Shutterstock Reports Fourth Quarter and Full Year 2013 Financial Results

February 20, 2014

NEW YORK, Feb. 20, 2014 /PRNewswire/ --

- Fourth quarter revenue increases 38% from prior year, to $68.0 million
- Full year revenue increases 39% from prior year, to $235.5 million
- Adjusted EBITDA of $15.4 million in fourth quarter, increase of 37%
- Adjusted EBITDA of $53.4 million for full year, increase of 53%
- Quarterly paid image downloads reach record of 28.0 million
- Collection exceeds 33 million images and 1.5 million video clips
- Number of active customer accounts surpasses 940,000

Shutterstock, Inc. (NYSE: SSTK), a leading global provider of commercial digital imagery, today announced financial results for the fourth quarter and full year ended December 31, 2013.

(Logo: http://photos.prnewswire.com/prnh/20120514/NY06418LOGO )

"We had a strong finish to an outstanding year," said Founder and CEO Jon Oringer. "With our expanding overseas operations, fast-growing enterprise sales efforts and disruptive image and footage pricing plans, Shutterstock is well-positioned to continue delivering innovation and inspiration to our 55,000 contributors and nearly 1 million users worldwide."

Revenue

Revenue for the fourth quarter was $68.0 million, a 38% increase from $49.2 million in the fourth quarter of 2012. Revenue for the full year was $235.5 million, a 39% increase from $169.6 million in 2012.

Net Income

Net income for the fourth quarter of 2013 was $7.9 million as compared to $29.0 million in the fourth quarter of 2012. Net income available to common shareholders/members for the fourth quarter of 2013 was $7.8 million or $0.22 per share on a fully diluted basis as compared to $28.7 million or $0.88 per share on a fully diluted basis in the fourth quarter of 2012.

Net income for the full year 2013 was $26.5 million as compared to $47.5 million in 2012. Net income available to shareholders/common members for the full year was $26.4 million or $0.77 per share on a fully diluted basis as compared to $42.6 million or $1.79 per share on a fully diluted basis in 2012.

Both net income and net income available to common shareholders/members for the fourth quarter of 2012 and the full year of 2012 include a one-time tax benefit of $28.8 million related to the Company's reorganization from an LLC to a C-corporation on October 5, 2012.

Non-GAAP net income for the fourth quarter of 2013 was $9.1 million as compared to $6.6 million in the fourth quarter of 2012. Non-GAAP net income for the full year 2013 was $31.0 million as compared to $28.0 million in 2012.

Non-GAAP net income excludes a one-time tax benefit related to the Company's reorganization from an LLC to a C-corporation on October 5, 2012, non-cash equity based compensation expense and the tax benefit for deductible non-cash equity based compensation.

Adjusted EBITDA

Adjusted EBITDA for the fourth quarter of 2013 was $15.4 million as compared to $11.3 million in the fourth quarter of 2012. Adjusted EBITDA for the full year 2013 was $53.4 million as compared to $34.9 million in 2012.

Cash

The Company’s cash and cash equivalents and short term investments balance was $209.8 million at December 31, 2013 as compared to $102.1 million as of December 31, 2012. The Company generated $23.9 million of cash from operations in the fourth quarter of 2013 and $56.4 million of
cash from operations in the full year 2013. On September 19, 2013, the Company sold 1,150,000 newly issued shares of common stock in conjunction with a follow-on offering. The Company received approximately $65.0 million, after deductions for underwriters' discounts and commissions, and for estimated offering expenses payable by the Company.

Also, during the fourth quarter, the Company incurred planned capital expenditures related primarily to the purchase of computer servers and networking equipment, as well as capital expenditures related to leasehold improvements for the build out of its new headquarters office location in New York City. Total capital expenditures for the fourth quarter was $9.3 million and for the full year 2013 was $14.1 million.

Free cash flow for the fourth quarter of 2013 was $14.6 million as compared to $12.2 million in the fourth quarter of 2012. Free cash flow for the full year 2013 was $42.3 million as compared to $41.8 million in 2012.

**Financial Outlook**

The Company's current financial and operating expectations for the first quarter of 2014 and updated expectations for full year 2014 are as follows:

**First Quarter 2014**
- Revenue of $69 - $70 million
- Adjusted EBITDA of $12 - $13 million
- Non-cash equity-based compensation expense of approximately $5 million
- An effective tax rate of approximately 40%
- Capital expenditures of approximately $7 million

**Full Year 2014**
- Revenue of $305 - $310 million
- Adjusted EBITDA of $68 - $70 million
- Non-cash equity-based compensation expense of approximately $18 million
- An effective tax rate of approximately 40%
- Capital expenditures of approximately $14 million

**Earnings Conference Information**

The Company will discuss its fourth quarter and full year 2013 financial results during a conference call today, February 20, 2014, at 5:00 PM ET. The conference call can be accessed at (877) 280-4956 or (857) 244-7313 (outside the US), conference ID# 737 592 32. The call will also be broadcast simultaneously at [http://investor.shutterstock.com](http://investor.shutterstock.com).

