	—	48,577	—	—	48,577
Issuance of common stock in connection with employee stock option exercises and RSU vesting	634	5	—	—	(3)	—	—	2
Common shares withheld for settlement of taxes in connection with equity-based compensation	(257)	(2)	—	—	(15,827)	—	—	(15,829)
Repurchase of treasury shares	—	—	634	(28,205)	—	—	—	(28,205)
Cash dividends paid	—	—	—	—	—	—	(38,667)	(38,667)
Other comprehensive (loss) / income	—	—	—	—	—	3,465	—	3,465
Net income	—	—	—	—	—	—	110,269	110,269
Balance at December 31, 2023	39,982	399	4,410	(228,213)	424,229	(11,974)	342,653	527,094
Equity-based compensation	—	—	—	—	56,330	—	—	56,330
Issuance of common stock in connection with employee stock option exercises and RSU vesting	702	6	—	—	(6)	—	—	—
Common shares withheld for settlement of taxes in connection with equity-based compensation	(289)	(2)	—	—	(12,163)	—	—	(12,165)
Repurchase of treasury shares	—	—	1,111	(41,591)	—	—	—	(41,591)
Cash dividends paid	—	—	—	—	—	—	(42,383)	(42,383)
Other comprehensive (loss) / income	—	—	—	—	—	(4,867)	—	(4,867)
Net income	—	—	—	—	—	—	35,932	35,932
Balance at December 31, 2024	40,395	\$ 403	5,521	\$ (269,804)	\$ 468,390	\$ (16,841)	\$ 336,202	\$ 518,350

See accompanying notes to consolidated financial statements

SHUTTERSTOCK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 35,932	\$ 110,269	\$ 76,103
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	87,626	79,729	68,470
Deferred taxes	(10,963)	(26,176)	(10,587)
Non-cash equity-based compensation	56,330	48,577	35,740
Impairment of lease and related assets	—	—	18,664
Bad debt expense	(2,033)	1,894	3,697
Bargain purchase gain	—	(50,261)	—
Unrealized gain on investments, net	(2,160)	—	—
Changes in operating assets and liabilities:			
Accounts receivable	4,944	(24,409)	(22,105)
Prepaid expenses and other current and non-current assets	(17,934)	(50,501)	532
Accounts payable and other current and non-current liabilities	(48,600)	20,892	(24,328)
Envato Seller Obligations	(63,320)	—	—
Contributor royalties payable	14,654	15,841	7,772
Deferred revenue	(21,830)	14,697	4,493
Net cash provided by operating activities	<u>\$ 32,646</u>	<u>\$ 140,552</u>	<u>\$ 158,451</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(47,215)	(44,645)	(43,296)
Business combination, net of cash acquired	(179,071)	(53,721)	(211,843)
Asset acquisitions	—	—	(3,417)
Cash received related to Giphy Retention Compensation	63,971	53,657	—
Acquisition of content	(4,029)	(11,096)	(16,821)
Security deposit release / (payment)	176	1,489	(173)
Net cash used in investing activities	<u>\$ (166,168)</u>	<u>\$ (54,316)</u>	<u>\$ (275,550)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of stock options	—	2	1,810
Cash paid related to settlement of employee taxes related to RSU vesting	(12,167)	(15,834)	(22,601)
Payment of cash dividends	(42,383)	(38,667)	(34,589)
Proceeds from credit facility	280,000	30,000	50,000
Repayment of credit facility	(31,563)	(50,000)	—
Repurchase of treasury shares	(41,591)	(28,205)	(73,488)
Payment of debt issuance costs	(2,200)	—	(619)
Net cash provided by / (used in) financing activities	<u>\$ 150,096</u>	<u>\$ (102,704)</u>	<u>\$ (79,487)</u>
Effect of foreign exchange rate changes on cash	(5,813)	1,804	(2,277)
Net increase / (decrease) in cash and cash equivalents	10,761	(14,664)	(198,863)
Cash and cash equivalents, beginning of period	100,490	115,154	314,017
Cash and cash equivalents, end of period	<u>\$ 111,251</u>	<u>\$ 100,490</u>	<u>\$ 115,154</u>
Supplemental Disclosure of Cash Information:			
Cash paid for:			
Cash paid for income taxes	\$ 34,033	\$ 33,067	\$ 23,444
Cash paid for interest	\$ 7,830	\$ 1,724	\$ 1,045

See accompanying notes to consolidated financial statements

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Operations

Description of Business

Shutterstock (the “Company” or “Shutterstock”) is a leading global creative platform connecting brands and businesses to high quality content.

The Company’s platform brings together users and contributors of content by providing readily-searchable content that customers pay to license and by compensating contributors as their content is licensed. Contributors upload their content to the Company’s web properties in exchange for royalty payments based on customer download activity. Beyond content, customers also leverage the Company’s platform to assist with the entire creative process from ideation through creative execution.

Digital content licensed to customers for their creative needs includes images, footage, music, and 3D models (the Company’s “Content” offering). Content revenues represent the majority of the Company’s business and are supported by the Company’s searchable creative platform and driven by the Company’s large contributor network.

In addition, customers have needs that are beyond traditional content license products and services. These include (i) licenses to metadata associated with the Company’s images, footage, music tracks and 3D models through the Company’s data offering, (ii) distribution and advertising services from the Company’s Giphy business, which consists of GIFs (graphics interchange format visuals) that serve as a critical ingredient in text- and message- based conversations and in contextual advertising settings, (iii) specialized solutions for high-quality content matched with production tools and services through Shutterstock Studios and (iv) other tailored white-glove services (collectively, the Company’s “Data, Distribution, and Services” offerings)

The Company’s Content offering includes:

- Images - consisting of photographs, vectors and illustrations. Images are typically used in visual communications, such as websites, digital and print marketing materials, corporate communications, books, publications and other similar uses.
- Footage - consisting of video clips, premium footage filmed by industry experts and cinema grade video effects, available in HD and 4K formats. Footage is often integrated into websites, social media, marketing campaigns and cinematic productions.
- Music - consisting of high-quality music tracks and sound effects, which are often used to complement images and footage.
- 3 Dimensional (“3D”) Models - consisting of 3D models, used in a variety of industries such as advertising, media and video production, gaming, retail, education, design and architecture.
- Generative AI Content - consisting of images generated from algorithms trained with high-quality, ethically sourced content. Customers can generate images by entering a description of their desired content into model prompts.

On February 1, 2024, the Company acquired Backgrid USA, Inc. and Backgrid London, Ltd. (collectively “Backgrid”). Backgrid supplies media organizations with real-time celebrity content. On July 22, 2024, the Company acquired Envato Pty Ltd. (“Envato”). Envato offers digital creative assets and templates. See Note 5 Acquisitions.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) Merger Agreement with Getty Images

On January 6, 2025, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) to combine in a merger-of-equals transaction with Getty Images Holdings, Inc. (NYSE:GETY) (“Getty Images”) (such transaction referred to herein as the “Merger”). Subject to terms and conditions in the Merger Agreement, the aggregate consideration to be paid by Getty Images in respect of the outstanding shares of common stock of Shutterstock will be:

- (a) An amount in cash equal to the product of \$9.50 multiplied by the number of shares of Shutterstock common stock outstanding immediately prior to the transaction close (including vested Shutterstock restricted stock units and performance stock units); and
- (b) A number of shares of Getty Images common stock equal to the product of 9.17 multiplied by the number of shares of Shutterstock common stock outstanding immediately prior to the transaction close (including vested Shutterstock restricted stock units and performance stock units).

Each holder of Shutterstock common stock immediately prior to the transaction close will have the option to receive, subject to proration, for each share of Shutterstock common stock held by such holder:

- (a) Cash consideration of \$9.50 and 9.17 shares of Getty Images common stock;
- (b) Cash consideration of \$28.8487; or
- (c) 13.67237 shares of Getty Images common stock.

The Merger is subject to the satisfaction of customary closing conditions, further described below, including receipt of required regulatory approvals, the approval of Getty Images and Shutterstock stockholders and the extension or refinancing of Getty Images’ existing debt obligations. Subject to the satisfaction of the closing conditions, upon closing of the Merger, Shutterstock’s common stock will be delisted from the NYSE and deregistered under the Securities Exchange Act of 1934, as amended. The closing of the Merger is subject to the satisfaction or waiver of certain closing conditions, including:

- adoption of the Merger Agreement by Shutterstock stockholders (the “Shutterstock Stockholder Approval”) and the Getty Images Stockholder Approval, which condition was subsequently satisfied by the Getty Images Stockholder Written Consent,
- Getty Images’ registration statement on Form S-4 to be filed in connection with the Merger having become effective and the mailing of an information statement to Getty Images stockholders at least 20 business days prior to the closing,
- absence of any order, injunction or other order or law in certain jurisdictions prohibiting the Merger or making the closing of the Merger illegal,
- expiration of the applicable waiting period (and extensions thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the receipt of other regulatory approvals deemed necessary or advisable,
- shares of Getty Images Common Stock to be issued in connection with the Merger having been approved for listing on the NYSE,
- accuracy of each party’s representations and warranties, subject to certain standards set forth in the Merger Agreement,
- performance and compliance in all material respects of each party’s agreements and covenants under the Merger Agreement,
- absence of any Getty Images material adverse effect or Shutterstock material adverse effect, as applicable and subject to the definition thereof in the Merger Agreement,
- delivery of an opinion of tax counsel that the Second Merger and the Third Merger as defined in the Merger Agreement, taken together, will qualify as a “reorganization” within the meaning of section 368(a) of the Internal Revenue Code of 1986, as amended, and
- Getty Images having amended or otherwise refinanced its existing term loans and senior notes to extend the maturity of each to no earlier than February 19, 2028 (the “Existing Debt Modifications”).

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Certain immaterial changes in presentation have been made to conform the prior period presentation to current period reporting.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements. Actual results could differ from those estimates. Such estimates include, but are not limited to, the determination of the allowance for doubtful accounts, the volume of expected unused licenses for our subscription-based products, the assessment of recoverability of property and equipment, the fair value of acquired goodwill and intangible assets, the amount of non-cash equity-based compensation, the assessment of recoverability of deferred tax assets, the measurement of income tax and contingent non-income tax liabilities and the determination of the incremental borrowing rate used to calculate the lease liability.

Concentration of Risk

Financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable balances. Cash and cash equivalents are held with financial institutions of high quality. Balances may exceed the amount of insurance provided on such deposits.

A significant portion of the Company’s revenues are derived from customers who license content using electronic payments at the time of a transaction. The Company’s accounts receivable are primarily from enterprise customers who require invoicing. The Company performs initial and ongoing credit reviews on these customers, which involve consideration of the customers’ financial information, their location, and other factors to assess the customers’ ability to pay. The Company also performs ongoing financial condition evaluations for its existing customers. As of December 31, 2024, one customer accounted for approximately 17% of the accounts receivable balance. No other customer accounted for or exceeded 10% of the accounts receivable balance. As of December 31, 2023, two customers accounted for 29% of the accounts receivable balance.

Cash, Cash Equivalents

As of December 31, 2024 and 2023, the Company’s cash and cash equivalents were \$111.3 million and \$100.5 million, respectively. The Company’s cash balance consist primarily of bank deposits. Cash equivalents consists primarily of money market accounts and are stated at cost, which approximates fair value. Restricted cash is not material in any period presented.

Fair Value Measurements

The Company records its financial assets and liabilities at fair value. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date. Fair value is estimated by applying inputs which are classified into the following levels of a three-tier hierarchy as follows: Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - inputs other than quoted prices included within Level 1 that are either directly or indirectly observable; and Level 3 - unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions regarding what market participants would use in pricing.

Accounts Receivable and Allowance for Doubtful Accounts

The Company’s accounts receivable consists of customer obligations due under normal trade terms, carried at their face value less an allowance for doubtful accounts, if required. The Company determines its allowance for doubtful accounts based on an evaluation of (i) the aging of its accounts receivable considering historical receivables loss rates, (ii) on a customer-by-customer basis, where appropriate, and (iii) the economic environments in which the Company operates.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table presents the changes in the Company's allowance for doubtful accounts (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Balance, beginning of period	\$ 6,335	\$ 5,830	\$ 1,910
(Less) / Add: bad debt (recovery) / expense	(2,033)	1,894	3,697
(Less) / Add: write-offs, net of recoveries and other adjustments	(1,201)	(1,389)	223
Balance, end of period	<u>\$ 3,101</u>	<u>\$ 6,335</u>	<u>\$ 5,830</u>

For certain Data, Distribution, and Services transactions, the Company has \$57.8 million of unbilled receivables of which \$28.9 million are recorded in Accounts Receivable and \$28.9 million are recorded in Other Assets.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the related assets. Generally, the useful lives are as follows:

Equipment	3 years
Furniture and fixtures	7 years
Software	3 years
Leasehold improvements	Shorter of expected useful life or lease term

Capitalized Internal Use Software

The Company capitalizes the qualifying costs of computer software developed for internal use, which are incurred during the application development stage, and amortizes them over the software's estimated useful life. Costs incurred in the preliminary and post-implementation stages of the Company's products are expensed as incurred. The amounts capitalized include employee's payroll and payroll-related costs directly associated with the development activities as well as external direct costs of services used in developing internal-use software. The Company's policy is to amortize capitalized costs using the straight-line method over the estimated useful life, which is currently three years, beginning when the software is substantially complete and ready for its intended use.

Impairment of Long-Lived Assets

Long-lived assets, inclusive of definite-lived intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying value of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying value of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized in the amount by which the carrying value of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying value or the fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet. In 2022, the Company recorded an impairment charge related to a portion of its right-of-use assets and property and equipment triggered by the Company's decision to cease using certain office spaces. See Note 6, Property and Equipment and Note 17, Leasing for further discussion. There were no long-lived asset impairment charges in 2024 or 2023.

Goodwill and Intangible Assets

Goodwill and intangible assets acquired in a business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually on October 1 of each fiscal year or more frequently if events occur or circumstances exist that indicate that the fair value of a reporting unit may be below its carrying value.

The Company's goodwill balance was allocated to a single reporting unit. Since inception through December 31, 2024, the Company has not had any impairment of goodwill.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Revenue Recognition

A significant portion of the Company's revenue is earned from the license of content. Content licenses are generally purchased on a monthly or annual basis, whereby a customer pays for a predetermined quantity of content that may be downloaded over a specific period of time, or, on a transactional basis, whereby a customer pays for individual content licenses at the time of download. The Company also generates revenue from tools available through the Company's platform.

For contracts that contain multiple performance obligations, the Company allocates the transaction price to each performance obligation based on a relative standalone selling price. The standalone selling price is determined based on the price at which the performance obligation is sold separately, or if not observable through past transactions, is estimated taking into account available information including internally approved pricing guidelines and pricing information of comparable products.

The Company recognizes revenue upon the satisfaction of performance obligations. The Company recognizes revenue on both its subscription-based and transaction-based products when content is downloaded by a customer, at which time the license is provided. In addition, for subscription-based products in which the Customer obtains an allotted number of digital assets to download, the Company estimates expected unused licenses and recognizes the revenue associated with the unused licenses as digital assets are downloaded and licenses are obtained for such content by the customer during the subscription period. The estimate of unused licenses is based on historical download activity and future changes in the estimate could impact the timing of revenue recognition of the Company's subscription products. For unlimited download subscription-based products, the Company recognizes revenue in a manner that reflects estimated content download patterns during the subscription period. The estimate of content download patterns is based on historical download activities from the unlimited download products. Revenue associated with tools available through the Company's platform is recognized on a straight-line basis over the subscription period. The Company expenses contract acquisition costs as incurred, to the extent that the amortization period would otherwise be one year or less.

For customers making electronic payments, collectability is probable at the time the order or contract is entered. A significant portion of the Company's customers purchase products by making electronic payments with a credit card at the time of the transaction. Customer payments received in advance of revenue recognition are contract liabilities and are recorded as deferred revenue. Customers that do not pay in advance are invoiced and are required to make payments under standard credit terms. Collectability for customers who pay on credit terms allowing for payment beyond the date at which service commences, is based on a credit evaluation for certain new customers and transaction history with existing customers.

The Company recognizes revenue gross of contributor royalties because the Company is the principal in the transaction as it is the party responsible for the performance obligation and it controls the product or service before transferring it to the customer. The Company also licenses content to customers through third-party resellers. Third-party resellers sell the Company's products directly to customers as the principal in those transactions. Accordingly, the Company recognizes revenue net of costs paid to resellers.

The Company also reports revenue net of return and chargeback allowances. These allowances are based off historical trends when available.

Cost of Revenue

The Company's cost of revenue includes royalties paid to contributors, credit card processing fees, content reviewer costs, customer service expenses, infrastructure and hosting costs related to maintaining our creative platform and cloud-based software platform, depreciation and amortization of capitalized internal-use software, purchased content and acquisition-related intangible assets, allocated facility costs and other supporting overhead costs. Costs of revenue also includes employee compensation, including non-cash equity-based compensation, bonuses and benefits associated with the maintenance of the Company's creative platform and cloud-based software platform.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Contributor Royalties and Internal Sales Commissions

The Company expenses contributor royalties in the period revenue is recognized, which is generally when the customer download occurs, and includes the corresponding contributor royalties in cost of revenue. Contributor royalties are generally paid monthly. The Company advances certain contributor royalties which are initially deferred and expensed based on the contractual royalty rate at the time of customer download or when the Company determines future recovery is not probable. For the years ended December 31, 2024, 2023 and 2022, the Company deferred \$3.4 million, \$3.9 million and \$6.3 million, respectively, in royalty advances and amortized \$3.7 million, \$4.0 million and \$7.1 million, respectively, in royalty advance expense which is included in cost of revenue. As of December 31, 2024 and 2023, the Company has deferred contributor royalties of \$0.3 million and \$0.6 million, respectively, which is included in prepaid expenses and other current assets in the Consolidated Balance Sheets.

Internal sales commissions are generally paid in the month following collection or invoicing of the commissioned receivable and is reported in sales and marketing expense on the Consolidated Statements of Operations. The Company expenses contract acquisition costs, including internal sales commissions, as incurred, to the extent that the amortization period would otherwise be one year or less.

Product Development

The Company expenses product development costs as incurred, except for costs that are capitalized for certain internal software development projects. Product development costs are primarily comprised of development personnel salaries, non-cash equity-based compensation, software and other IT equipment costs as well as allocated facility costs and related overhead.

Advertising Costs

The Company expenses the cost of advertising and promoting its products as incurred. Such costs totaled \$91.8 million, \$93.1 million and \$97.2 million for the years ended December 31, 2024, 2023 and 2022, respectively, which are included in sales and marketing expense in the Consolidated Statements of Operations.

