

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **February 28, 2023**

Shutterstock, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-35669
(Commission
File Number)

80-0812659
(IRS 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)
Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Class	Trading symbol	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	SSTK	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

- Emerging growth company
- 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.

Item 7.01 Regulation FD Disclosure.

On Tuesday, February 28, 2023, the Company hosted a virtual Investor Day from its global headquarters in the Empire State Building in New York, NY. The presentation discussed the company's vision, strategy and financial outlook and is attached hereto as Exhibit 99.1 to this report. This presentation will also be available in the "Investor Presentations" section of the Company's website at investor.shutterstock.com.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1 attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

99.1 Shutterstock, Inc. Investor Day 2023 Presentation

104 Cover Page Interactive Data File - The cover page XBRL tags are embedded within the Inline XBRL document.

EXHIBIT INDEX

Exhibit No.	Exhibit Description
99.1	Shutterstock, Inc. Investor Day 2023 Presentation
104	Cover Page Interactive Data File - The cover page XBRL tags are embedded within the Inline XBRL document.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SHUTTERSTOCK, INC.

Dated: February 28, 2023

By: /s/ Jarrod Yahes
Jarrod Yahes
Chief Financial Officer

shutterstock

Investor Day 2023

February 28, 2023



Forward Looking Statement

Information set forth in this communication contains forward-looking statements, including without limitation, the long-term effects of investments in our business, the future success and financial impact of new and existing product offerings; our ability to consummate acquisitions and integrate the businesses we have acquired or may acquire into our existing operations; our future growth, margins and profitability; our long-term strategy and our performance targets including 2023 guidance. Actual results or trends could differ materially from our forecast.

For more information, please refer to the reports we file with the SEC from time to time, including the risk factors discussed in our most recently filed Form 10-K, for discussions of important risk factors that could cause actual results to differ materially from any forward-looking statements we may make in this communication.

We will be discussing certain non-GAAP financial measures today, including adjusted EBITDA and adjusted EBITDA margin. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures can be found in the appendix to this presentation. We have no obligation to, and do not intend to, update any forward-looking statements.

Today's Presenters



Paul Hennessy
Chief Executive Officer



Jarrod Yahes
Chief Financial Officer



Meghan Schoen
Chief Product Officer



Sejal Amin
Chief Technology Officer



Dade Orgeron
Vice President, 3D Innovation



Candice Murray
Vice President, Editorial



Aiden Darné
Vice President, Studios

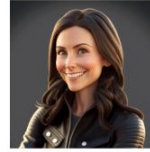
Today's...avatars



Paul Hennessy
Chief Executive Officer



Jarrod Yahes
Chief Financial Officer



Meghan Schoen
Chief Product Officer



Sejal Amin
Chief Technology Officer



Dade Orgeron
Vice President, 3D Innovation



Candice Murray
Vice President, Editorial



Aiden Darné
Vice President, Studios

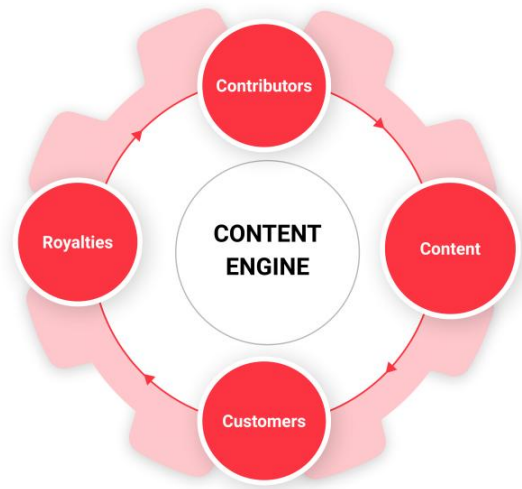
Agenda

1. **A Powerful Business Model**
2. **Content Engine – Differentiated Creative Ingredients**
 - a. **3D**
 - b. **Editorial**
3. **Creative Engine – Extending Our Customer Relationships**
 - a. **Creative Flow**
 - b. **Studios**
4. **Data Engine – Unlocking Our Content's Power**
 - a. **Data Training Sets**
 - b. **Generative AI**
5. **Financial Discussion**
6. **Closing Thoughts**
7. **Q&A**

Over the Last 20 Years, Shutterstock Has Built a Durable Content Engine

"As a serial entrepreneur and small business owner, finding quality content for my marketing needs was a limiting factor. There was no place to buy images in an easy and cost-effective way. There were a couple of stock agencies at the time, but they weren't designed for the Internet. They were still quoted in print runs and it was just really old school stuff. I realized that legally cleared global royalty-free photos were really hard to find. By starting Shutterstock in 2003, I was solving my own problem as a business owner."

- Founder & Executive Chairman Jon Oringer



At the Time of Shutterstock's 2012 IPO

- | | |
|--|--|
|  Stock image-centric |  >19 million images |
|  Ecommerce channel-driven |  >500,000 videos |





Our Content Engine Drives Global Scale Resulting in a Powerful Business Model

Comprehensive Content Library

 600 million Images	 45 million Videos	 2 million Music Tracks	 2 million Sound Effects	 1.2 million 3D Models
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The Industry's Largest Content Library
Video Library 2x Larger Than Nearest Competitor

Global Scale and Operating Leverage

 \$828 million 2022 Revenue	 26.3% 2022 EBITDA Margin	 57% Revenue ex- North America	 1,328 Full Time Employees
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20% Annualized EBITDA Growth (2018-2022)
Opportunity to Achieve 30%+ EBITDA Margins

Thriving Marketplace

 2.3 million Contributors	 2.3 million Customers	 6 Downloads Per Second
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Contributor Base Doubled in 3 Years

Large Subscription Revenue Stream

 586k Subscribers	 42% Subscription Revenue as % Total Revenue
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Subscriber Base Tripled in 3 Years

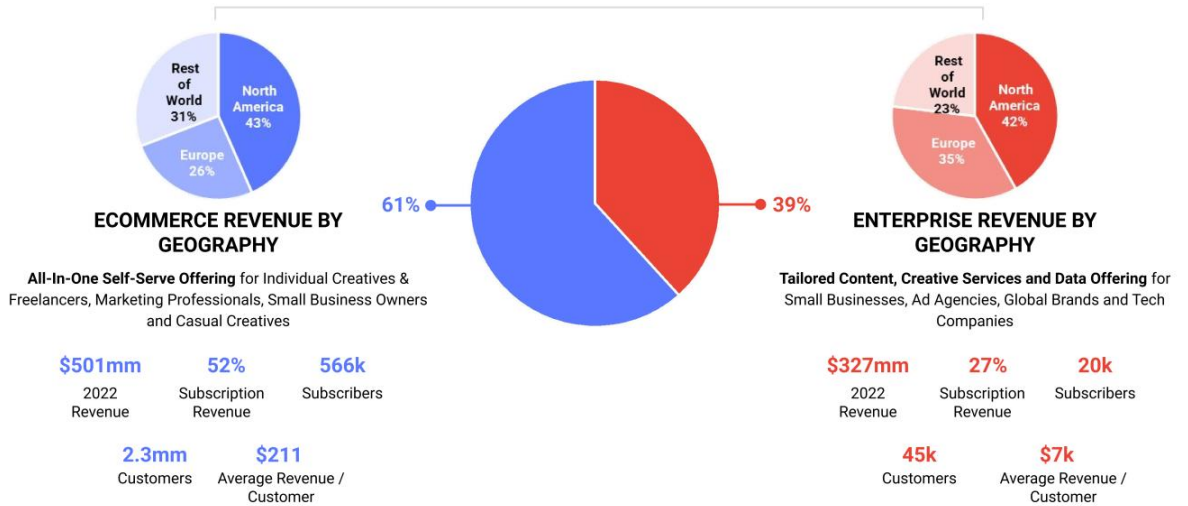
Strong Reach into Enterprises

 45k Enterprise Customers	 Mid-90s Revenue Retention	 24% Increase in Deals >\$100k in 2022
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Subscription Bookings Up 27% in 2022

We Serve Our Customers Through Multiple Channels

shutterstock



Our Content Engine has Consistently Expanded into Faster Growing TAM's

		Size	Growth
Digital Advertising, Social Media, Websites	  Images	\$4.3B	6% CAGR
Music Streaming, Audio for the Metaverse, Digital Video Advertising, Podcasting	  Music	\$1.3B	7% CAGR
Digital Video Advertising, Streaming Video on Demand, Film & TV	  Videos	\$0.7B	7%+ CAGR
Metaverse, Augmented Reality & Virtual Reality, Gaming	  3D Models	\$1.3B	10%+ CAGR
Creator Economy, Democratization of Creative Design Software	  Creative Software Tools	\$8.2B+	10%+ CAGR

Source: Industry research and management estimates. Stock Images, Music and Video 2022 Market Size and Market Growth Estimates based on 2022 Technavio reports. 3D 2022 Market Size Estimates based on Proficient Market Insights "Global 3D Models Industry Research Report 2023." Creative Software Tools 2022 Market Size Estimates based on "Statista Creative Software - Worldwide Market Forecast" report.

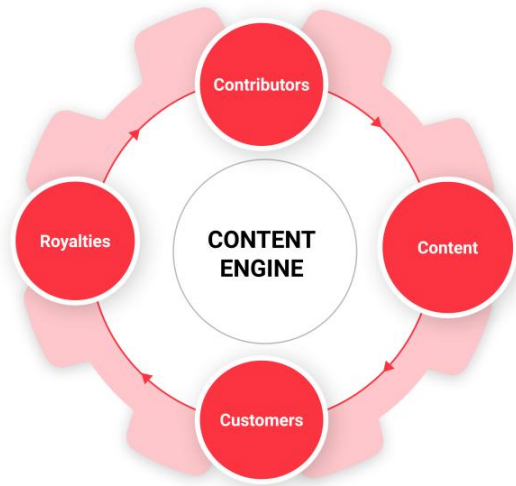
shutterstock[®] mission

Shutterstock is **the end-to-end creative partner that empowers customers to tell the best versions of their stories**. Our teams capture the moments, develop the tools, deliver the services, and provide the ingredients needed to simplify and supercharge creative storytelling.

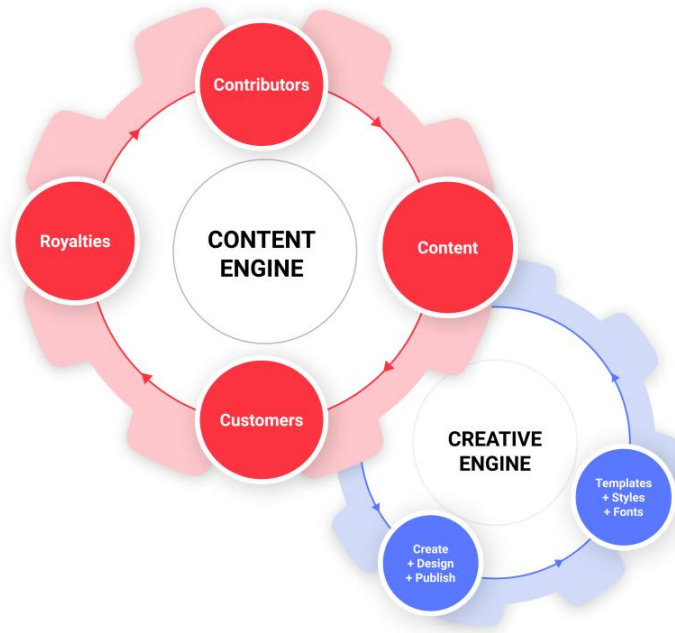
shutterstock[®] purpose

We bridge the gap between idea, design and execution, inspiring the world to **create with confidence**.

