Risk Factors Comparison 2024-02-26 to 2023-02-14 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

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 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. • Social and ethical issues relating to the use of new and evolving technologies, such as AI, in our offerings may result in reputational harm and liability. Risks Related to Operating our Business • We may not continue to grow our revenues at historical rates. • If we do not effectively expand, train, 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 ~~the Coronavirus (COVID- 19) Pandemic • The effect of the COVID- 19 pandemic on our operations, and the operations of our customers, partners and suppliers, has had and could have a material adverse effect on our business, financial condition, cash flows and results of operations, and the extent to which the pandemic will have a continued impact remains uncertain. 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 personally identifiable 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 breaches 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 **and subject us to regulatory scrutiny** . • Cybersecurity breaches 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 **, disrupt our business,** 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. • Jonathan Oringer, our founder and Executive Chairman of the Board, owns and controls approximately **31** ~~32. 6~~ % 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 and transactions that are otherwise favorable to our stockholders. • 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. 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 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 **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ our marketing expenses were approximately $ **93. 1 million, $** 97. 2 million ~~,~~ **and** $ 112. 9 ~~million and $ 81. 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. 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 **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ our product and development costs (which exclude costs that are capitalized related to internal- use software development projects), were approximately $ **96. 2 million, $** 65. 4 million ~~,~~ **and** $ 52 ~~. 0 million and $ 46~~ . 0 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. 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 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. 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. 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. Social and ethical issues relating to the use of new and evolving technologies such as AI in our offerings may result in reputational harm and liability, and may cause us to incur additional research and development 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. 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 government regulation related to AI ethics 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 AI ethics issues by us or others in our industry could undermine public confidence in AI, which could slow adoption of AI in our products and services. Our future profitability will depend 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. In addition, while we plan to manage our growth in a cost- effective manner, we expect expenses to increase in the near term, particularly as we continue to make significant investments in our technology and operational infrastructure, continue to expand our operations globally and develop new products and features for, and enhancements of, our existing products. 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. ~~Customers in our~~ **Our Content and Data, Distribution, and Services** ~~Enterprise~~ **enterprise** ~~sales channel provided approximately 39 %, 37 % and 38 % of our revenues in 2022, 2021 and 2020, respectively. These~~ 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 optimizing our sales team and refining the manner in which our products and services are sold through this channel. However, we are continuing to build our sales leadership team and sales strategy. We also periodically adjust our sales organization as part of our efforts to optimize our sales operation to grow revenue. We continue to be 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 we require. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of qualified sales personnel to support our growth. Our growth creates additional challenges and risks with respect to attracting, integrating and retaining qualified employees, particularly ~~enterprise~~ sales leadership and sales personnel. In addition, we expect that, if we continue to grow, a large percentage of our sales force at any time will be new to the company and our offerings. 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 hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. 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. 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 $ ~~666. 7 million in 2020 to $~~ 773. 4 million in 2021 ~~and~~ to $ 827. 8 million in 2022 **and to $ 874. 6 million in 2023** . 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. We have acquired, invested in and entered into strategic relationships with companies, and 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. 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 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 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, which was signed into law in September 2019 and became 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. ~~Under the new test, an individual is considered an employee under the California Wage Orders unless the hiring entity establishes three criteria: (i) the worker is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of such work and in fact; (ii) the worker performs work that is outside the usual course of the hiring entity' s business; and (iii) the worker is customarily engaged in an independently established trade, occupation, or business of the same nature as the work performed for the hiring entity. Assembly Bill 5 is subject to ongoing scrutiny and amendments.~~ 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. ~~Our revenue generated through sales to enterprise customers represented approximately 39 % of our total revenue for the year ended December 31, 2022 and approximately 37 % of our total revenue for the year ended December 31, 2021.~~ A portion of ~~these~~ **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, ~~2022~~ **2023** , our allowance for doubtful accounts was $ ~~5~~ **6** . ~~8~~ **3** 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 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. 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 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. As of December 31, ~~2022~~ **2023** , we had $ ~~50~~ **30** . 0 million in aggregate principal amount of total debt. Additionally, our revolving credit facility has remaining borrowing capacity of $ ~~48~~ **67** . 0 million, net of standby letters of credit, as of December 31, ~~2022~~ **2023** . 