Leasing

The Company records rent expense on a straight-line basis over the term of the related lease. At inception, the Company first determines if an arrangement contains a lease and the classification of that lease, if applicable. The Company recognizes right-of-use ("ROU") assets and lease liabilities for its operating leases. For contracts with lease and non-lease components, the Company has elected not to allocate the contract consideration, and to account for the lease and non-lease components as a single lease component. The Company has also elected not to recognize a lease liability or ROU asset for leases with a term of 12 months or less, and recognize lease payments for those short-term leases on a straight-line basis over the lease term in the Consolidated Statements of Operations. Operating leases are included in ROU assets, other current liabilities and lease liabilities (net of current portion) on the Consolidated Balance Sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments under the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The implicit rate within the Company's leases is generally not determinable and therefore the incremental borrowing rate at the lease commencement date is utilized to determine the present value of lease payments. The determination of the incremental borrowing rate requires judgment. Management determines the incremental borrowing rate for each lease using the Company's estimated borrowing rate, adjusted for various factors including level of collateralization, term and currency to align with the terms of the lease. The ROU asset also includes any lease prepayments, offset by lease incentives. Certain of the Company's leases include options to extend or terminate the lease. An option to extend the lease is considered in connection with determining the ROU asset and lease liability when the Company is reasonably certain that the option will be exercised. An option to terminate is considered unless the Company is reasonably certain the option will not be exercised.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Equity-Based Compensation

The Company grants Restricted Stock Units, Performance-based Restricted Stock Units (“PRSUs” and, collectively with Restricted Stock Units, “RSUs”) and Stock Options to directors and officers and certain other employees of the Company. Awards granted prior to June 1, 2022 were granted under the Company’s Amended and Restated 2012 Omnibus Equity Incentive Plan (the “2012 Plan”). At the Annual Meeting held on June 2, 2022, the Company’s stockholders approved the 2022 Omnibus Equity Incentive Plan (the “2022 Plan”). Awards granted subsequent to June 2, 2022 were granted under the 2022 Plan.

The Company measures and recognizes non-cash equity-based compensation expense for all stock-based awards granted to employees based on estimated fair values. The portion of the award that is ultimately expected to vest is recognized as expense over the requisite service period. Forfeitures are accounted for as they occur. For awards with a change of control condition, an evaluation is made at the grant date and future periods as to the likelihood of the condition being met. Compensation expense is adjusted in future periods for subsequent changes in the expected outcome of the change of control conditions until the vesting date. Compensation expense related to awards with a market condition is recognized over the requisite service period regardless of the achievement of the market condition. Compensation expense related to awards with a performance condition is recognized over the requisite service period based on the expected levels of achievement. To the extent that the expected levels of achievement change, stock-based compensation expense is adjusted and recorded in the Consolidated Statements of Operations and the remaining unrecognized stock-based compensation is recognized over the remaining requisite service period.

The Company uses the closing price of the Company’s common stock on the date of grant to determine the fair value of RSUs. The Company uses the Black Scholes option pricing model, to determine the fair value of stock options on the date of grant. The Monte Carlo simulation model is used if the award has a market condition.

The determination of the grant date fair value using an option-pricing model and simulation model requires judgment as well as assumptions regarding a number of other complex and subjective variables. These variables include the Company’s closing market price at the grant date, the expected stock price volatility over the expected term of the awards, awards’ exercise and cancellation behaviors, risk-free interest rates and expected dividends.

The awards granted pursuant to the 2012 Plan and the 2022 Plan are subject to a time-based vesting requirement and certain award grants may also include market based or performance based vesting conditions. While each PRSU corresponds to one target share of the Company’s stock, the number of shares that may eventually vest will be between 0% and 150% of a recipient’s target shares, depending on both the recipient’s continued service with the Company and the extent to which performance goals will have been achieved. Awards generally vest over three or four years.

Upon the vesting of RSUs, the Company has a practice of net share settlement, to cover any required withholding taxes by retaining the number of shares with a value equal to the amount of the tax and remitting an equal amount of cash to the appropriate taxing authorities.

Employee Benefit Plans

The Company offers a 401(k) defined contribution plan and provides for discretionary employer matching contributions. All matching contributions are recognized as an expense in the Statement of Operations, as incurred. The Company recorded employer matching contributions of \$5.6 million, \$5.4 million and \$5.1 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Interest expense

Interest expense is comprised of borrowing costs on debt, amortization of debt issuance costs and unused commitment fees associated with the Company’s credit facility.

Debt issuance costs are recorded in prepaid expenses and other current assets and other assets in the Consolidated Balance Sheets and are amortized over the term of the credit facility.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Income Taxes

The Company's income tax expense includes U.S. (federal and state) and foreign income taxes. Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax basis, and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered.

The Company accounts for unrecognized tax benefits using a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. The Company establishes reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes may be due. The Company records an income tax liability for the difference, if any, between the benefit recognized and measured and the tax position taken or expected to be taken on the Company's tax returns. To the extent that the assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made. The reserves are adjusted in light of changing facts and circumstances, such as the outcomes of tax audits or lapses in statutes of limitations. Any reserve for uncertain tax provisions and related penalties and interest is included in the income tax provision.

On a quarterly basis, the Company assesses the realizability of deferred tax assets, based on the available evidence including a history of taxable income, estimates of future taxable income and planning strategies and a valuation allowance is recorded to the extent that it is not more likely than not that the deferred tax assets will be realized. Significant management judgment is required in determining the provision for income taxes and deferred tax assets and liabilities. In the event that actual results differ from these estimates, the Company will adjust these estimates in future periods which may result in a change in the effective tax rate in a future period.

The global intangible low-taxed income ("GILTI") provisions of the TCJA impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. The Company has elected to treat any potential GILTI inclusions as a period cost.

Other Non-income Taxes

The Company is subject to certain non-income taxes, including value added taxes, sales taxes and royalty withholding taxes. Where appropriate, the Company has made accruals for these taxes, which are reflected in the Company's consolidated financial statements. These accruals are subject to statute of limitations requirements and review by governmental authorities.

Treasury Stock

The Company accounts for treasury stock under the cost method and is included as a component of stockholders' equity. Treasury stock held by the Company may be reissued in the future. The Company's policy is to account for reissued shares as a reduction of Treasury stock on a first-in, first-out basis.

Net Income Per Share

Basic net income per share is computed by dividing the net income attributable to common stockholders by the weighted average number of common shares outstanding during the period. Any potential issuance of common shares, including those that are contingent and do not participate in dividends, is excluded from basic weighted average number of common shares outstanding.

Diluted net income per share is computed by dividing the net income attributable to common stockholders by the weighted average common shares outstanding and all potential common shares, if they are dilutive.

Reportable Segments

For the year ended December 31, 2024, the Company has identified one operating segment, which has also been determined to be the Company's primary reportable business segment. Operating segments are defined as components of an enterprise for which separate financial information is available and is evaluated regularly by the Company's chief operating decision maker ("CODM"), or decision-making group, in deciding how to allocate resources and in assessing financial performance.

Contingent Consideration

The Company records an asset or liability for contingent consideration at the date of a business combination and reassesses the fair value of the asset or liability each period until it is settled. Upon settlement of these assets or liabilities,

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the portion of the contingent consideration payment that is attributable to the initial amount recorded as part of the business combination is classified as a cash flow from financing activities if the contingent consideration is a liability, or a cash flow from investing activities if the contingent consideration is an asset, and the portion of the settlement that is attributable to subsequent changes in the fair value of the contingent consideration is classified as a cash flow from operating activities in the Consolidated Statement of Cash Flows.

Foreign Currency

The functional currency of the Company's foreign subsidiaries is generally the respective local currency. Monetary assets and liabilities that are denominated in currencies other than each entity's functional currency are remeasured into the functional currency at the period-end exchange rates and result in transactional gains and losses. The net impact of foreign currency transactional gains and losses on the Company's results of operations were losses of \$3.2 million and \$3.1 million in 2024 and 2022, respectively, and a gain of \$0.7 million in 2023. Translation adjustments resulting from converting the foreign subsidiaries financial statements into U.S. dollars using the period-end exchange rates for balance sheet accounts and the period average exchange rate for the Statements of Operations are recorded as a component of accumulated other comprehensive income / (loss) within stockholders' equity.

Recently Adopted Accounting Standard Updates

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which enhances incremental disclosures on an annual and interim basis, clarifies circumstances in which an entity can disclose multiple segment measures of profit or loss, provides new segment disclosure requirements for entities with a single reportable segment, and contains other disclosure requirements. The purpose of the amendments is to enable investors to better understand an entity's overall performance and assess potential future cash flows. This ASU applies to all public entities that are required to report segment information in accordance with ASC 280, and is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company adopted the ASU 2023-07 disclosure requirements in its December 31, 2024 consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-08 ("ASU 2023-08"), Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets to enhance the valuation and disclosure of crypto assets held by an entity. ASU 2023-08 is effective for annual periods beginning after December 15, 2024 and the interim periods therein. Upon adoption, a cumulative-effect adjustment to the opening balance of retained earnings is to be made as of the beginning of the annual period in which the entity adopts the amendments. Early adoption is permitted. The adoption of this accounting standard is not expected to impact the Company's operations, financial position or cash flows. The Company does not hold any Crypto Assets as of December 31, 2024.

In December 2023, the FASB issued ASU No. 2023-09 ("ASU 2023-09"), Income Taxes (Topic 740): Improvement to Income Tax Disclosures to enhance the transparency and decision usefulness of income tax disclosures. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 on a prospective basis. Early adoption is permitted. Shutterstock is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU No. 2024-03 ("ASU 2024-03"), Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. The amendment requires new financial statement disclosures to provide disaggregated information for certain types of expenses, including purchases of inventory, employee compensation, depreciation, and amortization in commonly presented expense captions such as cost of revenue and selling, general and administrative expenses. The amendments in this ASU are effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. Shutterstock is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Fair Value Measurements and Other Long-term Investments**Fair Value Measurements**

The Company had no assets or liabilities requiring fair value hierarchy disclosures as of December 31, 2024 and 2023, except as noted below.

Money Market Accounts

Cash equivalents include money market accounts and are classified as a level 1 measurement based on quoted prices in active markets for identical assets that the reporting entity can access at the measurement date. As of December 31, 2024 and 2023, the Company did not have any cash equivalent balances.

Other Fair Value Measurements

The carrying amounts of cash, accounts receivable, accounts payable, accrued expenses and the Giphy Retention Compensation approximate fair value because of the short-term nature of these instruments. Debt consists of principal amounts outstanding under our credit facility, which approximates fair value as underlying interest rates are reset regularly based on current market rates and is classified as Level 2. The Company's non-financial assets, which include long-lived assets, intangible assets and goodwill, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur, or if an annual impairment test is required and the Company is required to evaluate the non-financial asset for impairment, a resulting asset impairment would require that the non-financial asset be recorded at its fair value. In 2022, the Company recorded an impairment charge related to a portion of its right-of-use assets and property and equipment triggered by the Company's decision to cease using certain office spaces. See Note 17, Leasing for further discussion.

Long-Term Investments*Investment in Meitu, Inc. ("Meitu")*

In 2018, the Company invested \$15.0 million in convertible preferred shares issued by ZCool Technologies Limited ("ZCool") (the "Preferred Shares"). ZCool's primary business is the operation of an e-commerce platform in the People's Republic of China (the "PRC") whereby customers can pay to license content contributed by creative professionals. ZCool and its affiliates have been the exclusive distributor of Shutterstock content in China since 2014. The Company used the measurement alternative and the investment in ZCool was reported at cost, adjusted for impairments or any observable price changes in ordinary transactions with identical or similar investments.

On March 27, 2024, ZCool was acquired by Meitu, and the Company's Preferred Shares in ZCool were exchanged for \$18.4 million of Meitu common shares, resulting in an investment carrying value increase of \$3.4 million, which is recorded in Other income / (expense), net in the Consolidated Statement of Operations. Meitu's primary business is the provision of online advertising and other internet value added services in the PRC, and its common shares are publicly traded on the Main Board of The Stock Exchange of Hong Kong Limited. This investment is recorded at fair value on a recurring basis, with changes in fair value being recorded in Other income / (expense), net in the Consolidated Statement of Operations. Its fair value level hierarchy and amount at December 31, 2024 are as follows (in thousands):

Hierarchy Level:	As of December 31, 2024	
	Fair Value	
Level 1	\$	17,290

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other Long-Term Investments

In connection with its Data, Distribution, and Services business, the Company may receive equity instruments in addition to cash for revenue contract consideration. As of December 31, 2024, the Company has \$24.0 million recorded in Other Assets in the Consolidated Balance Sheet from equity instruments received. The Company held no customer equity instruments as of December 31, 2023. The Company estimated the value of these equity instruments based on issuers' recent market transactions. The Company will use the measurement alternative for fair value since the equity instruments do not have a readily determinable fair value and will report the instruments at cost, adjusted for impairments or any observable price changes in ordinary transactions with identical or similar investments.

As of December 31, 2024 and December 31, 2023, the Company also had a long-term investment in an equity security with no readily determinable fair value totaling \$5.0 million. The Company uses the measurement alternative for fair value and the investment's carrying value is reported at cost, adjusted for impairments or any observable price changes in ordinary transactions with identical or similar investments.

(5) Acquisitions

2024 Acquisitions

Envato

On July 22, 2024, the Company completed its acquisition of Envato Pty Ltd. ("Envato") pursuant to a Share Purchase Agreement (the "Purchase Agreement") entered into on May 1, 2024, to acquire all of the issued and outstanding capital stock of Envato. The aggregate amount paid by the Company, after customary working capital and other adjustments in accordance with the terms of the Purchase Agreement, was \$250.2 million. The consideration was sourced with cash obtained through the A&R Credit Agreement. See Note 9 Debt for more information. In connection with the acquisition, the Company incurred approximately \$7.0 million of transaction costs in total, which are included in general and administrative expenses on the Consolidated Statements of Operations.

Envato offers digital creative assets and templates, including Envato Elements, a creative subscription providing unlimited downloads of a diverse array of assets, templates, and more. The Company believes this acquisition complements Shutterstock's existing offerings and expands its reach with faster growing audiences such as freelancers, hobbyists, small businesses and agencies.

The purchased assets included identifiable intangible assets, comprised of trademarks, developed technology and customer relationships, which have weighted average useful lives of approximately 10 years, 5 years and 6 years, respectively. Fair values of the trademark and developed technology were determined using the relief-from-royalty method, and the fair value of the customer relationships was determined using the excess of earnings method. Determining the fair value requires management to use significant judgement and estimates, including revenue growth rates, the royalty rate and the discount rate, and the economic life related to developed technology and revenue growth rates, the royalty rate, and the discount rate related to the trademark, among others. The goodwill arising from the transaction is primarily attributable to expected operational synergies and is not deductible for income tax purposes.

Backgrid

On February 1, 2024, the Company completed its acquisition of all of the outstanding shares of Backgrid USA, Inc. and Backgrid London LTD, (collectively, "Backgrid"), for approximately \$20 million, subject to customary working capital adjustments. The total purchase price was paid with existing cash on hand. In connection with the acquisition, the Company incurred approximately \$1.5 million of transaction costs in total, which are included in general and administrative expenses on the Consolidated Statements of Operations.

Backgrid supplies media organizations with real-time celebrity content. The Company believes this acquisition expands Shutterstock Editorial's Newsroom offering of editorial images and footage across celebrity, red carpet and live-events.

The identifiable intangible assets, trademark and developed technology, have useful lives of approximately 10 years and 5 years, respectively. Fair values of the trademark and developed technology were determined using the excess earnings and relief-from-royalty methods, respectively. The goodwill arising from the transaction is primarily attributable to expected operational synergies and is not deductible for income tax purposes.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Envato and Backgrid transactions were accounted for using the acquisition method and, accordingly, the results of the acquired businesses have been included in the Company's results of operations from the respective acquisition dates. The fair value of consideration transferred in these business combinations have been allocated to the intangible and tangible assets acquired and liabilities assumed at the acquisition date, with the remaining unallocated amount recorded as goodwill. The identifiable intangible assets of these acquisitions are being amortized on a straight-line basis.

For the year ended December 31, 2024, revenues of \$90.5 million and \$15.9 million were included in the Consolidated Statements of Operations related to Envato and Backgrid, respectively.

The aggregate purchase price for the Envato and Backgrid acquisitions have been allocated to the assets acquired and liabilities assumed as follows (in thousands):

Assets acquired and liabilities assumed:	Envato	Backgrid	Total
Cash and cash equivalents ¹	\$ 90,591	\$ 1,718	\$ 92,309
Accounts receivable	6,818	732	7,550
Other assets	5,404	77	5,481
Right of use asset	273	—	273
Fixed assets	895	—	895
Intangible assets:			
Trademark	31,000	300	31,300
Developed technology	61,000	900	61,900
Customer relationships	14,200	—	14,200
Intangible assets	106,200	1,200	107,400
Goodwill	167,572	19,843	187,415
Deferred tax asset	37,350	—	37,350
Total assets acquired	\$ 415,103	\$ 23,570	\$ 438,673
Accounts payable	(4,173)	—	(4,173)
Contributor royalties payable	(11,917)	(849)	(12,766)
Accrued expenses	(30,233)	(228)	(30,461)
Deferred revenue	(46,888)	—	(46,888)
Deferred tax liability	—	(271)	(271)
Other liabilities ¹	(71,487)	(1,074)	(72,561)
Lease liability	(190)	—	(190)
Total liabilities assumed	(164,888)	(2,422)	(167,310)
Net assets acquired	\$ 250,215	\$ 21,148	\$ 271,363

¹ Envato's cash includes \$63.4 million for the funding of Envato obligations that were triggered upon the closing of the acquisition (the "Envato Seller Obligations"). These obligations are also reported as assumed liabilities within Other liabilities. The Envato Obligations would not have been incurred had the acquisition not closed, and are presented "on-the-line" because they are not reflected in either the acquirer's or acquiree's statement of operations.

2023 Acquisition

Giphy, Inc.

On May 22, 2023, the Company entered into a Stock Purchase Agreement with Meta Platforms, Inc. ("Meta") dated May 22, 2023 (the "Purchase Agreement"). On June 23, 2023, the Company completed its acquisition of all of the outstanding shares of Giphy, Inc. ("Giphy") from Meta. The consideration paid by the Company pursuant to the Purchase Agreement was \$53 million in net cash, in addition to cash acquired, assumed debt and other working capital adjustments. The consideration was paid with existing cash on hand. Giphy is a New York-based company that operates a collection of GIFs and stickers that supplies casual conversational content. The Company believes its acquisition of Giphy extends Shutterstock's audience touchpoints beyond primarily professional marketing and advertising use cases and expands into casual conversations.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In January 2023, the United Kingdom Competition and Markets Authority (the “CMA”) issued its final order requiring Meta to divest its ownership of Giphy, which Meta acquired in 2020. In connection with the closing of the acquisition, whose terms were preapproved by the CMA, the Company and Meta entered into a transitional services agreement (the “TSA”) pursuant to which Meta is responsible for certain costs related to retention of Giphy employees, including (i) recurring salary, bonus, and benefits through August 2024, which would be \$35.6 million if all employees are retained through August 2024, and (ii) nonrecurring items, totaling \$87.9 million, comprised of one-time employment inducement bonuses and the cash value of unvested Meta equity awards (collectively, the “Giphy Retention Compensation”) and certain costs related to technology and integration expenses, totaling \$30 million to be paid in \$1.25 million monthly installments through May 2025.

