

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____



GETTY IMAGES HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-41453
(Commission
File Number)

87-3764229
(I.R.S. Employer
Identification Number)

605 5th Ave S. Suite 400
Seattle, WA 98104
(Address of principal executive offices) (Zip Code)

(206) 925-5000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock	GETY	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of November 9, 2023, 402,977,324 shares of Class A common stock, par value \$0.0001 per share, of Getty Images Holdings, Inc. were issued and outstanding.

GETTY IMAGES HOLDINGS, INC.
Form 10-Q

For the Quarterly Period Ended September 30, 2023

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PART I – FINANCIAL INFORMATION

Cautionary Note Regarding Forward-Looking Statements

Certain statements included in this Quarterly Report on Form 10-Q that are not historical facts are forward-looking statements for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of the words such as “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “should,” “would,” “plan,” “project,” “forecast,” “predict,” “potential,” “seem,” “seek,” “future,” “outlook,” “target” or similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, statements regarding estimates and forecasts of other financial and performance metrics and projections of market opportunity. These statements are based on various assumptions, whether or not identified in this report, and on the current expectations of our management and are not predictions of actual performance. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on by any investor as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond our control.

These forward-looking statements are subject to a number of risks and uncertainties, including:

- our inability to continue to license third-party content and offer relevant quality and diversity of content to satisfy customer needs;
 - our ability to attract new customers and retain and motivate an increase in spending by its existing customers;
 - the user experience of our customers on our websites;
 - the extent to which we are able to maintain and expand the breadth and quality of our content library through content licensed from third-party suppliers, content acquisitions and imagery captured by its staff of in-house photographers;
 - the mix of and basis upon which we license our content, including the price-points at, and the license models and purchase options through, which we license our content;
 - the risk that we operate in a highly competitive market;
 - the risk that we are unable to successfully execute our business strategy or effectively manage costs;
 - our inability to effectively manage our growth;
 - our inability to maintain an effective system of internal controls and financial reporting;
 - the risk that we may lose the right to use “Getty Images” trademarks;
 - our inability to evaluate our future prospects and challenges due to evolving markets and customers’ industries;
 - the legal, social and ethical issues relating to the use of new and evolving technologies, such as Artificial Intelligence (“AI”);
 - the risk that our operations in and continued expansion into international markets bring additional business, political, regulatory, operational, financial and economic risks;
 - our inability to adequately adapt our technology systems to ingest and deliver sufficient new content;
 - the risk of technological interruptions or cybersecurity vulnerabilities;
 - the risk that any prolonged strike by, or lockout of, one or more of the unions that provide personnel essential to the production of films or television programs, such as the 2023 strike by the writers’ union and the actors’ unions, could further impact our entertainment business;
 - the inability to expand our operations into new products, services and technologies and to increase customer and supplier awareness of new and emerging products and services, including with respect to our AI initiatives;
 - the loss of and inability to attract and retain key personnel that could negatively impact our business growth;
 - the inability to protect the proprietary information of customers and networks against security breaches and protect and enforce intellectual property rights;
 - our reliance on third parties;
 - the risks related to our use of independent contractors;
 - the risk that an increase in government regulation of the industries and markets in which we operate could negatively impact our business;
 - the impact of worldwide and regional political, military or economic conditions, including declines in foreign currencies in relation to the value of the U.S. dollar, hyperinflation, higher interest rates, devaluation the impact of recent bank failures on the marketplace and the ability to access credit and significant political or civil disturbances in international markets where we conduct business;
 - the risk that claims, judgements, lawsuits and other proceedings that have been, or may be, instituted against us or our predecessors could adversely affect our business;
 - the inability to maintain the listing of our Class A common stock on the New York Stock Exchange;
-

- volatility in our stock price and in the liquidity of the trading market for our Class A common stock;
- the lingering effects of the COVID-19 pandemic;
- changes in applicable laws or regulations;
- the risks associated with evolving corporate governance and public disclosure requirements;
- the risk of greater than anticipated tax liabilities;
- the risks associated with the storage and use of personally identifiable information;
- earnings-related risks such as those associated with late payments, goodwill or other intangible assets;
- our ability to obtain additional capital on commercially reasonable terms;
- the risks associated with being an “emerging growth company” and “smaller reporting company” within the meaning of the U. S. securities laws;
- risks associated with our reliance on information technology in critical areas of our operations;
- our inability to pay dividends for the foreseeable future;
- the risks associated with additional issuances of Class A common stock without stockholder approval;
- costs related to operating as a public company; and
- those factors discussed under the heading “Item 1.A. Risk Factors” of our most recently filed Annual Report on Form 10-K.

If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements.

These and other factors that could cause actual results to differ from those implied by the forward-looking statements in this report are more fully described under the heading “Item 1.A. Risk Factors” in our most recently filed Annual Report on Form 10-K and in our other filings with the SEC. The risks described under the heading “Item 1.A. Risk Factors” in our most recently filed Annual Report on Form 10-K are not exhaustive. New risk factors emerge from time to time and it is not possible to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligations to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

In addition, the statements of belief and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us, as applicable, as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and you are cautioned not to unduly rely upon these statements.

GETTY IMAGES HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and par value data)
(unaudited)

	September 30, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 113,546	\$ 97,912
Restricted cash	4,250	4,482
Accounts receivable – net of allowance of \$7,040 and \$6,460, respectively	126,165	129,603
Prepaid expenses	13,255	15,728
Insurance recovery receivable	60,000	—
Taxes receivable	10,421	11,297
Other current assets	13,217	10,497
Total current assets	340,854	269,519
PROPERTY AND EQUIPMENT – NET	174,578	172,083
RIGHT OF USE ASSETS	41,997	47,231
GOODWILL	1,499,869	1,499,578
IDENTIFIABLE INTANGIBLE ASSETS – NET	396,443	419,548
DEFERRED INCOME TAXES – NET	7,639	8,272
OTHER LONG-TERM ASSETS	43,378	51,952
TOTAL	\$ 2,504,758	\$ 2,468,183
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 94,072	\$ 93,766
Accrued expenses	42,161	49,327
Income taxes payable	5,670	8,031
Litigation reserves	96,711	—
Deferred revenue	169,025	171,371
Total current liabilities	407,639	322,495
LONG-TERM DEBT – NET	1,380,386	1,428,847
LEASE LIABILITIES	41,358	46,218
DEFERRED INCOME TAXES – NET	32,275	37,075
UNCERTAIN TAX POSITIONS	31,381	37,333
OTHER LONG-TERM LIABILITIES	4,222	3,167
Total liabilities	1,897,261	1,875,135
Commitments and contingencies (Note 7)		
STOCKHOLDERS' EQUITY:		
Class A common stock, \$0.0001 par value: 2.0 billion shares authorized; 402.7 million shares issued and outstanding as of September 30, 2023 and 394.8 million shares issued and outstanding as of December 31, 2022	40	39
Additional paid-in capital	1,973,330	1,936,324
Accumulated deficit	(1,302,124)	(1,282,354)
Accumulated other comprehensive loss	(111,964)	(108,928)
Total Getty Images Holdings, Inc. stockholders' equity	559,282	545,081
Noncontrolling interest	48,215	47,967
Total stockholders' equity	607,497	593,048
TOTAL	\$ 2,504,758	\$ 2,468,183

See notes to unaudited condensed consolidated financial statements.

GETTY IMAGES HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
REVENUE	\$ 229,298	\$ 230,474	\$ 690,616	\$ 694,778
OPERATING EXPENSE:				
Cost of revenue (exclusive of depreciation and amortization shown separately below)	\$ 60,939	\$ 64,040	\$ 187,579	\$ 191,052
Selling, general and administrative expenses	97,253	91,571	300,930	280,255
Depreciation	13,786	12,407	40,349	37,298
Amortization	7,298	11,566	21,765	35,676
Loss on litigation	106,108	—	112,549	—
Recovery of loss on litigation	(60,000)	—	(60,000)	—
Other operating expense – net	(24)	532	588	4,096
Operating expense	225,360	180,116	603,760	548,377
INCOME FROM OPERATIONS	3,938	50,358	86,856	146,401
OTHER EXPENSE, NET:				
Interest expense	(32,255)	(29,397)	(94,435)	(88,983)
(Loss) gain on fair value adjustment for swaps and foreign currency exchange contract – net	(2,322)	5,672	(5,047)	22,777
Unrealized foreign exchange gains – net	16,482	33,671	2,395	71,905
Loss on extinguishment of debt	—	(2,693)	—	(2,693)
Net loss on fair value adjustment for warrant liabilities	—	(161,339)	—	(161,339)
Other non-operating income (expense) – net	1,104	(3,763)	2,226	(3,408)
Total other expense – net	(16,991)	(157,849)	(94,861)	(161,741)
LOSS BEFORE INCOME TAXES	(13,053)	(107,491)	(8,005)	(15,340)
INCOME TAX EXPENSE	(5,395)	(10,625)	(11,517)	(38,974)
NET LOSS	(18,448)	(118,116)	(19,522)	(54,314)
Less:				
Net (loss) income attributable to noncontrolling interest	(45)	(62)	248	313
Premium on early redemption of Redeemable Preferred Stock	—	26,678	—	26,678
Redeemable Preferred Stock dividend	—	4,666	—	43,218
NET LOSS ATTRIBUTABLE TO GETTY IMAGES HOLDINGS, INC.	\$ (18,403)	\$ (149,398)	\$ (19,770)	\$ (124,523)
Net loss per share attributable to Class A Getty Images Holdings, Inc. common stockholders:				
Basic	\$ (0.05)	\$ (0.47)	\$ (0.05)	\$ (0.52)
Diluted	\$ (0.05)	\$ (0.51)	\$ (0.05)	\$ (0.59)
Weighted-average Class A common shares outstanding:				
Basic	399,703,684	318,152,726	397,492,201	237,235,059
Diluted	399,703,684	323,337,894	397,492,201	238,963,448

See notes to unaudited condensed consolidated financial statements.

GETTY IMAGES HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
NET LOSS	\$ (18,448)	\$ (118,116)	\$ (19,522)	\$ (54,314)
OTHER COMPREHENSIVE LOSS:				
Net foreign currency translation adjustment losses	(13,833)	(33,416)	(3,036)	(66,779)
COMPREHENSIVE LOSS	(32,281)	(151,532)	(22,558)	(121,093)
Less: Comprehensive (loss) gain attributable to noncontrolling interest	(45)	(61)	248	313
COMPREHENSIVE LOSS ATTRIBUTABLE TO GETTY IMAGES HOLDINGS, INC.	<u>\$ (32,236)</u>	<u>\$ (151,471)</u>	<u>\$ (22,806)</u>	<u>\$ (121,406)</u>

See notes to unaudited condensed consolidated financial statements.