Following completion of the call, a recorded replay of the webcast will be available on Shutterstock's website. To listen to the telephone replay, call toll-free (888) 286-8010 or (617) 801-6888 (outside the US), conference ID# 477 592 32. The telephone replay will be available from 7:00 PM ET February 20 through February 27, 2014. Additional investor information, including a video entitled "Shutterstock: 2013 Year in Review", can be accessed at [http://investor.shutterstock.com](http://investor.shutterstock.com).

**Non-GAAP Financial Measures**

Shutterstock considers adjusted EBITDA, non-GAAP net income, and free cash flow to be important financial indicators of the Company's operational strength and the performance of its business. Shutterstock defines adjusted EBITDA as net income adjusted for interest income/(expense), income taxes, depreciation, amortization and non-cash equity-based compensation; non-GAAP net income as net income excluding the after tax impact of non-cash equity-based compensation and one-time tax benefit due to a reorganization to C-corporation; and free cash flow as cash provided by (used in) operating activities adjusted for capital expenditures and interest income/(expense). These figures are non-GAAP financial measures and should be considered in addition to results prepared in accordance with generally accepted accounting principles (GAAP), and should not be considered as a substitute for, or superior to, GAAP results. In addition, adjusted EBITDA, non-GAAP net income, and 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.

A reconciliation of the differences between adjusted EBITDA, non-GAAP net income, and free cash flow, and the most comparable financial measure calculated and presented in accordance with GAAP, is presented under the heading "Reconciliation of Non-GAAP Financial Information to GAAP" immediately following the Consolidated Statements of Cash Flows included below.

**Historical Operating Metrics**

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<thead>
<tr>
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<th>12/31/11</th>
<th>3/31/12</th>
<th>6/30/12</th>
<th>9/30/12</th>
<th>12/31/12</th>
<th>3/31/13</th>
<th>6/30/13</th>
<th>9/30/13</th>
<th>12/31/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of paid downloads</td>
<td>16.2</td>
<td>17.6</td>
<td>18.3</td>
<td>18.7</td>
<td>21.4</td>
<td>22.4</td>
<td>24.3</td>
<td>25.4</td>
<td>28.0</td>
</tr>
<tr>
<td>Revenue per download</td>
<td>2.14</td>
<td>2.13</td>
<td>2.22</td>
<td>2.26</td>
<td>2.30</td>
<td>2.28</td>
<td>2.33</td>
<td>2.35</td>
<td>2.43</td>
</tr>
<tr>
<td>Images in collection (end of period)</td>
<td>17.4</td>
<td>18.8</td>
<td>20.2</td>
<td>21.7</td>
<td>23.3</td>
<td>25.1</td>
<td>27.3</td>
<td>29.7</td>
<td>32.2</td>
</tr>
</tbody>
</table>

**Non-Cash Equity Based Compensation**
Included in the accompanying financial results are expenses related to non-cash equity based compensation, as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended December 31,</th>
<th></th>
<th>Twelve Months Ended December 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>$146</td>
<td>$219</td>
<td>$437</td>
<td>$219</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>431</td>
<td>783</td>
<td>1,296</td>
<td>783</td>
</tr>
<tr>
<td>Product development</td>
<td>503</td>
<td>1,696</td>
<td>1,493</td>
<td>1,696</td>
</tr>
<tr>
<td>General and administrative</td>
<td>706</td>
<td>4,860</td>
<td>2,982</td>
<td>7,687</td>
</tr>
<tr>
<td>Total</td>
<td>$1,786</td>
<td>$7,558</td>
<td>$6,208</td>
<td>$10,385</td>
</tr>
</tbody>
</table>

Amortization of Intangible Assets and Depreciation of Property and Equipment

Included in the accompanying financial results are expenses related to the amortization of intangible assets, as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended December 31,</th>
<th></th>
<th>Twelve Months Ended December 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>$8</td>
<td>$8</td>
<td>$30</td>
<td>$32</td>
</tr>
<tr>
<td>General and administrative</td>
<td>11</td>
<td>48</td>
<td>157</td>
<td>213</td>
</tr>
<tr>
<td>Total</td>
<td>$19</td>
<td>$56</td>
<td>$187</td>
<td>$245</td>
</tr>
</tbody>
</table>