The Giphy Retention Compensation will be paid to the individuals for being employees of the Company subsequent to the completion of the acquisition. Accordingly, it was determined that the payments by the Company are for future service requirements and will be reflected as operating expenses, less any amounts earned by the employees prior to the acquisition, in the Company’s Statements of Operations as incurred. The Giphy Retention Compensation is reflected as a reduction of the purchase price and has been funded into an escrow account.

The Giphy purchase price was calculated as follows:

	Purchase Price
Purchase price	\$ 53,000
Cash acquired and other working capital adjustments	4,750
Cash paid on closing	\$ 57,750
Fair value of Giphy Retention Compensation contingent consideration ¹	(98,723)
Fair value of consideration attributable to pre-combination service ²	34,972
Net purchase price	\$ (6,001)

1 - This amount consists of \$123.5 million of Giphy Retention Compensation, adjusted for \$18.9 million of income tax obligations associated with the receipt of the Giphy Retention Compensation and \$5.9 million for the time value of money.

2 - Relates to the cash value of replaced unvested Meta equity awards attributable to pre-combination services.

Upon closing of the acquisition, the Company also entered into an agreement with Meta whereby the Company will provide Meta with access to Giphy content that is displayed through an API for a period of two years. The Company determined that the API arrangement represents a transaction separate from the business combination and was priced below market. Therefore, the Company allocated \$30 million of the purchase price to these services, which represents the step-up to fair market value. This amount has been recognized in deferred revenue and is recognized as revenue over-time as the API is provided.

The identifiable intangible assets, which include developed technology and the trade name have weighted average useful lives of approximately 7 years and 15 years, respectively. The fair value of the developed technology and the trade name was determined using the relief-from-royalty method. Determining the fair value requires management to use significant judgement and estimates, including revenue growth rates, the royalty rate and the discount rate related to the trade name and revenue growth rates, the royalty rate and the economic life related to developed technology, among others.

The Giphy transaction was accounted for using the acquisition method and, accordingly, the results of the acquired business has been included in the Company’s results of operations from the acquisition date. For the year ended December 31, 2023, revenue of \$10.5 million was included in the Consolidated Statements of Operations related to the Company’s acquisition of Giphy. The fair value of consideration transferred in this business combination has been allocated to the intangible and tangible assets acquired and liabilities assumed at the acquisition date, with the excess of the fair value of the net assets acquired over the net consideration received recorded as a bargain purchase gain. The identifiable intangible assets of these acquisitions are being amortized on a straight-line basis.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The aggregate purchase price for this acquisition has been allocated to the assets acquired and liabilities assumed as follows (in thousands):

Assets acquired and liabilities assumed:	Giphy
Cash and cash equivalents	\$ 4,030
Prepaid expenses and other current assets	1,416
Right of use assets	1,243
Intangible assets:	
Trade name	21,000
Developed technology	19,500
Intangible assets	40,500
Deferred tax asset	1,463
Other assets	1,647
Total assets acquired	\$ 50,299
Accounts payable, accrued expenses and other liabilities	(4,949)
Lease liability	(1,090)
Total liabilities assumed	(6,039)
Net assets acquired	\$ 44,260
Net purchase price	(6,001)
Bargain purchase gain	\$ 50,261

The Company recognized a non-taxable bargain purchase gain of \$50.3 million, representing the excess of the fair value of the net assets acquired in addition to the net consideration to be received from Meta. The bargain purchase gain is the result of the CMA's regulatory order requiring Meta's divestiture of Giphy and the Giphy Retention Compensation payments. In connection with the acquisition, the Company incurred approximately \$3.0 million of transaction costs, which is included in general and administrative expenses on the Consolidated Statements of Operations.

As of December 31, 2024, Shutterstock's receivable of \$9.7 million is against an escrow fully funded by Meta. \$8.1 million and \$1.6 million are included within Prepaid expenses and other current assets and Other assets, respectively, on the Consolidated Balance Sheet.

2022 Acquisitions

Pond5, Inc.

On May 11, 2022, the Company completed its acquisition of all of the outstanding shares of Pond5, for approximately \$218.0 million. The total purchase price was paid with existing cash on hand as well as a \$50 million drawdown on a newly established revolving credit facility (See Note 9). In connection with the acquisition, the Company incurred approximately \$4.0 million of transaction costs, which is included in general and administrative expenses on the Consolidated Statements of Operations.

Pond5 is a New York based company that operates a video-first content marketplace for royalty-free and editorial video. The Company believes its acquisition of this video-first content marketplace provides expanded offerings across footage, image and music.

The identifiable intangible assets, which include customer relationships, developed technology and trade names have weighted average useful lives of approximately 14.2 years, 5 years and 10 years, respectively. The goodwill arising from the transaction is primarily attributable to expected operational synergies and is not deductible for income tax purposes.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Splash News

On May 28, 2022, the Company completed its acquisition of all of the outstanding shares of Splash News, for approximately \$6.3 million. The total purchase price was paid with existing cash on hand in the three months ended June 30, 2022. In connection with the acquisition, the Company incurred approximately \$0.3 million of transaction costs, which is included in general and administrative expenses on the Consolidated Statements of Operations.

Splash News is a United Kingdom based entertainment news network and is a source for image and video content across celebrity, red carpet and live events. The Company believes this acquisition expands Shutterstock Editorial's Newsroom offering for access to premium exclusive content.

The identifiable intangible asset, developed technology, has a useful life of approximately 4 years. The goodwill arising from the transaction is primarily attributable to expected operational synergies and is not deductible for income tax purposes.

The Pond5 and Splash News transactions were accounted for using the acquisition method and, accordingly, the results of the acquired businesses have been included in the Company's results of operations from the respective acquisition dates. For the twelve months ended December 31, 2022, revenue of \$36.7 million was included in the Consolidated Statements of Operations related to these acquired companies. The fair value of consideration transferred in these business combinations has been allocated to the intangible and tangible assets acquired and liabilities assumed at the acquisition date, with the remaining unallocated amount recorded as goodwill. The identifiable intangible assets of these acquisitions are being amortized on a straight-line basis. The fair value of the customer relationships was determined using a variation of the income approach known as the multiple-period excess earnings method. The fair value of the trade name was determined using the relief-from-royalty method, and the fair value of the developed technology was determined using the relief-from-royalty and the cost to recreate methods. Determining the fair value of the customer relationships intangible assets requires management to use significant judgment and estimates, including estimates of future revenue growth rates for existing customers, the discount rate, earnings before interest, taxes and amortization ("EBITA") margins and the customer attrition rate, among others.

The aggregate purchase price for these acquisitions has been allocated to the assets acquired and liabilities assumed as follows (in thousands):

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Assets acquired and liabilities assumed (in thousands):	Pond5	Splash News	Total
Cash and cash equivalents	\$ 11,675	\$ 180	\$ 11,855
Accounts receivable	1,273	500	1,773
Other assets	1,102	525	1,627
Right of use asset	1,674	—	1,674
Intangible assets:			
Customer relationships	34,900	—	34,900
Trade name	5,300	—	5,300
Developed technology	27,600	1,263	28,863
Intangible assets	67,800	1,263	69,063
Goodwill	158,957	5,565	164,522
Total assets acquired	\$ 242,481	\$ 8,033	\$ 250,514
Accounts payable, accrued expenses and other liabilities	(9,304)	(1,528)	(10,832)
Contributor royalties payable	(3,039)	—	(3,039)
Deferred revenue	(3,705)	—	(3,705)
Deferred tax liability	(6,381)	(189)	(6,570)
Lease liability	(2,038)	—	(2,038)
Total liabilities assumed	(24,467)	(1,717)	(26,184)
Net assets acquired	\$ 218,014	\$ 6,316	\$ 224,330

Pro-Forma Financial Information (unaudited)

The following unaudited pro forma consolidated financial information (in thousands) reflects the results of operations of the Company for the twelve months ended December 31, 2024 and 2023, as if the Backgrid and Envato acquisitions had been completed on January 1, 2023, and as if the Giphy acquisition had been completed on January 1, 2022, after giving effect to certain purchase accounting adjustments, primarily related to bargain purchase gain, Giphy Retention Compensation - non-recurring, intangible assets and transaction costs. These pro forma results have been prepared for comparative purposes only and are based on estimates and assumptions that have been made solely for purposes of developing such pro forma information and are not necessarily indicative of what the Company's operating results would have been, had the acquisitions actually taken place at the beginning of the previous annual period.

	Year Ended December 31,	
	2024	2023
Revenue		
As Reported	\$ 935,262	\$ 874,587
Pro Forma	1,045,391	1,097,543
Income before income taxes		
As Reported	\$ 62,548	\$ 122,468
Pro Forma	79,347	63,071

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Property and Equipment

Property and equipment is summarized as follows (in thousands):

	December 31,	
	2024	2023
Computer equipment and software	\$ 351,062	\$ 308,473
Furniture and fixtures	11,016	10,829
Leasehold improvements	20,451	19,153
Property and equipment	382,529	338,455
Less: accumulated depreciation	(316,129)	(274,155)
Property and equipment, net	<u>\$ 66,400</u>	<u>\$ 64,300</u>

Depreciation and amortization expense related to property and equipment amounted to \$42.0 million, \$37.7 million and \$34.0 million, for the years ended December 31, 2024, 2023 and 2022, respectively. Of these amounts, \$40.4 million, \$36.1 million and \$31.0 million are included in cost of revenue for the years ended December 31, 2024, 2023 and 2022, respectively, and \$1.6 million, \$1.7 million and \$3.0 million are included in general and administrative expense for the years ended December 31, 2024, 2023 and 2022, respectively.

Depreciation and amortization expense is included in cost of revenue and general and administrative expense based on the nature of the asset. There was no loss on disposal for the years ended December 31, 2024, 2023 and 2022, respectively.

In 2022, the Company recorded an impairment charge of \$2.8 million primarily related to certain of its leasehold improvements triggered by the Company's decision to cease using certain office spaces. See Note 17, Leasing for further discussion.

Capitalized Internal-Use Software

The Company capitalized costs related to the development of internal-use software of \$36.9 million, \$45.1 million and \$40.7 million for the years ended December 31, 2024, 2023 and 2022, respectively. Capitalized amounts are included as a component of property and equipment under computer equipment and software. During 2024, 2023 and 2022, the Company invested significantly in its product development and hosting infrastructure to enhance its customer experience and increase the efficiency with which management deploys new products and features.

The portion of total depreciation expense related to capitalized internal-use software was \$39.3 million, \$34.9 million and \$29.6 million for the years ended December 31, 2024, 2023 and 2022, respectively. Depreciation expense related to capitalized internal-use software is included in cost of revenue in the Consolidated Statement of Operations.

As of December 31, 2024 and 2023, the Company had capitalized internal-use software of \$57.8 million and \$60.3 million, respectively, net of accumulated depreciation, which was included in property and equipment, net.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Goodwill and Intangible Assets

Goodwill

The following table summarizes the changes in the Company's goodwill balance for the year ended December 31, 2024 (in thousands):

	Goodwill
Balance as of December 31, 2023	\$ 383,325
Goodwill related to acquisitions	187,415
Foreign currency translation adjustment	(1,072)
Balance as of December 31, 2024	\$ 569,668

The Company's goodwill balance was allocated to a single reporting unit. The Company performed its annual goodwill assessment as of October 1, 2024 and concluded that the fair value of its reporting unit was greater than its carrying amount, and therefore, no adjustment to the carrying value of goodwill was necessary. The Company utilized a qualitative assessment of its content business reporting unit to determine whether a quantitative assessment was necessary and determined there were no indicators of potential impairment.

There were no impairments of goodwill in any of the periods presented in the consolidated financial statements.

Intangible Assets

Intangible assets, all of which are subject to amortization, consist of the following as of December 31, 2024 and 2023 (in thousands):

	As of December 31, 2024				As of December 31, 2023			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	
Customer relationships	\$ 103,130	\$ (34,847)	\$ 68,283	11	\$ 90,350	\$ (26,982)	\$ 63,368	
Trade name	68,980	(12,941)	56,039	11	37,937	(9,272)	28,665	
Developed technology	176,560	(86,140)	90,420	5	115,914	(61,376)	54,538	
Contributor content	69,574	(35,917)	33,657	8	65,628	(27,897)	37,731	
Patents	259	(181)	78	18	259	(165)	94	
Total	\$ 418,503	\$ (170,026)	\$ 248,477		\$ 310,088	\$ (125,692)	\$ 184,396	

Amortization expense related to the intangible assets was \$45.6 million, \$42.0 million and \$34.5 million for the years ended December 31, 2024, 2023 and 2022, respectively. Of these amounts, \$40.4 million, \$38.7 million and \$32.1 million are included in cost of revenue for the years ended December 31, 2024, 2023 and 2022, respectively, and \$5.2 million, \$3.3 million and \$2.4 million are included in general and administrative expense for the years ended December 31, 2024, 2023 and 2022, respectively.

The Company determined that there was no indication of impairment for the intangible assets for all periods presented. Estimated amortization expense for the next five years is: \$46.0 million in 2025, \$43.7 million in 2026, \$37.5 million in 2027, \$34.5 million in 2028, \$27.2 million in 2029 and \$59.5 million thereafter.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	December 31,	
	2024	2023
Compensation	\$ 46,753	\$ 75,752
Non-income taxes	43,171	23,702
Website hosting and marketing fees	9,568	11,804
Other expenses	27,151	20,185
Total accrued expenses	<u>\$ 126,643</u>	<u>\$ 131,443</u>

As of December 31, 2024 and December 31, 2023, compensation-related accrued expenses included amounts due to Giphy employees for compensation earned pre-acquisition and severance costs associated with workforce optimizations. For the year ended December 31, 2024, the Company recognized \$9.5 million of severance costs associated with workforce optimizations, of which \$1.1 million is reported in Cost of Revenues, \$4.3 million in Sales and Marketing, \$2.5 million in Product Development, and \$1.6 million in General and Administrative expenses for the year ended December 31, 2024. Of this amount, approximately \$5.8 million is included within accrued expenses as of December 31, 2024 and is expected to be paid to employees over the next 12 months.

(9) Debt

On May 6, 2022, the Company entered into a five-year \$100 million unsecured revolving loan facility (the "Credit Facility") with Bank of America, N.A., as Administrative Agent and other lenders. The Credit Facility included a letter of credit sub-facility and a swingline facility and it also permitted, subject to the satisfaction of certain conditions, up to \$100 million of additional revolving loan commitments with the consent of the Administrative Agent.

On July 22, 2024, the Company entered into an amended and restated credit agreement (the "A&R Credit Agreement"), which was entered into among the Company, as borrower, certain direct and indirect subsidiaries of the Company as guarantors, the lenders party thereto, and Bank of America, N.A., as Administrative Agent for the lenders. The A&R Credit Agreement provides for a five-year (i) senior unsecured term loan facility (the "Term Loan") in an aggregate principal amount \$125 million and (ii) senior unsecured revolving credit facility (the "Revolver") in an aggregate principal amount of \$250 million. The A&R Credit Agreement also provides for a letter of credit subfacility and a swingline facility.

At the Company's option, loans under the A&R Credit Agreement accrue interest at a per annum rate based on either (i) the base rate plus a margin ranging from 0.375% to 0.750%, determined based on the Company's consolidated net leverage ratio or (ii) the Term Secured Overnight Financing Rate ("SOFR") (for interest periods of 1, 3 or 6 months) plus a margin ranging from 1.375% to 1.750%, determined based on the Company's consolidated net leverage ratio, plus a credit spread of 0.100%. The Company is also required to pay an unused commitment fee ranging from 0.175% to 0.250%, determined based on the Company's consolidated leverage ratio. In connection with the execution of this agreement, the Company paid debt issuance costs of approximately \$2.2 million.

The A&R Credit Agreement replaces the Company's existing Credit Facility, which was fully repaid and terminated upon the effectiveness of the A&R Credit Agreement. In connection with the closing of the Credit Facility, the Company repaid \$30.0 million of existing outstanding borrowings and accrued interest.

As of December 31, 2024, the Company had a remaining borrowing capacity of \$94 million, net of standby letters of credit.

The A&R Credit Agreement contains financial covenants and requirements restricting certain of the Company's activities, which are customary for this type of credit facility. The Company is also required to maintain compliance with a consolidated leverage ratio and a consolidated interest coverage ratio, in each case, determined in accordance with the terms of the A&R Credit Agreement. As of December 31, 2024, the Company was in compliance with these covenants.

The Company's outstanding debt (in thousands) is reflected in the table below. The Company classifies the Revolver as a current liability since the Company could draw upon and repay the outstanding amount as needed. The maturity of the Revolver is in 2029.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	<u>As of December 31, 2024</u>	<u>As of December 31, 2023</u>
Current Debt:		
Revolver - Credit Facility	—	30,000
Revolver - A&R Credit Agreement	155,000	—
Term Loan - A&R Credit Agreement	3,106	—
Non-Current Debt:		
Term Loan - A&R Credit Agreement	119,598	—

Based on Level 2 inputs, the carrying value of the Company's debt approximates its fair value, as borrowings are subject to variable interest rates that adjust with changes in market rates and market conditions and the current interest rate approximates that which would be available under similar financial arrangements.

For the year ended December 31, 2024, the Company recognized interest expense of \$10.6 million. As of December 31, 2024, the unamortized debt issuance cost related to the Term Loan - A&R Credit Agreement is \$0.7 million.

(10) Stockholders' Equity

Common Stock

The holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders. Subject to preferences that may be applicable to any outstanding preferred stock, holders of common stock are entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available for that purpose. In the event of liquidation, dissolution or winding up of the Company, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to the prior distribution rights of any outstanding preferred stock. The common stock has no preemptive or conversion rights or other subscription rights. The outstanding shares of common stock are fully paid and non-assessable. Under the amended and restated certificate of incorporation, which became effective upon completion of the IPO, the Company's certificate of incorporation authorized 200,000,000 shares of \$0.01 per share par value common stock.

Preferred Stock

Under the amended and restated certificate of incorporation, which became effective upon completion of the IPO, the Company's Board of Directors has the authority, without further action by the stockholders, to issue up to 5,000,000 shares of preferred stock, \$0.01 par value, in one or more series. The Board of Directors also has the authority to designate the rights, preferences, privileges and restrictions of each such series, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series.