GETTY IMAGES HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In thousands except share amounts)
(unaudited)

	Class A Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Getty Images Holdings, Inc. Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount						
BALANCE - December 31, 2022	394,771,254	\$ 39	\$ 1,936,324	\$ (1,282,354)	\$ (108,928)	\$ 545,081	\$ 47,967	\$ 593,048
Net income	—	—	—	2,696	—	2,696	507	3,203
Net foreign currency translation adjustment gains in comprehensive income	—	—	—	—	8,380	8,380	—	8,380
Issuance of common stock in connection with equity-based compensation arrangements	2,081,832	—	2,639	—	—	2,639	—	2,639
Equity-based compensation activity	—	—	6,840	—	—	6,840	—	6,840
BALANCE - March 31, 2023	396,853,086	39	1,945,803	(1,279,658)	(100,548)	565,636	48,474	614,110
Net loss	—	—	—	(4,063)	—	(4,063)	(214)	(4,277)
Net foreign currency translation adjustment gains in comprehensive income	—	—	—	—	2,417	2,417	—	2,417
Issuance of common stock in connection with equity-based compensation arrangements	2,552,970	1	2,258	—	—	2,259	—	2,259
Common shares withheld for settlement of taxes in connection with equity-based compensation	(579,644)	—	(2,993)	—	—	(2,993)	—	(2,993)
Equity-based compensation activity	—	—	12,120	—	—	12,120	—	12,120
BALANCE - June 30, 2023	398,826,412	40	1,957,188	(1,283,721)	(98,131)	575,376	48,260	623,636
Net loss	—	—	—	(18,403)	—	(18,403)	(45)	(18,448)
Net foreign currency translation adjustment losses in comprehensive income	—	—	—	—	(13,833)	(13,833)	—	(13,833)
Issuance of common stock in connection with equity-based compensation arrangements	4,452,618	—	8,283	—	—	8,283	—	8,283
Common shares withheld for settlement of taxes in connection with equity-based compensation	(592,292)	—	(2,614)	—	—	(2,614)	—	(2,614)
Equity-based compensation activity	—	—	10,473	—	—	10,473	—	10,473
BALANCE - September 30, 2023	402,686,738	\$ 40	\$ 1,973,330	\$ (1,302,124)	\$ (111,964)	\$ 559,282	\$ 48,215	\$ 607,497

See notes to unaudited condensed consolidated financial statements.

GETTY IMAGES HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT
(In thousands except share amounts)
(unaudited)

	Redeemable Preferred Stock		Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Getty Images Holdings, Inc. Stockholders' Deficit	Noncontrolling Interest	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount						
BALANCE — December 31, 2021	677,484	\$ 685,350	153,313,505	\$ 1,533	—	\$ —	\$ 933,569	\$ (1,203,440)	\$ (78,403)	\$ (346,741)	\$ 48,056	\$ (298,685)
Retroactive application of recapitalization			42,781,797	(1,513)			1,513					
BALANCE — December 31, 2021, after effect of recapitalization (Note 2)	677,484	\$ 685,350	196,095,302	\$ 20	—	\$ —	\$ 935,082	\$ (1,203,440)	\$ (78,403)	\$ (346,741)	\$ 48,056	\$ (298,685)
Net income								24,899		24,899	208	25,107
Net foreign currency translation adjustment losses in comprehensive loss									(3,878)	(3,878)	(1)	(3,879)
Cumulative effect of accounting change- adoption of ASU 2019-12								(1,360)		(1,360)		(1,360)
Issuance of common stock in connection with option exercises			11,991				29			29		29
Equity-based compensation activity							1,741			1,741		1,741
Redeemable Preferred Stock dividend	18,631	18,847					(18,847)			(18,847)		(18,847)
BALANCE — March 31, 2022	696,115	\$ 704,197	196,107,293	\$ 20	—	\$ —	\$ 918,005	\$ (1,179,901)	\$ (82,281)	\$ (344,157)	\$ 48,263	\$ (295,894)
Net income								38,528		38,528	167	38,695
Net foreign currency translation adjustment losses in comprehensive loss									(29,485)	(29,485)		(29,485)
Equity-based compensation activity							1,390			1,390		1,390
Redeemable Preferred Stock dividend	19,478	19,705					(19,705)			(19,705)		(19,705)
BALANCE — June 30, 2022	715,593	\$ 723,902	196,107,293	\$ 20	—	\$ —	\$ 899,690	\$ (1,141,373)	\$ (111,766)	\$ (353,429)	\$ 48,430	\$ (304,999)
Net loss								(118,054)		(118,054)	(62)	(118,116)
Other comprehensive income									(33,416)	(33,416)	1	(33,415)
Issuance of common stock in connection with option exercises			1,555,961				120			120		120
Common shares withheld for settlement of taxes in connection with equity-based compensation			(679,914)				(6,267)			(6,267)		(6,267)
Equity-based compensation activity							2,806			2,806		2,806
Redeemable Preferred Stock dividend		4,666					(4,666)			(4,666)		(4,666)
Premium on early redemption of Redeemable Preferred Stock		26,678					(26,678)			(26,678)		(26,678)
Redemption of Redeemable Preferred Stock for cash and share consideration	(715,593)	(755,246)	15,000,000	2			140,248			140,250		140,250
Issuance of Class A and Class B common stock upon Business Combination and PIPE Investment, net			107,068,311	10	5,140,000	1	688,269			688,280		688,280
Issuance of Class A common stock upon exercise of Private Placement Warrants			11,555,996	1			232,852			232,853		232,853
Issuance of Class A common stock upon exercise of Public Warrants			10,201				121			121		121
Issuance of Class A common stock upon vesting of Earn-out shares			58,999,956	6			(6)					
Conversion of Class B common stock to Class A common Stock			5,140,000		(5,140,000)	(1)				(1)		(1)
BALANCE — September 30, 2022	—	\$ —	394,757,804	\$ 39	—	\$ —	\$ 1,926,489	\$ (1,259,427)	\$ (145,182)	\$ 521,919	\$ 48,369	\$ 570,288

See notes to unaudited condensed consolidated financial statements.

GETTY IMAGES HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

	Nine Months Ended September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (19,522)	\$ (54,314)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	40,349	37,298
Amortization	21,765	35,676
Unrealized exchange gains on foreign denominated debt	(3,450)	(64,283)
Equity-based compensation	27,185	5,937
Non-cash fair value adjustment for common stock warrants	—	161,339
Deferred income taxes – net	(4,168)	20,473
Uncertain tax positions	(5,952)	(5,345)
Non-cash fair value adjustment for swaps and foreign currency exchange contracts	5,047	(21,256)
Amortization of debt issuance costs	2,965	4,623
Non-cash operating lease costs	5,234	9,425
Impairment of right of use assets	—	2,563
Loss on extinguishment of debt	—	2,693
Transaction costs allocated to common stock warrants	—	4,225
Other	3,348	3,507
Changes in current assets and liabilities:		
Accounts receivable	(1,156)	9,743
Accounts payable	2,781	3,606
Accrued expenses	(232)	(14,598)
Insurance recovery receivable	(60,000)	—
Litigation reserves	96,711	—
Lease liabilities, non-current	(5,645)	(11,012)
Income taxes receivable/payable	(1,382)	(4,323)
Interest payable	(7,068)	(1,010)
Deferred revenue	2,412	6,607
Other	(231)	(2,401)
Net cash provided by operating activities	<u>98,991</u>	<u>129,173</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(41,868)	(46,034)
Purchase of a minority investment	—	(2,000)
Net cash used in investing activities	<u>(41,868)</u>	<u>(48,034)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of debt	(47,800)	(307,800)
Payment of contingent consideration	—	(10,000)
Payment of Redeemable Preferred Stock	—	(614,996)
Cash contributions from business combination	—	864,164
Cash paid for debt issuance costs	(1,137)	—
Proceeds from common stock issuance	13,181	267
Cash paid for settlement of employee taxes related to exercise of equity-based awards	(5,607)	(6,267)
Cash paid for equity issuance costs	(150)	(104,001)
Net cash used in financing activities	<u>(41,513)</u>	<u>(178,633)</u>
EFFECTS OF EXCHANGE RATE FLUCTUATIONS	<u>(208)</u>	<u>(17,633)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	<u>15,402</u>	<u>(115,127)</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH – Beginning of period	<u>102,394</u>	<u>191,529</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH – End of period	<u>\$ 117,796</u>	<u>\$ 76,402</u>

See notes to unaudited condensed consolidated financial statements.

GETTY IMAGES HOLDINGS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF THE BUSINESS

Getty Images Holdings, Inc. (the “Company” or “Getty Images”) is a preeminent global visual content creator and marketplace that offers a full range of content solutions to meet the needs of customers around the globe, no matter their size. Through Getty Images, iStock, and Unsplash brands, websites and APIs, the Company serves customers in almost every country in the world and is one of the first places people turn to discover, purchase and share powerful visual content from the world’s best photographers and videographers. The Company brings content to media outlets, advertising agencies and corporations and, increasingly, serves individual creators and prosumers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The Company’s accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial reporting.

The Business Combination in July of 2022 was accounted for as a reverse recapitalization in accordance with U.S. GAAP. Under this method of accounting, CCNB was treated as the “acquired” company and Legacy Getty is treated as the acquirer for financial reporting purposes. The consolidated assets, liabilities and results of operations prior to the Business Combination are those of Legacy Getty. The shares and corresponding capital amounts and earnings per share, prior to the Business Combination, have been retroactively restated based on shares reflecting the exchange ratio established in the Business Combination.

The accompanying unaudited condensed consolidated financial statements include the accounts and operations of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Certain notes or other information that are normally required by U.S. GAAP have been omitted if they substantially duplicate the disclosures contained in the Company’s annual audited financial statements. Accordingly, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes in Item 8 of Part II, “Financial Statements and Supplementary Data,” of the Company’s 2022 Annual Report on Form 10-K. The accompanying unaudited interim financial statements, in the opinion of management, include all normal and recurring adjustments necessary for a fair presentation of the Company’s unaudited financial statements for the periods presented.

The results of operations for the three and nine months ended September 30, 2023 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2023 or for any other future annual or interim period.

Estimates and Assumptions — The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and revenues and expenses reported during the period. Some of the estimates and assumptions that require the most difficult judgments are: a) the assumptions used to estimate unused capped subscription-based and credit-based products; b) the assumptions used to allocate transaction price to multiple performance obligations for uncapped subscription arrangements; c) the appropriateness of the amount of accrued income taxes, including the potential outcome of future tax consequences of events that have been recognized in the condensed consolidated financial statements as well as the deferred tax asset valuation allowances and d) the assumptions used to estimate accrued litigation reserves and insurance recoveries. These judgments are inherently uncertain which directly impacts their valuation and accounting. Actual results and outcomes may differ from management’s estimates and assumptions.

Litigation Reserves — The Company recognizes a charge for litigation reserves when a loss is probable, and the amount is material and reasonably determinable. The amount accrued represents the Company’s best estimate of the loss, including related interest if applicable or, if no best estimate within a range of outcomes exists, the minimum amount in the range is reserved and the high end of the range is disclosed. If it is determined that a loss is only reasonably possible or that a loss is probable but the amount is not reasonably estimable, the Company discloses the nature of the possible loss and gives an estimate of the possible range of loss. The estimates and judgments could change based on new information, changes in laws or regulations, or the outcome of legal proceedings, settlements, or

other factors. If different estimates and judgments were applied with respect to these matters, it is likely that reserves would be recorded for different amounts. The reserve for litigation is accrued in “Litigation Reserves” on the Condensed Consolidated Balance Sheets and related legal and professional fees associated with the litigation are included in “Accounts Payable” or “Accrued Liabilities” on the Condensed Consolidated Balance Sheets. See “Note 7 — Commitments and Contingencies” for further discussion.

Recoveries of Losses on Litigation — The Company recognizes the benefit of recoveries of losses on litigation when it is probable that such recoveries will be received. These recoveries are typically receivable from our third-party insurance carriers for legal claims and related costs that are included in “Loss on Litigation” on the Condensed Consolidated Statement of Operations, refer to “Note 7 — Commitments and Contingencies”.

Cash, Cash Equivalents and Restricted Cash — The following represents the Company’s cash, cash equivalents and restricted cash as of September 30, 2023 and December 31, 2022 (in thousands):

	As of September 30, 2023	As of December 31, 2022
Cash and cash equivalents	\$ 113,546	\$ 97,912
Restricted cash	4,250	4,482
Total cash, cash equivalents and restricted cash	\$ 117,796	\$ 102,394

Cash equivalents are short-term, highly liquid investments that are both readily convertible to cash and have maturities at the date of acquisition of three months or less. Cash equivalents are generally composed of investment-grade debt instruments subject to lower levels of credit risk, including certificates of deposit and money market funds. The Company’s current cash and cash equivalents consist primarily of cash on hand, bank deposits, and money market accounts.