Included in the accompanying financial results are expenses related to depreciation of property and equipment, as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended December 31,</th>
<th></th>
<th>Twelve Months Ended December 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>$764</td>
<td>$411</td>
<td>$2,340</td>
<td>$1,394</td>
</tr>
<tr>
<td>General and administrative</td>
<td>350</td>
<td>284</td>
<td>1,343</td>
<td>1,001</td>
</tr>
<tr>
<td>Total</td>
<td>$1,114</td>
<td>$695</td>
<td>$3,683</td>
<td>$2,395</td>
</tr>
</tbody>
</table>

About Shutterstock

Shutterstock, Inc. (NYSE: SSTK) is a leading global provider of high-quality licensed photographs, vectors, illustrations and videos to businesses, marketing agencies and media organizations around the world. Working with its growing community of over 55,000 contributors, Shutterstock adds tens of thousands of images each week, and currently has available more than 33 million images and 1.5 million video clips.

Headquartered in New York City, with offices in Berlin, Chicago, Denver, London and San Francisco, Shutterstock has customers in more than 150 countries. The Company owns Bigstock, a value-oriented stock media agency; Offset, a high-end image collection; and Skillfeed, an online marketplace for learning.

For more information, please visit http://www.shutterstock.com, and follow Shutterstock on Twitter and on Facebook.

Safe Harbor Provision

The statements contained in this press release that are not purely historical are forward looking statements within the meaning of Section 21E of the Securities and Exchange Act of 1934, including statements regarding the Company's expectations, predictions, beliefs, hopes, intentions or strategies regarding the future. Forward looking statements include statements regarding the Company's business strategy, timing of, and plans for, the introduction of new products and enhancements, future sales, market growth and direction, competition, market share, revenue growth, operating margins and profitability. All forward looking statements included in this document are based upon information available to the Company as of the date hereof. Actual events or results could differ materially from those contained in the Company's current projections or forward-looking statements. It is routine for internal projections and expectations to change as the quarter progresses, and therefore it should be clearly understood that the internal projections and beliefs upon which the Company bases its expectations may change prior to the end of the quarter. Although these expectations may change, the Company assumes no obligation to update any such forward looking statement, whether as a result of new information, future developments or otherwise. Factors that could cause or contribute to such differences include the Company's inability to continue to attract customers and contributors to its online marketplace for commercial digital imagery; a decrease in repeat customer purchases or in content contributed to our online marketplace; the Company's inability to successfully operate in a new and rapidly changing market and to evaluate its future prospects; competitive factors; the Company's inability to prevent the misuse of its imagery; assertions by third parties of infringement or other violations of intellectual property rights by the Company; the Company's inability to increase market awareness of the Company and its services; the Company's
inability to effectively manage its growth; the Company's inability to increase the percentage of its revenues that come from larger companies; the Company's inability to continue expansion into international markets; various income tax and other tax liabilities; failure to respond to technological changes or upgrade the Company's website and technology systems; failure to adequately protect the Company's intellectual property; general economic conditions worldwide; and other factors and risks discussed under the heading “Risk Factors” in the Company’s latest Quarterly Report on Form 10-Q filed with the United States Securities and Exchange Commission on November 8, 2013, and other reports filed by the Company from time to time with the Securities and Exchange Commission. Forward-looking statements in this release are made pursuant to the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995.