The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of Shutterstock without further action by the stockholders. The issuance of preferred stock with voting and conversion rights may also adversely affect the voting power of the holders of common stock. In certain circumstances, an issuance of preferred stock could have the effect of decreasing the market price of the common stock. As of December 31, 2024, the Company has not issued and has no plans to issue any shares of preferred stock.

Treasury Stock

In October 2015, the Company's Board of Directors approved a share repurchase program, authorizing the Company to repurchase up to \$100 million of its common stock and in February 2017, the Company's Board of Directors approved an increase to the share repurchase program (collectively, the "2015 and 2017 Share Repurchase Programs"), authorizing the Company to repurchase up to an additional \$100 million of its outstanding common stock. As of December 31, 2022, the Company had fully utilized its authorization for repurchases under the 2015 and 2017 Share Repurchase Programs.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In June 2023, the Company’s Board of Directors approved a share repurchase program (the “2023 Share Repurchase Program”), providing authorization to repurchase up to \$100 million of its common stock. During 2024 and 2023, the Company repurchased approximately 1.1 million and 635,000 shares of its common stock, respectively, at an average per share cost of \$37.42 and \$44.45, respectively. As of December 31, 2024, the Company had \$30 million of remaining authorization for purchases under the 2023 Share Repurchase Program.

The Company expects to fund repurchases through a combination of cash on hand, cash generated by operations and future financing transactions, if appropriate. Accordingly, the share repurchase program is subject to the Company having available cash to fund repurchases. Under the share repurchase program, management is authorized to purchase shares of the Company’s common stock from time to time through open market purchases or privately negotiated transactions at prevailing prices as permitted by securities laws and other legal requirements, and subject to market conditions and other factors

As of December 31, 2024, the Company has repurchased approximately 5.5 million shares of its common stock in total since 2015 under the repurchase programs (including the 2015 and 2017 Share Repurchase Programs and the 2023 Share Repurchase Program) at an average per-share cost of \$48.86.

Dividends

On February 11, 2020, the Board of Directors approved the initiation of a quarterly cash dividend. The Company declared and paid cash dividends totaling \$1.20 and \$1.08 per share of common stock, or \$42.4 million and \$38.7 million, during the years ended December 31, 2024 and 2023, respectively.

On January 27, 2025, the Company’s Board of Directors declared a quarterly cash dividend of \$0.33 per share of outstanding common stock payable on March 20, 2025 to stockholders of record at the close of business on March 6, 2025. Future declaration of dividends are subject to the final determination of the Board of Directors, and will depend on, among other things, the Company’s future financial condition, results of operations, capital requirements, capital expenditure requirements, contractual restrictions, anticipated cash needs, business prospects, provisions of applicable law and other factors the Board of Directors may deem relevant.

(11) Revenue

The Company distributes its products through two primary offerings:

Content: The majority of the Company’s customers license image, video, music and 3D content for commercial purposes either directly through the Company’s self-service web properties or through the Company’s dedicated sales teams. Content customers have the flexibility to purchase subscription-based plans that are paid on a monthly or annual basis. Customers are also able to license content on a transactional basis. These customers generally license content under the Company’s standard or enhanced licenses, with additional licensing options available to meet customers’ individual needs. Certain content customers also have unique content, licensing and workflow needs. These customers communication with dedicated sales professionals, service and research teams which provide a number of tailored enhancements to their creative workflows including non-standard licensing rights, multi-seat access, ability to pay on credit terms, multi-brand licensing packages, increased indemnification protection and content licensed for use-cases outside of those available on the e-commerce platform.

Data, Distribution, and Services: The Company’s Data, Distribution, and Services offerings address customer demand for products and services that are beyond the stock image, footage music and 3D model licenses. These offerings include access to the Company’s metadata for machine learning and generative artificial intelligence model training and high-quality production and custom content at scale provided by Shutterstock Studios.

The Company’s Content and Data, Distribution, and Services revenues for the years ended December 31, 2024, 2023 and 2022 are as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Content	\$ 760,011	\$ 737,264	\$ 789,306
Data, Distribution, and Services	175,251	137,323	38,520
Total Revenues	\$ 935,262	\$ 874,587	\$ 827,826

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deferred revenue reported on the balance sheet represents unfulfilled performance obligations for which the Company has either received payment or has outstanding receivables. The December 31, 2024 deferred revenue balance will be earned as content is downloaded or upon the expiration of subscription-based products, and nearly all is expected to be earned within the next twelve months. \$192.8 million of total revenue recognized for the year ended December 31, 2024 was reflected in deferred revenue as of December 31, 2023. In addition, as of December 31, 2024, the Company has approximately \$36.4 million of contracted but unsatisfied performance obligations relating primarily to our data offerings, which are not included as a component of deferred revenue and that the Company expects to recognize over a five year period. In certain of the Company’s data deal contracts, the Company has provided customers with the right to cancel. As of December 31, 2024, the total refund reserve related to these contracts is \$7.3 million and \$5.7 million and is recorded in Other current liabilities and Other non-current liabilities, respectively. Should these cancellation rights not be exercised, this refund reserve would convert to revenue. For the twelve months ended December 31, 2024, the Company recognized \$32.8 million of revenue from the reversal of refund reserves.

(12) Equity-Based Compensation

The Company recognizes stock-based compensation expense for all share-based payment awards including employee stock options and RSUs granted under either the 2012 Plan, the 2022 Plan or the 2022 Amended and Restated Plan based on the fair value of each award on the grant date.

The following table summarizes non-cash equity-based compensation expense, net of forfeitures, by line item included in the Company’s Consolidated Statements of Operations for the years ended December 31, 2024, 2023 and 2022 (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Cost of revenue	\$ 1,472	\$ 815	\$ 567
Sales and marketing	11,031	7,359	5,486
Product development	11,923	13,200	10,380
General and administrative	31,904	27,203	19,307
Total	\$ 56,330	\$ 48,577	\$ 35,740

For the year ended December 31, 2024, 2023 and 2022 substantially all of the Company’s non-cash equity-based compensation expense related to RSUs.

2012 Omnibus Equity Incentive Plan

On October 10, 2012, the Company’s 2012 Plan became effective. The 2012 Plan provides for the grant of incentive stock options to Company employees, and for the grant of non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance units and performance shares to employees, directors and consultants. The maximum aggregate number of shares that may be issued under the 2012 Plan was initially 6,750,000 shares of common stock. The number of shares available for issuance under the 2012 Plan will be increased annually commencing January 1, 2013 by an amount equal to the lesser of 1,500,000 shares of common stock, 3% of the outstanding shares of common stock as of the last day of the immediately preceding fiscal year, or such other amount as determined by the Company’s Board of Directors. Any awards issued under the 2012 Plan that are forfeited by the participant will become available for future grant under the 2012 Plan. The number of shares of common stock available under the 2012 Plan was automatically increased by approximately 1,093,000 shares on January 1, 2022, pursuant to the automatic increase provisions of the 2012 Plan. This plan expired on June 2, 2022.

2022 Omnibus Equity Incentive Plan

On June 2, 2022, the Company’s stockholders approved the 2022 Omnibus Equity Incentive Plan (the “2022 Plan”). The 2022 Plan provides for the grant of incentive stock options to Company employees, and for the grant of non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance units and performance shares (collectively, “Awards”) to employees, officers, directors, consultants and advisors of the Company. The maximum aggregate number of shares that may be issued under the 2022 Plan is 4,000,000 shares of our common stock and is subject to adjustment in connection with changes in capitalization, reorganization and change in control events. Shares subject to Awards granted

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

under the 2022 Plan that expire unexercised or are forfeited, will become available for future grant under 2022 Plan. However, shares used to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award will not become available for future grant under the 2022 Plan. Awards granted subsequent to June 2, 2022 were granted under the 2022 Plan.

Amended and Restated 2022 Omnibus Equity Incentive Plan

On June 6, 2024, the Company’s stockholders approved the Amended and Restated 2022 Omnibus Equity Incentive Plan (the “2022 Amended and Restated Plan”). The 2022 Amended and Restated Plan provides for the grant of incentive stock options to Company employees, and for the grant of non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance units and performance shares (collectively, “Awards”) to employees, officers, directors, consultants and advisors of the Company. The maximum aggregate number of shares that may be issued under the 2022 Amended and Restated Plan is 7,500,000 shares of our common stock and is subject to adjustment in connection with changes in capitalization, reorganization and change in control events. Shares subject to Awards granted under the 2022 Amended and Restated Plan that expire unexercised or are forfeited, will become available for future grant under 2022 Amended and Restated Plan. However, shares used to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award will not become available for future grant under the 2022 Amended and Restated Plan. Awards granted subsequent to June 6, 2024 were granted under the 2022 Amended and Restated Plan.

Stock Option Awards

The following is a summary of stock option awards (in thousands) and weighted average exercise price per option:

	Plan Options	Weighted Average Exercise Price
Options outstanding at December 31, 2023	829	\$ 61.34
Options exercised	—	—
Options canceled or expired	(530)	76.71
Options outstanding at December 31, 2024	299	34.14
Options exercisable at December 31, 2024	299	34.14

Intrinsic value of stock options is calculated as the excess of market price of the Company’s common stock over the strike price of the stock options, multiplied by the number of stock options. The intrinsic value of the Company’s stock options is as follows (in thousands):

	As of December 31,	
	2024	2023
Stock options outstanding	\$ —	\$ 4,232
Stock options exercisable	\$ —	\$ 4,232
Stock options vested and expected to vest	\$ —	\$ 4,232

There were no stock options exercised for the year ended December 31, 2024, For the years ended December 31, 2023 and 2022, the intrinsic value of stock options exercised was approximately \$33 thousand and \$1.1 million, respectively.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

No stock option awards were granted during the years ended December 31, 2024, 2023 and 2022.

Restricted Stock Units Awards (including PRSUs)

The following table presents a summary of the Company's RSUs activity for the year ended December 31, 2024 (in thousands):

	Plan RSUs	Weighted Average Fair Value
Non-vested balance at December 31, 2023	1,938	\$ 68.03
Units granted	2,467	38.72
Units vested	(701)	71.07
Units canceled or forfeited	(804)	54.52
Non-vested balance at December 31, 2024	<u>2,900</u>	<u>\$ 46.13</u>
Non-vested and deferred balance at December 31, 2024	2,948	\$ 51.70

As of December 31, 2024, the total unrecognized compensation charge related to the restricted stock units is approximately \$78.9 million, which is expected to be recognized through fiscal 2028.

(13) Other Income / (Expense), net

The following table presents a summary of the Company's other income / (expense) activity included in the accompanying Consolidated Statements of Operations (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Foreign currency (loss) / gain	\$ (1,831)	\$ 879	\$ (1,338)
Interest income and other	6,232	4,785	87
Other income / (expense), net	<u>\$ 4,401</u>	<u>\$ 5,664</u>	<u>\$ (1,251)</u>

(14) Income Taxes

The Company's geographical breakdown of its income before income taxes is as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Domestic	\$ 49,827	\$ 108,013	\$ 86,207
Foreign	12,721	14,455	4,830
Income before income taxes	<u>\$ 62,548</u>	<u>\$ 122,468</u>	<u>\$ 91,037</u>

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes the consolidated provision for income taxes (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Current provision:			
Federal	\$ 18,578	\$ 24,015	\$ 16,891
State and local	5,245	5,392	3,362
Foreign	13,756	8,967	5,268
Deferred provision (benefit):			
Federal	(28,582)	(24,880)	(9,286)
State and local	(2,824)	(1,047)	(1,107)
Foreign	20,443	(248)	(194)
Provision for income taxes	<u>\$ 26,616</u>	<u>\$ 12,199</u>	<u>\$ 14,934</u>

The provision for income taxes differs from statutory income tax rate as follows:

	Year Ended December 31,		
	2024	2023	2022
U.S. income tax at federal statutory rate	21.0 %	21.0 %	21.0 %
Tax credits	(10.8)	(4.2)	(3.3)
State and local taxes, net of federal benefit	2.9	2.2	1.6
Equity-based compensation	11.6	3.4	1.4
Foreign rate differential	11.5	0.4	0.8
Foreign-derived intangible income deduction	(8.5)	(6.4)	(8.2)
Uncertain tax positions	(0.7)	0.9	3.4
Valuation allowance	2.1	1.3	1.2
Capital loss	—	—	(1.7)
Bargain purchase gain	—	(8.6)	—
Capitalized transaction costs	2.2	—	—
Equity-based compensation award expiration	10.2	—	—
Non-deductible—other	1.1	—	0.2
Total provision for income taxes	<u>42.6 %</u>	<u>10.0 %</u>	<u>16.4 %</u>

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The tax effect of the Company's temporary differences that give rise to deferred tax assets and liabilities are presented below (in thousands):

	Year Ended December 31,	
	2024	2023
Deferred tax assets:		
Non-cash equity-based compensation	\$ 10,492	\$ 15,922
Intangible amortization	31,263	101
Accruals and reserves	15,106	6,881
Lease liabilities	7,050	8,410
Net operating losses	18,003	17,691
Other	1,496	1,850
Gross deferred tax assets	83,410	50,855
Valuation allowance	(8,761)	(6,841)
Net deferred tax assets	74,649	44,014
Deferred tax liabilities:		
Right-of-use assets	(2,502)	(2,806)
Depreciation and amortization	(2,680)	(11,605)
Contingent consideration	(659)	(8,911)
Net deferred tax assets	\$ 68,808	\$ 20,692

The non-cash equity-based compensation for the Company included a deferred tax asset of \$6.2 million in 2023 associated with the performance-based grant of stock options and restricted stock units to the Company's Founder and Executive Chairman. The performance targets were not met in the second quarter of 2024, and the deferred tax asset was reversed.

In addition, the \$8.8 million valuation allowance relates to certain foreign net operating loss carryforwards, where the Company has determined that there is sufficient uncertainty regarding the future realization of these net operating losses.

The following table summarizes changes to the Company's unrecognized tax benefits as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Balance of unrecognized tax benefits at January 1	\$ 13,516	\$ 13,021	\$ 10,229
Gross additions for tax positions for prior years	2,408	399	139
Gross additions for tax positions for current year	3,355	1,054	2,844
Gross reductions for tax positions of prior years	(6,983)	(958)	(191)
Balance of unrecognized tax benefits at December 31	\$ 12,296	\$ 13,516	\$ 13,021

The total amount of unrecognized tax benefits as of December 31, 2024 was \$11.4 million, which, if recognized, would impact the Company's effective tax rate in future periods. Unrecognized tax benefits is included within prepaid expenses and other current assets and other non-current liabilities on the Consolidated Balance Sheets. The Company has determined that it is reasonably possible that there will be a reversal of unrecognized tax benefits by as much as \$0.7 million in the next fiscal year due to the expected resolution of prior year tax matters.

The Company recognizes interest expense and tax penalties related to unrecognized tax benefits as a component of income tax expense in the Consolidated Statements of Operations. Interest and penalties included in the Company's provision for income taxes were not material in all the periods presented.

The Company and its subsidiaries file income tax returns in the U.S. and various foreign jurisdictions. During the tax year ending December 31, 2024 the U.S. Internal Revenue Service closed the audit for tax years 2017 through 2021 with \$0.9 million of additional tax and interest assessed. The Company is currently under examination by the state of California for

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the tax years 2021 through 2022. The Company is no longer subject to U.S. federal, state, local and foreign tax examinations by tax authorities for years before 2017.

As of December 31, 2024, the Company has \$77.4 million in tax net operating loss carryforwards in U.S. and foreign tax jurisdictions which are available to reduce future income taxes and the majority of this amount relates to jurisdictions with an indefinite carryforward period.

(15) Net Income Per Share

Basic net income per share is computed using the weighted average number of common shares outstanding for the period, excluding unvested RSUs and stock options. Diluted net income per share is based upon the weighted average common shares outstanding for the period plus dilutive potential common shares, including unvested RSUs and stock options using the treasury stock method.

The following table sets forth the computation of basic and diluted net income per share for fiscal years 2024, 2023 and 2022 (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Net income	\$ 35,932	\$ 110,269	\$ 76,103
Shares used to compute basic net income per share	35,330	35,878	36,042
Dilutive potential common shares:			
Stock options and employee stock purchase plan shares	40	100	155
Unvested restricted stock awards	288	264	349
Shares used to compute diluted net income per share	35,658	36,242	36,546
Basic net income per share	\$ 1.02	\$ 3.07	\$ 2.11
Diluted net income per share	\$ 1.01	\$ 3.04	\$ 2.08
Potentially dilutive shares included in the calculation	1,157	1,034	1,127
Anti-dilutive shares excluded from the calculation	1,551	944	464

(16) Segment and Geographic Information

The Company is currently organized and operates as one operating and reportable segment on a consolidated basis. The Company's revenues are supported by its searchable creative platform and driven by its large contributor network. The Company's chief executive officer, who is its chief operating decision maker ("CODM"), evaluates the performance of the Company's operating segment based on net income. The CODM considers budget-to-actual variances when making decisions about capital allocation to the segment. Asset information is not provided to the Company's CODM as that information is not used in the determination of resource allocation or in assessing the performance of the Company's segment.

The following table reconciles the company's revenues and significant operating expense categories used to evaluate the business and allocate resources to Net income:

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in thousands)	Year Ended December 31,		
	2024	2023	2022
Revenue	\$ 935,262	\$ 874,587	\$ 827,826
Less:			
Technology costs	69,883	58,853	48,777
Advertising costs	91,845	93,109	97,194
Adjusted cost of revenue ¹	355,074	318,281	288,303
Adjusted sales and marketing ¹	125,802	116,821	101,194
Adjusted product and development ¹	80,876	90,255	60,401
Adjusted general and administrative ¹	143,074	128,868	119,669
Impairment of lease and related assets	—	—	18,664
Total operating expenses	866,554	806,187	734,202
Income from operations	68,708	68,400	93,624
Bargain purchase gain	—	50,261	—
Interest expense	(10,561)	(1,857)	(1,336)
Other income / (expense), net	4,401	5,664	(1,251)
Income before income taxes	62,548	122,468	91,037
Provision for income taxes	26,616	12,199	14,934
Net income	35,932	110,269	76,103

¹Excludes technology and advertising costs

The following represents the Company's depreciation and amortization by expense category:

(\$ in thousands)	Year Ended December 31,		
	2024	2023	2022
Cost of revenue	\$ 80,805	\$ 74,824	\$ 63,128
General and administrative	6,821	4,905	5,342
Total depreciation and amortization	\$ 87,626	\$ 79,729	\$ 68,470

The following represents the Company's geographic revenue based on customer location (in thousands):

	Year Ended December 31,		
	2024	2023	2022
North America	\$ 474,683	\$ 427,746	\$ 353,197
Europe	245,678	231,048	243,025
Rest of the world	214,901	215,793	231,604
Total revenue	\$ 935,262	\$ 874,587	\$ 827,826

Included in North America is the United States which comprises approximately 45%, 46% and 40% of total revenue for the years ended December 31, 2024, 2023 and 2022, respectively. No other country accounts for more than 10% of the Company's revenue in any period presented.