Restricted cash consists primarily of cash held as collateral related to corporate credit cards and real estate lease obligations.

Accounts Receivable — Net — Accounts receivable are trade receivables, net of reserves for allowances for doubtful accounts totaling \$7.0 million as of September 30, 2023 and \$6.5 million as of December 31, 2022. The Company recorded net bad debt expense of \$1.0 million and \$0.1 million for the three months ended September 30, 2023 and 2022, respectively and \$2.0 million and \$1.0 million for the nine months ended September 30, 2023 and 2022, respectively.

Allowance for doubtful accounts is calculated based on historical losses, existing economic conditions, and analysis of specific older account balances of customer and delegate accounts. Trade receivables are written off when collection efforts have been exhausted.

Minority Investment without Readily Determinable Fair Value — The carrying amount of the minority investments, which is included within “Other long-term assets” on the Condensed Consolidated Balance Sheets, was \$9.5 million and \$9.6 million as September 30, 2023 and December 31, 2022, respectively. The Company uses the measurement alternative for these equity investments and their carrying value is reported at cost, adjusted for impairments or any observable price changes in ordinary transactions with identical or similar investments. Revenue related to content consumed by the minority investees was not material during the three and nine months ended September 30, 2023 and 2022.

On a quarterly basis, the Company evaluates the carrying value of its long-term investments for impairment, which includes an assessment of revenue growth, earnings performance, working capital and general market conditions. As of September 30, 2023, no adjustments to the carrying values of the Company’s long-term investments were identified as a result of this assessment. Changes in performance negatively impacting operating results and cash flows of these investments could result in the Company recording an impairment charge in future periods.

Revenue Recognition — Revenue is derived principally from licensing rights to use images, video footage and music that are delivered digitally over the internet. Digital content licenses are generally purchased on a monthly or annual subscription basis, whereby a customer either pays for a predetermined quantity of content or for access to the Company’s content library that may be downloaded over a specific period of time, or, on a transactional basis, whereby a customer pays for individual content licenses at the time of download. Also, a significant portion of revenue

is generated through the sale and subsequent use of credits. Various amounts of credits are required to license digital content.

The Company maintains a credit department that sets and monitors credit policies that establish credit limits and ascertains customer creditworthiness, thus reducing the risk of potential credit loss. Revenue is not recognized unless it is determined that collectability is reasonably assured. Revenue is recorded at invoiced amounts (including discounts and applicable sales taxes) less an allowance for sales returns, which is based on historical information. Customer payments received in advance of revenue recognition are contract liabilities and are recorded as deferred revenue. Customers that do not pay in advance are invoiced and are required to make payments under standard credit terms.

The Company recognizes revenue under the core principle to depict the transfer of control to the Company's customers in an amount reflecting the consideration to which the Company expects to be entitled. In order to achieve that core principle, the Company applies the following five-step approach: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when a performance obligation is satisfied.

For digital content licenses, the Company recognizes revenue on both its capped subscription-based, credit-based sales and single image licenses when content is downloaded, at which time the license is provided. In addition, management estimates expected unused licenses for capped subscription-based and credit-based products and recognizes the revenue associated with the unused licenses throughout the subscription or credit period. The estimate of unused licenses is based on historical download activity and future changes in the estimate could impact the timing of revenue recognition of the Company's subscription products.

For uncapped digital content subscriptions, the Company has determined that access to the existing content library and future digital content updates represent two separate performance obligations. As such, a portion of the total contract consideration related to access to the existing content library is recognized as revenue at the commencement of the contract when control of the content library is transferred. The remaining contractual consideration is recognized as revenue ratably over the term of the contract when updated digital content is transferred to the licensee, in line with when the control of the new content is transferred.

Recently Adopted Accounting Standard Updates — There were no new accounting standards adopted during the quarter ended September 30, 2023 that had a material impact on the Company's financial position or results of operations.

Recently Issued Accounting Standard Updates — The Company implemented new applicable accounting pronouncements that are in effect and does not believe that there are any other new pronouncements that have been issued that might have a material impact on the Company's financial position or results of operations.

3. DERIVATIVE INSTRUMENTS

Interest Rate Risk — The Company does not hold or issue derivative financial instruments for trading purposes. In general, the Company's derivative activities do not create interest rate risk because fluctuations in the value of the instruments used for economic hedging purposes are offset by fluctuations in the value of the underlying exposures being hedged. Counterparties to derivative financial instruments expose the Company to credit related losses in the event of nonperformance; however, the Company has entered into these instruments with creditworthy financial institutions and considers the risk of nonperformance to be minimal.

The following table summarizes the location and fair value amounts of derivative instruments reported in the Condensed Consolidated Balance Sheets (in thousands):

	As of September 30, 2023		As of December 31, 2022	
	Asset	Liability	Asset	Liability
Derivatives not designated as hedging instruments:				
Interest rate swaps	\$ 3,985	\$ —	\$ 9,032	\$ —
Total derivatives	\$ 3,985	\$ —	\$ 9,032	\$ —

Short-term derivative assets are included in “Other current assets” and long-term derivative assets are included in “Other long-term assets” on the Condensed Consolidated Balance Sheets.

The Company recognized a net loss of \$2.3 million and a net gain of \$5.7 million on the derivative instruments for the three months ended September 30, 2023 and 2022, respectively. The Company recognized a net loss of \$5.0 million and a net gain of \$22.8 million on the derivative instruments for the nine months ended September 30, 2023 and 2022, respectively. These are included in “(Loss) gain on fair value adjustment for swaps and foreign currency exchange contract – net” on the Condensed Consolidated Statements of Operations.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company’s disclosable financial instruments consist of cash equivalents, interest rate swaps, and debt. Assets and liabilities measured at fair value on a recurring basis (cash equivalents and interest rate swaps) and a nonrecurring basis (debt) are categorized in the tables below.

Financial instrument assets recorded at fair value as of September 30, 2023 and December 31, 2022 are as follows (in thousands):

	As of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Money market funds (cash equivalents)	\$ 47,977	\$ —	\$ —	\$ 47,977
Derivative assets:				
Interest rate swaps	—	3,985	—	3,985
	<u>\$ 47,977</u>	<u>\$ 3,985</u>	<u>\$ —</u>	<u>\$ 51,962</u>
	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Money market funds (cash equivalents)	\$ 20,462	\$ —	\$ —	\$ 20,462
Derivative assets:				
Interest rate swaps	—	9,032	—	9,032
	<u>\$ 20,462</u>	<u>\$ 9,032</u>	<u>\$ —</u>	<u>\$ 29,494</u>

The fair value of the Company’s money market funds is based on quoted active market prices for the funds and is determined using the market approach. The fair value of the Company’s interest rate swap contracts are based on market quotes provided by the counterparty. Quotes by the counterparty are calculated based on observable current rates and forward interest rate curves. The Company recalculates and validates this fair value using publicly available market inputs using the market approach.

Financial instrument liabilities recorded or disclosed at fair value as of September 30, 2023 and December 31, 2022 are as follows (in thousands):

	As of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Term Loans	\$ —	\$ 1,087,282	\$ —	\$ 1,087,282
Senior Notes	—	299,625	—	299,625
	<u>\$ —</u>	<u>\$ 1,386,907</u>	<u>\$ —</u>	<u>\$ 1,386,907</u>
	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Term Loans	\$ —	\$ 1,112,990	\$ —	\$ 1,112,990
Senior Notes	—	297,354	—	297,354
	<u>\$ —</u>	<u>\$ 1,410,344</u>	<u>\$ —</u>	<u>\$ 1,410,344</u>

The fair value of the Company's Term Loans and Senior Notes are based on market quotes provided by a third-party pricing source.

5. OTHER ASSETS AND LIABILITIES

Other Long-Term Assets — Other long-term assets consisted of the following at the reported Balance Sheet dates (in thousands):

	As of September 30, 2023	As of December 31, 2022
Long term note receivable from a related party	\$ 24,000	\$ 24,000
Minority and other investments	12,023	12,097
Derivative asset	—	9,032
Tax receivable	2,700	2,700
Equity method investment	2,557	2,064
Long term deposits	1,506	1,609
Other	592	450
	<u>\$ 43,378</u>	<u>\$ 51,952</u>

Accrued Expenses — Accrued expenses at the reported Balance Sheet dates are summarized below (in thousands):

	As of September 30, 2023	As of December 31, 2022
Accrued compensation and related costs	\$ 16,299	\$ 23,851
Lease liabilities	9,310	10,094
Interest payable	2,931	9,993
Accrued professional fees	12,719	4,334
Other	902	1,055
	<u>\$ 42,161</u>	<u>\$ 49,327</u>

6. DEBT

Debt included the following (in thousands):

	As of September 30, 2023	As of December 31, 2022
Senior Notes	\$ 300,000	\$ 300,000
USD Term Loans	639,600	687,400
EUR Term Loans	443,553	446,996
Less: issuance costs and discounts amortized to interest expense	(2,767)	(5,549)
Long-term debt – net	<u>\$ 1,380,386</u>	<u>\$ 1,428,847</u>

The face value of the EUR Term Loans was €419.0 million as of September 30, 2023 and December 31, 2022. The table above converted the EUR Term Loans to USD using currency exchange rates as of those dates.

On May 4, 2023, the Company amended the existing senior secured credit facility to among other things, (i) upsize the total amount of commitments under the revolving credit facility capacity from \$80.0 million to \$150.0 million and (ii) extend the maturity of the revolving credit facility until May 4, 2028. The revolving credit facility remains undrawn. The Company accounted for this amendment as a modification of the existing revolving credit facility. The

unamortized debt issuance costs and the fees incurred to amend the revolving credit facility will be amortized over the term of the new revolving credit facility.

The Company used \$20.0 million in cash on May 10, 2023 to repay a portion of the USD Term Loans and used another \$20.0 million in cash on August 11, 2023 to repay an additional portion of the USD Term Loans.

As of September 30, 2023, the Company was compliant with all debt covenants and obligations.

7. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the Company enters into certain types of agreements that contingently require the Company to indemnify counterparties against third-party claims. The nature and terms of these indemnifications vary from contract to contract, and generally a maximum obligation is not stated. Because management does not believe a material liability is probable, no related liabilities were recorded at September 30, 2023 and December 31, 2022.

The Company has been named as a defendant in two lawsuits filed by former public warrant holders in the United States District Court for the Southern District of New York, Alta Partners, LLC v. Getty Images Holdings, Inc., Case No. 1:22-cv-08916 (filed October 19, 2022), and CRCM Institutional Master Fund (BVI) LTD, et al. (together the “Plaintiffs”) v. Getty Images Holdings, Inc., Case No. 1:23-cv-01074 (filed February 8, 2023). The Plaintiffs generally allege breaches of the Warrant Agreement, dated August 4, 2020, and alternative claims for violations of the federal securities laws, including claims under the Securities Act of 1933 and/or the Securities Exchange Act of 1934. The complaints seek, among other things, an award of money damages. On February 17, 2023, the Court consolidated the actions for purposes of discovery. The Company filed answers to the complaints, and discovery closed on August 28, 2023. On September 11, 2023, all parties filed cross-motions for summary judgment, which were fully briefed on October 2, 2023. On October 27, 2023, the Court issued its decision on the cross-motions for summary judgment and entered judgment in favor of Plaintiffs on their breach of contract claims in the amount of \$36.9 million for Alta Partners, LLC and \$51.0 million for the CRCM plaintiffs, plus, in each case, pre-judgment interest of 9% per annum. The Court entered judgment in favor of the Company on all other claims asserted by Plaintiffs. The Company intends to appeal that portion of the Court’s judgment in favor of plaintiffs.