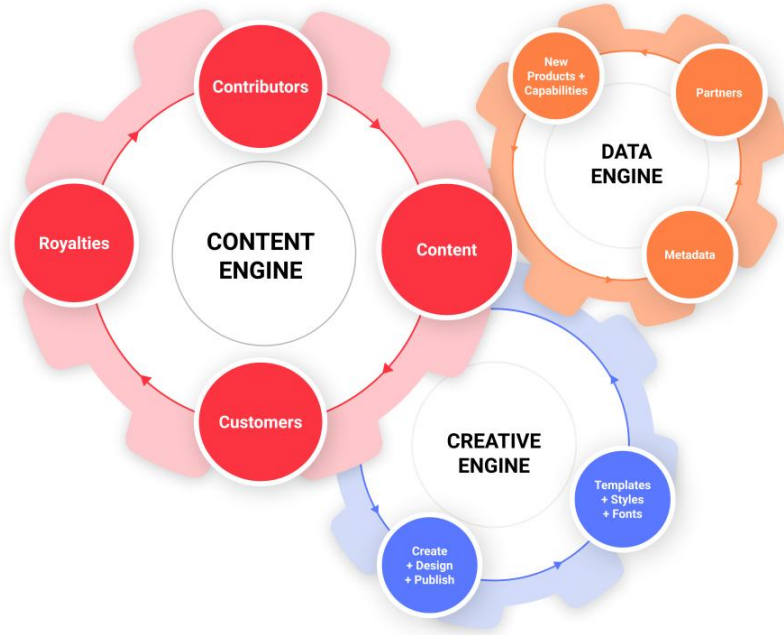
Our Content Engine Will Continue to Power the Core



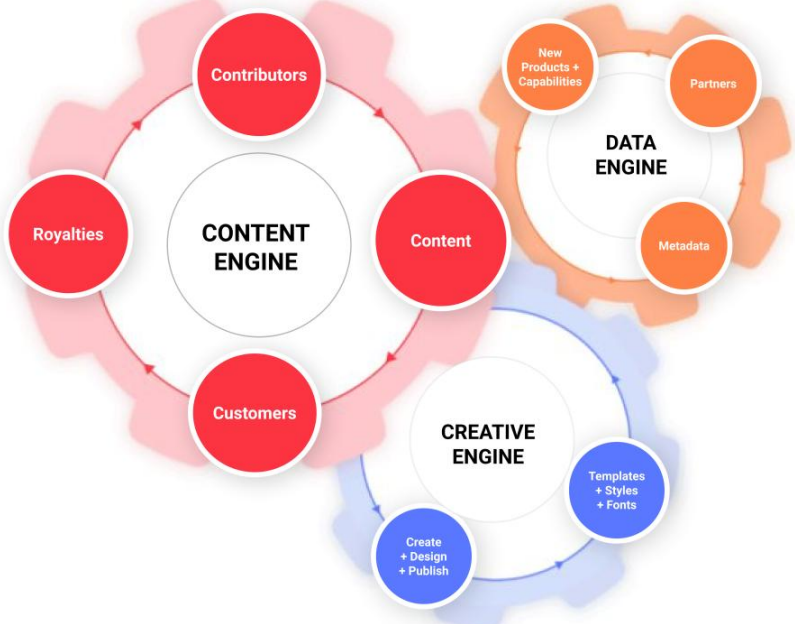
Extend Our Customer Relationships and Create New Content Opportunities



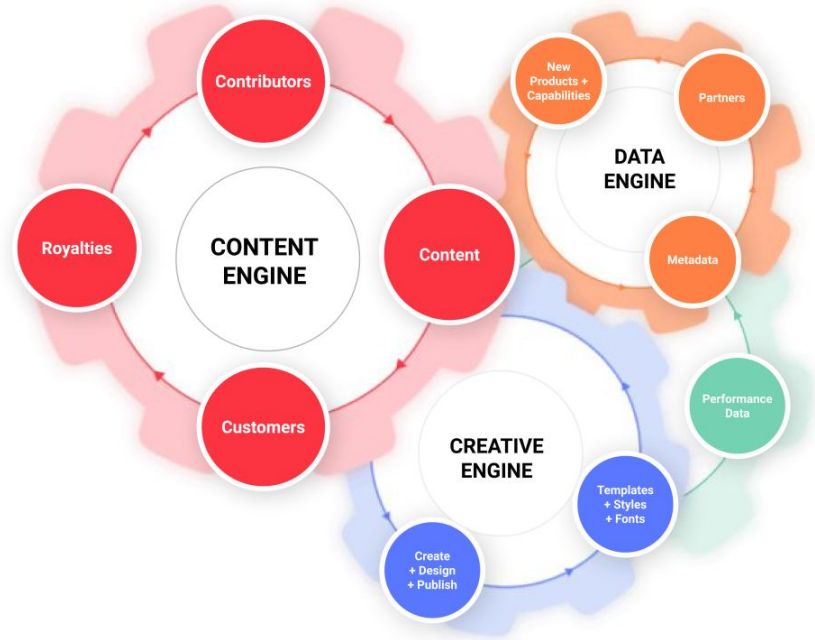
Unlock New Verticals, Products and Capabilities



While in Different Stages of Maturity, Each Element of Our Platform Accelerates The Other



Unlocking Additional Gears + Growing a Powerful & Differentiated Machine



Our Creative and Data Engines Extend Us Into New Growth Areas and Further Entrench Us With Existing Customers

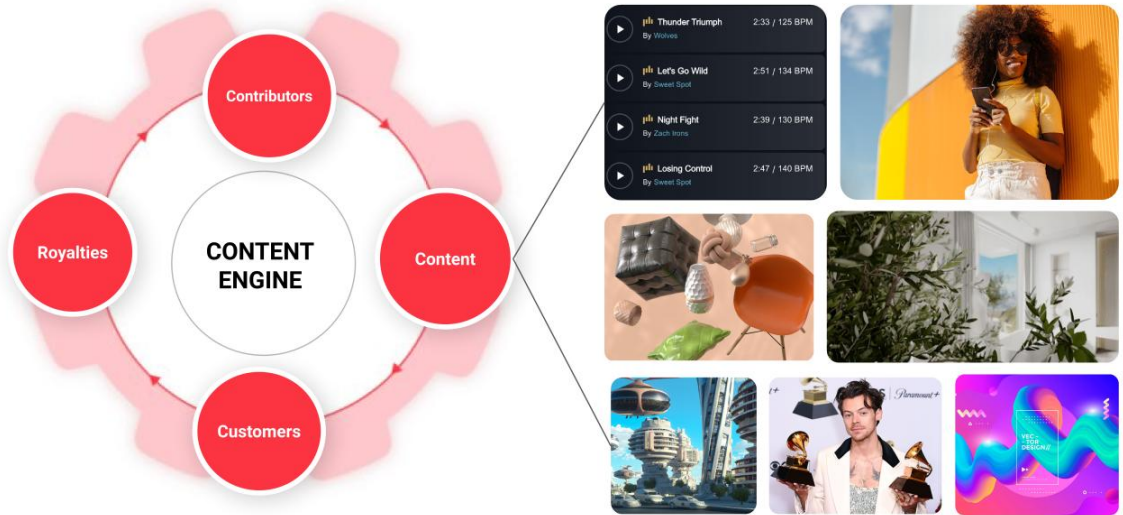


Content Engine - Differentiated Creative Ingredients

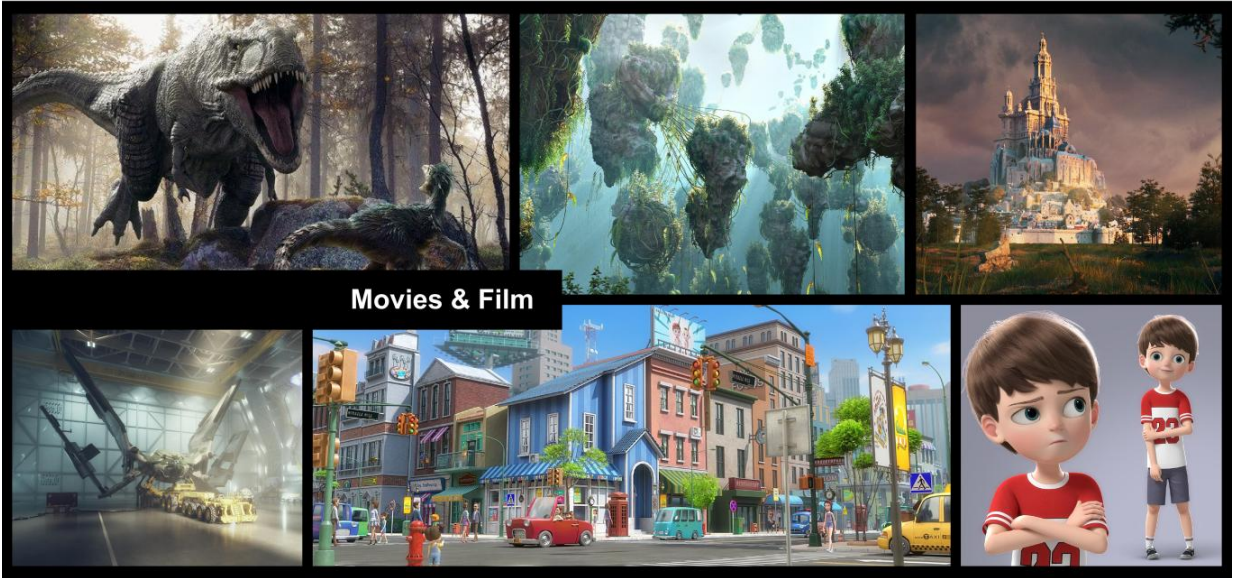
Dade Orgeron, VP 3D Innovation | Candice Murray, VP Editorial



Differentiated Content Ingredients Purpose-Built for Better Storytelling



3D Enables Creators To Tell Seemingly Impossible Stories



Movies & Film

shutterstock

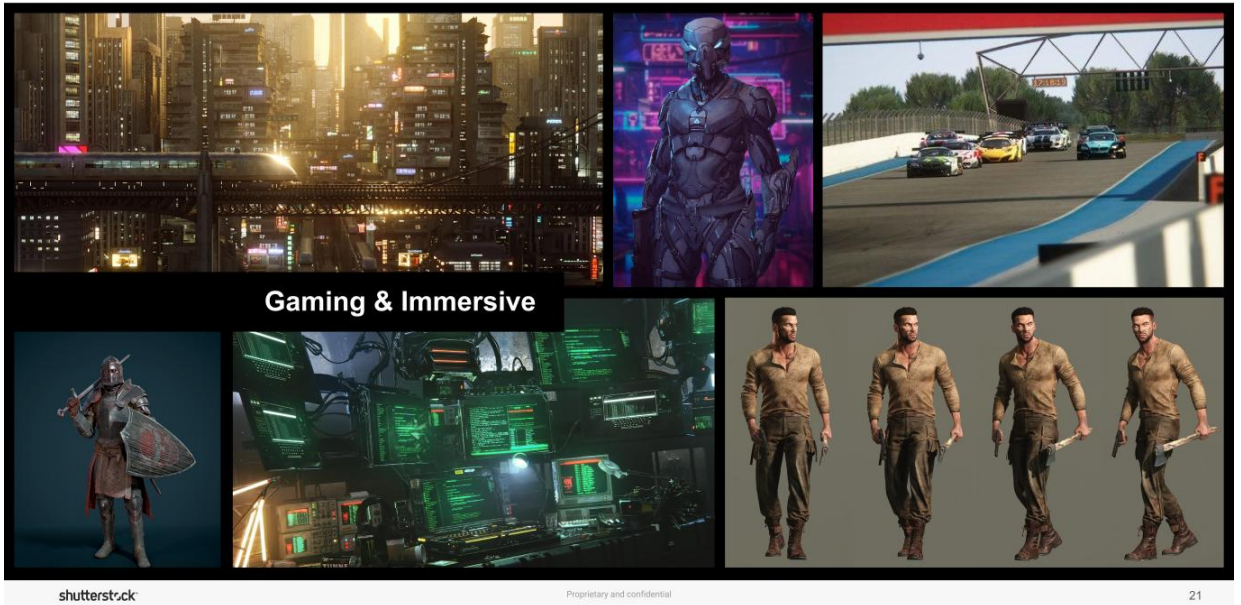
Proprietary and confidential

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3D Enables Creators To Visualize Possibilities