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company's long-lived tangible assets were located as follows (in thousands):

	December 31,	
	2024	2023
North America	\$ 45,354	\$ 46,531
Europe	17,175	17,695
Rest of the world	3,871	74
Total long-lived tangible assets	<u>\$ 66,400</u>	<u>\$ 64,300</u>

Included in North America is the United States, which comprises 64% and 68% of total long-lived tangible assets as of December 31, 2024 and 2023, respectively. Included in Europe is Ireland, which comprised 20% and 21% of total long-lived tangible assets as of December 31, 2024 and 2023, respectively. No other country accounts for more than 10% of the Company's long-lived tangible assets in any period presented.

(17) Leasing

The Company's leases relate primarily to office facilities that expire on various dates from 2025 through 2029, some of which include one or more options to renew. All of the Company's leases are classified as operating leases. Operating lease costs, including insignificant costs related to short-term leases, were \$8.0 million, \$6.4 million and \$10.7 million for the years ended December 31, 2024, 2023 and 2022, respectively.

The Company made cash payments for operating leases of \$10.0 million, \$10.9 million and \$9.4 million for the years ended December 31, 2024, 2023 and 2022, respectively, which were included in cash flows from operating activities within the Consolidated Statements of Cash Flows. In addition, for the years ended December 31, 2024 and 2023, the Company recorded right-of-use assets of \$2.9 million and \$1.9 million, respectively, which were obtained in exchange for lease obligations. For the years ended December 31, 2024 and 2023, the Company's operating leases have a weighted average remaining lease term of 4.1 years and 4.8 years, respectively, and a weighted average discount rate of 6.5% and 6.3%, respectively.

Balance sheet information for the Company's leases as of December 31, 2024, is as follows:

(in thousands)	December 31,	
	2024	2023
Right-of-use assets	\$ 13,956	\$ 15,395
Lease liabilities, current	\$ 9,717	\$ 9,076
Lease liabilities, non-current	23,365	29,404
Total lease liabilities	<u>\$ 33,082</u>	<u>\$ 38,480</u>

SHUTTERSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Lease Commitments

Future undiscounted lease payments for the Company's operating lease liabilities and a reconciliation of these payments to its lease liabilities at December 31, 2024 are as follows (in thousands):

Reconciliation of future undiscounted lease payments to lease liabilities	Lease Commitments
Year ending December 31,	
2025	10,174
2026	8,094
2027	8,409
2028	8,416
2029	2,662
Total undiscounted lease payments	37,755
Less: imputed interest	(4,673)
Total lease liabilities	\$ 33,082

The Company's most significant lease is for its headquarters in New York City, which was entered into in March 2013 and was amended in January 2016 ("ESB Lease"). As amended, the ESB Lease will expire in 2029, and the undiscounted remaining future minimum lease payments are approximately \$32.7 million. The Company is also party to a letter of credit as a security deposit for this leased facility, in the amount of \$1.3 million.

Impairment of Lease and Related Assets

In the fourth quarter of 2022, the Company completed an analysis of leased-office usage and (i) ceased using certain of its office space, including two floors of its headquarters in New York City as well as (ii) abandoned certain other smaller office spaces. This triggered the recognition of an \$18.7 million impairment charge, of which \$15.9 million and \$2.8 million relates to right-of-use assets and property and equipment, respectively.

The Company calculated the fair value of the right-of-use asset and property and equipment for the impacted office spaces based on estimated future discounted cash flows using significant unobservable inputs. These inputs include (i) the length of time necessary to market the office space and commence receiving sub-lease income, (ii) the anticipated amount of sub-lease income and tenant improvement allowances, and (iii) a discount rate incorporating risks associated with these projected cash flows. This fair value measurement is classified as Level 3 in the fair value hierarchy. The Company fully impaired the Right-of-use assets and Property and equipment associated with the abandoned smaller office spaces.

(18) Commitments and Contingencies

Other Non-Lease Obligations

As of December 31, 2024, the Company's other unconditional cash obligations, consisting primarily of unconditional purchase obligations related to contracts for cloud-based services, infrastructure and other business services as well as minimum royalty guarantees in connection with certain content licenses, are as follows:

Year Ending December 31,	Other Obligations
2025	\$ 44,300
2026	9,500
2027	1,900
Total non-lease unconditional obligations	\$ 55,700

Legal Matters

From time to time, the Company may become party to litigation in the ordinary course of business, including direct claims brought by or against the Company with respect to intellectual property, contracts, employment and other matters, as well as claims brought against the Company's customers for whom the Company has a contractual indemnification obligation. The Company assesses the likelihood of any adverse judgments or outcomes with respect to these matters and determines loss contingency assessments on a gross basis after assessing the probability of incurrence of a loss and whether a loss is reasonably estimable. In addition, the Company considers other relevant factors that could impact its ability to reasonably estimate a loss. A determination of the amount of reserves required, if any, for these contingencies is made after analyzing each matter. The Company reviews reserves, if any, at least quarterly and may change the amount of any such reserve in the future due to new developments or changes in strategy in handling these matters. Although the results of litigation and threats of litigation, investigations and claims cannot be predicted with certainty, the Company currently believes that the final outcome of these matters will not have a material adverse effect on its business, consolidated financial position, results of operations, or cash flows. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors. The Company currently has no material active litigation matters and, accordingly, no material reserves related to litigation.

Customer Indemnifications

In the ordinary course of business, the Company enters into contractual arrangements under which it agrees to provide indemnification of varying scope and terms to customers with respect to certain matters, including, but not limited to, losses arising out of the breach of the Company's intellectual property warranties for damages to the customer directly attributable to the Company's breach. The Company is not responsible for any damages, costs, or losses to the extent such damages, costs or losses arise as a result of the modifications made by the customer, or the context in which an image is used. The standard maximum aggregate obligation and liability to any one customer for all claims is generally limited to ten thousand dollars. The Company offers certain of its customers greater levels of indemnification, including unlimited indemnification and believes that it has appropriate insurance coverage in place to adequately cover indemnification claims, if necessary. As of and for the year ended December 31, 2024, the Company made no material payments for losses on customer indemnification claims and recorded no liabilities related to indemnification for loss contingencies, before considering any insurance recoveries.

Employment Agreements and Indemnification Agreements

The Company has entered into employment arrangements and indemnification agreements with certain executive officers and with certain employees. The agreements specify various employment-related matters, including annual compensation, performance incentive bonuses, and severance benefits in the event of termination with or without cause.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
2.1	Agreement and Plan of Merger, dated as of October 5, 2012, between the Registrant and Shutterstock Images LLC.	S-1/A	333-181376	2.1	October 5, 2012
2.2	Agreement and Plan of Merger, dated as of October 5, 2012, among the Registrant, Shutterstock Investors II, Inc., Insight Venture Partners (Cayman) V.L.P., Shutterstock Investors III, Inc. and Insight Venture Partners V Coinvestment Fund, L.P.	S-1/A	333-181376	2.2	October 5, 2012
2.3	Agreement and Plan of Merger, dated as of May 10, 2022.	8-K	001-35669	2.1	May 11, 2022
2.4	Stock Purchase Agreement, dated May 22, 2023	8-K	001-35669	2.1	May 23, 2023
2.5	Stock Purchase Agreement, dated May 1, 2024	8-K	001-35669	2.1	May 2, 2024
2.6	Voting and Support Agreement, dated as of January 6, 2025, by and between Getty Images and Jonathan Oringer.	8-K	001-35669	10.1	January 7, 2025
2.7	Significant Stockholder Agreement, dated as of January 6, 2025, by and among Getty Images, the Getty Family Stockholders, the Koch Stockholder and Jonathan Oringer.	8-K	001-35669	10.2	January 7, 2025
2.8	Agreement and Plan of Merger, dated as of January 6, 2025, by and among Getty Images, Merger Sub 2, Merger Sub 3, Shutterstock, HoldCo and Merger Sub 1.	8-K	001-35669	2.1	January 7, 2025
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as currently in effect.	S-1/A	333-181376	3.2	June 29, 2012
3.2	Amended and Restated Bylaws of the Registrant, as currently in effect.	S-1/A	333-181376	3.4	September 27, 2012
4.1	Specimen Stock Certificate of the Registrant	S-3ASR	333-243706	4.1	August 10, 2020
4.2	Description of the Registrant's Securities	10-K	001-35669	4.1	February 13, 2020
10.1(a) §	Form of Indemnification Agreement between the Registrant and each of its Officers and Directors.	S-1/A	333-181376	10.1	August 30, 2012
10.2 §	2012 Omnibus Equity Incentive Plan and Form of Award Agreements.	10-K	001-35669	10.2	February 27, 2015
10.3 §	2022 Omnibus Equity Incentive Plan and Form of Award Agreement	14A	001-35669	N/A	April 21, 2022
10.4 §	Shutterstock, Inc. Short-Term Incentive Plan.	S-1/A	333-181376	10.7	August 30, 2012
10.5(a) §	Employment Agreement between Shutterstock Images LLC and Jonathan Oringer dated September 24, 2012.	S-1/A	333-181376	10.8(a)	September 27, 2012
10.5(b) §	Severance and Change in Control Agreement between Shutterstock Images LLC and Jonathan Oringer dated September 24, 2012.	S-1/A	333-181376	10.8(b)	September 27, 2012
10.5(c) §	Summary of Compensatory Arrangements with Jonathan Oringer, dated April 24, 2014.	8-K	001-35669	N/A	April 28, 2014
10.5(d) §	Amendment to Employment Agreement, dated February 11, 2020, by and between Jon Oringer and Shutterstock, Inc.	10-K	001-35669	10.5(d)	February 13, 2020
10.5(e) §	Amendment to Severance and Change in Control Agreement, dated February 11, 2020, by and between Jon Oringer and Shutterstock, Inc.	10-K	001-35669	10.5(e)	February 13, 2020
10.6	Lease Agreement, between Shutterstock, Inc. and Empire State Building Company LLC, dated March 21, 2013.	10-Q	001-35669	10.1	May 10, 2013
10.7	First Lease Modification Agreement, by and between Shutterstock, Inc. and ESRT Empire State Building, L.L.C., dated August 31, 2015.	10-Q	001-35669	10.3	November 6, 2015
10.8	Second Lease Modification and Extension Agreement, by and between Shutterstock, Inc. and ESRT Empire State Building, L.L.C., dated January 8, 2016.	8-K	001-35669	10.1	January 13, 2016
10.9	Third Lease Modification Agreement, dated July 19, 2016, by and between Shutterstock, Inc. and ESRT Empire State Building, L.L.C.	10-Q	001-35669	10.1	August 4, 2016
10.10 §	Shutterstock, Inc. Director Compensation Policy	10-Q	001-35669	10.1	May 2, 2024
10.11 §	Shutterstock, Inc. Form of 2012 Omnibus Equity Incentive Plan Restricted Stock Unit Award Agreement	10-Q	001-35669	10.5	May 4, 2016
10.12 §	Shutterstock, Inc. Form of 2012 Omnibus Equity Incentive Plan Restricted Stock Unit Award Agreement for Canadian Employees	10-Q	001-35669	10.6	May 4, 2016
10.13 §	Shutterstock, Inc. Form of 2012 Omnibus Equity Incentive Plan Deferred Restricted Stock Unit Award Agreement	10-Q	001-35669	10.7	May 4, 2016
10.14 §	Shutterstock, Inc. Amended and Restated 2012 Omnibus Equity Incentive Plan	10-Q	001-35669	10.4	August 4, 2016
10.15 §	Shutterstock, Inc. 2012 Amended and Restated Omnibus Equity Incentive Plan Restricted Stock Unit Award Agreement, as amended September 15, 2016	10-Q	001-35669	10.1	November 4, 2016

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Exhibit Number		Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
10.16 §	Shutterstock, Inc. 2012 Amended and Restated Omnibus Equity Incentive Plan Restricted Stock Unit Award Agreement for Canadian Employees, as amended September 15, 2016	10-Q	001-35669	10.2	November 4, 2016
10.17 §	Shutterstock, Inc. 2012 Amended and Restated Omnibus Equity Incentive Plan Deferred Restricted Stock Unit Award Agreement, as amended September 15, 2016	10-Q	001-35669	10.3	November 4, 2016
10.18 §	Shutterstock, Inc. 2012 Amended and Restated Omnibus Equity Incentive Plan Performance Stock Unit Award Agreement	8-K	001-35669	10.1	February 11, 2020
10.19 §	Shutterstock, Inc. 2012 Amended and Restated Omnibus Equity Incentive Plan Restricted Stock Unit Award Agreement, for grants subsequent to April 2020	10-Q	001-35669	10.1	April 27, 2021
10.20(a) §	Employment Agreement, dated August 5, 2019, by and between the Company and Steven Ciardiello	8-K	001-35669	10.1	August 6, 2019
10.20(b) §	Amendment to Employment Agreement, dated November 5, 2019, by and between the Company and Steven Ciardiello	10-Q	001-35669	10.4	November 5, 2019
10.22 §	Employment Agreement, dated November 7, 2019, by and between the Company and Jarrod Yahes	8-K	001-35669	10.1	November 18, 2019
10.24 §	Employment Agreement, dated May 8, 2022, by and between the Company and Paul J. Hennessy	8-K	001-35669	10.2	May 11, 2022
10.25 §	Employment Agreement, dated January 12, 2023, by and between the Company and John Caine	8-K	001-35669	10.1	January 17, 2023
10.26	Credit Agreement, dated as of May 6, 2022, by and among Shutterstock, Inc., as borrower, certain subsidiary guarantors, certain financial institutions, as lenders, and Bank of America, N.A., as administrative agent for such lenders.	8-K	001-35669	10.1	May 11, 2022
10.27 §	2022 Nonqualified Deferred Compensation Plan	10-Q	001-35669	10.2	October 25, 2022
10.28 §**	Employment Agreement, dated January 13, 2025, by and between the Company and Matthew Furlong	10-K	001-35669	10.1	February 25, 2025
10.29 §	Shutterstock Inc. Amended and Restated 2022 Omnibus Equity Incentive Plan	10-Q	001-35669	10.1	June 7, 2024
10.30 §	Amendment to the Employment Agreement, dated June 28, 2024, by and between Shutterstock, Inc. and Paul J. Hennessy	10-Q	001-35669	10.1	July 3, 2024
10.31 §	Shutterstock, Inc. Form of Amended and Restated 2022 Omnibus Equity Incentive Plan Restricted Stock Unit Award Agreement	10-Q	001-35669	10.2	July 3, 2024
10.32 §	Shutterstock, Inc. Form of Amended and Restated 2022 Omnibus Equity Incentive Plan Performance Stock Unit Award Agreement	10-Q	001-35669	10.3	July 3, 2024
10.33	Amended and Restated Credit Agreement, dated as of July 22, 2024, by and among Shutterstock, Inc., as borrower, certain subsidiary guarantors, certain financial institutions, as lenders and Bank of America, N.A., as administrative agent for such lenders.	10-Q	001-35669	10.1	July 22, 2024
10.34 §	Transition Agreement by and between Jarrod Yahes and Shutterstock, Inc., dated October 31, 2024.	10-Q	001-35669	10.1	November 1, 2024
10.35 §	Employment Agreement by and between Rik Powell and Shutterstock, Inc., dated October 30, 2024.	10-Q	001-35669	10.2	November 1, 2024
10.36	Letter Agreement, dated as of January 6, 2025, by and among Getty Images and the Getty Family Stockholders.	8-K	001-35669	10.3	January 7, 2025
10.37	Letter Agreement, dated as of January 6, 2025, by and between Getty Images and the Koch Stockholder.	8-K	001-35669	10.4	January 7, 2025
19 **	Insider Trading Policy				
21.1 **	List of Subsidiaries.				
23.1 **	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.				
24.1 **	Power of Attorney (included on signature page of this Annual Report on Form 10-K).				
31.1 **	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2 **	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
32 ***	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
97 **	2023 Executive Compensation Clawback Policy	10-K	001-35669	97	February 26, 2024
101.INS *	XBRL Instance Document.				
101.SCH *	XBRL Taxonomy Extension Schema Document.				
101.CAL *	XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF *	XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB *	XBRL Taxonomy Extension Label Linkbase Document.				
101.PRE *	XBRL Taxonomy Extension Presentation Linkbase Document.				
104 *	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

* XBRL information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934, and is not subject to liability under those sections, is not part of any registration statement or prospectus to which it relates and is not incorporated or deemed to be incorporated by reference into any registration statement, prospectus or other document.

§ Management contract or compensatory plan or arrangement.

These certifications are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference in any filing we make under the Securities Act of 1933 or the Securities Exchange Act of 1934, irrespective of any general incorporation language in any filings.

** Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: February 25, 2025

SHUTTERSTOCK, INC.

By:

/s/ PAUL J. HENNESSY

Paul J. Hennessy
Chief Executive Officer

Each person whose individual signature appears below hereby authorizes and appoints Paul J. Hennessy and Rik Powell, and each of them, with full power of substitution and resubstitution and full power to act without the other, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JONATHAN ORINGER</u> Jonathan Oringer	Founder and Executive Chairman of the Board	February 25, 2025
<u>/s/ PAUL J. HENNESSY</u> Paul J. Hennessy	Chief Executive Officer and Director (Principal Executive Officer)	February 25, 2025
<u>/s/ RIK POWELL</u> Rik Powell	Chief Financial Officer (Principal Financial Officer)	February 25, 2025
<u>/s/ STEVEN CIARDIELLO</u> Steven Ciardiello	Chief Accounting Officer (Principal Accounting Officer)	February 25, 2025
<u>/s/ RACHNA BHASIN</u> Rachna Bhasin	Director	February 25, 2025
<u>/s/ DEIRDRE M. BIGLEY</u> Deirdre M. Bigley	Director	February 25, 2025
<u>/s/ THOMAS R. EVANS</u> Thomas R. Evans	Director	February 25, 2025
<u>/s/ JAIME TEEVAN</u> Jaime Teevan	Director	February 25, 2025
<u>/s/ ALFONSE UPSHAW</u> Alfonse Upshaw	Director	February 25, 2025

SHUTTERSTOCK, INC.
Empire State Building
350 Fifth Avenue, 20th Floor
New York, NY 10118

Matthew Furlong

Re: EMPLOYMENT AGREEMENT

Dear Matthew

This Employment Agreement (the “*Agreement*”) between you (referred to hereinafter as the “*Executive*”) and Shutterstock, Inc., a Delaware corporation (collectively, including all direct and indirect subsidiaries and affiliated entities, the “*Company*”) sets forth the terms and conditions that shall govern the period of your employment with the Company (referred to hereinafter as “*Employment*” or the “*Employment Period*”).