The Company’s Loss on Litigation is comprised of these summary judgment amounts, in addition to pre-judgment interest and associated legal fees through September 30, 2023. The Company has recognized Recovery of Loss on Litigation of \$60.0 million, which represents the limit of the Company’s insurance coverage for this matter. Subsequent to September 30, 2023 the Company has received \$5.0 million of insurance recoveries.

The Company is subject to a variety of other legal claims and suits that arise from time to time in the ordinary course of business. Other than the matter described above, management currently believes that resolving other such claims, individually or in aggregate, will not have a material adverse impact on the condensed consolidated financial statements. However, these matters are subject to inherent uncertainties and management’s view of these matters may change in the future. The Company holds insurance policies that mitigate potential losses arising from certain indemnifications, and historically, significant costs related to performance under these obligations have not been incurred.

The Company has open tax audits in various jurisdictions and some of these jurisdictions require taxpayers to pay assessed taxes in advance or at the time of appealing such assessments. One such jurisdiction is Canada, where one of the Company’s subsidiaries, iStockphoto ULC, recently received tax assessments from the Canada Revenue Agency (“CRA”) asserting additional tax is due. The position taken by the CRA is related to the transactions between iStockphoto ULC and other affiliates within the Getty Images group for the 2015 Canadian income tax return filed. The Company believes the CRA position lacks merit and intends to appeal and vigorously contest these assessments.

As part of the appeal process in Canada, the Company may be required to pay a portion of the assessment amount, which the Company estimates could be up to \$19.0 million in 2023. Such required payment is not an admission that the Company believes it is subject to such taxes. The Company believes it is more likely than not it will prevail on appeal, however, if the CRA were to be successful in the appeal process, the Company estimates the maximum potential outcome could be up to \$28.0 million.

8. REVENUE

The Company distributes its content and services offerings through three primary products:

Creative — Creative, is comprised of royalty free (“RF”) photos, illustrations, vectors and videos, that are released for commercial use and cover a wide variety of commercial, conceptual and contemporary subjects, including lifestyle, business, science, health, wellness, beauty, sports, transportation and travel. This content is available for immediate use by a wide range of customers with a depth, breadth and quality allowing our customers to produce impactful websites, digital media, social media, marketing campaigns, corporate collateral, textbooks, movies, television and online video content relevant to their target geographies and audiences. We primarily source Creative content from a broad network of professional, semi-professional and amateur creators, many of whom are exclusive to Getty Images. We have a global creative insights team dedicated to providing briefing and art direction to our exclusive contributor community.

Editorial — Editorial, is comprised of photos and videos covering the world of entertainment, sports and news. We combine contemporary coverage of events around the globe and have one of the largest privately held archives globally with access to images from the beginning of photography. We invest in a dedicated editorial team which includes over 110 staff photographers and videographers to generate our own coverage in addition to coverage from our network of content partners.

Other — The Company offers a range of additional products and services to deepen the customer relationships, enhance customer loyalty and create additional differentiation in the market. These additional products and services currently include music licensing, digital asset management and distribution services, print sales and data licensing.

The following table summarizes the Company’s revenue by product (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Creative	\$ 145,211	\$ 145,238	\$ 432,927	\$ 440,305
Editorial	79,944	81,845	244,911	243,543
Other	4,143	3,391	12,778	10,930
Total Revenue	\$ 229,298	\$ 230,474	\$ 690,616	\$ 694,778

The September 30, 2023 deferred revenue balance will be earned as content is downloaded, services are provided or upon the expiration of subscription-based products, and nearly all is expected to be earned within the next twelve months. During the nine months ended September 30, 2023, the Company recognized revenue of \$127.8 million, that had been included in deferred revenue as of January 1, 2023.

9. EQUITY—BASED COMPENSATION

Equity-based compensation expense is recorded in “Selling, general and administrative expenses” in the Condensed Consolidated Statements of Operations, net of estimated forfeitures. The Company recognized equity-based compensation - net of estimated forfeitures of \$10.5 million and \$29.4 million for the three and nine months ended September 30, 2023, respectively. The Company recognized equity-based compensation - net of estimated forfeitures of \$2.8 million and \$5.9 million for the three and nine months ended September 30, 2022, respectively. The Company capitalized \$1.3 million and \$2.2 million of equity-based compensation expense associated with the cost of developing internal-use software during the three and nine months ended September 30, 2023, respectively. No equity-based compensation expense associated with the cost of developing internal-use software was capitalized during the three and nine months ended September 30, 2022, respectively.

The Getty Images Holdings, Inc. 2022 Equity Incentive Plan (“2022 Plan”) provides for the grant of stock options, including incentive stock options and nonqualified stock options, stock appreciation rights, restricted stock, dividend equivalents, restricted stock units (“RSU”), performance stock units (“PSU”), and other stock or cash-based awards. Equity-based awards generally vest over three or four years. Under the 2022 Plan, up to 51,104,577 shares of Class A common stock are reserved for issuance, of which 7,792,506 are available to be issued as of September 30, 2023.

Stock Options — The following tables presents a summary of the Company's stock option activity for the nine months ended September 30, 2023 (in thousands except weighted average data and years):

	Number of awards	Weighted Average Exercise Price	Remaining Average Contractual Life (in Years)
Outstanding — December 31, 2022	29,935	\$ 3.08	5.85
Granted	2,934	6.49	
Exercised	(4,352)	3.03	
Pre-vesting forfeitures	(22)	5.87	
Post-vesting cancellations	(15)	5.82	
Outstanding - September 30, 2023	28,480	3.43	5.50
Exercisable - September 30, 2023	24,284	\$ 3.01	4.89
Vested and expected to vest after September 30, 2023	28,456	\$ 3.43	5.50

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

	As of September 30, 2023	As of December 31, 2022
Stock options outstanding	\$ 90,312	\$ 75,888
Stock options exercisable	\$ 85,242	\$ 68,431
Stock options vested and expected to vest	\$ 90,234	\$ 75,704

The intrinsic value of stock options exercised for the nine months ended September 30, 2023 was approximately \$13.2 million. The intrinsic value of stock options exercised for the nine months ended September 30, 2022 was \$14.7 million.

The weighted-average grant-date fair value of stock options, the valuation model used to estimate the fair value, and the assumptions input into that model, for awards granted during the nine months ended September 30, 2023 were as follows. No stock options were granted during the three months ended September 30, 2022:

	Nine Months Ended September 30, 2023
Weighted average grant date fair value per award	\$ 2.20
Valuation model used	Black-Scholes
Expected award price volatility	50.00 %
Risk-free rate of return	3.70 %
Expected life of awards	5.89 years
Expected rate of dividends	None

The stock volatility assumption for award-based compensation is based on historical volatilities of the common stock of several public companies with characteristics similar to those of the Company since the Company's common stock has only been trading in the public market for a short period of time.

The risk-free rate of return represents the implied yield available during the month the award was granted for a U.S. Treasury zero-coupon security issued with a term equal to the expected life of the awards.

The expected life is measured from the grant date and is based on the simplified method calculation.

As of September 30, 2023, there was \$7.5 million of total unrecognized compensation expense related to outstanding stock options, which the Company expects to recognize over a weighted average period of approximately 2.27 years.

Restricted Stock Units — The following table presents a summary of RSU activity (in thousands except weighted average data):

	Number of awards		Weighted Average Grant-Date Fair Value
Outstanding — December 31, 2022	4,367	\$	5.58
Granted	3,394	\$	4.78
Vested	(1,717)	\$	5.56
Cancelled	(134)	\$	5.58
Outstanding - September 30, 2023	5,910	\$	5.13

As of September 30, 2023, the total unrecognized compensation expense related to RSUs is approximately \$27.1 million, which is expected to be recognized over a weighted average period of approximately 2.39 years.

Performance Stock Units — The following table presents a summary of PSU activity (in thousands except weighted average data):

	Number of awards		Weighted Average Grant-Date Fair Value
Outstanding — December 31, 2022	—	\$	—
Granted	942	\$	4.75
Vested	—	\$	—
Cancelled	—	\$	—
Outstanding - September 30, 2023	942	\$	4.75

The number of units subject to future vesting is based on annual Company achieved factors, such as Revenue growth and Adjusted EBITDA less Capital Expenditures growth. Unvested units are expected to vest at the determination date of March 20, 2024, and expense recognized is adjusted quarterly for expected achievement. In addition to the granted shares in the table above, the Company issued an incremental 1.9 million PSUs that will have an accounting grant date in future periods upon achieved factors being set. PSU achievement is at the discretion of the Compensation Committee of the Board of Directors.

Earn Out Plan —The Getty Images Holdings, Inc. Earn Out Plan (“Earn Out Plan”) provides for the grant of RSUs, which generally vest upon grant. Under the Earn Out Plan, up to 6.0 million shares of Class A common stock are reserved for issuance, of which 2,975,696 shares are available to be issued as of September 30, 2023.

	Number of awards		Weighted Average Grant-Date Fair Value
Outstanding — December 31, 2022	—	\$	—
Granted	3,024	\$	4.76
Vested	(3,024)	\$	4.76
Cancelled	—	\$	—
Outstanding - September 30, 2023	—	\$	—

As of September 30, 2023, there is no unrecognized compensation expense related to RSUs granted from the Earn Out Plan, as all RSUs were fully vested upon grant.

Employee Stock Purchase Plan —The Getty Images Holdings, Inc. 2022 Employee Stock Purchase Plan (“ESPP”) provides for shares of Class A common stock to be purchased by eligible employees at six months intervals at 85% of the fair market value of the stock on either the first or last trading day of each six months period, whichever is lower. Eligible employees are allowed to contribute up to 10% of their compensation. The Company’s first six months period under the ESPP began on June 01, 2023. Under the ESPP, up to 5.0 million shares of Class A common stock are reserved for issuance, of which all 5.0 million are available to be issued as of September 30, 2023.

10. INCOME TAXES

The provision for income taxes for interim periods is determined using an estimate of the Company’s annual effective rate as prescribed under ASC 740 “Income Taxes” (“ASC 740”). Any changes to the estimated annual rate are recorded in the interim period in which the changes occur.

The Company recorded an income tax expense of \$5.4 million and \$10.6 million for the three months ended September 30, 2023 and 2022, respectively. The decrease in tax expense compared to the prior year is primarily due to the tax benefit on the loss on litigation in current year.

The Company recorded an income tax expense \$11.5 million and \$39.0 million for the nine months ended September 30, 2023 and 2022, respectively. The decrease in tax expense compared to the prior year is primarily due to changes in pre-tax income (loss), a release of uncertain tax position reserves in current year, the tax benefit on the loss on litigation in current year, and nondeductible net loss on fair value adjustment for warrant liabilities in prior year.

The Company’s effective income tax rate is (41.3)% and (143.9)% for the three and nine months ended September 30, 2023, respectively. The most significant drivers of the difference between the 2023 statutory U.S. federal income tax rate of 21.0% and the Company’s effective tax rate are jurisdictions with losses for which no tax benefit can be recognized and foreign withholding tax expense not analogous to pre-tax income.

The Company’s effective income tax rate is (9.9)% and (254.1)% for the three and nine months ended September 30, 2022, respectively. The most significant drivers of the difference between the 2022 statutory U.S. federal income tax rate of 21.0% and the Company’s effective tax rate are nondeductible net loss on fair value adjustment for warrant liabilities and foreign withholding tax expense not analogous to pre-tax income.