3D Enables Creators To Immerse The Viewer



Extending 3D Content To New Horizons

New technologies are opening the door for more industries to enter the 3D space

Machine Learning

Drive Simulation
Manufacturing
Shipping Logistics

Metaverse & Web3

Gamevertising
Immersive Advertising
Brand Loyalty

AR/VR/MR

Surgical Visualization
Healthcare Education & Training
Patient Education

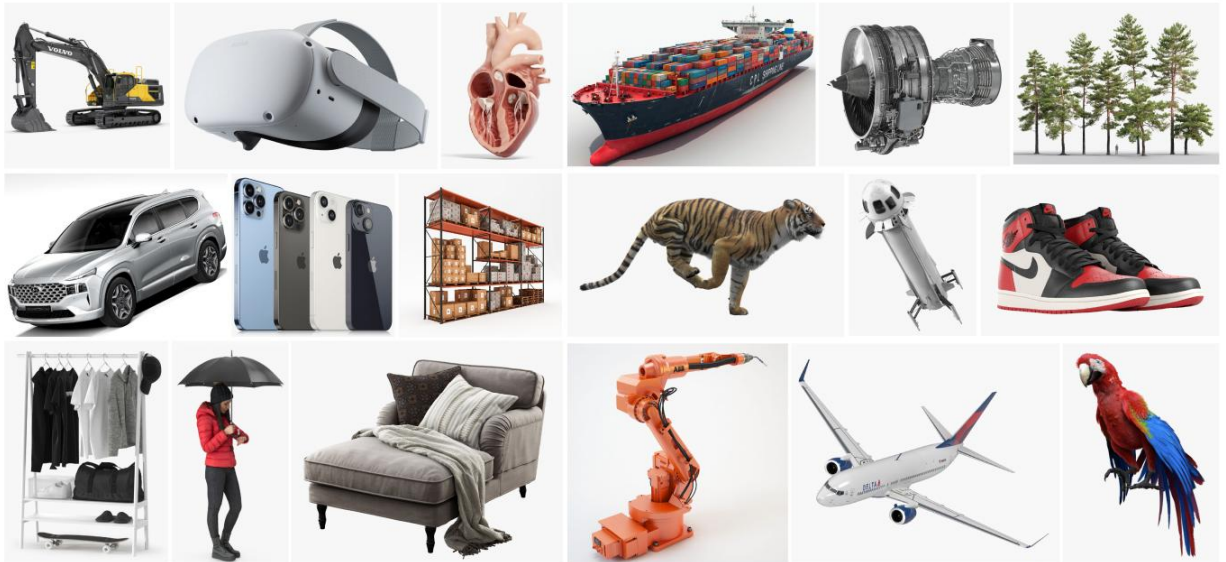


shutterstock

Proprietary and confidential

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Meeting The Growing Demand For 3D Content



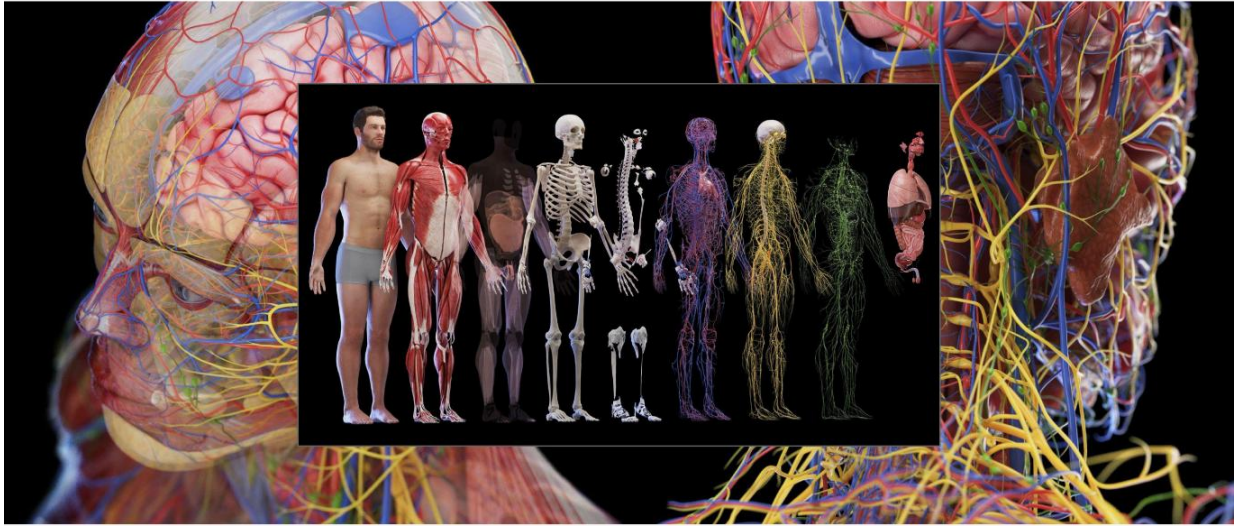
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Case Study: SciePro Human Anatomy

TurboSquid contributor SciePro has created a detailed, anatomically correct and comprehensive model of the male anatomy in 3D

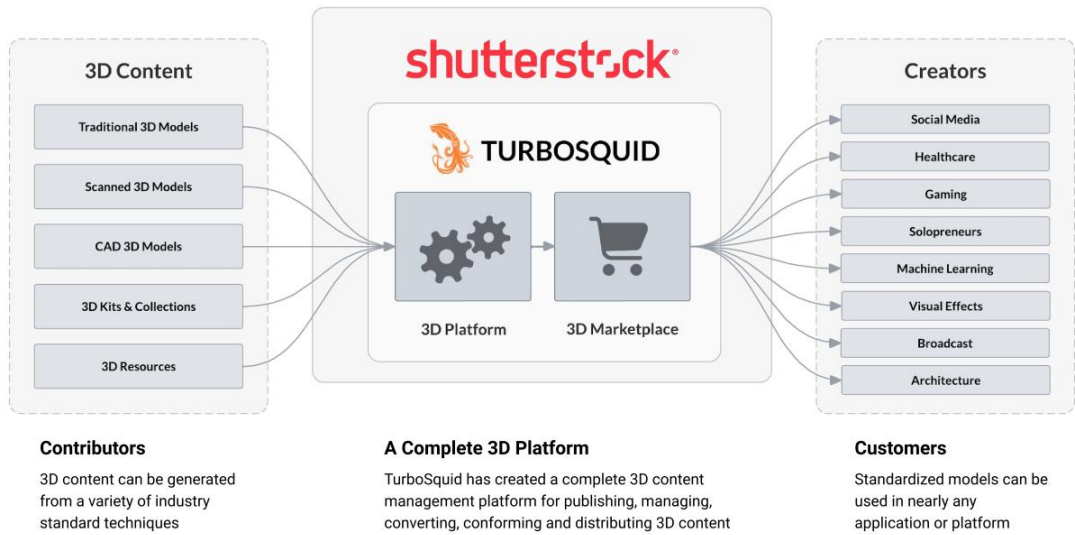


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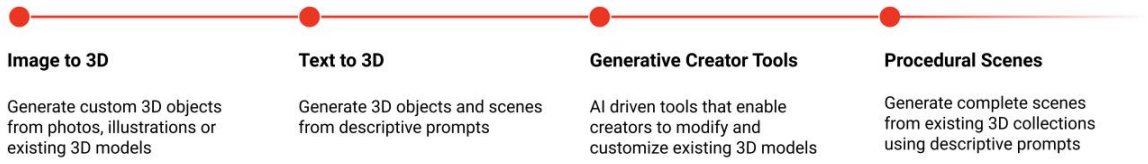
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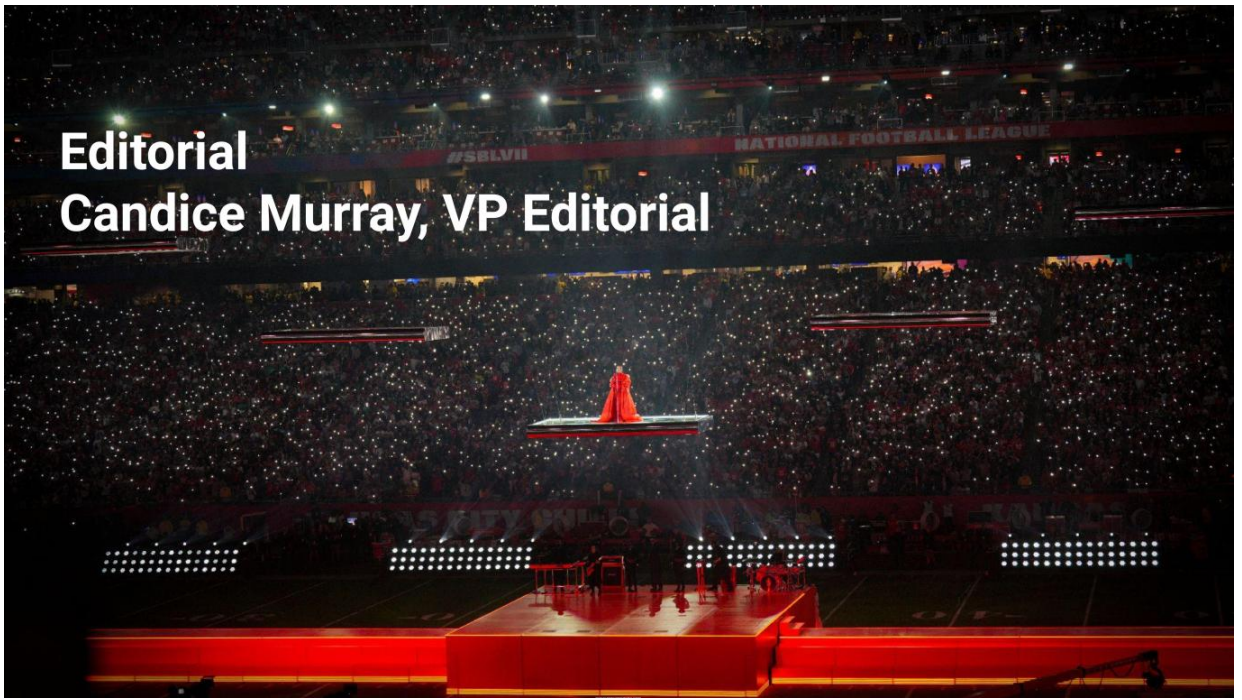
Releasing 3D From The Walled Garden Through Standardization



Generative AI Will Unleash 3D To The Masses



Editorial
Candice Murray, VP Editorial



Why Our Editorial Business Matters

Shutterstock Editorial

Covers Top Stories across Entertainment, News, Sports, Royals, Fashion & More

10k+ events each year

Awards season, premieres, playoffs and championships, after-parties, VIP events, music festivals, fashion shows, branded events, sponsorships, product launches and so much more

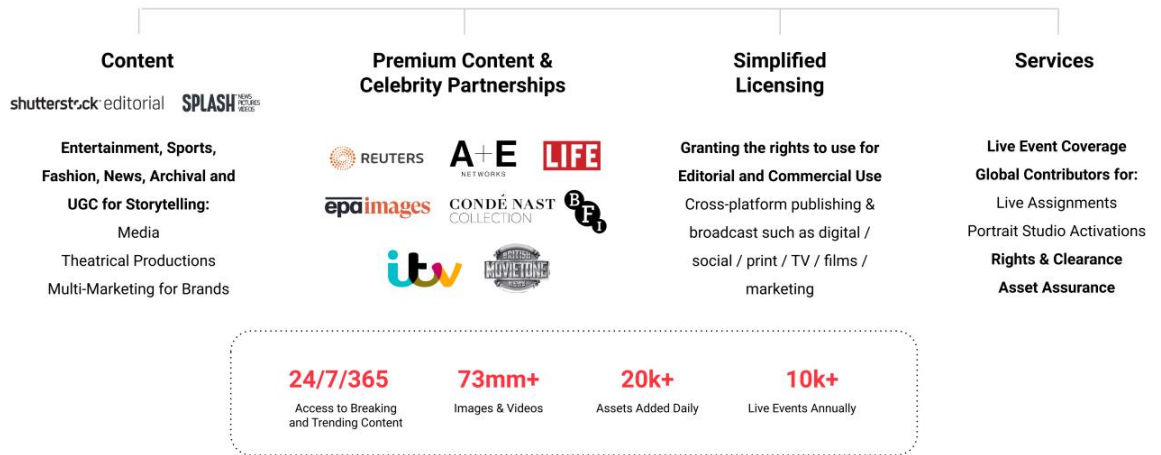
Splash News

Covers Breaking News and Developing Stories across Entertainment & Celebrity Worldwide

24 / 7 / 365

Breaking News Team, feeding stories in real-time, straight to news desks at global media and publishing brands worldwide

Shutterstock Editorial is a Full-Service Global Operation



Billions of Connections Everyday through Mass Global Use

The force behind the content that reaches audiences and global communities daily through print, digital, social, film, streaming, television, branding and more!