1. **Duties and Scope of Employment.**

(a) **At-Will Employment.** Executive will commence full-time Employment with the Company effective as of January 13, 2025 (the “*Effective Start Date*”) and the terms of such Employment will be governed by this Agreement. Executive’s Employment with the Company is for no specified period and constitutes “at will” employment. As a result, Executive is free to terminate Employment at any time, with or without advance notice, and for any reason or for no reason. Similarly, the Company is free to terminate Executive’s Employment at any time, with or without advance notice, and with or without Cause (as defined below). Furthermore, although terms and conditions of Executive’s Employment with the Company may change over time, nothing shall change the at-will nature of Executive’s Employment.

(b) **Position and Responsibilities.** During the Employment Period, the Company agrees to employ Executive in the position of Chief Marketplace Officer or other comparable title. Executive will report to the Chief Executive Officer, or to such other person as the Company subsequently may determine (your “*Supervisor*”). Executive will perform the duties and responsibilities and authority customarily performed and held by an employee in Executive’s position or as otherwise may be assigned or delegated to Executive by Executive’s Supervisor from time to time. Executive’s position will be primarily located at the Company’s principal office in New York City, New York. Any employee-initiated relocation must be approved in advance through the Company’s relocation request process.

(c) **Obligations to the Company.** During the Employment Period, Executive shall perform Executive’s duties faithfully and to the best of Executive’s ability and will devote Executive’s full business efforts and time to the Company. Notwithstanding the foregoing,

Executive will be permitted to (a) with the prior written approval of Executive's Supervisor (which approval shall not be unreasonably withheld), act or serve as a director, trustee, or committee member of any non-profit, civic, or charitable organization, as long as such activities are disclosed in writing to the Company's General Counsel in accordance with the Company's policies, procedures and rules, with a copy of such notice to the Board of Directors, (b) purchase or own less than five percent (5%) of the publicly traded securities of any corporation; provided that, such ownership represents a passive investment and that the Executive is not a controlling person of, or a member of a group that controls, such corporation; and (c) deliver lectures, fulfill speaking engagements, teach at educational institutions or manage personal investments; provided that such activities do not individually or in the aggregate interfere with the performance of Executive's duties under this Agreement or create a potential business or fiduciary conflict. Executive may serve on the board of directors of unaffiliated companies that are not competitive with the business of the Company to the extent such service or participation does not interfere with Executive's employment or duties or obligations under this Agreement or the Non-Disclosure Agreement and that Executive has advised Executive's Supervisor and the Board at least thirty (30) days prior to commencing service, and the Executive's Supervisor and the Board have consented (which consent shall not be unreasonably withheld) to, such additional corporate board service. Executive shall comply with the Company's policies and rules, as they may be in effect from time to time during Executive's Employment.

(d) **Confidentiality.** All information learned or developed by the Executive during the course of and in connection with the Executive's employment by the Company thereof will be deemed "Confidential Information" under the terms of this Agreement. The Executive will not disclose to any person at any time or use in any way, except as directed by the Company, either during or after the employment of the Executive by the Company, any Confidential Information. The foregoing restrictions shall not apply to information which is or becomes part of the public domain though no act or failure to act by the Executive. In addition to the foregoing, in the process of the Executive's employment with the Company, or thereafter, under no condition is the Executive to use or disclose to the Company, or incorporate or use in any of Executive's work for the Company, any confidential information imparted to the Executive or with which Executive may have come into contact while in the employ of Executive's former employer(s).

(i) Pursuant to 18 U.S.C. § 1833(b), Executive acknowledges that Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret if he/she (i) makes such disclosure in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and such disclosure is made solely for the purpose of reporting or investigating a suspected violation of law; or (ii) such disclosure was made in a complaint or other document filed in a lawsuit or other proceeding if such filing is made under seal. Executive understands that if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and use the trade secret information in the court proceeding if Executive (x) files any document containing the trade secret under seal, and (y) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement, or any other agreement that Executive has with the Company, is intended to conflict with 18 U.S.C.

§ 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section. Further, nothing in this Agreement or any other agreement that Executive has with the Company shall prohibit or restrict Executive from making any voluntary disclosure of information or documents concerning possible violations of law to any governmental agency or legislative body, or any self-regulatory organization, in each case, without advance notice to the Company.

2. Cash and Incentive Compensation.

(a) **Base Salary.** The Company shall pay Executive, as compensation for Executive's services, a base salary at a gross annual rate of **Five Hundred Thousand US Dollars (\$500,000.00)** less all required tax withholdings and other applicable deductions, to be paid in accordance with the Company's standard payroll procedures. Executive's Base Salary will be subject to review and adjustments by the Compensation Committee of the Board (the "**Committee**"), in its sole discretion, upon recommendation of Executive's Supervisor and in connection with the Company's normal performance review process. The annual compensation specified in this subsection (a), together with any modifications to such compensation made from time to time, is referred to in this Agreement as the "**Base Salary**."

(b) **Cash Incentive Bonus.** Executive will be eligible to earn an annual cash incentive bonus (the "**Cash Bonus**"), less all required tax withholdings and other applicable deductions, each calendar year during the Employment Period based upon the achievement of objective or subjective criteria (collectively, the "**Performance Goals**") established by the Company in connection with the Company's annual short term incentive compensation plan and approved by the Company's Board of Directors (the "**Board**"), any Compensation Committee of the Board (the "**Committee**"), or a delegate of either the Board or the Committee (the "**Delegate**"), as applicable in its sole discretion. The initial target amount for any such Cash Bonus will be **sixty percent (60%)** of Executive's Base Salary (the "**Target Bonus Percentage**"). Executive's Target Bonus Percentage for any subsequent year may be adjusted, as recommended by Executive's Supervisor and as determined in the sole discretion of the Board, the Committee or the Delegate, as applicable. Executive shall not earn a Cash Bonus unless Executive is employed by the Company on the date when such Cash Bonus is actually paid by the Company. For the first calendar year of service, the Company agrees that regardless of Executive's Effective Start Date, Executive shall be eligible to earn the full Cash Bonus, without being pro-rated for the months preceding Executive's employment in 2025.

(c) **Restricted Stock Units.** Subject to the approval of the Board or the Committee, as applicable, the Company shall grant Executive restricted stock units of the Company's common stock in an amount equal to the fair market value of **Nine Hundred and Fifty Thousand U.S. Dollars (\$950,000.00)** (the "**RSU Award**"). The number of RSUs granted to Executive will be determined by dividing the fair market value of the RSU Award by the average of the Company's closing price for a share of our common stock during the 30-day period ending on the date immediately prior to the Grant Date (as defined below), rounded down to the nearest whole number of shares. The RSU Award shall be granted on or after, but in all events by no later than the first business day of the calendar month next following, the Effective

Start Date, at the discretion of the Board, the Committee or a Delegate (the “**Grant Date**”). The RSU Award will be subject to the terms, definitions and provisions of the Amended and Restated Shutterstock Inc. 2022 Omnibus Equity Incentive Plan (the “**Equity Plan**”) and the restricted stock unit agreement by and between Executive and the Company (the “**RSU Agreement**”), both of which documents are incorporated herein by reference. Except as otherwise expressly provided in this Agreement, vesting of the grant will be over 3 years. 33.3% of the grant will vest annually no later than the first and second anniversaries of the Grant Date and 33.4% will vest on the third anniversary, in each case subject to Executive continuing to provide Services (as defined in the Equity Plan) to the Company through the relevant vesting dates. Executive will be eligible for future awards under the Equity Plan, as determined in the sole discretion of the Committee, which award will be subject to the terms and conditions, including any vesting conditions, as set forth in the applicable award agreement.

(d) **Performance Stock Units.** Subject to the approval of the Board or the Committee, as applicable, on or around April 1, 2025, the Company shall grant Executive performance restricted stock units (“**PSUs**”) with a target value of **Two Million and Eight Hundred and Fifty Thousand U.S. Dollars (\$2,850,000.00)** (the “**PSU Award**”). The number of PSUs granted to Executive will be determined by dividing the fair market value of the PSU Award by the average of the Company’s closing price for a share of the Company’s common stock during the 30-day period ending on the date immediately prior to the Grant Date, rounded down to the nearest whole number of shares. The PSUs will vest, if at all, over a three-year performance and service period based on the achievement of targets and completion of service requirements, consistent with those performance targets and service requirements applicable to other similar PSU awards being granted contemporaneously to other employees of the Company to be established and approved by the Company’s Board, the Committee, or a delegate, as applicable in its sole discretion. Any vested PSUs will be settled in shares of Company common stock. The PSU Award will be subject to the terms, definitions and provisions of the Equity Plan and the performance restricted stock unit agreement (“**PSU Award Agreement**”) by and between Executive and the Company, both of which documents are incorporated herein by reference. Except as otherwise expressly provided in this Agreement, vesting of the grant will be over 3 years. Up to 33.3% of the grant will vest annually, if at all, on each of the first and second anniversaries of the Grant Date and up to 33.4% will vest, if at all, on the third anniversary of the Grant Date, in each case subject to Executive continuing to provide Services (as defined in the Equity Plan) to the Company through the relevant vesting dates. Executive will be eligible for future awards under the Equity Plan, as determined in the sole discretion of the Committee, which award will be subject to the terms and conditions, including any vesting conditions, as set forth in the applicable award agreement.

3. **Recoupment.** The incentive compensation payable to Executive as provided in this Agreement shall be subject to reduction, cancellation, forfeiture or recoupment as and to the extent required by the applicable provisions of any clawback policy or provision implemented by the Company from time to time, including pursuant to the applicable provisions of any law, government regulation or stock exchange listing requirement (including without limitation Section 10D of the Securities Exchange Act of 1934, as amended, and the rules, regulations or listing requirements promulgated thereunder).

4. **Employee Benefits.** During the Employment Period, Executive shall be eligible to participate in the employee benefit plans maintained by the Company and generally available to similarly situated employees of the Company, subject in each case to the generally applicable terms and conditions of the plan in question and to the determinations of any person or committee administering such employee benefit plan. The Company reserves the right to cancel or change the employee benefit plans and programs it offers to its employees at any time.

5. **Business Expenses.** The Company will reimburse Executive for necessary and reasonable business expenses incurred in connection with Executive's duties hereunder and in accordance with the Company's policies governing reimbursable expenses. In order to receive any such reimbursement, the expenses must be eligible of reimbursement under and the Executive must comply with generally applicable policies, practices and procedures of the Company with respect to eligible expenses, including reimbursement for, and submission of expense reports, receipts or similar documentation of, such expenses.

6. **Rights Upon Termination.** Except as expressly provided in Section 7, upon the termination of Executive's Employment for any reason, Executive shall only be entitled to (i) the benefits accrued or earned in accordance with any applicable Company-provided plans, policies, and arrangements for the period immediately preceding the effective date of the termination of Employment and (ii) such other compensation or benefits from the Company as may be required by law (collectively, the "***Accrued Benefits***").

7. **Termination Benefits.**

(a) **Termination without Cause not in Connection with a Change in Control.** If the Company terminates Executive's employment with the Company for a reason other than for Cause, Executive becoming Disabled or Executive's death at any time other than during the twelve (12)-month period immediately following a Change in Control, then, subject to the conditions set forth in Section 8 of this Agreement, Executive will receive the following severance benefits from the Company:

(i) **Accrued Compensation.** The Company will pay Executive all Accrued Benefits.

(ii) **Severance Payment.** Commencing on the first payroll date on or following the sixtieth day after the date of the Executive's termination of employment, the Company shall continue to pay the Executive the Executive's Base Salary, at the rate in effect immediately prior to such termination of employment, for the Severance Period, less all required tax withholdings and other applicable deductions, which will be paid in accordance with the Company's regular payroll procedures; provided, however, that any such salary otherwise payable during the 60-day period immediately following the date of such termination of employment shall be paid to the Executive in the first payroll cycle following the sixtieth day following Executive's termination of employment.

(iii) **Continued Employee Benefits.** If Executive elects continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended

(“**COBRA**”) for Executive and Executive’s eligible dependents under the Company’s health, dental and vision plans (excluding flexible spending and health savings account plans) in which the Executive and such eligible dependents were enrolled immediately prior to termination, within the time period prescribed pursuant to COBRA, the Company will pay Executive an amount, net of taxes, equal to the COBRA premiums for such coverage (at the coverage levels in effect immediately prior to Executive’s termination). The Company will make such payment once per month on a regularly scheduled payroll date, until the earlier of (A) the end of the Severance Period, or (B) the date upon which Executive and/or Executive’s eligible dependents become eligible for coverage under any healthcare plan or plans not sponsored by the Company.

(iv) Equity. Unless otherwise set forth in a performance restricted stock unit award agreement, all of Executive’s unvested and outstanding equity awards that would have become vested had Executive remained in the employ of the Company for the twelve (12)-month period following Executive’s termination of employment shall immediately vest and become exercisable as of the date Executive’s Release (as defined in Section 8 herein) actually becomes effective.

(v) Pro-Rated Bonus Payment. Executive will receive a pro-rated annual bonus for the fiscal year in which Executive terminates employment equal to (x) the annual bonus that Executive would have received based on actual performance for such fiscal year if Executive had remained in the employ of the Company for the entire fiscal year, if any, *multiplied by* (y) a fraction, the numerator of which is the number of days Executive was in the employ of the Company during the fiscal year including the Termination Date and the denominator of which is 365 (the “**Pro-Rated Bonus**”). The Pro-Rated Bonus, if any, shall be paid at the same time annual bonuses are paid by the Company to other executives of the Company for the fiscal year in which Executive terminated employment, but no later than March 15th of the calendar year following the calendar year in which Executive terminated employment.

(b) **Termination without Cause or Resignation for Good Reason in Connection with a Change in Control**. If, upon or during the twelve (12)-month period immediately following a Change in Control, (x) the Company terminates Executive’s employment with the Company for a reason other than for Cause, Executive becoming Disabled or Executive’s death, or (y) Executive resigns for Good Reason, then, subject to the conditions set forth in Section 8 of this Agreement, Executive will receive the following severance benefits from the Company in lieu of the benefits described in Section 7(a) above:

(i) Accrued Compensation. The Company will pay Executive all Accrued Benefits.

(ii) Severance Payment. Executive will receive a lump sum severance payment equal to twelve (12) months of Executive’s Base Salary, at the rate in effect immediately prior to such termination of employment, less all required tax withholdings and other applicable deductions, which will be paid in the first payroll cycle following the sixtieth day following Executive’s termination of employment.

(iii) Continued Employee Benefits. If Executive elects continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“**COBRA**”) for Executive and Executive’s eligible dependents under the Company’s health, dental and vision plans (excluding flexible spending and health savings account plans) in which the Executive and such eligible dependents were enrolled immediately prior to termination, within the time period prescribed pursuant to COBRA, the Company will pay Executive an amount, net of taxes, equal to the COBRA premiums for such coverage (at the coverage levels in effect immediately prior to Executive’s termination). The Company will make such payment once per month on a regularly scheduled payroll date, until the earlier of (A) the end of the Severance Period, or (B) the date upon which Executive and/or Executive’s eligible dependents become covered under any healthcare plan or plans not sponsored by the Company.

(iv) Equity. Unless otherwise set forth in a performance restricted stock unit award agreement, all of Executive’s unvested and outstanding equity awards shall immediately vest and become exercisable as of the date Executive’s Release (as defined in Section 8 herein) actually becomes effective.

(v) Target Bonus Payment. Executive will receive a lump sum severance payment equal to one hundred percent (100%) of Executive’s full target bonus amount for the fiscal year in effect at the date of such termination of employment (or, if greater, as in effect for the fiscal year in which the Change in Control occurs), less all required tax withholdings and other applicable deductions.

(c) Disability; Death; Voluntary Resignation; Termination for Cause. If Executive’s employment with the Company is terminated due to (i) Executive becoming Disabled or Executive’s death, (ii) Executive’s voluntary resignation (other than for Good Reason upon or during the twelve (12) month period immediately following a Change of Control), or (iii) the Company’s termination of Executive’s employment with the Company for Cause, then Executive or Executive’s estate (as the case may be) will receive the Accrued Benefits, but will not be entitled to any other compensation or benefits from the Company except to the extent required by law (for example, COBRA). All Accrued Benefits shall in all cases be paid within thirty (30) days of Executive’s termination of employment (or such earlier date as required by applicable law) pursuant to this Section 7(c).

(d) Exclusive Remedy. In the event of a termination of Executive’s employment with the Company, the provisions of this Section 7 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, whether at law, tort or contract, in equity, or under this Agreement (other than the payment of accrued but unpaid wages, as required by law, and any unreimbursed reimbursable expenses). Executive will be entitled to no other severance, benefits, compensation or other payments or rights upon a termination of employment, including, without limitation, any severance payments and/or benefits provided in the Employment Agreement, other than those benefits expressly set forth in Section 7 of this Agreement or pursuant to written equity award agreements with the Company.

(e) **No Duty to Mitigate**. Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any earnings that Executive may receive from any other source reduce any such payment.

8. **Conditions to Receipt of Severance**.

(a) **Release of Claims Agreement**. The receipt of any severance payments or benefits pursuant to Section 7 of this Agreement, other than, for the avoidance of doubt, the Accrued Benefits, is subject to Executive signing and not revoking a separation agreement and release of claims in a form acceptable to the Company (the “***Release***”), which must become effective no later than the sixtieth (60th) day following Executive’s termination of employment (the “***Release Deadline***”), and if not, Executive will forfeit any right to severance payments or benefits under this Agreement. To become effective, the Release must be executed by Executive and any revocation periods (as required by statute, regulation, or otherwise) must have expired without Executive having revoked the Release. In addition, in no event will severance payments or benefits be paid or provided until the Release actually becomes effective. If the termination of employment occurs at a time during the calendar year where the Release Deadline could occur in the calendar year following the calendar year in which Executive’s termination of employment occurs, then any severance payments or benefits under this Agreement that would be considered Deferred Payments (as defined in Section 8(c)(i)) will be paid on the first payroll date to occur during the calendar year following the calendar year in which such termination occurs, or such later time as required by (i) the payment schedule applicable to each payment or benefit as set forth in Section 7, (ii) the date the Release becomes effective, or (iii) Section 8(c)(ii); provided that the first payment shall include all amounts that would have been paid to Executive if payment had commenced on the date of Executive’s termination of employment.

(b) **Non-Disclosure Agreement and Cooperation**. As a condition to employment and to Executive’s receipt of any payments or benefits under Section 7, any such payments or benefits will be subject to Executive’s continued compliance with the requirements set forth in the Non-Disclosure Agreement (as defined in Section 11(a) below) and Executive’s provision of reasonable cooperation with transition of Executive’s duties and responsibilities, and other cooperation, as more fully described in Section 9 below.

(c) **Section 409A**.