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 ~~. In December 2019, a novel coronavirus disease (" COVID- 19 ") was initially reported and on March 11, 2020, the World Health Organization characterized COVID- 19 as a pandemic. COVID- 19 has had a widespread and detrimental effect on the global economy as a result of the continued fluctuation in the number of cases and affected countries and actions by public health and governmental authorities, businesses, other organizations and individuals to address the outbreak, including travel bans and restrictions, quarantines, shelter in place, stay at home or total lock- down orders and business limitations and shutdowns. Despite the developments of vaccines, the duration and severity of COVID- 19 and possible mutations and the degree of its impact on our business is uncertain and difficult to predict. The continued spread of the outbreak could result in one or more of the following conditions that could have a material adverse impact on our business operations and financial condition: decreased business spending by our customers and prospective customers; reduced demand for our products, lower renewal rates by our customers; increased customer losses / churn and turnover of talent; increased challenges in or cost of acquiring new customers and talent; reduction in the amount of content uploaded by our contributors and / or reduction in the number of contributors on our site because of reduced royalties earned by our contributors; inability of our Custom contributors and editorial photographers to complete assignments because of travel and in- person event restrictions; increased competition; increased risk in collectability of accounts receivable; reduced productivity due to remote work arrangements; lost productivity due to illness~~

~~and / or illness of family members; inability to hire key roles; adverse effects on our strategic partners' businesses; impairment charges; extreme currency exchange- rate fluctuations; inability to recover costs from insurance carriers; business continuity concerns for us and our third- party vendors; inability of counterparties to perform under their agreements with us; increased risk of vulnerability to cybersecurity attacks or breaches resulting from a greater number of our employees working remotely for extended periods of time; and challenges with Internet infrastructure due to high loads. If we are not able to respond to and manage the potential impact of such events effectively, our business could be harmed. As we generally recognize revenue from our customers as content is downloaded, the impact to our reported revenue resulting from recent and near- term changes in our sales activity due to COVID- 19 may not be fully apparent until future periods. Our efforts to help mitigate the negative impact of the outbreak on our business may not be effective, and we may be affected by a protracted economic downturn. Furthermore, while many governmental authorities around the world have and continue to enact legislation to address the impact of COVID- 19, including measures intended to mitigate some of the more severe anticipated economic effects of the virus, we may not benefit from such legislation or such legislation may prove to be ineffective in addressing COVID- 19' s impact on our and our customer' s businesses and operations. Even after the COVID- 19 outbreak has subsided, we may continue to experience impacts to our business as a result of the coronavirus' global economic impact and any recession that has occurred or may occur in the future. Further, as the COVID- 19 situation is unprecedented and continuously evolving, COVID- 19 may also affect our operating and financial results in a manner that is not presently known to us or in a manner that we currently do not consider to present significant risks to our operations. In addition, the overall uncertainty regarding the economic impact of the COVID- 19 pandemic and the impact on our revenue growth, could impact our cash flows from operations and liquidity. To the extent the COVID- 19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this " Risk Factors " section. Material changes to our cash flows, liquidity and the volatility of the stock market and our stock price could impact our capital allocation strategy, including our quarterly dividend program and our outstanding authorization under our stock repurchase program~~. 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. 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 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. 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. 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 personally identifiable 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 breaches 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 100 countries. In connection with providing content licensing, we collect, store, process and use our customers' and contributors' personally identifiable 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' personally identifiable 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 data 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 data 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 ~~remedy~~ **mitigation** and ~~compensation~~ **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 ~~. In December 2020, the Brexit Trade and Cooperation Agreement (" TCA ") established a four- to six- month grace period during which transfers of personal data from the E. U. to the U. K. can continue without additional safeguards, provided that the U. K. maintains its pre- TCA data protection laws. The exit creates uncertainty with regard to the regulation of data protection in the U. K. In particular, it is unclear how data transfers to and from the U. K. will be regulated after the grace period expires and whether or not the U. K. will receive an adequacy decision from the European Commission permitting cross- border data transfer prior to leaving the E. U~~ . 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 data from our E. U. business to the U. S. (having previously relied on 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 data. Similarly, ~~in~~ **on August 9, 2023,** India ~~,~~ **passed** a ~~committee formed by the Indian government issued a report and draft~~ data protection **law that** ~~bill~~ **will** ~~in July 2018, which was updated in December 2019 by~~ **establish how entities can handle personal data and the rights individuals have over** ~~the~~ **their personal data** ~~Ministry of Electronics and Information Technology and remains subject to continuing joint parliamentary review~~ . ~~Similarly~~ **Further** , data privacy laws have been enacted in a number of jurisdictions, including, but not limited to, the European Union, Illinois 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. 