Editorial Content & Services is Highly Impactful for Shutterstock

Our Strategic Rationale

- Complementary extension of our marketplace
- Expansion of relationships with news & media
- Resilient through challenging economic cycles
- Massive branding opportunity



How We Win

- Continue growing network of photographers & videographers
- Innovate pricing & packaging, including subscription products
- Partner with Studios to deliver full suite of live event coverage
- Partnerships with brands & talent
- Scale our Live Assignment business for immediate impact



Our Brand Name Powers Global Headlines: Live Assignments & Brand Partnerships

audible 

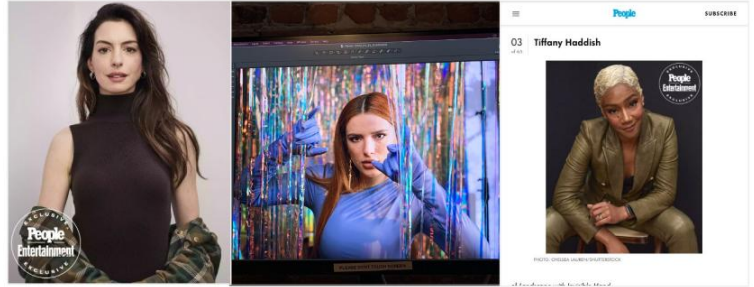


Audible Listening Lodge, Sundance Film Festival, Park City, Utah, USA - 19 Jan 2023

Canon

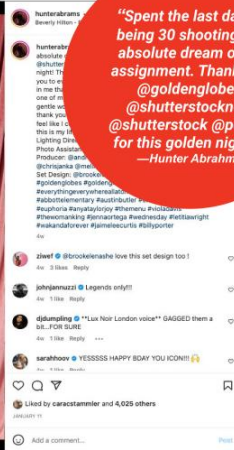
People

Entertainment



Celebs @ The Sundance SSTK Portrait Studio: Anne Hathaway, Bella Thorne, Tiffany Haddish

Our Brand Name Powers Global Headlines: Golden Globes 2023



"Spent the last day of being 30 shooting my absolute dream of an assignment. Thank you @goldenglobes @shutterstock @people for this golden night!!"
—Hunter Abrahms Insta




Our Brand Name Powers Global Headlines: Super Bowl LVII

Performances

People SUBSCRIBE

"Run This Town" and "Umbrella," before ending with a crowd-rising rendition of her hit song, "Diamond."

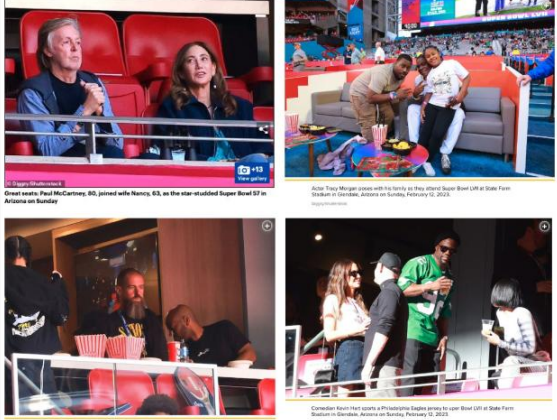


Rihanna. PHOTO: MATT SIOCLUM/AFP/SHUTTERSTOCK

The set started with Rihanna balancing on a platform hanging high above the field and ended with her walking up and down a stage that almost ran the length of the field. Throughout the show, she was surrounded by dancers wearing white puffy spacesuits.

Celebs & VIPS

Page Six



Green screen: Paul McCarty, 80, joined wife Nancy, 63, on the star-studded Super Bowl LVII in Arizona on Sunday.

Academy Award winner Tracy Morgan poses with his family as they attend Super Bowl LVII at State Farm Stadium in Glendale, Arizona on Sunday, February 12, 2023.

Twitter threader Jacki Orfanedes watches Super Bowl LVII from a suite at State Farm Stadium in Glendale, Arizona on Sunday, February 12, 2023.

Comedian Kevin Hart sports a P!nk lipgloss lipstick as he goes to cheer Super Bowl LVII at State Farm Stadium in Glendale, Arizona on Sunday, February 12, 2023.

Our Brand Name Powers Global Headlines: Breaking News

Breaking News

Daily Mail .com TV & Showbiz

EXCLUSIVE: Megan Fox and fiancé Machine Gun Kelly look visibly upset as they leave marriage counseling office - amid cheating rumors and speculation of split

EXCLUSIVE Megan Fox and fiancé Machine Gun Kelly look visibly upset as they leave marriage counseling office - amid cheating rumors

Megan Fox and Machine Gun Kelly looked tense as they left a marriage counseling office in California on Monday - amid split speculation.

Share 72 41 comments

2 videos



Working on it. The actress, 36, who first sparked the breakup speculation on Saturday when she deleted all her social media photos with the rapper, 32, looked tense as she stepped out of the building with her on-off fiancé.


Our Brand Name Powers Global Headlines: Breaking News

First Sightings

THE U.S. Sun

ENTERTAINMENT LIFESTYLE MONEY HEALTH SPQ

TV



EXCLUSIVE

Entertainment > TV

READY TO MINGLE? GMA's TJ Holmes' ex Marilee Fiebig ditches wedding ring as she's seen clutching roses in 1st pic since Amy Robach affair

Trending

Daily Mail News

Home U.K. Sports U.S. Science Australia Travel Health Science Money Video Travel Blog

Gisele Bundchen is a doting mother as she takes daughter Vivian, 10, and son Benjamin, 13, shopping in Miami



Doting Gisele Bundchen stepped out with her children Vivian and Benjamin on Saturday as they went shopping in Miami's Bal Harbour

One of the largest
Royal archives
globally

Dedicated Royal
photographer





LIFE Christian Dior,
30 Avenue Montaigne in Paris 1957



▶ Christian Dior,
30 Avenue Montaigne in Paris 2022

Shutterstock Editorial: End-to-End Solutions that Power Global Storytelling

[Right Click Here to Open
Video in New Window](#)

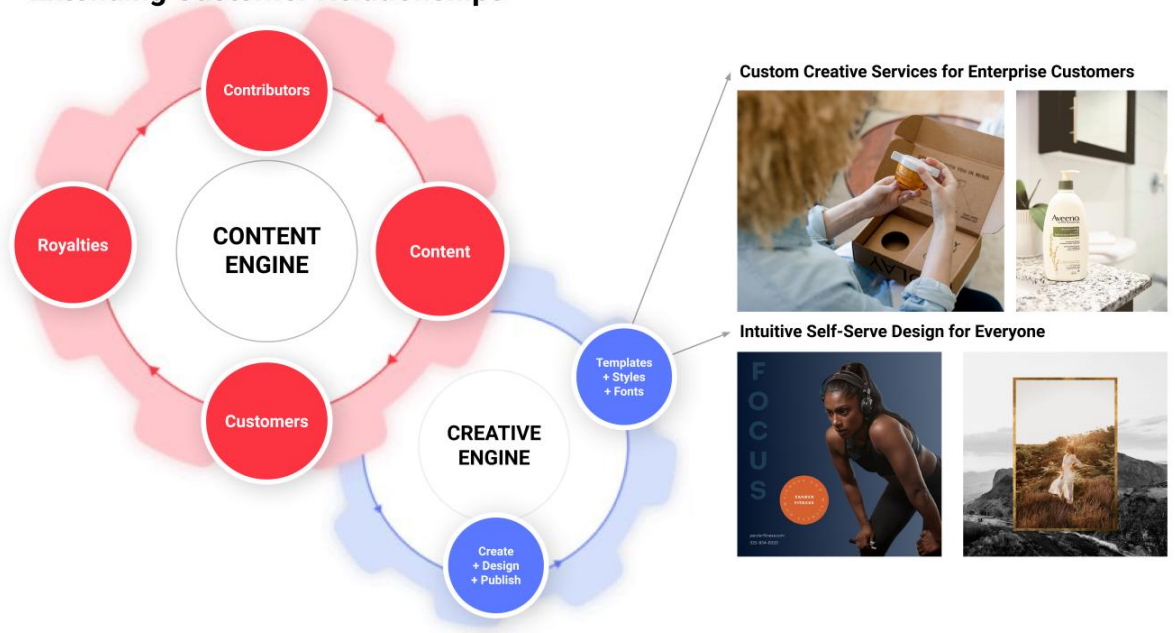


Creative Engine - Extending Our Customer Relationships

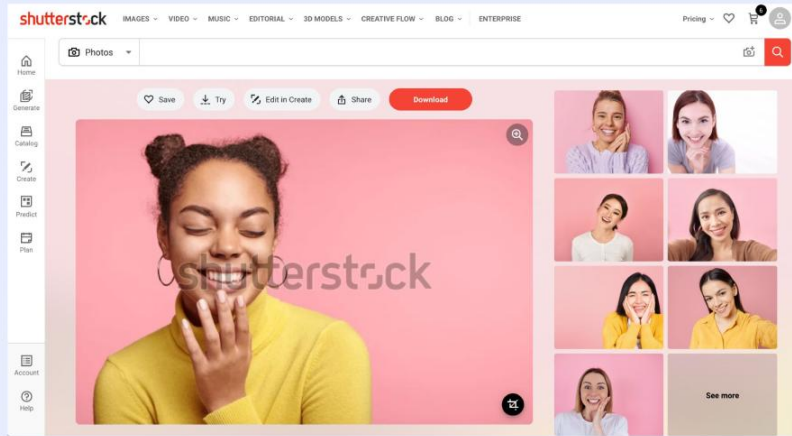
Meghan Schoen, Chief Product Officer | Aiden Darne, VP Studios



Extending Customer Relationships

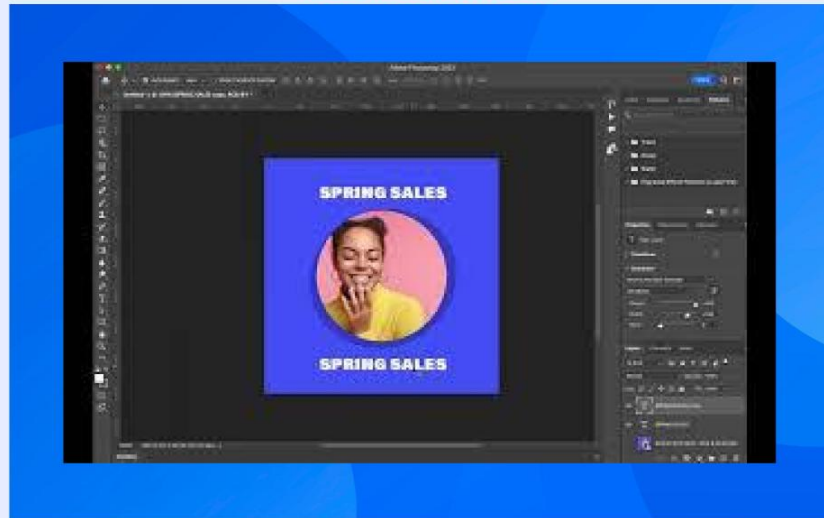


In The Past, They Would Discover With Us & Do Work Elsewhere

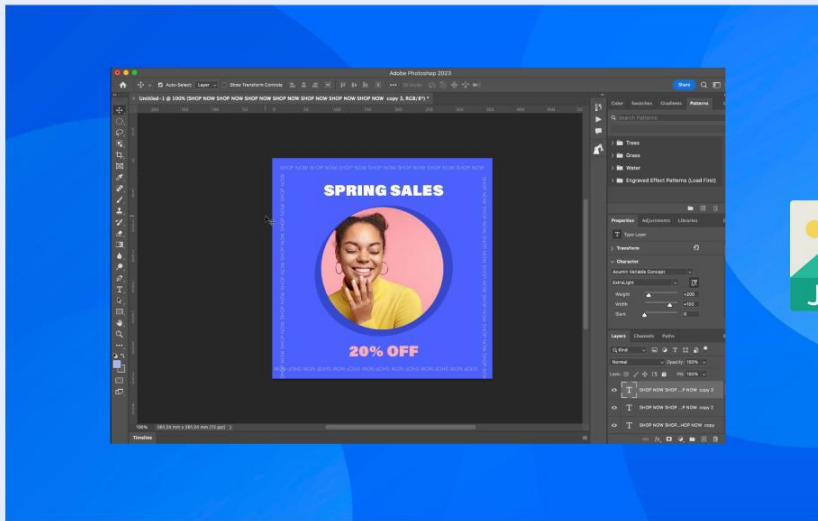


...and Doing Their Work Isn't Easy

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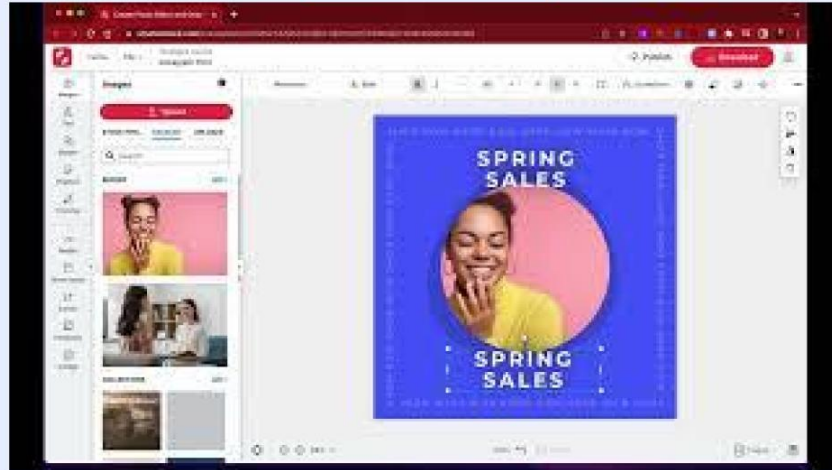