(i) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to this Agreement that, when considered alone or together with any other severance payments or separation benefits, are considered deferred compensation not exempt under Section 409A (together, the “***Deferred Payments***”) will be paid or otherwise provided until Executive has a “separation from service” within the meaning of Section 409A. For purposes of this Agreement, any reference to “termination of employment,” “termination” or any similar term shall be construed to mean a “separation from service” within the meaning of Section 409A. Similarly, no severance payable to Executive, if any, pursuant to this Agreement that otherwise would be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until Executive has a “separation from service” within the meaning of Section 409A.

(ii) Notwithstanding anything to the contrary in this Agreement, if Executive is a “*specified employee*” within the meaning of Section 409A at the time of Executive’s termination of employment (other than due to death or “disability” within the meaning of Section 409A), then the Deferred Payments, if any, that are payable within the first six (6) months following Executive’s separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive’s separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive’s separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable, but not more than ninety (90) days, after the date of Executive’s death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment, installment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(iii) Without limitation, any amount paid under this Agreement that satisfies the requirements of the “short-term deferral” rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations is not intended to constitute Deferred Payments for purposes of clause (i) above.

(iv) Without limitation, any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit or as a limited payment under Section 1.409A-1(b)(9)(v)(D) of the Treasury Regulations is not intended to constitute Deferred Payments for purposes of clause (i) above. Any payment intended to qualify under such involuntary separation from service exemption must be made within the allowable time period specified in Section 1.409A-1(b)(9)(iii) of the Treasury Regulations.

(v) To the extent that reimbursements or in-kind benefits under this Agreement constitute non-exempt “nonqualified deferred compensation” for purposes of Section 409A, (1) all reimbursements hereunder shall be made on or prior to the last day of the calendar year following the calendar year in which the expense was incurred by Executive, (2) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (3) the amount of expenses eligible for reimbursement or in-kind benefits provided in any calendar year shall not in any way affect the expenses eligible for reimbursement or in-kind benefits to be provided, in any other calendar year.

(vi) The payments and benefits provided under Sections 7(a) and 7(b) are intended to be exempt from or comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms herein will be interpreted to be exempt or so comply. The Company and Executive agree to work together in

good faith to consider amendments to this Agreement and to take such reasonable actions that are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

(d) **Section 280G.** Anything in this Agreement to the contrary notwithstanding, if any payment or benefit Executive would receive from the Company or otherwise (“**Payment**”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code; and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “**Excise Tax**”), then such Payment shall be equal to the Reduced Amount. The “**Reduced Amount**” shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax; or (y) the largest portion, up to and including the total, of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive’s receipt, on an after-tax basis, of the greater amount of the Payment. Any reduction made pursuant to this Section 5(a) shall be made in accordance with the following order of priority: (i) stock options whose exercise price exceeds the fair market value of the optioned stock (“**Underwater Options**”) (ii) Full Credit Payments (as defined below) that are payable in cash, (iii) non-cash Full Credit Payments that are taxable, (iv) non-cash Full Credit Payments that are not taxable (v) Partial Credit Payments (as defined below) and (vi) non-cash employee welfare benefits. In each case, reductions shall be made in reverse chronological order such that the payment or benefit owed on the latest date following the occurrence of the event triggering the excise tax will be the first payment or benefit to be reduced (with reductions made *pro rata* in the event payments or benefits are owed at the same time). “**Full Credit Payment**” means a payment, distribution or benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, that if reduced in value by one dollar reduces the amount of the parachute payment (as defined in Section 280G of the Code) by one dollar, determined as if such payment, distribution or benefit had been paid or distributed on the date of the event triggering the excise tax. “**Partial Credit Payment**” means any payment, distribution or benefit that is not a Full Credit Payment. In no event shall Executive have any discretion with respect to the ordering of payment reductions.

9. **Cooperation.** Following the Employment Period, regardless of the reason for the termination of Executive’s Employment, the Executive shall give the Executive’s assistance and cooperation willingly, upon reasonable advance notice, in any matter relating to the Executive’s position with the Company, or the Executive’s expertise or experience as the Company may reasonably request, including but not limited to the Executive’s assistance in transitioning the Executive’s duties and responsibilities, the Executive’s provision of information regarding any Company matters relevant to the Executive’s role, and the Executive’s attendance and truthful testimony where deemed appropriate by the Company, with respect to any investigation or the Company’s defense or prosecution of any existing or future claims or litigations or other proceedings relating to matters in which the Executive was involved or potentially had knowledge by virtue of the Executive’s employment with the Company. When making a request for assistance and/or cooperation in accordance with this Section 9, the Company shall make reasonable efforts to give due consideration to the Executive’s other business or personal

commitments and to not materially interfere with the Executive's services to a subsequent employer.

10. **Definition of Terms.** The following terms referred to in this Agreement will have the following meanings:

(a) **Cause.** "Cause" means:

(i) Executive's gross negligence or willful misconduct in the performance of or Executive's continued failure to perform, his or her duties and responsibilities to the Company or Executive's violation of any written Company policy;

(ii) Executive's commission of any act of fraud, theft, embezzlement, financial dishonesty or any other willful misconduct that has caused or is reasonably expected to result in injury to the Company;

(iii) Executive's conviction of, or pleading guilty or nolo contendere to, any felony or a lesser crime involving dishonesty or moral turpitude;

(iv) Executive's alcohol abuse or other substance abuse that interferes with Executive's performance of his or her duties;

(v) Executive's unauthorized use or disclosure of any proprietary information or trade secrets (other than as explicitly permitted in this Agreement) of the Company or any other party to whom Executive owes an obligation of nondisclosure as a result of his or her relationship with the Company; or

(vi) Executive's material breach of any of his or her obligations under any written agreement or covenant with the Company.

(b) **Change in Control.** "Change in Control" shall have the meaning ascribed to such term in the Company's 2022 Omnibus Equity Incentive Plan, provided that any such event constitutes a "change in control event" under Treasury Regulation Section 1.409A-3(i)(5)(i).

(c) **Code.** "Code" means the Internal Revenue Code of 1986, as amended.

(d) **Disability.** "Disability" or "Disabled" means that Executive is unable to substantially perform his or her duties and responsibilities under this Agreement, with or without reasonable accommodation, by reason of any illness or physical or mental disability or incapacity, for 180 days within any period of 365 days.

(e) **Good Reason.** "Good Reason" means the occurrence, without Executive's consent, of one or more of the following:

(i) A material reduction in Executive's duties, authorities or responsibilities, relative to Executive's duties, authorities or responsibilities in effect

immediately prior to such reduction; provided, however, that not being named the Chief Marketplace Officer of the acquiring corporation following a Change in Control of the Company will not constitute Good Reason;

(ii) A material reduction in Executive's base compensation (except where there is a reduction applicable to all similarly situated executive officers generally); provided, that a reduction of less than ten percent (10%) will not be considered a material reduction in base compensation; or

(iii) A material breach by the Company of a material provision of this Agreement or any other agreement or instrument to which the company and executive are parties;

in each case, only if Executive provides notice in accordance with Section 14(c) to the Company of the existence of the applicable condition described in Section 10(e), specifically identifying the acts or omissions, within thirty (30) days of Executive's knowledge of the initial existence of the condition, the Company fails to remedy the condition within thirty (30) days thereafter, and within the (30) day period immediately following such failure to remedy, Executive elects to terminate Executive's Employment.

(f) **Section 409A.** "Section 409A" means Code Section 409A, and the final regulations and any guidance promulgated thereunder or any state law equivalent.

(g) **Section 409A Limit.** "Section 409A Limit" will mean two (2) times the lesser of: (i) Executive's annualized compensation based upon the annual rate of pay paid to Executive during Executive's taxable year preceding Executive's taxable year of his or her separation from service as determined under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Internal Revenue Code for the year in which Executive's separation from service occurred.

(h) **Severance Period.** "Severance Period" shall mean twelve (12) months.

11. **Employment Conditions.**

(a) **Non-Disclosure Agreement.** As a condition to Executive's Employment with the Company, Executive has executed and delivered to an officer of the Company, the Company's non-disclosure agreement (the "**Non-Disclosure Agreement**"), prior to or on Executive's Effective Start Date.

(b) **Right to Work.** For purposes of federal immigration law, you are required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must have been provided to us within three (3) business days of the Effective Start Date, or our Employment relationship with you may be terminated.

(c) **Verification of Information.** This Agreement is also contingent upon a general background check performed by the Company to confirm your suitability for Employment and, by accepting this Agreement, you warrant that all information provided by you during your application process and ensuing employment is true and correct to the best of your knowledge, you agree to execute any and all documentation necessary for the Company to conduct a background check and you expressly release the Company from any claim or cause of action arising out of the Company's verification of such information.

12. **Reserved.**

13. **Successors.**

(a) **Company's Successors.** This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "***Company***" shall include any successor to the Company's business or assets that become bound by this Agreement.

(b) **Your Successors.** This Agreement and all of Executive's rights hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

14. **Miscellaneous Provisions.**

(a) **Indemnification.** The Company shall indemnify Executive to the maximum extent permitted by applicable law and the Company's Certificate of Incorporation and Bylaws with respect to Executive's service and Executive shall also be covered under a directors and officers liability insurance policy paid for by the Company to the extent that the Company maintains such a liability insurance policy now or in the future.

(b) **Headings.** All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(c) **Notice.**

(i) **General.** Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In Executive's case, mailed notices shall be addressed to Executive at the home address that Executive most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its General Counsel.

(ii) **Notice of Termination.** Any termination by the Company for Cause or by Executive for Good Reason will be communicated by a notice of termination to the other party hereto given in accordance with Section 14(c)(i) of this Agreement. Such notice will

indicate the specific termination provision in this Agreement relied upon and will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated. The failure by Executive or the Company to include in the notice any fact or circumstance which contributes to a showing of Good Reason or Cause, as applicable, will not waive any right of Executive or the Company, as applicable, hereunder or preclude Executive or the Company, as applicable, from asserting such fact or circumstance in enforcing his or her or its rights hereunder, as applicable.

(d) **Modifications and Waivers.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(e) **Whole Agreement.** No other agreements, representations or understandings (whether oral or written and whether express or implied) that are not expressly set forth in this Agreement have been made or entered into by either party with respect to the subject matter hereof. This Agreement and the Non-Disclosure Agreement contain the entire understanding of the parties with respect to the subject matter hereof.

(f) **Withholding Taxes.** All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.

(g) **Governing Law.** This Agreement shall be interpreted in accordance with the laws of the State of New York without giving effect to conflict of law provisions or rule that might lead to a contrary choice of law.

(h) **Jurisdiction and Venue.** In the event that any legal proceedings are commenced in any court with respect to any matter arising out of or relating to this Agreement, any breach thereof, Executive's employment, or the cessation of Executive's employment with the Company, the parties hereto specifically consent and agree that the courts of the State of New York and/or the United States District Court for the Southern District of New York shall have exclusive jurisdiction over each of the parties hereto and over the subject matter of any such proceedings, the exclusive venue of any such proceedings shall be the County and State of New York and the parties agree that the Company and Executive have sufficient connections with the State of New York, County of New York. The parties further agree that venue in any jurisdiction other than the courts of the State of New York and/or the United States District Court for the Southern District of New York would be unduly burdensome to the Company because, *inter alia*, the Company's principal office is located in New York City, New York, the Company does business in New York, New York, and the majority of the Company's executives are located in New York, New York. Therefore, the Company and Executive irrevocably waive any and all right to plead or contend lack of personal jurisdiction in those courts or that such proceedings have been brought in an incorrect or inconvenient venue.

(i) **Voluntary Nature of Agreement.** You acknowledge and agree that you are executing this Agreement voluntarily and without any duress or undue influence by the Company or anyone else. You further acknowledge and agree that you have carefully read this Agreement and that you have asked any questions needed for you to understand the terms, consequences and binding effect of this Agreement and fully understand it, including that ***YOU ARE WAIVING YOUR RIGHT TO A JURY TRIAL.*** Finally, you agree that you have been provided an opportunity to seek the advice of an attorney of your choice before signing this Agreement.

(j) **Severability.** If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively, the “***Law***”) then that provision shall be curtailed or limited only to the minimum extent necessary to bring the provision into compliance with the Law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

(k) **No Assignment.** This Agreement and all of your rights and obligations hereunder are personal to you and may not be transferred or assigned by you at any time. The Company may assign its rights under this Agreement to any entity that assumes the Company’s obligations hereunder in connection with any sale or transfer to such entity of all or a substantial portion of the Company’s assets.

(l) **Acknowledgment.** You acknowledge that you have had the opportunity to discuss this matter with and obtain advice from your personal attorney, have had sufficient time to, and have carefully read and fully understand all the provisions of this Agreement, and are knowingly and voluntarily entering into this Agreement.

(m) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

After you have had an opportunity to review this Agreement, please feel free to contact me if you have any questions or comments. To indicate your acceptance of this Agreement, please sign and date this letter in the space provided below and return it to the Company.

Very truly yours,

SHUTTERSTOCK, INC.

By /s/ Sara Birmingham
(Signature)

Name: Sara Birmingham

Title: Chief Human Resources Officer

ACCEPTED AND AGREED:

Matthew Furlong

s/ Matthew Furlong
(Signature)

January 2, 2025
Date



**SHUTTERSTOCK, INC.
INSIDER TRADING AND DISCLOSURE POLICY**

To all Employees, Officers and Directors and designated consultants of Shutterstock, Inc.

Team:

Attached is a copy of Shutterstock's Insider Trading and Disclosure Policy as most recently adopted by our Board of Directors, which supersedes all prior trading policies. These policies apply to all officers, employees, directors and designated consultants of Shutterstock, Inc. and its subsidiaries.

As you will see from the attached Insider Trading and Disclosure Policy, the consequences of improper dealings in securities are devastating, both for the individual and for Shutterstock. The laws and regulations on insider trading have grown in complexity, the penalties for noncompliance have increased significantly, and the United States Securities and Exchange Commission, U.S. Attorneys and state authorities have stepped up both civil and criminal enforcement activity. Please take a few minutes right now to read the Statement of Policies and then sign the certification on the last page and return it to the Office of the General Counsel.

If you have any questions about the attached Insider Trading and Disclosure Policy or your personal situation, you are encouraged to reach out to the Office of the General Counsel or the Compliance Officer, at counsel@shutterstock.com or complianceofficer@shutterstock.com.

**SHUTTERSTOCK, INC.
INSIDER TRADING AND DISCLOSURE POLICY**

Effective Date: January 27, 2025

This document sets forth the Insider Trading and Disclosure Policy (the “Policy”) regarding trading in the stock and other securities of Shutterstock, Inc. (the “Company”) and, where applicable, the disclosure of such transactions. All references to the “Company” in the document include any subsidiaries of Shutterstock, Inc. The Policy is to be delivered to all new officers, employees, directors and designated consultants upon the commencement of their relationships with the Company, and is to be circulated to all personnel at least annually. The Company’s Board of Directors shall oversee the implementation and enforcement of the Policy.

Applicability

This Policy applies to:

- all officers and employees of the Company;
- all members of the Company’s Board of Directors;
- any consultants, advisors and contractors to the Company that the Company designates;
- all family members who share the same address as, or are financially dependent upon, the above persons and any other person who shares the same address as the above persons (other than (x) an employee or tenant of the above persons or (y) another unrelated person whom the General Counsel determines should not be covered by this policy); and
- Family trusts or other entities controlled by or benefiting individuals subject to the Policy.

General Statement

Nonpublic information relating to the Company or its business is the property of the Company. The Company prohibits the unauthorized disclosure of any such nonpublic information acquired in the work-place or otherwise as a result of an individual’s employment or other relationship with the Company, as well as the misuse

of any material nonpublic information about the Company or its business in securities trading.

Insider Trading Compliance Officer

The Company has appointed the Company's General Counsel, and any person reporting to the General Counsel that the General Counsel may designate, as a "Compliance Officer" for the Insider Trading and Disclosure Policy. Please direct your questions as to any of the matters discussed in this Policy to the Office of the General Counsel, which can be reached at counsel@shutterstock.com or complianceofficer@shutterstock.com.

General Policies

The following are the general rules of the Company's Insider Trading Policy that apply to **all Company officers, employees, directors and designated consultants**. It is very important that you understand and follow these rules. If you violate them, you may be subject to disciplinary action by the Company (including termination of your employment for cause). You could also be in violation of applicable securities laws (and subject to civil and criminal penalties, including fines and imprisonment). Note that it is your individual responsibility to comply with the laws against insider trading. This Policy is intended to assist you in complying with these laws, but you must always exercise appropriate judgment in connection with any trade in the Company's stock.

The terms "black-out period," "material information," "nonpublic information" and "trading window" are defined below.

Officers, directors, large stockholders and affiliates of the Company are subject to certain additional policies and restrictions. See "Additional Policies and Restrictions Applicable to Officers, Directors, Large Stockholders and Affiliates" on page 7.

1. **Do not trade during black-out periods.** The Company **prohibits** all employees, officers, designated consultants, executive officers and members of the Board of Directors **from buying, selling, trading or donating any securities of the Company during black-out periods** (whether regularly scheduled black-out periods, or special black-out periods implemented from time to time). It is your responsibility to know when the Company's regular quarterly black-out periods begin (you will be notified when they end). If you are informed that the Company has implemented a special black-out period, you **may not** disclose the fact that trading has been suspended to anyone, including family members (other than those subject to this Policy who would be prohibited from trading because you are), friends or brokers. You should treat the imposition of a special black-out period as material nonpublic information.

Remember to cancel any “limit” orders or other pending trading orders you have in place during a black-out period (unless the orders were made pursuant to an approved Rule 10b5-1(c) trading program).

2. **Do not trade while in possession of material nonpublic information.** From time to time, you may come into possession of material nonpublic information as a result of your relationship with the Company. You **may not** buy, sell, donate or trade in any stock of the Company or other securities involving the Company’s stock **at any time** while you possess material nonpublic information concerning the Company (whether during a “black-out period” or at any other time). You must wait to trade until newly released material information has been public for **at least two full trading days** (a trading day is a day on which the stock market is open). In addition, before trading, you must comply with the Company’s pre-clearance procedures described below.

3. **If you are an officer, director, or employee listed on Attachment A (which may be updated from time to time by the Compliance Officer), you are considered an insider and must pre-clear all trades involving the Company’s stock and refrain from trading in the Company’s stock, even during an open trading window, unless** you first comply with the Company’s pre-clearance procedures and are not in possession of material nonpublic information. To pre-clear a transaction, you must get the approval of the Compliance Officer before you enter into the transaction. An insider may, from time to time, have to forego a proposed transaction in the Company’s securities even if he or she planned to make the transaction before learning of the material nonpublic information and even though the insider believes he or she may suffer an economic loss or forego anticipated profit by waiting. In pre-clearing a trade, and in addition to reviewing the substance of the proposed trade, the Compliance Officer may consider whether it will be possible for both the individual and the Company to comply with any applicable public reporting requirements. Once you have received pre-clearance from the Compliance Officer for a particular trade, you must complete the trade within five (5) business days. **If you do not complete the trade within such five (5) business day period, you must re-submit the trade to the Compliance Officer for pre-clearance.** Notwithstanding any pre-clearance granted by the Compliance Officer, you may not trade while in possession of material nonpublic information. For purpose of this section, a trade shall be deemed to occur at the time you become irrevocably committed to it (for example, in the case of an open market purchase or sale, this occurs when the trade is executed, not when it settles).