11. NET LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS

The following table sets forth the computation of basic and diluted loss per share of Class A common stock (amounts in thousands, except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
NET LOSS	\$ (18,448)	\$ (118,116)	\$ (19,522)	\$ (54,314)
Less:				
Net (loss) income attributable to noncontrolling interest	(45)	(62)	248	313
Premium on early redemption of Redeemable Preferred Stock	—	26,678	—	26,678
Redeemable Preferred Stock dividend	—	4,666	—	43,218
NET LOSS ATTRIBUTABLE TO GETTY IMAGES HOLDINGS, INC. - Basic	\$ (18,403)	\$ (149,398)	\$ (19,770)	\$ (124,523)
Less:				
Change in fair value of Public and Forward Purchase Warrants	—	(15,278)	—	(15,278)
NET LOSS ATTRIBUTABLE TO GETTY IMAGES HOLDINGS, INC. - Diluted	(18,403)	(164,676)	(19,770)	(139,801)
Weighted-average Class A common stock outstanding:				
Basic	399,703,684	318,152,726	397,492,201	237,235,059
Effect of dilutive securities	—	5,185,168	—	1,728,389
Diluted	399,703,684	323,337,894	397,492,201	238,963,448
Net loss per share of Class A common stock attributable to Getty Images Holdings, Inc. common stockholders:				
Basic	\$ (0.05)	\$ (0.47)	\$ (0.05)	\$ (0.52)
Diluted	\$ (0.05)	\$ (0.51)	\$ (0.05)	\$ (0.59)

Diluted loss per share of Class A common stock adjusts basic loss per share for the potentially dilutive impact of stock options and warrants. During periods when the impact of warrants that are liability-classified are dilutive, the Company assumes share settlement of the instruments as of the beginning of the reporting period, adjusts the numerator to remove the change in fair value of the warrant liability and adjusts the denominator to include the dilutive shares calculated using the treasury stock method.

The following are excluded from the computation of diluted net income per share of Class A common stock as their effect would have been anti-dilutive:

	September 30,	
	2023	2022
Common stock options	28,479,654	28,970,753
Restricted stock units	5,889,481	—
	34,369,135	28,970,753

Performance stock units were not included in the calculation of diluted earnings per share as the necessary conditions had not been met as of September 30, 2023.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Unless otherwise indicated or the context otherwise requires, references in this section to the “Company,” “Getty Images,” “we,” “us,” “our” and other similar terms refer to Getty Images Holdings, Inc. and its subsidiaries after completion of the Business Combination (as defined below) and Griffey Global Holdings, Inc., a Delaware corporation (“Legacy Getty”), prior to the completion of the Business Combination. The following discussion and analysis of the financial condition and results of operations of Getty Images should be read together with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q. The discussion should also be read together with the “Cautionary Note Regarding Forward-Looking Statements” in this Quarterly Report on Form 10-Q, and the “Item 1.A. Risk Factors” section and historical audited annual consolidated financial statements of Getty Images Holdings, Inc. as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 and the respective notes thereto, included in our most recently filed Annual Report on Form 10-K (the “2022 Form 10-K”).

We also now qualify as a “smaller reporting company” because the market value of our shares of Class A common stock held by non-affiliates was less than \$200 million as of the end of our most recently completed second fiscal quarter. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies.

Business Overview and Recent Developments

In 1995, Mark Getty and Jonathan Klein co-founded the predecessor to Getty Images, Inc. in London. In September 1997, Getty Communications, as it was called at the time, merged with PhotoDisc, Inc. to form Getty Images, Inc. Legacy Getty was incorporated in Delaware on September 25, 2012, and in October of the same year, indirectly acquired Getty Images, Inc.

On July 22, 2022 (the “Closing Date”), the Company consummated the transactions in the Business Combination Agreement, dated December 9, 2021 (the “Business Combination Agreement” and the consummation of such transactions, the “Closing”), by and among CC Neuberger Principal Holdings II, a Cayman Islands exempted company (“CCNB”), the Company (at such time, Vector Holding, LLC, a Delaware limited liability company and wholly-owned subsidiary of CCNB), Vector Domestication Merger Sub, LLC, a Delaware limited liability company and wholly-owned subsidiary of the Company (“Domestication Merger Sub”), Vector Merger Sub 1, LLC, a Delaware limited liability company and a wholly-owned subsidiary of CCNB (“G Merger Sub 1”), Vector Merger Sub 2, LLC, a Delaware limited liability company and a wholly-owned subsidiary of CCNB (“G Merger Sub 2”), Griffey Global Holdings, Inc., a Delaware corporation (“Legacy Getty”), and Griffey Investors, L.P., a Delaware limited partnership (the “Partnership”). On the day prior to the Closing Date, the Company statutorily converted from a Delaware limited liability company to a Delaware corporation (the “Statutory Conversion”). On the Closing Date, CCNB merged with and into Domestication Merger Sub, with Domestication Merger Sub surviving the merger as a wholly-owned direct subsidiary of the Company (the “Domestication Merger”). Following the Domestication Merger on the Closing Date, G Merger Sub 1 merged with and into Legacy Getty, with Legacy Getty surviving the merger as an indirect wholly-owned subsidiary of the Company (the “First Getty Merger”). Immediately after the First Getty Merger, Legacy Getty merged with and into G Merger Sub 2 with G Merger Sub 2 surviving the merger as an indirect wholly-owned subsidiary of the Company (the “Second Getty Merger” and together with the First Getty Merger, the “Getty Mergers” and, together with the Statutory Conversion and the Domestication Merger, the “Business Combination”).

Getty Images is a preeminent global visual content creator and marketplace. Through Getty Images, iStock, and Unsplash, we offer a full range of content solutions to meet the needs of any customer—no matter their size—around the globe, with over 551 million visual assets available through its industry-leading sites. New content and coverage is added daily, with over 10 million new assets added each quarter and over 2.8 billion searches annually. The Company had more than 825,000 purchasing customers, with customers from almost every country in the world with websites in 23 languages bringing the world’s best content to media outlets, advertising agencies and corporations of all sizes and, increasingly, serving individual creators and prosumers.

In support of its content, Getty Images employs over 110 staff photographers and videographers, distributes the content of over 551,000 contributors and more than 315 premium content partners. Over 80,000 of our contributors are exclusive to the Company, creating content that cannot be found anywhere else. Each year, we cover more than 160,000 global events across news, sport and entertainment, providing a depth and breadth of coverage that is unmatched. Getty Images also

maintains one of the largest and best privately-owned photographic archives in the world with over 135 million images across geographies, time periods and verticals.

Through our content and coverage, Getty Images moves the world — whether the goal is commercial or philanthropic, revenue-generating or society-changing, market-disrupting or headline-driving. Through our staff, our exclusive contributors and partners, and our expertise, data and research, Getty Images’ content grabs attention, sheds light, represents communities and reminds us of our history.

We offer comprehensive content solutions including a la carte (“ALC”) and subscription access to our pre-shot content and coverage, custom content and coverage solutions, digital asset management tools, data insights, research, and print offerings.

For over 28 years, Getty Images has embraced innovation; from analogue to digital, from offline to e-commerce, from stills to video, from single image purchasing to subscriptions, from websites to application programming interfaces (“APIs”), from pre-shot content to AI generated commercially safe content. With quality content at the core of our offerings, we embrace innovation as a means to better service our existing customers and to reach new ones.

Creative

Creative, is comprised of royalty free (“RF”) photos, illustrations, vectors and videos, that are released for commercial use and cover a wide variety of commercial, conceptual and contemporary subjects, including lifestyle, business, science, health, wellness, beauty, sports, transportation and travel. This content is available for immediate use by a wide range of customers with a depth, breadth and quality allowing our customers to produce impactful websites, digital media, social media, marketing campaigns, corporate collateral, textbooks, movies, television and online video content relevant to their target geographies and audiences. We primarily source Creative content from a broad network of professional, semi-professional and amateur creators, many of whom are exclusive to Getty Images. We have a global creative insights team dedicated to providing briefing and art direction to our exclusive contributor community. Creative represents 62.7% and 63.4% of our revenue of which 52.9% and 47.1% is generated through our annual subscription products, for the nine months ended September 30, 2023 and 2022, respectively. Annual Subscription products include products and subscriptions with a duration of 12 months or longer, Unsplash API and Custom Content.

Editorial

Editorial, is comprised of photos and videos covering the world of entertainment, sports and news. We combine contemporary coverage of events around the globe with one of the largest privately held archives globally with access to images from the beginning of photography. We invest in a dedicated editorial team which includes over 110 staff photographers and videographers to generate our own coverage in addition to coverage from our network of content partners. Editorial represents 35.5% and 35.1% of our revenue, of which 52.9% and 51.6% is generated through our annual subscription products, for the nine months ended September 30, 2023 and 2022, respectively. Annual Subscription products include subscriptions with a duration of 12 months or longer.

Other

Other represents 1.9% and 1.6% of our revenue for the nine months ended September 30, 2023 and 2022, respectively. This includes music licensing, digital asset management and distribution services, print sales and data licensing.

We service a full range of customers through our industry-leading brands and websites:

Getty Images

Gettyimages.com offers premium creative content and editorial coverage, including video, with exclusive content, and customizable rights and protections. This site primarily serves larger enterprise agency, media and corporate customers with global customer support from our sales and service teams. Customers can purchase on an ALC basis or through our content subscriptions, including our “Premium Access” subscription, where we uniquely offer frictionless access across all of our content in one solution.

iStock

iStock.com is our budget-conscious e-commerce offering our customers access to creative stills and video, which includes exclusive content. This site primarily serves SMBs, including the growing freelance market. Customers can purchase on an ALC basis or through a range of monthly and annual subscription options with access to an extensive amount of unique and exclusive content.

Unsplash

Unsplash.com is a platform offering free stock photo downloads and paid subscriptions targeted to the high-growth prosumer and semi-professional creator segments. The Unsplash website reaches a significant and geographically diverse audience with more than 103 million image downloads every month. On October 4, 2022, Unsplash launched Unsplash+, an unlimited paid subscription providing access to unique model-released content with expanded legal protections.

In addition to our websites, customers and partners can access and integrate our content, metadata and search capabilities via our APIs and through a range of mobile apps and plugins.

We are a critical intermediary between content suppliers and a broad set of customers. We compete against a broad range of stock licensing marketplaces, editorial news agencies, creative agencies, production companies, staff and freelance photographers and videographers, photo and video archives, freelance marketplaces and amateur content creators, creative tools and services and free sources. Getty Images' unique offering and approach offers a strong value proposition to our customers and content contributors.

For customers:

- We offer a comprehensive suite of high quality, authentic content, purchase and licensing options and services to meet the needs of our customers, regardless of project requirements, needs or budgets.
- Our content sourcing and production, rights oversight, websites and content distribution are all supported by a unique, scalable cloud-based unified platform with powerful artificial intelligence/machine learning and data addressing all customers at scale.
- Customers can avoid the costly investment and environmental impact of producing content on their own. This can include costs incurred from staffing, travel and access, model and location, hardware and production, and editing.
- Customers do not have to wait for content to be produced and distributed and can avoid the difficulties and pitfalls of searching across the internet to locate and negotiate for rights to license or use specific content. Our best-in-class, scaled infrastructure offers customers a one-stop shop for instant content access and maneuverability.
- Customers licensing from Getty Images and iStock receive trusted copyright claim protections, model and property releases and the ability to secure the necessary clearances for their intended use of the content.