Download & Upload Fatigue Across Multiple Platforms



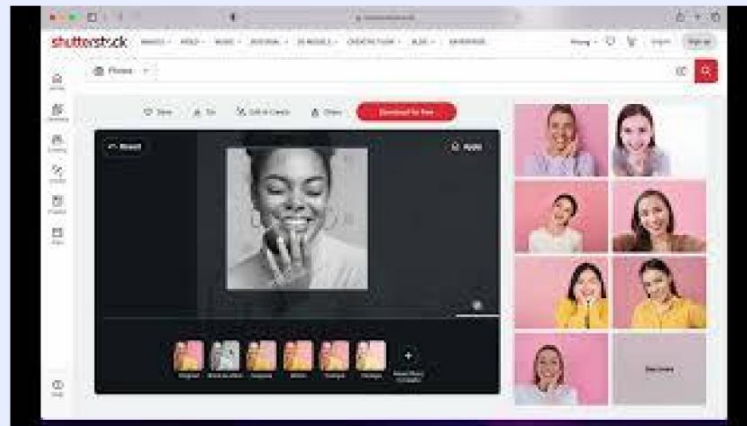
Fewer Clicks + Zero Learning Curve + Same Output

[Right Click Here to Open Video in New Window](#)



Making It Easier To Try Before You Buy

[Right Click Here to Open Video in New Window](#)



Data → Insights → Better Outcomes

The original advertisement features a blue background with a central pink circle containing a woman in a yellow top. The text 'SHOP NOW' is repeated vertically on both sides. The main text reads 'SPRING SALES' and '20% OFF'. Annotations include a color palette with four circles (blue, red, blue, light blue), a typeface callout for 'Montserrat', a photo callout describing the woman's expression and background, and a template callout for 'circle centered, square post'.

Typeface: Montserrat

Photo: Cheerful portrait, closes eyes, smile, pink wall...

Template: circle centered, square post

The optimized advertisement features a purple background with a central pink circle containing a woman in a pink top. The text 'SHOP NOW' is repeated vertically on both sides. The main text reads 'SPRING SALES' and '20% OFF'. Performance metrics are shown: a 91% increase in the top left, a 93% increase in the bottom left, and an 86% increase in the top right. A color palette with four circles (purple, pink, purple, yellow) is located in the bottom left.

91%

93%

86%

Accelerating The Content Engine

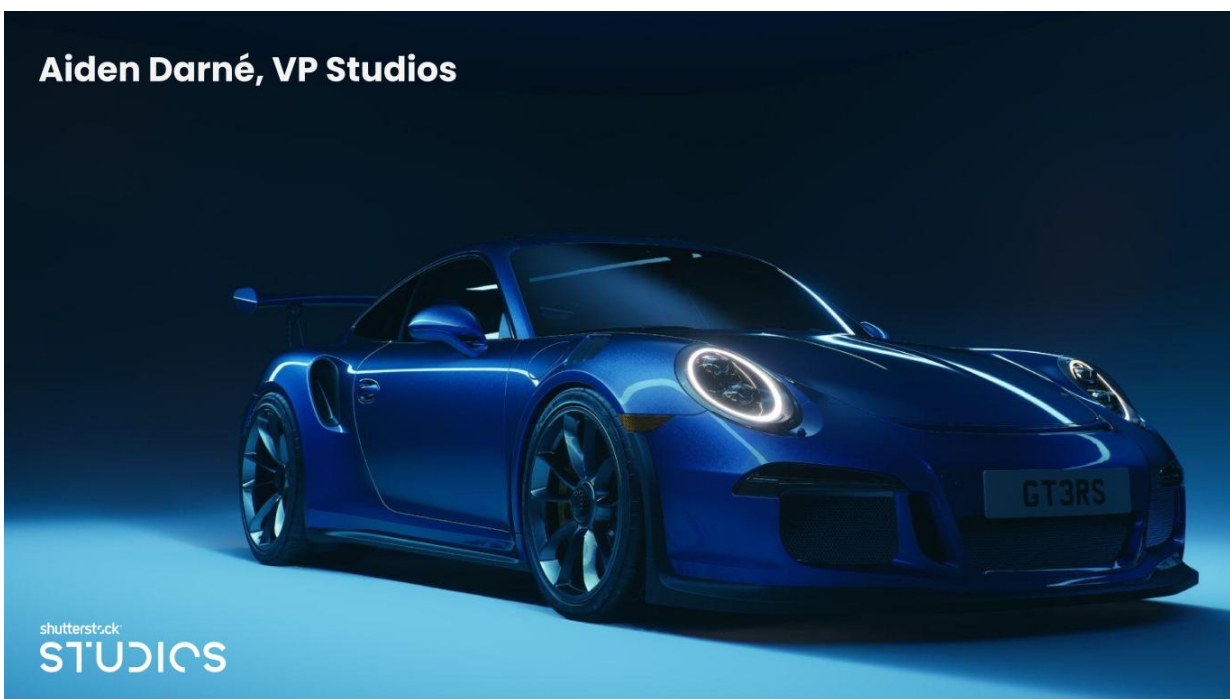


Conference campaign kit



Campaign automated with Creative Flow

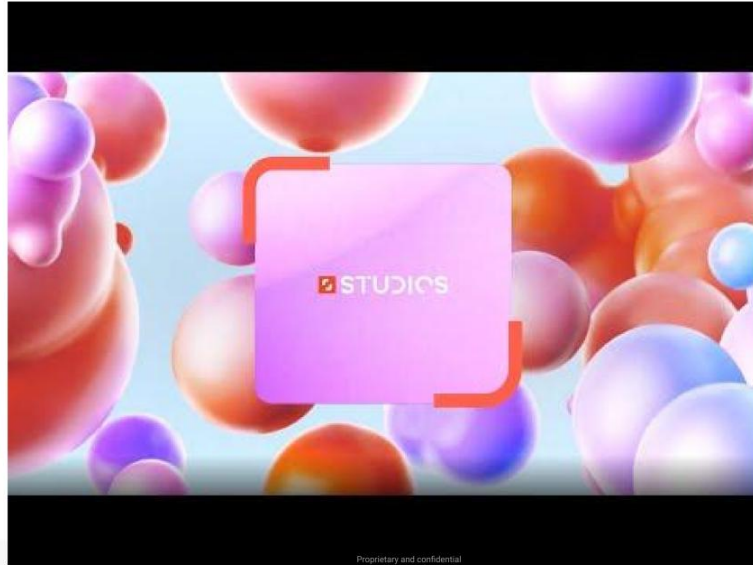
Aiden Darné, VP Studios



shutterstock
STUDIOS

Shutterstock Studios Provides End-to-End Production Services for Any Need

[Right Click Here to Open
Video in New Window](#)



Your Global Production Studio



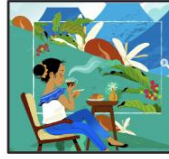
Production capabilities



Photography



Video



Illustration



Experiential
Marketing



Event Production



3D Content



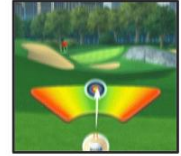
3D Animation



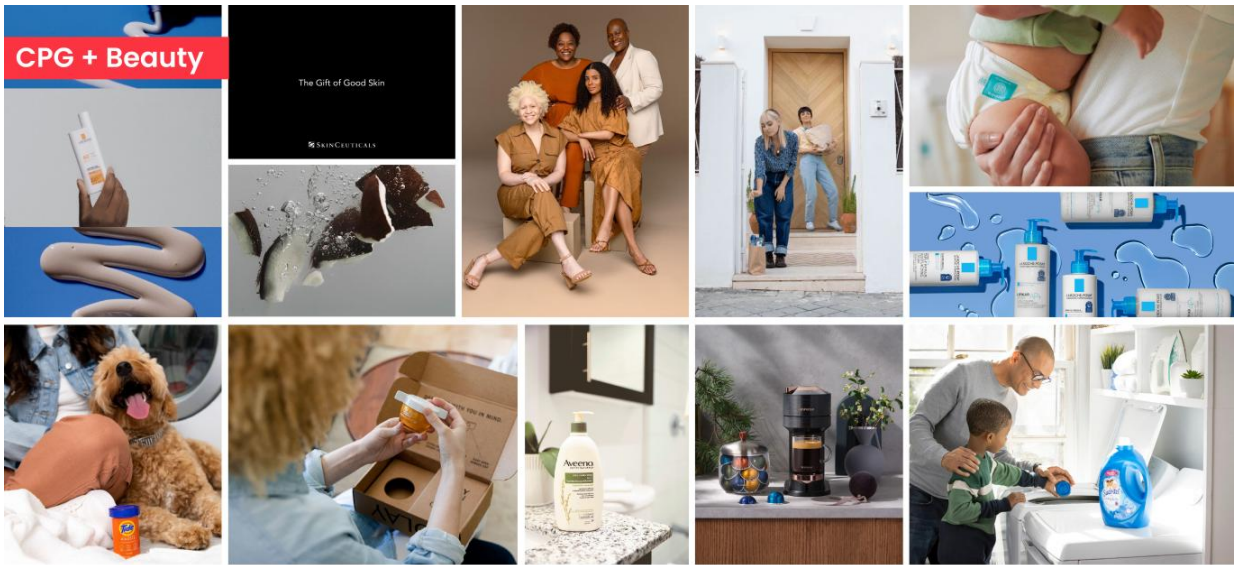
AR



VR



Games



P&G

General Mills

L'ORÉAL PARIS

Allergan Aesthetics

LA ROCHE-POSAY
LABORATOIRE PHARMACEUTIQUE

Nestlé

Aveeno.