4. **Do not give nonpublic information to others.** Do not give any nonpublic information concerning the Company (which would constitute “tipping” under securities laws) to any other person, including family members, and don’t make recommendations or express opinions about trading in the Company’s stock under any circumstances.

5. **Do not discuss Company information with the press, analysts or other persons outside of the Company.** Announcements of Company information are

regulated by Company policy (separate from this Policy) and may only be made by persons specifically authorized by the Company to make such announcements. Laws and regulations govern the nature and timing of such announcements to outsiders or the public and unauthorized disclosure could result in substantial liability for you, the Company and its management. If you receive inquiries by any third party about Company information, you should notify the Compliance Officer or the Company's Director of Investor Relations immediately.

6. **Do not participate in Internet "chat rooms" in which the Company is discussed.** You may not participate in online dialogues, message boards, social media, or similar activities involving the Company, its business or its stock.

7. **Do not use material nonpublic information to trade in other companies' stock.** Do not buy, sell, donate, tip or trade in the stock of the Company's customers, vendors, suppliers or other business partners, or companies in the same industry as the Company when you have material nonpublic information directly or indirectly concerning these business partners that you obtained in the course of your relationship with the Company and that would give you an advantage in trading or recommend to another person that they do so.

8. **Do not engage in hedging, derivative transactions or any other speculative transactions involving the Company's stock.** You may not engage in hedging or derivative transactions, such as "cashless" collars, forward contracts, equity swaps or other similar or related transactions. Do not engage in any transactions that suggest you are speculating in the Company's stock (that is, that you are trying to profit in short-term movements, either increases or decreases, in the stock price). You **may not** engage in any short sale, "sale against the box" or any equivalent transaction involving the Company's stock (or the stock of any of the Company's business partners in any of the situations described above). A short sale involves selling shares that you do not own at a specified price with the expectation that the price will go down so you can buy the shares at a lower price before you have to deliver them.

In addition, if you are trading in Company stock pursuant to a "blind trust" or a Rule 10b5-1(c) trading program (see "Exceptions for Blind Trusts and Pre-Arranged Trading Programs" below), there may be additional restrictions on your ability to engage in a hedging transaction.

Lastly, the Company prohibits you from margining or pledging your Company stock to secure a loan to you, or from purchasing Company stock "on margin" (that is, borrow funds to purchase stock, including in connection with exercising any Company stock options).

Any exceptions to the prohibitions of this paragraph 8 must be approved in writing in advance by the Company's Chief Financial Officer and the Compliance Officer.

9. **Make sure your family and household members and persons controlling family trusts (and similar entities) do not violate this Policy.** For purposes of this Policy, any transactions involving Company stock in which members of **your family** who live with you or are financially dependent upon you engage or **any other person who shares the same address** as you (other than an employee or tenant of you or another unrelated person whom the General Counsel determines should not be covered by this policy) engage, or **by family trusts**, partnerships, foundations and similar entities over which you or other individuals covered by this Policy have control, or whose assets are held for the benefit of you or other individuals covered by this Policy, **are the same as transactions by you.** You are responsible for making sure that such persons and entities do not engage in any transaction that would violate this Policy if you engaged in the transaction directly.

Certain family trusts and other entities of this type having an independent, professional trustee who makes investment decisions on behalf of the entity, and with whom you do not share Company information, may be eligible for an exemption from this rule. Please contact the Compliance Officer if you have questions regarding this exception. You should assume that this exception is not available unless you have first obtained the approval of the Compliance Officer.

Exceptions to the General Policies

The following exceptions to the general insider trading policies apply:

1. **Exceptions for Purchases Under Employee Stock Option and Stock Purchase Plans**

The **exercise** (without a sale) of stock options under the Company's stock option plans and the purchase of shares under the Company's employee stock purchase plan are exempt from this Policy, since the other party to the transaction is the Company itself and the price does not vary with the market but is fixed by the terms of the option agreement or the plan.

But, any subsequent **sale** of shares acquired under a Company stock plan **is subject** to this Policy (**including any sales that occur on the same day as an exercise to cover the exercise price or tax withholding obligations associated with the exercise of the stock option**).

2. **Exceptions for Transactions Under 401(k) Plan**

Acquisitions or dispositions of Company common stock under the Company's 401(k) or other individual account plan that are made pursuant to standing instructions not entered into or modified while you are aware of material nonpublic information or during a black-out period are exempt from this Policy.

If you wish to issue such standing instructions, please contact the Compliance Officer. The Compliance Officer will review proposed arrangements to determine whether they will or may result in transactions taking place during periods in which you may be in possession of material nonpublic information. The Company reserves the right to bar any transactions in Company stock, even those pursuant to arrangements previously approved, if the Company determines that such a bar is in the best interests of the Company.

If you are an executive officer or director of the Company, such transactions require the prior approval of the Compliance Officer, which approval shall not to be unreasonably withheld or delayed.

3. **Exceptions for Bona Fide Gifts**

Other than charitable donations, bona fide gifts are exempt from this Policy, unless the person making the gift has reason to believe that the recipient intends to sell the securities while the person making the gift is aware of material nonpublic information or during a black-out period. You should notify the Compliance Officer in advance if you intend to make a gift of shares of Company stock.

4. **Exceptions for Blind Trusts and Pre-Arranged Trading Programs**

Rule 10b5-1(c) of the Securities Exchange Act of 1934 provides an affirmative defense against insider trading liability under federal securities laws for a transaction done pursuant to "blind trusts" (generally, trusts or other arrangements in which investment control has been completely delegated to a third party, such as an institutional or professional trustee) or pursuant to a written trading plan ("10b5-1 trading plan"), or a binding contract or instruction, entered into in good faith during a trading window and at a time when the insider was not aware of material nonpublic information. The restrictions on trading set forth in this Policy shall not apply to trades made pursuant to a 10b5-1 trading plan and the Company may, in appropriate circumstances, permit transactions pursuant to a blind trust to take place during periods in which the individual entering into the transaction may have material nonpublic information or during black-out periods.

If you wish to enter into a blind trust arrangement or a 10b5-1 trading plan, you must notify the Compliance Officer. The Compliance Officer will review proposed arrangements and the Company reserves the right to bar any transactions in Company

stock, even those pursuant to arrangements previously approved, if the Company determines that such a bar is in the best interests of the Company.

If you are an executive officer or director of the Company, entry into a blind trust arrangement or a 10b5-1 trading plan requires the prior approval of the Compliance Officer, which approval shall not to be unreasonably withheld or delayed.

Application of Policy After Employment Terminates

If your employment terminates at a time when you have or think you may have material nonpublic information about the Company or its business partners, the prohibition on trading on such information continues until such information is absorbed by the market following public announcement of it by the Company or another authorized party, or until such time as the information is no longer material.

Potential Criminal and Civil Liability and/or Disciplinary Action

The penalties for “insider trading” include civil fines of up to three times the profit gained or loss avoided, and criminal fines of up to \$5,000,000 and up to twenty years in jail for each violation. You can also be liable for improper transactions by any person to whom you have disclosed material nonpublic information or made recommendations on the basis of such information as to trading in the Company’s securities (“tippee liability”). The SEC has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the stock exchanges and the Financial Industry Regulatory Authority (FINRA) use sophisticated electronic surveillance techniques to uncover insider trading. Employees of the Company who violate this Policy shall also be subject to disciplinary action by the Company, which may include ineligibility for future participation in the Company’s equity incentive plans or termination of employment for cause.

Definitions used in this Policy

1. **Black-Out Period.** Regularly scheduled black-out periods will begin at the end of the trading day of the fifteenth day of the third calendar month of the fiscal quarter and will end at the **close of the second full trading day** (day on which the stock market is open) after disclosure of the quarter’s financial results.

In addition to the regularly-scheduled black-out periods, the Company, through the Compliance Officer, may from time to time designate other periods of time as a special black-out period (for example, if there is some development with the Company’s business that merits a suspension of trading by Company personnel). The Company may not widely announce the commencement of a special black-out period, as that information can itself be sensitive information. For this reason, it is extremely important that, if applicable, you adhere to the pre-clearance procedures outlined in this Policy to ensure that you do not trade during any special black-out period.

2. **Material Information.** It is not possible to define all categories of “material” information, but information should be regarded as material if it is likely that it would be considered important to an investor in making an investment decision regarding purchase or sale of the Company’s stock.

While it may be difficult to determine whether particular information is material or not, there are some categories of information that are particularly sensitive and that should almost always be considered material. Examples include: financial results and projections (especially to the extent the Company’s own expectations regarding its future financial results differ from analysts’ expectations), news of a merger or acquisition, news of an acquisition or disposition of significant assets, expansion of operations into new markets, new marketing or business announcements of a significant nature, gain or loss of a major customer or supplier, major product announcements, significant developments involving corporate relationships, impending bankruptcy or financial liquidity problems, stock splits, new equity or debt offerings, significant litigation exposure due to actual or threatened litigation, changes in senior management or the board of directors, a change in the Company’s accountants or accounting policies, or any major problems or successes of the business. Either positive or negative information may be material. If you have any questions regarding whether information you possess is material or not, you should contact the Compliance Officer.

3. **Nonpublic Information.** Information about the Company is considered to be “nonpublic” if it is known within the Company but not yet disclosed to the general public. The Company generally discloses information to the public either via press release or in the regular quarterly and annual reports that the Company is required to file with the SEC. Information is considered “public” only after it has been publicly available, through press release or otherwise, for at least **two** trading days. If you have any questions regarding whether any information you possess is nonpublic or has been publicly disclosed, you should contact the Compliance Officer.

4. **Trading Window.** The period outside a black-out period is referred to as the “trading window.” Trading windows that occur between the regularly-scheduled quarterly black-out periods can be “closed” by the imposition of a special black-out period if there are developments meriting a suspension of trading by Company personnel. In addition, the Company, through the Compliance Officer, may authorize longer or additional trading windows in which buying, selling or otherwise effecting transactions in the Company’s securities will be permitted pursuant to this Policy.

Questions

Please direct questions you have regarding this Policy and any transactions in Company securities to the Compliance Officer.

Additional Policies and Restrictions Applicable to Officers, Directors, Large Stockholders and Affiliates

The following additional policies and restrictions (the “Additional Policies”) apply to officers, directors, large stockholders and affiliates of the Company, as further specified below. If you violate these rules, you may be subject to disciplinary action by the Company (including termination of your employment for cause). In addition, you could be in violation of applicable securities laws (and subject to civil and criminal penalties, including fines and imprisonment). Note that it is your individual responsibility to comply with the laws against insider trading. This Policy is intended to assist you in complying with these laws, but you must always exercise appropriate judgment in connection with any trade in the Company’s stock.

Persons subject to these Additional Policies are also subject to the general policies described in the preceding section (with the more restrictive policy applying in any case where there is a conflict).

The terms “black-out period,” “material information,” “nonpublic information” and “trading window” were defined above.

1. **Observe the Section 16 liability rules applicable to officers and Board members and 10% stockholders.** Members of the Company’s Board of Directors, certain officers of the Company and 10% stockholders must also conduct their transactions in Company securities in a manner designed to avoid liability under the “short-swing” trading rules of Section 16(b) of the Securities Exchange Act of 1934. The Board of Directors has determined those persons who are “executive officers” and who are thus, along with the members of the Board of Directors (collectively, the “Section 16 Individuals”), subject to the “short-swing” trading rules. The Board of Directors will from time to time as appropriate amend such determination to reflect the election of new officers or directors, any change in function of current officers, and the resignation or departure of current officers or directors.

The practical effect of these provisions is that Section 16 Individuals who purchase and sell, or sell and purchase, Company securities within a six-month period must disgorge all profits deemed made or losses deemed avoided whether or not they had any nonpublic information at the time of the transactions.

2. **Comply with public securities law reporting requirements.** Federal securities laws require that Section 16 Individuals, large stockholders and affiliates of the Company publicly report transactions in Company stock (on Forms 3, 4 and 5 under Section 16, Form 144 with respect to restricted and control securities, and, in certain cases, Schedules 13D and 13G). The Company takes these reporting requirements very seriously and requires that all persons subject to public reporting of Company stock transactions adhere to the rules applicable to these forms. Where issues arise as to whether reporting is technically required (particularly issues that

turn on facts specific to the transaction and the individuals involved, or on unsettled issues of law), the Company encourages its insiders to choose to comply with the spirit and not the letter of the law – in other words, to err on the side of fully and promptly reporting the transaction even if not technically required to do so. The Company may provide reasonable assistance to Section 16 Individuals, as requested by such Section 16 Individuals, in connection with the filing of Forms 3, 4 and 5 under Section 16.

However, the ultimate responsibility, and liability, for timely filing remains with the Section 16 Individuals.

3. **Comply with trading restrictions imposed in connection with pension plan black-out periods.** Federal securities laws prohibit Section 16 Individuals from trading in company securities during a “pension plan black-out period.” The Company is required to provide you with advance notice of a pension plan black-out period. If you receive such a notice, you must refrain from engaging in most transactions involving Company securities (**including exercising stock options**, notwithstanding the provisions contained in “Exemptions for Purchases Under Employee Stock Option and Stock Purchase Plans” above) until the pension plan black-out period has terminated. If you engage in a prohibited transaction during a pension plan black-out period, you will be required to turn over profits on the transaction (which may include amounts in excess of actual economic profits you realize on the transaction) to the Company.

In addition, where the Company is required to report transactions by individuals, the Company expects full and timely cooperation by the individual.

Effective Date: January 27, 2025

INSIDER TRADING POLICY ACKNOWLEDGMENT

By clicking “I AGREE”, I acknowledge that I have read, understand and agree to comply with the Shutterstock, Inc. Insider Trading and Disclosure Policy. I agree that I will be subject to sanctions imposed by the Company, in its discretion, for violation of the Policy, and that the Company may give stop-transfer and other instructions to the Company’s transfer agent against the transfer of Company securities as necessary to ensure compliance with the Policy. I acknowledge that one of the sanctions to which I may be subject as a result of violating the Company’s policy is termination of my employment including termination for cause.

ATTACHMENT A

**SHUTTERSTOCK, INC.
PERSONS SUBJECT TO PRE-CLEARANCE OF
TRADES AS OF**

January 27, 2025

All employees other than non-salaried employees of the Company, unless such person has been notified in writing by the Compliance Officer that the pre-clearance of trades applies to them.

LIST OF SUBSIDIARIES⁽¹⁾

Name of Subsidiary	Jurisdiction
Shutterstock Images C.V.	The Netherlands
Shutterstock Netherlands B.V.	The Netherlands
Shutterstock GmbH	Germany
Shutterstock (UK) Ltd.	United Kingdom
Shutterstock International Services EMEA Ltd.	United Kingdom
Rex Features (Holdings) Ltd.	United Kingdom
Rex Features Ltd.	United Kingdom
Shutterstock (France) SAS	France
Shutterstock Hong Kong Ltd.	Hong Kong
Shutterstock Ireland Ltd	Ireland
Shutterstock Italy Srl	Italy
Shutterstock Japan GK	Japan
Shutterstock Brazil Servicos de Imagem Ltda.	Brazil
Shutterstock Canada ULC	Canada
Shutterstock Australia Pty. Ltd.	Australia
Shutterstock Korea Ltd	Korea
Shutterstock Singapore Pte. Ltd.	Singapore
Shutterstock International Services APAC PTE Ltd	Singapore
Shutterstock Romania Srl	Romania
Shutterstock Studios, LLC	New York, US
Shutterstock.AI, Inc.	Delaware, US
Shutterstock.AI International Ltd.	United Kingdom
Datasine Limited	United Kingdom
Pattern89, Inc.	Indiana, US
TurboSquid, Inc.	Louisiana, US
General Purpose LLC	New York, US
Shutterstock Studios (UK) Ltd.	United Kingdom
Pond5, Inc.	Delaware, US
Hyperstock LLC	Delaware, US
Pond5 Media Ireland, Ltd.	Ireland
Pond5 Publishing, Ltd.	Ireland
Pond5 s.r.o.	Czech Republic
SCP 2020 Ltd.	United Kingdom
Splash News Europe Ltd.	United Kingdom
SN America Inc.	Delaware, US
SSCP One Ltd.	United Kingdom
SSCP Two Ltd.	United Kingdom
Giphy, Inc.	Delaware, US
Shutterstock AUS Company Pty. Ltd.	Australia
Shutterstock Aus Emu Pty. Ltd.	Australia
Envato Elements Pty. Ltd.	Australia
Envato Israel Ltd.	Israel
Envato New Zealand Ltd.	New Zealand

Envato Placeit Ltd.	Australia
Envato Pty. Ltd.	Australia
Envato Sites Pty. Ltd.	Australia
Envato Twenty20 Pty. Ltd.	Australia
Envato USA, Inc.	Utah, US
Envato Ventures 2 Pty. Ltd.	Australia
Snowcap Labs Pty. Ltd.	Australia
Sonley Bell Mexico SA de CV	Mexico

(1) Certain other subsidiaries of Shutterstock, Inc. have been omitted because, in the aggregate, they would not constitute a significant subsidiary.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-184371, 333-184544, 333-202395, 333-268480 and 333-280093) and Form S-3 (No. 333-276203) of Shutterstock, Inc. of our report dated February 25, 2025 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 25, 2025

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Paul Hennessy, certify that:

1. I have reviewed this annual report on Form 10-K of Shutterstock, 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.

Date: February 25, 2025

By: /s/ Paul Hennessy
Paul Hennessy
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Rik Powell, certify that:

1. I have reviewed this annual report on Form 10-K of Shutterstock, 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.

Date: February 25, 2025

By: /s/ Rik Powell
Rik Powell
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
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 Annual Report on Form 10-K of Shutterstock, Inc. for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul Hennessy, as Chief Executive Officer of Shutterstock, Inc., hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Shutterstock, Inc.

Date: February 25, 2025

By: /s/ Paul Hennessy
Paul Hennessy
Chief Executive Officer
(Principal Executive Officer)

In connection with the Annual Report on Form 10-K of Shutterstock, Inc. for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rik Powell, as Chief Financial Officer of Shutterstock, Inc., hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Shutterstock, Inc.

Date: February 25, 2025

By: /s/ Rik Powell
Rik Powell
Chief Financial Officer
(Principal Financial Officer)