For content contributors:

- Access to a marketplace that reaches almost every country in the world, across all customer categories and sizes and generated annual royalties of nearly \$220 million for the trailing twelve months ending September 30, 2023.
- We maintain a dedicated and experienced creative insights team focused on understanding changes in customer demand, the visual landscape, the authentic portrayal of communities and cultures, and the evolution of core creative concepts. We work closely with leading organizations to augment our proprietary research and understanding of communities and cultures to provide content with authentic depiction. We convey this research to our exclusive contributors via actionable insights allowing them to invest in and create content that accurately caters to changing consumer demand and up to date market trends.
- Not only do we provide exclusive contributors with scaled access to end markets and proprietary information, but we also provide premium royalty rates. This allows our exclusive contributors and partners to confidently invest more into their productions with the potential to generate higher returns.
- Partnering with Getty Images allows contributors to focus on content creation and avoid time and financial investment in the marketing, sales, distribution and management of their content.

Russia and Ukraine Conflict

Getty Images does not maintain a direct business or employee presence within Russia or Ukraine. Our in-country presence is limited to our editorial staff covering the conflict and broader consequences. Revenues generated through e-commerce

and third-party licensing of our content within Russia and Ukraine represent less than 1% of our business. We do work with creative contributors within Ukraine and Russia, of which, the majority are non-exclusive to Getty Images. We continue to license their content and are complying with all sanctions and trade rules.

Closing of the Business Combination

In connection with the Business Combination, on the Closing Date, Getty Images issued, (a) an aggregate of 66,000,000 shares of Class A common stock for aggregate gross proceeds of \$660.0 million and (b) 20,000,000 shares of Class A common stock and 3,750,000 Forward Purchase Warrants (as defined in the notes to the consolidated financial statements of our most recently filed Annual Report on Form 10-K) for an aggregate purchase price of \$200 million. The foregoing transactions resulted in aggregate gross proceeds to the Company of approximately \$864.2 million, which included approximately \$4.2 million remaining in the trust account. The Company used the proceeds, in addition to cash on hand, to repay a portion of its outstanding indebtedness and retire the Redeemable Preferred Stock of Legacy Getty. Each option to purchase shares of common stock of Legacy Getty (whether vested or unvested) was converted into a comparable option to purchase shares of Class A common stock of Getty Images.

In addition to the consideration paid at Closing, in the third quarter of 2022, in accordance with the Business Combination Agreement, the Company issued 58,999,956 shares of Class A common stock (Earn-Out Shares) to equity holders of Legacy Getty. See also “Note 5 — *Common Stock Warrants*” and “Note 16 — *Stockholders’ Equity Deficit*” in our consolidated financial statements included in our 2022 Form 10-K for additional information on transactions related to the Business Combination.

Key Performance Indicators (KPI)

The Key Performance Indicators outlined below are the metrics that provide management with the most immediate understanding of the drivers of business performance and our ability to deliver shareholder return, track to financial targets and prioritize customer satisfaction. Note, KPI comparisons to periods prior to trailing twelve-months ended September 30, 2023 reflect some COVID-19 impact.

	Twelve Months Ended September 30,	
	2023	2022
LTM total purchasing customers (thousands)¹	826	837
LTM total active annual subscribers (thousands)¹	202	107
LTM paid download volume (millions)^{1,2}	95	94
LTM annual subscriber revenue retention rate	94.5%	103.0%
Image collection (millions)¹	525	484
Video collection (millions)	27	23
LTM video attachment rate¹	13.7%	12.7%

¹ The Company launched Unsplash+ during the three months ended December 31, 2022. This new Unsplash subscription is included within these KPIs from the launch date forward.

² Excludes downloads from Editorial Subscriptions, Editorial feeds and certain API structured deals, including bulk unlimited deals. Excludes downloads starting in Q3’22 tied to a two-year deal signed with Amazon in July 2022, as the magnitude of the potential download volume over the deal term could result in significant fluctuations in this metric without corresponding impact to revenue in the same period.

Total purchasing customers is the count of total customers who made a purchase within the reporting period based on billed revenue. This metric provides management and investors with an understanding of both how we are growing our purchasing customer base and combined with revenue, an understanding of our average revenue per purchasing customer. This metric differs from total customers, which is a count of all downloading customers, irrespective of whether they made a purchase in the period. The decrease in total purchasing customers is due to a decline in our ALC purchaser volumes as we continue to shift customers into annual subscription products.

Total active annual subscribers is the count of customers who were on an annual subscription product during the LTM reporting period. This metric provides management and investors with visibility into the rate at which we are growing our annual subscriber base and is highly correlated to the percentage of our revenue that comes from annual subscription products. Growth in annual subscribers reflects the Company’s deliberate focus on expanding its subscription offerings for customers to provide comprehensive content solutions across all price points. The increase of approximately 88% over the corresponding period in 2022 was driven primarily by our e-commerce subscriptions, including our iStock and Unsplash+ subscriptions.

Paid download volume is a count of the number of paid downloads by our customers in the reported period. This metric informs both management and investors about the volumes at which customers are engaging with our content over time. Growth in paid download volumes is a signal that our content is continuing to meet the evolving needs of our customers. Paid download volume was flat for the LTM ended September 30, 2023, as compared to the LTM ended September 30, 2022.

Annual subscriber revenue retention rate calculates retention of total revenue for customers on annual subscription products, comparing the customer's total booked revenue (inclusive of spend for both annual subscription and non-annual subscription products) in the LTM period to the prior twelve month period. For example, LTM annual subscriber booked revenue (the amount of revenue invoiced to customers) for the period ended September 30, 2023 was 94.5% of revenue from these customers in the period ended September 30, 2022. Revenue retention rate informs management and investors on the degree to which we are maintaining or growing revenue from our annual subscriber base. As we continue to focus on growing subscriptions as percentage of total revenue, revenue retention for these customers is a key driver of the predictability of our financial model with respect to revenue. LTM annual subscriber revenue retention rate decreased for the period ended September 30, 2023, as compared to the period ended September 30, 2022. The decline was primarily driven by lower revenue retention rates on some of our smaller e-commerce subscription customers.

Image and Video collection is a count of the total images and videos in our content library as of the reporting date. Management and investors can view growth in the size, both depth and breadth, of the content library as an indication of our ability to continue to expand our content offering with premium, high quality, contemporary content to meet the evolving needs of our customers. Image and video collections increased as of September 30, 2023 compared to September 30, 2022.

Video attachment rate is a measure of the percentage of total paid customer downloaders who are video downloaders. Customer demand for video content continues to grow and represents a significant opportunity for revenue growth for Getty Images. The video attachment rate provides management and investors with an indication of our customers' level of engagement with our video content offering. Our expansion of video across our subscription products is focused on further increasing the attachment rate over time. The increase in video attachment rates from the LTM period ended September 30, 2022 to the period ended September 30, 2023 reflects increased customer awareness of our video offering, improved search and site prominence for video content, and upselling of video into subscriptions.

Executive summary

Revenue

We generate revenue by licensing content to customers through multiple license models and purchase options, as well as by providing related services to our customers. The key image licensing model in the pre-shot market is RF. Content licensed on a RF basis is subject to a standard set of terms, allowing the customer to use the image for an unlimited duration and without limitation on the use or application. Within our video offering, we also offer a licensing model known as Rights-Ready. The Rights-Ready model offers a limited selection of broader usage categories, thus simplifying the purchase process. In September 2023, we launched Generative AI by Getty Images on [gettyimages.com](https://www.gettyimages.com), a generative AI text to image tool that was trained exclusively on Getty Images' world-class content with uncapped indemnification for commercial use. Customers that download visuals through the tool will receive the standard royalty-free license.

In addition to licensing imagery and video, we also generate revenue from custom content solutions, photo and video assignments, music content in some of our subscriptions, print sales, data licensing and licensing our digital asset management systems to help customers manage their owned and licensed digital content.

References to "reported revenue" in this discussion and analysis are to our revenue as reported in our historical audited consolidated financial statements for the relevant periods and reflect the effect of changes in foreign currency exchange rates. References to "currency neutral" ("*Currency Neutral*" or "*CN*") revenue growth (expressed as a percentage) in this section refer to our revenue growth (expressed as a percentage), excluding the effect of changes in foreign currency exchange rates. See "*— Non-GAAP Financial Measures*" for additional information regarding Currency Neutral revenue growth (expressed as a percentage).

Cost of revenue (exclusive of depreciation and amortization)

The ownership rights to the majority of the content we license are retained by the owners, and licensing rights are provided to us by a large network of content contributors and content partners. When we license content entrusted to us by content suppliers, we pay royalties to them at varying rates depending on the license model and the use of that content that our customers select. Suppliers who choose to work with us under contract typically receive royalties of 20% to 50% of the total license fee we charge customers, depending on the basis on which their content is licensed by our customers. Contributors will be compensated for any inclusion of their content in AI data training sets and, in certain cases, share in

the revenue generated by AI tools and services trained with their content. We also own the copyright to certain content in our collections (wholly-owned content), including content produced by our staff photographers for our editorial product, for which we do not pay any third-party royalties. Cost of revenue includes certain costs of our assignment photo shoots, but excludes amortization associated with creating or buying content. Cost of revenue consists primarily of royalties owed to content contributors, comprised of photographers, filmmakers, third-party companies that license their collection of content through us (“Content Partners”) and third party music content providers. We expect our cost of revenue as a percentage of revenue to vary modestly based on changes in revenue mix by product, as royalty rates vary depending on license model and use of content.

Selling, general and administrative expenses

Selling, general and administrative expenses (“SG&A”) primarily consists of staff costs, marketing expense, occupancy costs, professional fees and other general operating charges. We expect our selling, general and administrative expenses to increase in absolute dollars but remain relatively constant as a percentage of revenue in the near term. Absolute dollar spending will increase as we continue to expand our operations and invest in our growth, in addition to incurring incremental expenses to comply with the additional requirements of being a public company. Lastly, we expect our marketing to stay relatively constant as a percentage of revenue. However, the Company will continue to evaluate opportunities to incrementally invest in marketing as may be appropriate.

Depreciation

Depreciation expense consists of internally developed software, content and equipment depreciation. We record property and equipment at cost and reflect Balance Sheet balances net of accumulated depreciation. We record depreciation expense on a straight-line basis. We depreciate leasehold improvements over the shorter of the respective lives of the leases or the useful lives of the improvements. We expect depreciation expense to remain stable as we continue to innovate and invest in the design, user experience and performance of our websites.

Amortization

Amortization expense consists of the amortization of intangible assets related to acquired customer relationships, trademarks and other intangible assets. We expect amortization expense to decrease in the coming years as some of our intangibles become fully amortized.

Factors affecting results of operations

A shift in the product mix of our revenue may affect our overall cost of revenue as a percentage of revenue. Our revenues and profitability are also subject to fluctuations in foreign exchange rates. The weakening or strengthening of our reporting currency, the U.S. dollar, during any given period as compared to currencies that we collect revenues in, most notably, the Euro and British pound, impacts our reported revenues.

Our future financial condition and results of operation will also be dependent upon various factors that generally affect the digital content industry, including the general trends affecting the media, marketing and advertising customer bases that we target, protection of intellectual property, and new and expanding technology such as generative artificial intelligence technologies. In addition, our financial condition and results of operation will continue to be affected by factors that affect internet commerce companies and by general macroeconomic factors such as the global uncertainty caused by, among other things, the military conflicts between Russia and Ukraine and in the Middle East, high interest rates, currency fluctuations, high inflation and labor shortages.