VERB

SKINCUTICALS

NESPRESSO

Häagen-Dazs

STUDIOS

Proprietary and confidential

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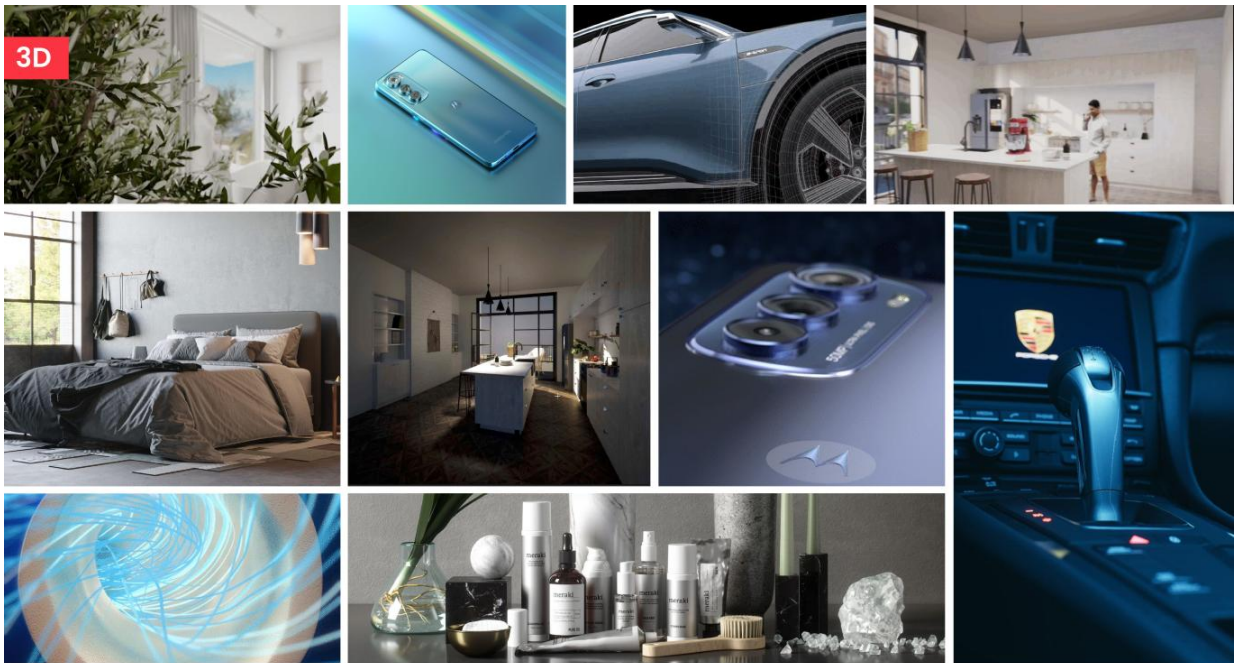


Allergan
Aesthetics

biovanta

McCANN
HEALTH

Johnson & Johnson



How We're Winning:

- 1 Global Production Expertise - Unrivaled Global Creative Network
- 2 Unmatched 3D Strategy - With Deep Multi-Platform Expertise
- 3 Highly Versatile World Class Production Capabilities
- 4 In-House-Everything Maximizes Budget and ROI
- 5 We Have Shutterstock's Broader Offerings to Leverage

Extended Reality Demo

Aiden Darne, VP Studios

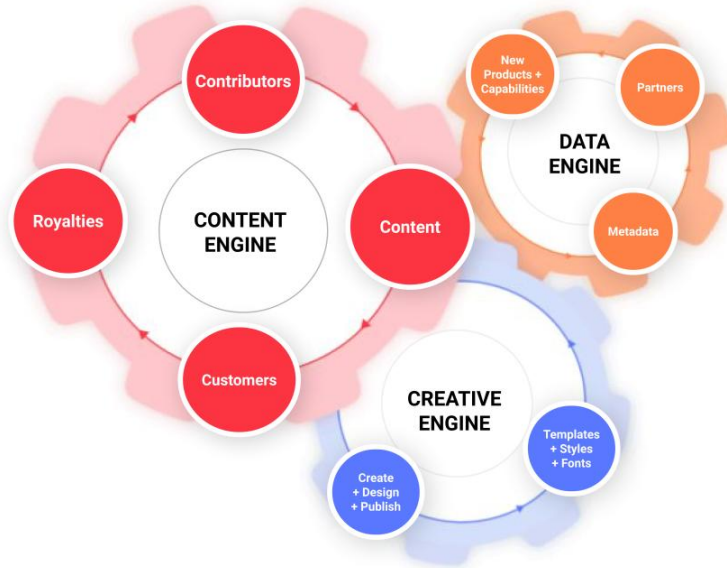


Data Engine - Unlocking Our Content's Power

Sejal Amin, Chief Technology Officer | Meghan Schoen, Chief Product Officer



Using the Content Engine to Unlock Data Monetization Opportunity



IT ALL BEGINS WITH

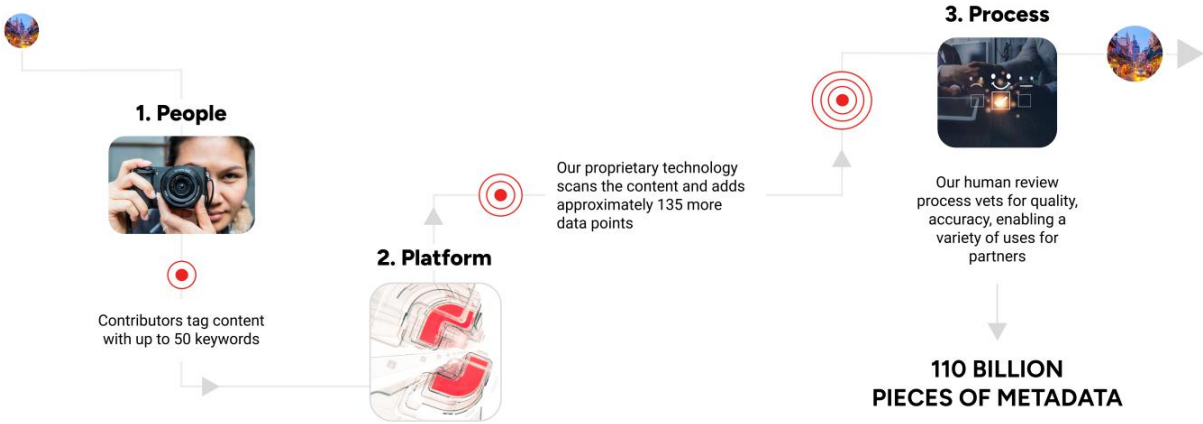
A SINGLE PIECE OF CONTENT

For each piece of content, Shutterstock collects over 185 pieces of metadata across a variety of themes & categories



DIFFERENTIATED VALUE TO EVERY PIECE OF CONTENT

Understanding the "4 P's" of collecting first party, proprietary data at Shutterstock



PEOPLE. PLATFORM. PROCESS. ► NEW OPPORTUNITIES

Our rigorous metadata collection process results in actionable, near term use cases for partners



...what about the 4th "P"?

4. Performance Data

800 BILLION

PIECES OF METADATA

- Connecting metadata with performance will automate marketing and advertising
- more engaging, higher-performing content
 - more intelligent targeting
 - creative storytelling
 - **greatest impact**



Generative AI
Meghan Schoen, Chief Product Officer



Creativity At The Speed Of Your Imagination

[Right Click Here to Open Video in New Window](#)



The Core Of Shutterstock's Machine

CONTENT + METADATA

are licensed to strategic partners to train generative models.

shutterstock

Proprietary and confidential

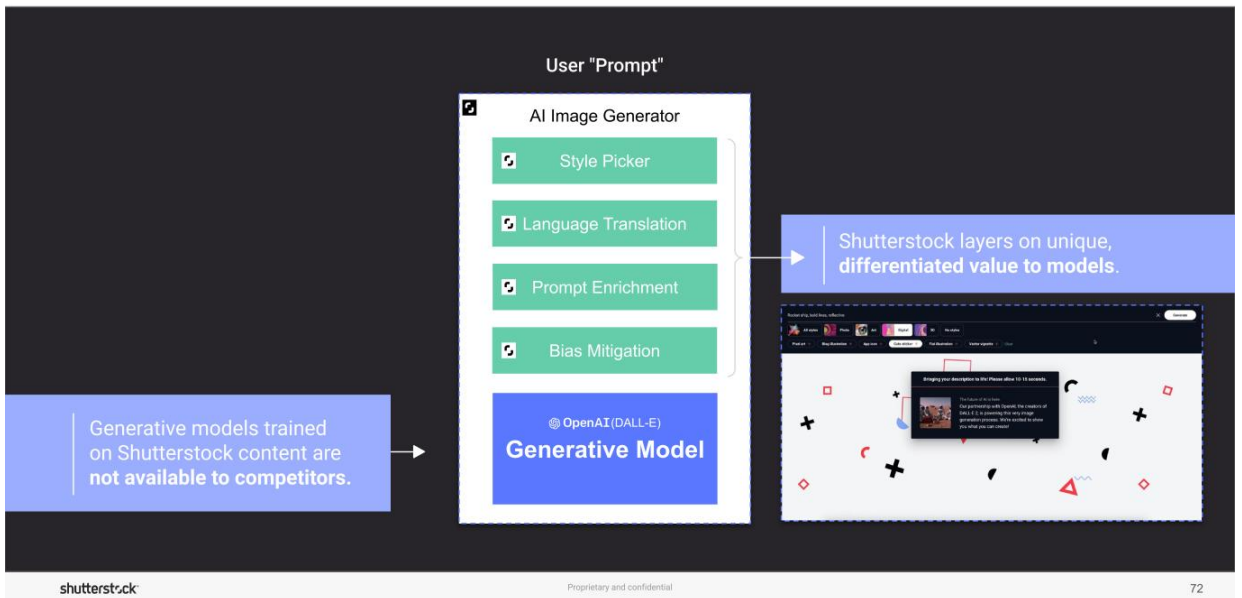


The image shows a vertical rectangular area with a dashed border, representing a training set. At the top is a grid of small, diverse images. Below the grid are three overlapping text boxes containing metadata or captions. The bottom of the area is a solid blue rectangle with white text.

shutterstock contributors
Training Set
Images & Text

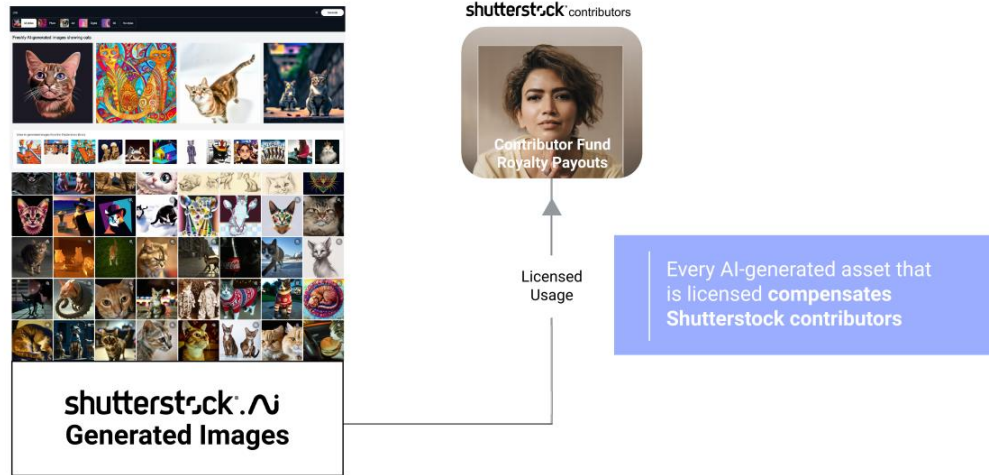
Note: the model we use was trained on hundreds of millions of properly licensed Shutterstock images. OpenAI has not released further details about their training set. It may include non-Shutterstock images.

Differentiated & Customized



Following Our Proven Playbook

New AI-generated content is **rapidly growing** the already expansive Shutterstock library



Generative Is

BUILDING MOMENTUM

engagement and activity
(4 weeks out from launch)

NEW
ACCOUNT
SIGN-UPS

250_k

ACTIVE
GENERATIVE
USERS

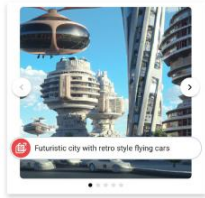
370_k

NEW
IMAGES
GENERATED

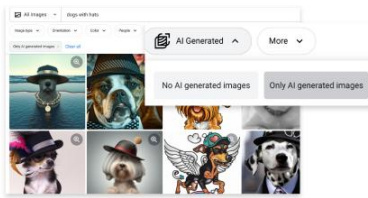
8 MILLION

**Since market launch - January 25, 2023*

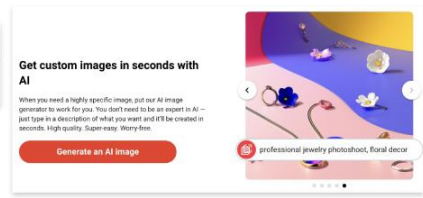
...and we are moving quickly



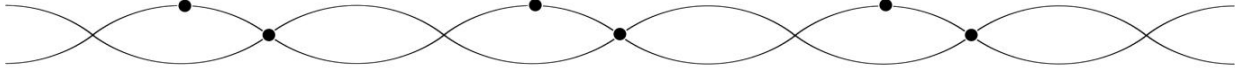
Jan 25: Ecommerce Market Launch



Feb 9: Generative Integrated in Search



Feb 17: Generative on Shutterstock Homepage



Feb 8: Enterprise Market Launch



Feb 10: Faster Generations & Like/Dislike



Coming March: Zoom Out, Variations, Expanded Styles



Shutterstock Is...

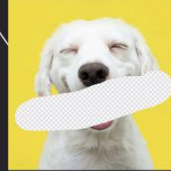


POWERING...



'Add a dogbone'

DEVELOPING...



COMMERCIALIZING...