Shutterstock, Inc.
Consolidated Balance Sheets
(In Thousands, Except Per Share Data)
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2013</th>
<th>December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 155,355</td>
<td>$ 102,096</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>54,429</td>
<td>-</td>
</tr>
<tr>
<td>Credit card receivables</td>
<td>2,083</td>
<td>1,373</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>6,081</td>
<td>1,738</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>19,809</td>
<td>2,008</td>
</tr>
<tr>
<td>Deferred tax assets, net</td>
<td>5,431</td>
<td>18,760</td>
</tr>
<tr>
<td>Total current assets</td>
<td>243,188</td>
<td>125,975</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>20,256</td>
<td>5,255</td>
</tr>
<tr>
<td>Intangibles assets, net</td>
<td>853</td>
<td>1,040</td>
</tr>
<tr>
<td>Goodwill</td>
<td>1,423</td>
<td>1,423</td>
</tr>
<tr>
<td>Deferred tax assets, net</td>
<td>10,720</td>
<td>13,239</td>
</tr>
<tr>
<td>Other assets</td>
<td>2,048</td>
<td>182</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 278,488</td>
<td>$ 147,114</td>
</tr>
<tr>
<td>LIABILITIES AND STOCKHOLDERS’ EQUITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$ 4,164</td>
<td>$ 2,606</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>23,638</td>
<td>15,606</td>
</tr>
<tr>
<td>Contributor royalties payable</td>
<td>9,180</td>
<td>6,984</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>52,100</td>
<td>37,934</td>
</tr>
<tr>
<td>Term loan facility</td>
<td></td>
<td>6,000</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>2,846</td>
<td>161</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>91,928</td>
<td>69,291</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>3,961</td>
<td>889</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>95,889</td>
<td>70,180</td>
</tr>
<tr>
<td>Commitment and contingencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stockholders’ equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock, $0.01 par value; 200,000 shares authorized; 35,071 and 33,513 shares outstanding as of December 31, 2013 and December 31, 2012, respectively</td>
<td>351</td>
<td>335</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>127,443</td>
<td>48,282</td>
</tr>
<tr>
<td>Accumulated comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>54,796</td>
<td>28,317</td>
</tr>
<tr>
<td>Total stockholders’ equity</td>
<td>182,599</td>
<td>76,934</td>
</tr>
<tr>
<td>Total liabilities and stockholders’ equity</td>
<td>$ 278,488</td>
<td>$ 147,114</td>
</tr>
</tbody>
</table>

Shutterstock, Inc.
Consolidated Statements of Operations
(In Thousands, Except Per Share Data)
(Unaudited)

<p>| | | | | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>Three Months Ended</td>
<td>Twelve Months Ended</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>December 31,</td>
<td>December 31,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Revenue</td>
<td>$ 68,031</td>
<td>$ 49,157</td>
<td>$ 235,515</td>
<td>$ 169,616</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenue</td>
<td>26,102</td>
<td>18,794</td>
<td>90,627</td>
<td>64,676</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>18,499</td>
<td>12,022</td>
<td>56,738</td>
<td>45,107</td>
</tr>
<tr>
<td>Product development</td>
<td>6,464</td>
<td>5,675</td>
<td>21,764</td>
<td>16,330</td>
</tr>
<tr>
<td>General and administrative</td>
<td>6,473</td>
<td>9,709</td>
<td>23,063</td>
<td>21,651</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>55,538</td>
<td>46,200</td>
<td>192,192</td>
<td>147,764</td>
</tr>
<tr>
<td>Income from operations</td>
<td>12,493</td>
<td>2,957</td>
<td>43,323</td>
<td>21,852</td>
</tr>
<tr>
<td>Other income (expense), net</td>
<td>24</td>
<td>(49)</td>
<td>52</td>
<td>(47)</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>12,517</td>
<td>2,908</td>
<td>43,375</td>
<td>21,805</td>
</tr>
<tr>
<td>Provision (benefit) for income taxes</td>
<td>4,660</td>
<td>(26,111)</td>
<td>16,896</td>
<td>(25,738)</td>
</tr>
<tr>
<td>Net income</td>
<td>$7,857</td>
<td>$29,019</td>
<td>$26,479</td>
<td>$47,543</td>
</tr>
</tbody>
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Less:

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</tr>
</thead>
<tbody>
<tr>
<td>Preferred interest distributed</td>
<td>-</td>
<td>2,950</td>
<td>-</td>
<td>9,000</td>
</tr>
<tr>
<td>Undistributed earnings (loss) to participating stockholder/members</td>
<td>21</td>
<td>(2,668)</td>
<td>80</td>
<td>(4,086)</td>
</tr>
<tr>
<td>Net income available to common stockholders/members</td>
<td>$7,836</td>
<td>$28,737</td>
<td>$26,399</td>
<td>$42,629</td>
</tr>
</tbody>
</table>

Net income (loss) per basic share available to common stockholders/members:

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<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributed</td>
<td>$-</td>
<td>$0.27</td>
<td>$-</td>
<td>$1.14</td>
</tr>
<tr>
<td>Undistributed</td>
<td>0.22</td>
<td>0.61</td>
<td>0.78</td>
<td>0.65</td>
</tr>
<tr>
<td>Basic</td>
<td>$0.22</td>
<td>$0.88</td>
<td>$0.78</td>
<td>$1.79</td>
</tr>
</tbody>
</table>

Net income (loss) per diluted share available to common stockholders/members:

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<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributed</td>
<td>$-</td>
<td>$0.27</td>
<td>$-</td>
<td>$1.13</td>
</tr>
<tr>
<td>Undistributed</td>
<td>0.22</td>
<td>0.61</td>
<td>0.77</td>
<td>0.66</td>
</tr>
<tr>
<td>Diluted</td>
<td>$0.22</td>
<td>$0.88</td>
<td>$0.77</td>
<td>$1.79</td>
</tr>
</tbody>
</table>

Weighted average shares outstanding:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>34,935,495</td>
<td>32,497,727</td>
<td>33,878,494</td>
<td>23,785,299</td>
</tr>
<tr>
<td>Diluted</td>
<td>35,619,474</td>
<td>32,681,570</td>
<td>34,426,009</td>
<td>23,833,223</td>
</tr>
</tbody>
</table>

Shutterstock, Inc.
Reconciliation of Non-GAAP Financial Information to GAAP
(In Thousands, Except For Share And Per Share information)
(UNAUDITED)

Unaudited Supplemental Data
The following information is not a financial measure under generally accepted accounting principles (GAAP). In addition, it should not be construed as an alternative to any other measures of performance determined in accordance with GAAP, or as an indicator of our operating performance, liquidity or cash flows generated by operating, investing and financing activities as there may be significant factors or trends that it fails to address. We present this financial information because we believe that it is helpful to some investors as one measure of our operations. 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 results with our results from other reporting periods and with the results of other companies.

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended December 31,</th>
<th>Twelve Months Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Net income</td>
<td>$7,857</td>
<td>$29,019</td>
</tr>
<tr>
<td>Add/(less):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Depreciation and amortization</td>
<td>1,133</td>
<td>751</td>
</tr>
<tr>
<td>(b) Non-cash equity based compensation</td>
<td>1,786</td>
<td>7,558</td>
</tr>
<tr>
<td>(c) Interest (income)/expense, net</td>
<td>(24)</td>
<td>49</td>
</tr>
<tr>
<td>(d) Provision for income taxes</td>
<td>4,660</td>
<td>(26,111)</td>
</tr>
<tr>
<td>Adjusted EBITDA (1)</td>
<td>$15,412</td>
<td>$11,266</td>
</tr>
<tr>
<td>Adjusted EBITDA per diluted common share</td>
<td>$0.43</td>
<td>$0.34</td>
</tr>
</tbody>
</table>

Weighted average diluted shares:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>35,619,474</td>
<td>32,681,570</td>
<td>34,426,009</td>
<td>23,833,223</td>
</tr>
<tr>
<td>Diluted</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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<td>(a) Non-cash equity based compensation</td>
<td>1,786</td>
<td>7,558</td>
</tr>
</tbody>
</table>
Non-cash equity based compensation tax benefit
(b) (510) (1,136) (1,712) (1,136)
One-time tax benefit due to reorganization to a corporation
(c) - (28,811) - (28,811)
Non-GAAP net income
Non-GAAP net income per diluted common share
Weighted average diluted shares

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>December 31,</td>
<td>December 31,</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$23,912</td>
<td>$12,646</td>
</tr>
<tr>
<td>Interest (expense)/income, net</td>
<td>24</td>
<td>(49)</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(9,280)</td>
<td>(540)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$14,608</td>
<td>$12,155</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$15,412</td>
<td>$11,266</td>
</tr>
<tr>
<td>Add/(less):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Changes in operating assets and liabilities</td>
<td>10,164</td>
<td>6,131</td>
</tr>
<tr>
<td>(b) Provision for income taxes</td>
<td>(4,660)</td>
<td>26,111</td>
</tr>
<tr>
<td>(c) Deferred income taxes</td>
<td>762</td>
<td>(31,049)</td>
</tr>
<tr>
<td>(d) Excess tax benefit from exercise of stock options</td>
<td>1,885</td>
<td>-</td>
</tr>
<tr>
<td>(e) Provision for doubtful accounts/chargeback reserve</td>
<td>325</td>
<td>195</td>
</tr>
<tr>
<td>(f) Interest (expense)/income, net</td>
<td>24</td>
<td>(49)</td>
</tr>
<tr>
<td>(g) Amortization of financing fees</td>
<td>-</td>
<td>41</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$23,912</td>
<td>$12,646</td>
</tr>
</tbody>
</table>

(1) Earnings/(loss) before interest income/(expense), income taxes, depreciation, amortization, non-cash equity based compensation and other non-cash charges.

SOURCE Shutterstock, Inc.

Meagan Kirkpatrick, Shutterstock, Inc., mkirkpatrick@shutterstock.com, +1-646-402-2854, Denise Garcia, ICR, denise.garcia@icrinc.com