Results of Operations

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

Consolidated statements of operations

(In thousands)	Three Months Ended September 30,		increase (decrease)		Nine Months Ended September 30,		increase (decrease)	
	2023	2022	\$ change	% change	2023	2022	\$ change	% change
Revenue	\$ 229,298	\$ 230,474	\$ (1,176)	(0.5)%	\$ 690,616	\$ 694,778	\$ (4,162)	(0.6)%
Cost of revenue (exclusive of depreciation and amortization shown separately below)	60,939	64,040	(3,101)	(4.8)%	187,579	191,052	(3,473)	(1.8)%
Selling, general and administrative expenses	97,253	91,571	5,682	6.2 %	300,930	280,255	20,675	7.4 %
Depreciation	13,786	12,407	1,379	11.1 %	40,349	37,298	3,051	8.2 %
Amortization	7,298	11,566	(4,268)	(36.9)%	21,765	35,676	(13,911)	(39.0)%
Loss on litigation	106,108	—	106,108	NM	112,549	—	112,549	NM
Recovery of loss on litigation	(60,000)	—	(60,000)	NM	(60,000)	—	(60,000)	NM
Other operating expense – net	(24)	532	(556)	(105)%	588	4,096	(3,508)	(86)%
Operating expense	225,360	180,116	45,244	25.1 %	603,760	548,377	55,383	10.1 %
Income from operations	3,938	50,358	(46,420)	(92.2)%	86,856	146,401	(59,545)	(40.7)%
Interest expense	(32,255)	(29,397)	(2,858)	9.7 %	(94,435)	(88,983)	(5,452)	6.1 %
(Loss) gain on fair value adjustment for swaps and foreign currency exchange contract – net	(2,322)	5,672	(7,994)	(140.9)%	(5,047)	22,777	(27,824)	(122.2)%
Unrealized foreign exchange gains – net	16,482	33,671	(17,189)	(51.0)%	2,395	71,905	(69,510)	(96.7)%
Loss on extinguishment of debt	—	(2,693)	2,693	NM	—	(2,693)	2,693	NM
Net loss on fair value adjustment for warrant liabilities	—	(161,339)	161,339	NM	—	(161,339)	161,339	NM
Other non-operating income (expense) – net	1,104	(3,763)	4,867	(129)%	2,226	(3,408)	5,634	(165)%
Total other expense – net	(16,991)	(157,849)	140,858	(89)%	(94,861)	(161,741)	66,880	(41.4)%
Loss before income taxes	(13,053)	(107,491)	94,438	(88)%	(8,005)	(15,340)	7,335	(48)%
Income tax expense	(5,395)	(10,625)	5,230	(49.2)%	(11,517)	(38,974)	27,457	(70.4)%
Net loss	\$ (18,448)	\$ (118,116)	\$ 99,668	NM	\$ (19,522)	\$ (54,314)	\$ 34,792	NM

NM - Not meaningful

Comparison of the Three Months Ended September 30, 2023 and 2022

Revenue by product

(In thousands)	Three Months Ended September 30,		increase / (decrease)		\$ change	% change	CN % change
	2023	% of revenue	2022	% of revenue			
Creative	145,211	63.3 %	145,238	63.0 %	(27)	— %	(0.8)%
Editorial	79,944	34.9 %	81,845	35.5 %	(1,901)	(2.3)%	(3.3)%
Other	4,143	1.8 %	3,391	1.5 %	753	22.2 %	21.1 %
Total revenue	\$ 229,298	100.0 %	\$ 230,474	100.0 %	\$ (1,175)	(0.5)%	(1.3)%

Consolidated Revenue. For the three months ended September 30, 2023, reported revenue was \$229.3 million as compared to reported revenue of \$230.5 million for the three months ended September 30, 2022. On a reported basis, revenue decreased by 0.5% (decreased 1.3% CN) for the three months ended September 30, 2023. Foreign exchange movements have positively impacted reported revenue growth for the three months ended September 30, 2023 by 80 basis points, largely driven by the weakening dollar relative to the EUR and GBP.

Creative. In Creative, revenue was flat on a reported basis (decreased 0.8% CN) for the three months ended September 30, 2023 as compared to the same period in 2022. At the product level, decreases for the three-month period included Getty

Images Stills and Video (decreased \$8.7 million) and iStock monthly subscriptions and ALC credit sales (decreased \$3.0 million), which was in part due to our continued focus on driving customers to our committed solutions. Offsetting increases were led by our iStock annual subscriptions (increased \$3.0 million) and Getty Images annual subscriptions (increased \$8.5 million).

Editorial. In Editorial, revenue decreased on a reported basis 2.3% (decreased 3.3% CN) for the three months ended September 30, 2023. The decrease was seen largely within editorial ALC (decreased by \$4.5 million), partially offset by an increase in our editorial subscriptions (increased by \$2.0 million), which was in part due to our continued focus on driving customers to our committed solutions. The overall decrease is partly due to US political spend in the prior period, partially offset by Women's World Cup spend in the current period.

Other. This category includes music licensing, digital asset management and distribution services, print sales, and data licensing. Revenue for the three months ended September 30, 2023 from our Other products increased on a reported basis by 22.2% (increased 21.1% CN) compared to the same period in 2022. The increase for the three months ended September 30, 2023 was driven by music licensing (increase of \$0.3 million), data licensing (increase of \$0.2 million), and digital asset management and distribution services (increase of \$0.2 million).

Cost of revenue (exclusive of depreciation and amortization). Cost of revenue for the three months ended September 30, 2023 was \$60.9 million (26.6% of revenue) compared to \$64.0 million (27.8% of revenue) in the same prior year period. The decrease in cost of revenue as a percentage of revenue compared to the prior period was due primarily to revenue mix by product. Generally, cost of revenue rates vary modestly period over period based on changes in revenue mix by product, as royalty rates vary depending on the license model and use of content.

Selling, general and administrative expense. Reported SG&A expense increased by \$5.7 million or 6.2% (increased 5.3% CN) for the three months ended September 30, 2023 as compared to the same period in 2022. SG&A fluctuations from the prior period include the following:

- increase of \$6.3 million related to staff costs for the three months ended September 30, 2023. The increase was largely driven by equity-based compensation, resulting primarily from grants of restricted stock units.
- increase in professional fees of \$1.3 million for the three months ended September 30, 2023. The increase is primarily related to legal fees associated with ongoing litigation related to our intellectual property rights.
- decrease in marketing spend of 15.6% (\$2.0 million) for the three months ended September 30, 2023. For the three months ended September 30, 2023, marketing spend as a percentage of sales decreased to 4.6% from the three months ended September 30, 2022 ratio of 5.5%. The decrease was due primarily to decreased investment in digital marketing.

Depreciation expense. For the three months ended September 30, 2023, depreciation expense was \$13.8 million, which was in line with the prior year period.

Amortization expense. For the three months ended September 30, 2023, amortization expense was \$7.3 million, which was a decrease of \$4.3 million compared to the prior year period. The decrease was due to several of our intangible assets becoming fully amortized in the fourth quarter of 2022.

Loss on litigation. For the three months ended September 30, 2023, the Company's loss on litigation of \$106.1 million is comprised of the summary judgment amounts related to two lawsuits filed by former public warrant holders, in addition to pre-judgment interest and associated legal fees through September 30, 2023. Loss on Litigation will increase in the future to the extent we continue to incur costs associated with this litigation.

Recovery of loss on litigation. The Company has recognized recovery of loss on litigation of \$60.0 million, which represents the limit of the Company's third-party insurance coverage related to the lawsuits filed by former public warrant holders.

Other operating (income) expense - net. We recognized insignificant amounts of other operating expense, net for the three months ended September 30, 2023 and 2022.

Interest expense. We recognized interest expense of \$32.3 million and \$29.4 million for the three months ended September 30, 2023 and September 30, 2022, respectively. Our interest expense primarily consists of interest charges on our outstanding U.S. dollar and Euro term loans (the "Term Loans"), \$300.0 million of Senior Unsecured Notes (the "Senior

Notes”), and the unused portion of our revolving credit facility as well as the amortization of original issue discount on our Term Loans and amortization of deferred debt financing fees.

Fair value adjustment for swaps and foreign currency exchange contract - net. We recognized fair value adjustment losses for our swaps and foreign currency exchange contracts, net of \$2.3 million for the three months ended September 30, 2023, compared with net gains of \$5.7 million for the three months ended September 30, 2022. Gains and losses were driven by changes in interest and foreign exchange rates, relative to the rates in our derivatives.

Unrealized foreign exchange gains - net. We recognized foreign exchange gains, net of \$16.5 million for the three months ended September 30, 2023, compared with \$33.7 million for the three months ended September 30, 2022. The gains were primarily driven by fluctuations in the EUR related to our EUR Term Loans.

Loss on extinguishment of debt. For the three months ended September 30, 2022, the Company utilized proceeds from the Business Combination along with cash on hand to repay \$300.0 million of outstanding indebtedness on its USD Term Loans. The loss on debt extinguishment represents the acceleration of the issuance costs and debt discount. There were no such costs in the current year period.

Net loss on fair value adjustment of warrant liabilities. For the three months ended September 30, 2022, there was a loss on fair value of our warrant liability of \$161.3 million. There was no such warrant liability in the current year period.

Other non-operating income (expense) - net. We recognized other non-operating income, net of \$1.1 million and expense of \$3.8 million for the three months ended September 30, 2023 and September 30, 2022, respectively. For the three months ended September 30, 2023, the income primarily related to interest income from our cash and cash equivalents. For the three months ended September 30, 2022, the expense relates to the transaction costs that were allocated to the fair value of the warrant liability, which were expensed upon the Closing of the Business Combination.

Income tax expense. The Company’s income tax expense decreased by \$5.2 million to an expense of \$5.4 million for three months ended September 30, 2023, as compared to an expense of \$10.6 million for the three months ended September 30, 2022. The Company’s effective income tax rate for the three months ended September 30, 2023 is (41.3)%, compared to (9.9)% for the three months ended September 30, 2022. The decrease in tax expense compared to the prior year is primarily due to the tax benefit on the loss on litigation in current year.

Comparison of the Nine Months Ended September 30, 2023 and 2022

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

Revenue by product

(In thousands)	Nine Months Ended September 30,				increase / (decrease)		
	2023	% of revenue	2022	% of revenue	\$ change	% change	CN % change
Creative	432,927	62.7 %	440,305	63.4 %	(7,378)	(1.7)%	(0.4)%
Editorial	244,911	35.5 %	243,543	35.1 %	1,368	0.6 %	1.8 %
Other	12,778	1.9 %	10,930	1.6 %	1,848	16.9 %	18.6 %
Total revenue	<u>\$ 690,616</u>	<u>100.0 %</u>	<u>\$ 694,778</u>	<u>100.0 %</u>	<u>\$ (4,163)</u>	<u>(0.6)%</u>	<u>0.7 %</u>

Consolidated Revenue. For the nine months ended September 30, 2023, reported revenue was \$690.6 million as compared to reported revenue of \$694.8 million for the nine months ended September 30, 2022. On a reported basis, revenue decreased by 0.6% (increased 0.7% CN) for the nine months ended September 30, 2023. Foreign exchange movements have negatively impacted reported revenue growth for the nine months ended September 30, 2023 by 130 basis points, largely driven by the strengthening dollar relative to the EUR and GBP.

Creative. In Creative, revenue decreased on a reported basis 1.7% (decreased 0.4% CN) for the nine months ended September 30, 2023 as compared to the same period in 2022. At the product level, decreases for the nine month period included Getty Images Stills and Video (decreased \$17.3 million) and iStock monthly subscriptions and ALC credit sales (decreased \$10.8 million), which was in part due to our continued focus on driving customers to our committed solutions.

Offsetting increases were led by our iStock annual subscriptions (increased \$8.9 million) and Getty Images annual subscriptions (increased \$11.7 million).

Editorial. In Editorial, revenue increased on a reported basis 0.6% (increased 1.8% CN) for the nine months ended September 30, 2023. The increase was seen across both assignments (increased by \$3.0 million) and editorial subscriptions (increased \$4.1 million). Offsetting decreases were led by editorial ALC (decreased \$5.8 million), which is largely due to our continued focus on driving customers to our committed solutions. The overall increase is driven by Entertainment, which is partially offset by US political midterms in the prior year.