...the Future of AI with Generative AI

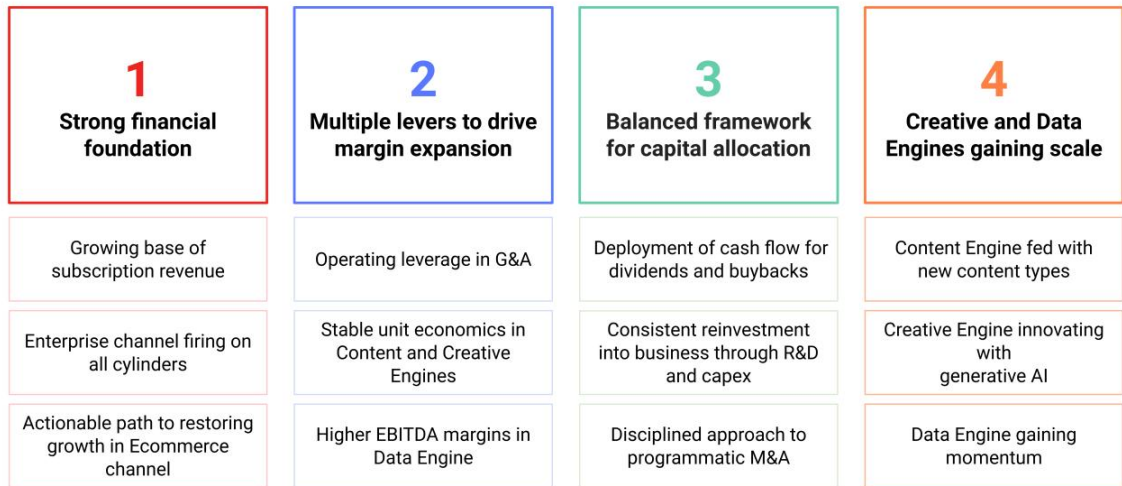
AI Image Editing - Coming Soon

Financial Discussion

Jarrood Yahes, CFO

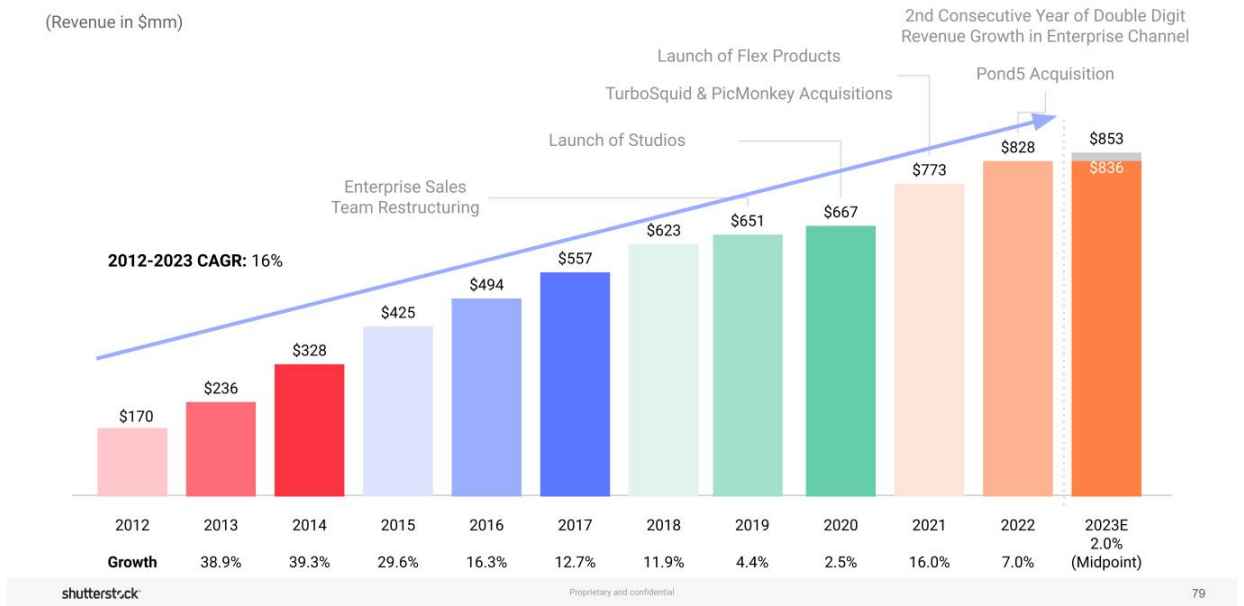


Powerful Financial Model

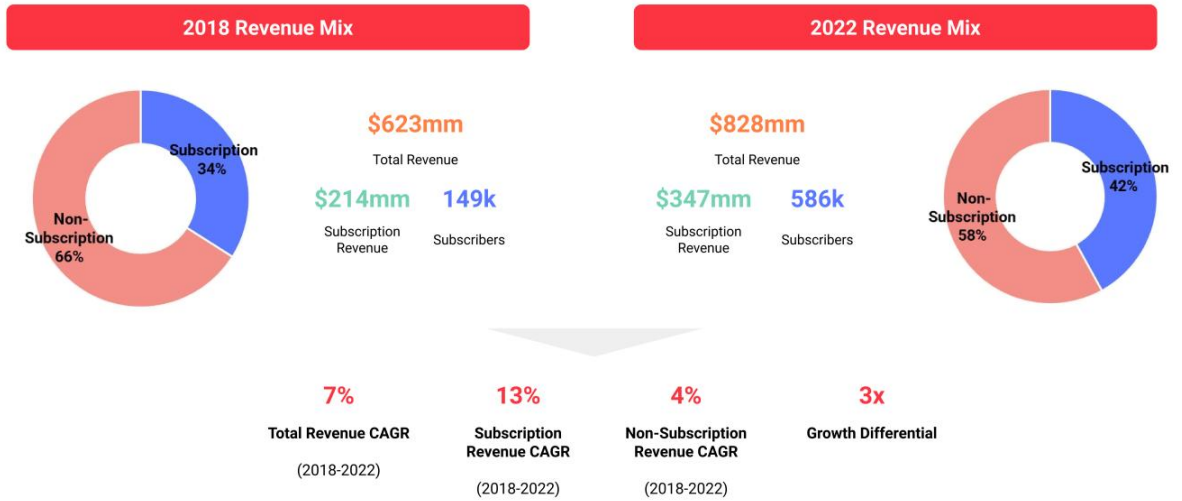


Strong Financial Foundation

(Revenue in \$mm)



Subscription Revenue Becoming a Larger Part of the Revenue Mix...

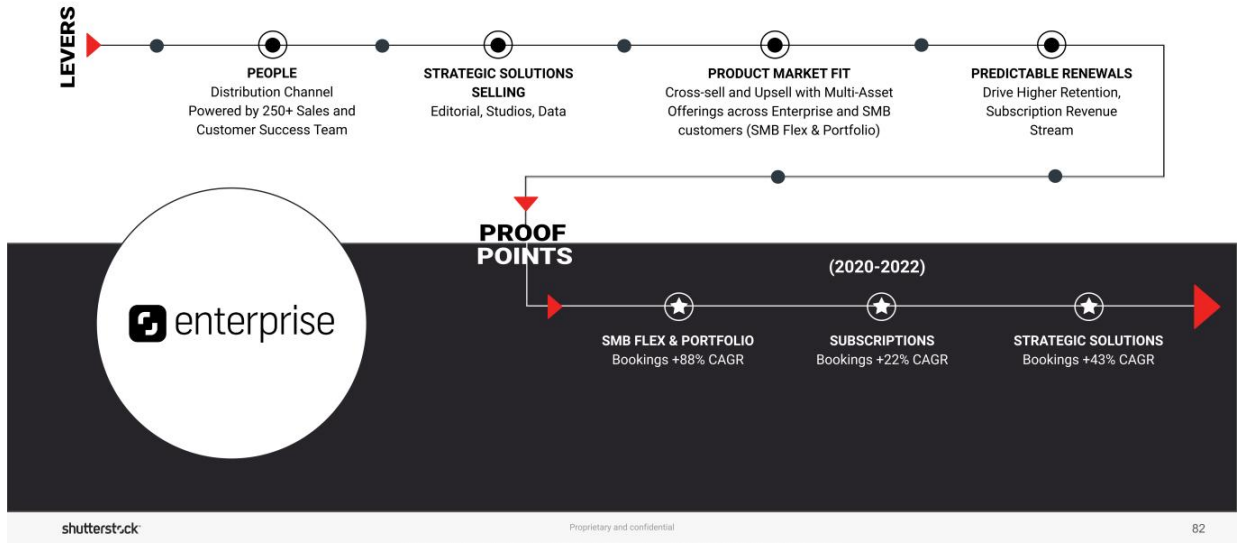


... Enhancing Revenue Retention Across Both Sales Channels



Fueling Our Enterprise Channel Growth

Firing on All Cylinders with Two Consecutive Years of Double-Digit Growth



Committed to Growth in Our Ecommerce Channel

Opportunity to Quickly Move Past Macro Headwinds

LEVERS



Generative AI, Creative Flow, PixelSquid



Product, Marketing and Engineering teams work directly linked to customer value driver



Relentless focus on improving customer experience and conversion efficiency through rapid experimentation



Expanding capabilities to build world-class acquisition & retention by harnessing power of our end-to-end platform

INDICATORS

External KPIs

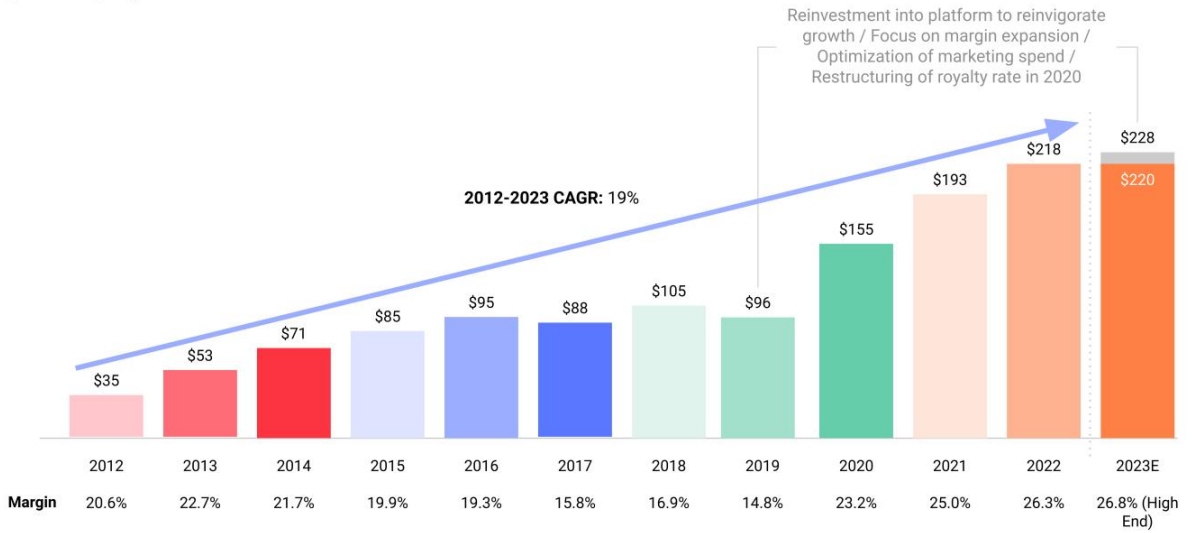
- 1 Subscriber Count
- 2 Subscriber Revenue
- 3 Generative AI Content

Internal KPIs

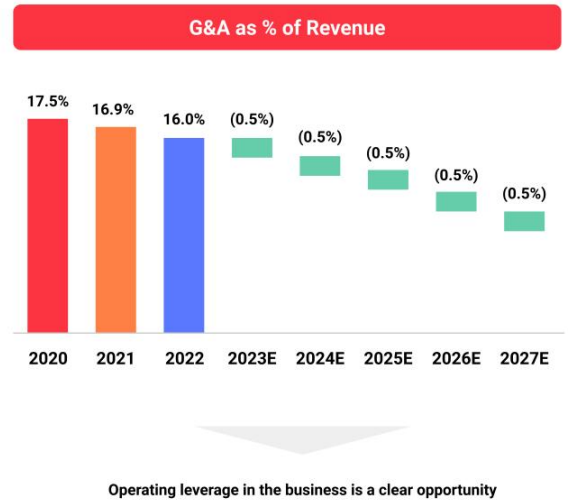
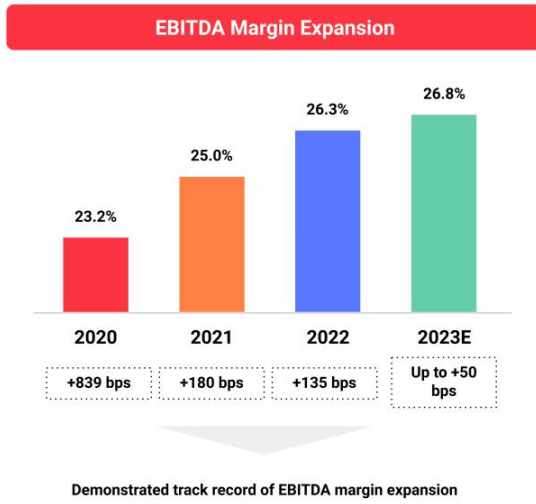
- 1 Customer Conversion Rates
- 2 Revenue Retention Rates
- 3 Creative Flow Engagement