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 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 ~~new cause~~ **private right** of action for data breaches. ~~However~~ **In addition** , the California Privacy Rights Act (" CPRA "), ~~certified by the California Secretary of State to appear as a ballot initiative, was passed by Californians during the November 3, 2020 election. The CPRA,~~ which ~~will come~~ **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** ~~Other states have also considered or are considering~~ privacy laws **have become effective in Colorado, Utah, Virginia and Connecticut, and in 2024, data privacy laws in Florida, Oregon, Montana and Texas will take effect creating an evolving climate for data privacy compliance obligations and risks. Five other states (Delaware, Iowa, New Jersey, Tennessee and Indiana) have** similar **comprehensive data privacy laws set** to ~~the CCPA~~ **become effective by 2026** . 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 data 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 breaches 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 data 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 breaches 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. ~~Proposed SEC rulemaking undertakes to expand security incident reporting requirements and may subject us to additional and uncertain requirements in the event of an actual or perceived security incident.~~ 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. 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, " " Shutterstock Studios **,** " ~~and~~ " Shutterstock Editor **, " " Shutterstock. AI " and " Creative Flow,** " 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 ~~and~~ **,** 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. 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. 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. 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, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , approximately **54 %,** 60 % ~~,~~ **and** 66 ~~% and 67~~ %, 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. As of December 31, ~~2022~~ **2023** , 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. 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. 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. 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** ~~On October 8, 2021, the~~ OECD ~~announced~~ **, with the support of the G20, initiated the BEPS project in July 2013 in response to concerns** that ~~over 130 countries had reached~~ **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 ~~- pillar~~ **pillars** ~~agreement~~ **, which is designed** to address **the** tax challenges ~~presented~~ **created** by **an increasing digitalized** ~~the digitalization of the global~~ 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 would apply only to multinational enterprises with more than € 20 billion in global annual revenues and a profit margin above 10 %. The revenue threshold ~~would~~ **is expected to** be reduced to € 10 billion beginning seven years after the effective date of Pillar One **. Participating countries are expected to implement Pillar One by entering into a multilateral convention. 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 multilateral convention would require the removal of existing digital services taxes and prohibit the introduction of new digital services taxes. Until the convention 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 ~~on~~ **in** December ~~20,~~ 2021, and related commentary **in March 2022. The OECD has released additional administrative guidance** on ~~March 14~~ **the global minimum income tax in February** , **July and December of 2023. Under the European Union' s minimum tax directive, unanimously agreed by the member states in** 2022 **, each member state is required to adopt domestic legislation implementing the minimum tax rules effective for periods beginning on or after December 31, 2023, with the " under- taxed profit rule " to take effect for periods beginning on or after December 31, 2024** . ~~The participating~~ **Legislatures in multiple** countries ~~are expected~~ **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 enacted laws** ~~two~~ - **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** - ~~pillar agreement~~ **taxed profit rule "** by ~~entering into~~ **certain countries in which we and our affiliates do business) remain uncertain and subject to change, possibly on** a ~~multilateral convention~~ **retroactive basis,** and ~~enacting domestic legislation by 2024. Such legislation~~ could increase our global effective tax rate and have a material effect on our financial position ~~and results of operations. To prevent double taxation as a result of the profit allocation rule, the multilateral convention would require the removal of all existing digital services taxes and prohibit the introduction of new digital services taxes. Until the convention 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. 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 ~~, including legislation relating to the U. S. Supreme Court decision in South Dakota v. Wayfair, Inc.,~~ 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. 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. 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. 44 to $ 128. 36 through February ~~10~~ **21** , ~~2023~~ **2024** . 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: • 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. As of February ~~10~~ **21** , ~~2023~~ **2024** , Jonathan Oringer, our founder, Executive Chairman of the Board, and our largest stockholder, beneficially owned approximately **31** ~~32. 6~~ % of our outstanding shares of common stock. This concentration of ownership may delay, deter or prevent a change in control, and may make some transactions more difficult or impossible to complete without the support of Mr. Oringer, regardless of the impact of such transaction on our other stockholders. Additionally, 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 and significant corporate transactions. This could also trigger certain change in control provisions in our employment agreements and agreements relating to certain outstanding equity awards. Pursuant to our share repurchase program which was publicly announced in ~~November 2015~~ **June 2023** , we were authorized to repurchase up to $ 100 million of our outstanding common stock. ~~In February 2017, our Board authorized us to repurchase up to an additional $ 100 million of our outstanding common stock.~~ As of December 31, ~~2022~~ **2023** , there was ~~no~~ **$ 71. 8 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 ~~net~~ stock ~~purchases~~ **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 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. 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. 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 ~~10~~ **21** , ~~2023~~ **2024** , we had 35, ~~841~~ **544** , ~~933~~ **416** 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. Our amended and restated certificate of incorporation and bylaws contain provisions that could have the effect of rendering more difficult or discouraging an 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 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. 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. 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.