Multiple Levers to Drive Margin Expansion

(EBITDA in \$mm)

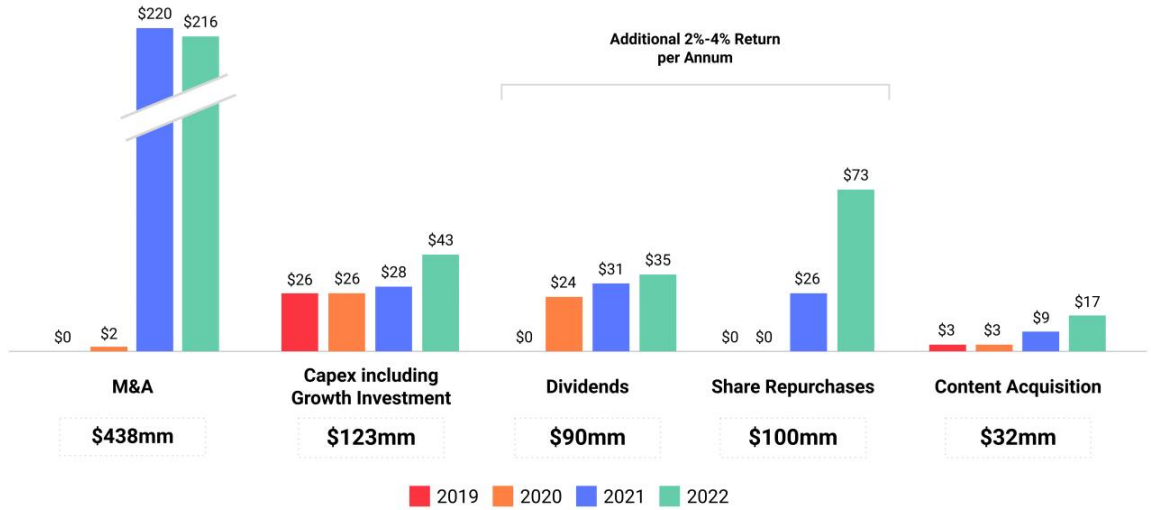


Cost Optimization Combined with Operating Leverage Will Enhance EBITDA Margins

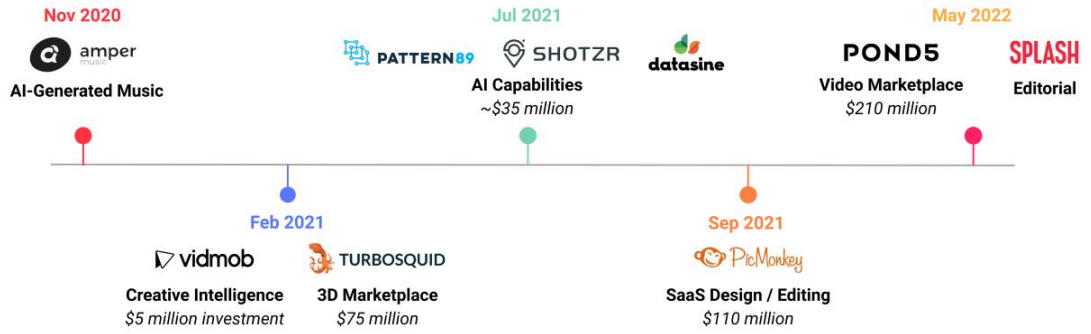


Proven Capital Allocator with Opportunity for Upside Through M&A

Capital Allocation (2019-2022)



We Have a Track Record of Disciplined & Programmatic M&A



Additional Opportunities

- 1 Growing current catalog with high quality content
- 2 Enhancing metadata that supports content discovery and predictive performance algorithm within our marketplace
- 3 Utilizing Shutterstock Studios to create bespoke content for enterprise customers
- 4 Adding capabilities in new or emerging content types such as metaverse-ready assets and mobile-first formats

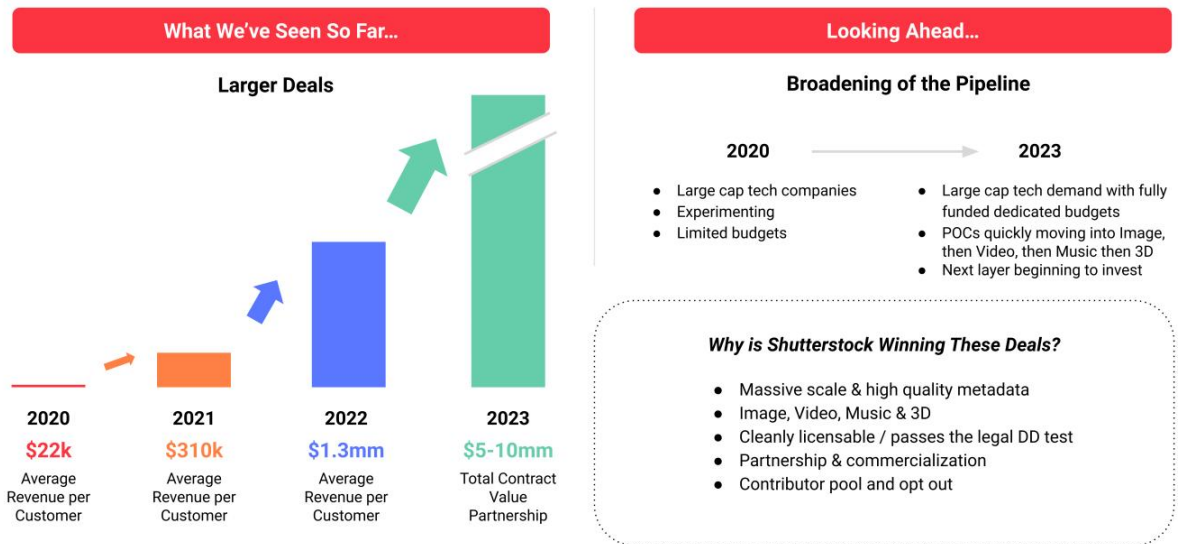
Data Engine Commercial Strategy Focused on Near Term Revenue Opportunity Plus Technology Access



Data Training Sets



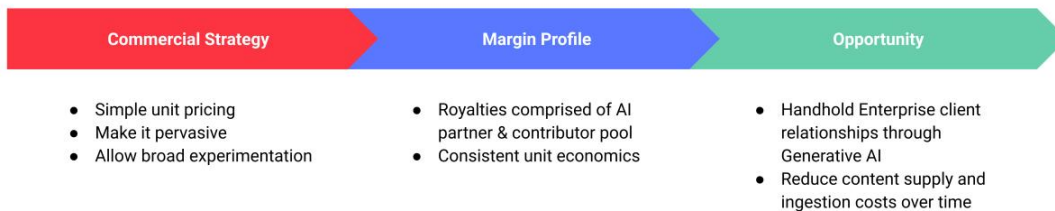
Data Partnerships are Getting Larger and the Pipeline is Broadening



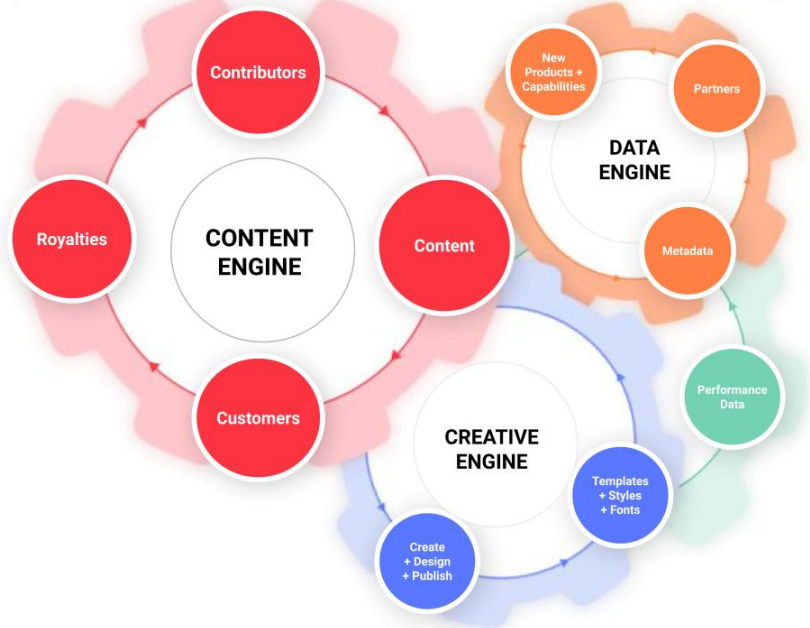
Generative AI Commercial Strategy Focused on Simplicity and Pervasiveness with Consistent Unit Economics



Generative AI



By 2027, Creative and Data Engines Will Power Shutterstock in the Way Content Does Today



Closing Thoughts
Paul Hennessy, Chief Executive Officer





Appendix



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 EBITDA and adjusted EBITDA margin. 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.

These non-GAAP financial measures have not been calculated in accordance with GAAP and should be considered only in addition to results prepared in accordance with GAAP and should not be considered as a substitute for, or superior to, GAAP measures. In addition, adjusted EBITDA and adjusted EBITDA margin 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.

Shutterstock's 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 Shutterstock's business operations, financial performance and overall liquidity; (ii) facilitate management's internal comparisons of the historical operating performance of its business operations; (iii) facilitate management's external comparisons of the results of its overall business to the historical operating performance of other companies that may have different capital structures and debt levels; (iv) review and assess the operating performance of Shutterstock's management team and, together with other operational objectives, as a measure in evaluating employee compensation and bonuses; (v) analyze and evaluate financial and strategic planning decisions regarding future operating investments; and (vi) plan for and prepare future annual operating budgets and determine appropriate levels of operating investments.

Management believes that adjusted EBITDA and adjusted EBITDA margin are useful to investors because these measures enable investors to analyze Shutterstock's operating results on the same basis as that used by management. Additionally, management believes that adjusted EBITDA 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. Management also believes that providing these non-GAAP financial measures enhances the comparability for investors in assessing Shutterstock's financial reporting.

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 EBITDA and adjusted EBITDA margin as well as a reconciliation of the differences between adjusted EBITDA and adjusted net income and the most comparable financial measures calculated and presented in accordance with GAAP, is presented herein.

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

Reconciliation of Non-GAAP Financial Information to GAAP

(in thousands)

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net income	\$ 47,543	\$ 26,479	\$ 22,089	\$ 19,552	\$ 32,628	\$ 16,727	\$ 54,687	\$ 20,108	\$ 71,766	\$ 91,883	\$ 76,103
Add/(less):											
Depreciation and amortization	2,640	3,870	7,917	14,841	19,946	35,490	45,652	49,915	41,359	48,771	68,470
Write-off of property and equipment	—	—	367	—	—	—	—	—	—	—	—
Gain on sale of webdam	—	—	—	—	—	—	(38,613)	—	—	—	—
Non-cash equity-based compensation	10,385	6,208	23,768	28,860	28,080	24,958	23,869	22,815	28,309	36,179	35,740
Impairment of lease and related assets	—	—	—	—	—	—	—	—	—	—	18,664
Other adjustments, net	47	(57)	859	6,746	2,940	(2,480)	8,093	(1,332)	(4,257)	3,370	4,163
Provision for income taxes	(25,738)	16,896	16,088	14,720	11,869	13,354	11,426	4,808	17,757	12,853	14,934
Adjusted EBITDA	\$ 34,877	\$ 53,396	\$ 71,088	\$ 84,719	\$ 95,463	\$ 88,049	\$ 105,114	\$ 96,314	\$ 154,934	\$ 193,056	\$ 218,074
EBITDA Margin	20.6%	22.7%	21.7%	19.9%	19.3%	15.8%	16.9%	14.8%	23.2%	25.0%	26.3%