Other. This category includes music licensing, digital asset management and distribution services, print sales, and data licensing. Revenue for the nine months ended September 30, 2023 from our Other products increased on a reported basis by 16.9% (increased 18.6% CN) compared to the same period in 2022. The increase for the nine months ended September 30, 2023 was driven by music licensing (increase of \$1.0 million), data licensing (increase of \$0.8 million), and digital asset management and distribution services (increase of \$0.6 million), which was partially offset by print sales (decreased by \$0.6 million).

Cost of revenue (exclusive of depreciation and amortization). Cost of revenue for the nine months ended September 30, 2023 was \$187.6 million (27.2% of revenue) compared to \$191.1 million (27.5% of revenue) in the same prior year period. The decrease in cost of revenue as a percentage of revenue compared to the prior period was due primarily to revenue mix by product. Generally, cost of revenue rates vary modestly period over period based on changes in revenue mix by product, as royalty rates vary depending on the license model and use of content.

Selling, general and administrative expense. Reported SG&A expense increased by \$20.7 million or 7.4% (increased 10.7% CN) for the nine months ended September 30, 2023 as compared to the same period in 2022. SG&A fluctuations from the prior period include the following:

- increase of \$23.3 million related to staff costs for the nine months ended September 30, 2023. The increase was largely driven by equity-based compensation, resulting primarily from grants of restricted stock units.
- increase in professional fees of \$4.7 million for the nine months ended September 30, 2023. The increase is primarily related to legal fees associated with ongoing litigation related to our intellectual property rights. Beginning with this reporting period, the Company is reclassifying historical legal fees associated with our warrant litigation from “Selling, general and administrative expenses” to “Loss on litigation” within the Condensed Consolidated Statements of Operations. For the six months ended June 30, 2023, \$6.4 million has been reclassified to Loss on litigation.
- decrease in marketing spend of 13.4% (\$5.6 million) for the nine months ended September 30, 2023. For the nine months ended September 30, 2023, marketing spend as a percentage of sales decreased to 5.2% from the nine months ended September 30, 2022 ratio of 6.0%. The decrease was due primarily to decreased investment in digital marketing.

Depreciation expense. For the nine months ended September 30, 2023, depreciation expense was \$40.3 million, which was in line with the prior year period.

Amortization expense. For the nine months ended September 30, 2023, amortization expense was \$21.8 million, which was a decrease of \$13.9 million compared to the prior year period. The decrease was due to several of our intangible assets becoming fully amortized in the fourth quarter of 2022.

Loss on litigation. For the nine months ended September 30, 2023, the Company’s loss on litigation of \$112.5 million is comprised of the summary judgment amounts related to two lawsuits filed by former public warrant holders, in addition to pre-judgment interest and associated legal fees through September 30, 2023. Loss on Litigation will increase in the future to the extent we continue to incur costs associated with this litigation.

Recovery of loss on litigation. The Company has recognized recovery of loss on litigation of \$60.0 million, which represents the limit of the Company’s third-party insurance coverage related to the lawsuits filed by former public warrant holders.

Other operating (income) expense - net. For the nine months ended September 30, 2023, the decrease in other operating expense, net from the prior period was \$3.5 million. The decrease was driven by the abandonment of some of our office space in North America, which occurred in the prior year period.

Interest expense. We recognized interest expense of \$94.4 million and \$89.0 million for the nine months ended September 30, 2023 and September 30, 2022, respectively. Our interest expense primarily consists of interest charges on our outstanding U.S. dollar and Euro term loans (the “Term Loans”), \$300.0 million of Senior Unsecured Notes (the “Senior Notes”), and the unused portion of our revolving credit facility as well as the amortization of original issue discount on our Term Loans and amortization of deferred debt financing fees.

Fair value adjustment for swaps and foreign currency exchange contract - net. We recognized fair value adjustment losses for our swaps and foreign currency exchange contracts, net of \$5.0 million for the nine months ended September 30, 2023, compared with net gains of \$22.8 million for the nine months ended September 30, 2022. Gains and losses are driven by changes in interest and foreign exchange rates, relative to the rates in our derivatives.

Unrealized foreign exchange gains - net. We recognized foreign exchange gains, net of \$2.4 million for the nine months ended September 30, 2023, compared with \$71.9 million for the nine months ended September 30, 2022. These changes are primarily driven by fluctuations in the EUR related to our EUR Term Loans.

Loss on extinguishment of debt. For the nine months ended September 30, 2022, the Company utilized proceeds from the Business Combination along with cash on hand to repay \$300.0 million of outstanding indebtedness on its USD Term Loans. The loss on debt extinguishment represents the acceleration of the issuance costs and debt discount. There were no such costs in the current year period.

Net loss on fair value adjustment of warrant liabilities. For the nine months ended September 30, 2022 there was a loss on fair value of our warrant liability of \$161.3 million. There was no such warrant liability in the current year period.

Other non-operating income (expense) - net. We recognized other non-operating income, net of \$2.2 million and expense of \$3.4 million for the nine months ended September 30, 2023 and September 30, 2022, respectively. For the nine months ended September 30, 2023, the income primarily related to interest income from our cash and cash equivalents. For the nine months ended September 30, 2022, the expense relates to the transaction costs that were allocated to the fair value of the warrant liability, which were expensed upon the Closing of the Business Combination.

Income tax expense. The Company’s income tax expense decreased by \$27.5 million to an expense of \$11.5 million for the nine months ended September 30, 2023, as compared to an expense of \$39.0 million for the nine months ended September 30, 2022. The Company’s effective income tax rate for the nine months ended September 30, 2023 is (143.9)%, compared to (254.1)% for the nine months ended September 30, 2022. The decrease in tax expense compared to the prior year is primarily due to changes in pre-tax income (loss), a release of uncertain tax position reserves in current year, the tax benefit on the loss on litigation in current year, and nondeductible net loss on fair value adjustment for warrant liabilities in prior year.

Non-GAAP Financial Measures

In addition to our results determined in accordance with generally accepted accounting principles in the United States (“GAAP”), we believe the non-GAAP measures of Currency Neutral (“CN”) revenue growth (expressed as a percentage) and Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (“EBITDA”) are useful in evaluating our operating performance. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance and assists in comparisons with other companies, some of which use similar non-GAAP information to supplement their GAAP results. The non-GAAP financial information is presented for supplemental informational purposes only, and should not be considered a substitute for financial information presented. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most comparable GAAP financial measures.

Currency Neutral Revenue

Currency Neutral revenue growth (expressed as a percentage) excludes the impact of fluctuating foreign currency values pegged to the U.S. dollar between comparative periods by translating all local currencies using the current period exchange rates. We consistently apply this approach to revenue for all countries where the functional currency is not the U.S. dollar. We believe that this presentation provides useful supplemental information regarding changes in our revenue not driven by fluctuations in the value of foreign currencies.

Adjusted EBITDA

A reconciliation is provided below to the most comparable financial measure stated in accordance with GAAP. We define Adjusted EBITDA Margin as the ratio of Adjusted EBITDA to revenue.

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss	\$ (18,448)	\$ (118,116)	\$ (19,522)	\$ (54,314)
Add/(less) non-GAAP adjustments:				
Depreciation and amortization	21,084	23,973	62,114	72,974
Loss on litigation, net of recovery ¹	46,108	—	52,549	—
Other operating expense - net	(24)	532	588	4,096
Interest expense	32,255	29,397	94,435	88,983
Fair value adjustments, foreign exchange and other non-operating expense (income) ²	(15,264)	(35,580)	426	(91,274)
Loss on extinguishment of debt	—	2,693	—	2,693
Net loss on fair value adjustment for warrant liabilities	—	161,339	—	161,339
Income tax expense	5,395	10,625	11,517	38,974
Equity-based compensation expense	9,176	2,805	27,185	5,937
Adjusted EBITDA	\$ 80,282	\$ 77,668	\$ 229,292	\$ 229,408
Net loss margin	(8.0)%	(51.2)%	(2.8)%	(7.8)%
Adjusted EBITDA Margin	35.0 %	33.7 %	33.2 %	33.0 %

(1) Beginning with this reporting period, the Company is reclassifying historical legal fees associated with our warrant litigation from “Selling, general and administrative expenses” to “Loss on litigation” within the Condensed Consolidated Statements of Operations. The aggregate amount of these fees reported through June 30, 2023, totaled \$7.5 million, with \$1.1 million recognized for the three months ended December 31, 2022 and \$6.4 million recognized for the six months ended June 30, 2023. This change in classification serves to increase our Adjusted EBITDA by \$6.4 million for the nine months ended September 30, 2023, when compared to classification in prior periods.

(2) Fair value adjustments for our swaps and foreign currency exchange contracts, foreign exchange gains (losses) and other insignificant non-operating related expenses (income).

Liquidity and Capital Resources

Our sources of liquidity are our existing cash and cash equivalents, cash provided by operations and amounts available under our revolving credit facility. As of September 30, 2023 and December 31, 2022, we had cash and cash equivalents of \$113.5 million and \$97.9 million, respectively, and availability under our revolving credit facility. On May 4, 2023, we increased and extended our revolving credit facility to \$150.0 million, which expires May 4, 2028. On May 10, 2023, we used \$20.0 million of cash to repay a portion of our USD Term Loans and on August 11, 2023, we used \$20.0 million of cash to repay an additional portion of the USD Term Loans. Our principal liquidity needs include debt service and capital expenditures, as well as those required to support working capital, internal growth, and strategic acquisitions and investments. Deferred revenue represents the majority of our current liabilities, which given its nature is not expected to require cash settlement.

As we have previously disclosed, the Company has been named as a defendant in two lawsuits filed by former public warrant holders. The plaintiffs generally alleged breaches of the Warrant Agreement, dated August 4, 2020, and alternative claims for violations of the federal securities laws, including claims under the Securities Act of 1933 and/or the Securities Exchange Act of 1934. On October 27, 2023, the Court issued its decision on the cross-motions for summary judgment and entered judgment in favor of Plaintiffs on their breach of contract claims in the amount of \$36.9 million for Alta Partners, LLC and \$51.0 million for the CRCM plaintiffs, plus, in each case, pre-judgment interest of 9% per annum. The Company’s Loss on Litigation is comprised of these summary judgment amounts, in addition to pre-judgment interest and associated legal fees through September 30, 2023. The Company has recognized Recovery of Loss on Litigation of \$60.0 million, which represents the limit of the Company’s insurance coverage for this matter. Subsequent to September

30, 2023 the Company has received \$5.0 million of insurance recoveries. The Company intends to appeal the part of the Court's decision that ruled for the plaintiffs.

We have previously disclosed that we have open tax audits in various jurisdictions and some of these jurisdictions require taxpayers to pay assessed taxes in advance or at the time of appealing such assessments. The Company has open tax audits in various jurisdictions and some of these jurisdictions require taxpayers to pay assessed taxes in advance or at the time of appealing such assessments. One such jurisdiction is Canada, where one of the Company's subsidiaries, iStockphoto ULC, recently received tax assessments from the CRA asserting additional tax is due. The position taken by the CRA is related to the transactions between iStockphoto ULC and other affiliates within the Getty Images group for the 2015 Canadian income tax return filed. The Company believes the CRA position lacks merit and intends to appeal and vigorously contest these assessments.

As part of the appeal process in Canada, the Company may be required to pay a portion of the assessed amounts, which we estimate could be up to \$19.0 million in 2023. Such required payment is not an admission that the Company believes it is subject to such taxes. The Company believes it is more likely than not it will prevail on appeal, however, if the CRA were to be successful in the appeal process, we estimate the maximum potential outcome could be up to \$28.0 million.

Future cash needs

We expect to fund our ordinary course operating activities from existing cash and cash flows from operations and believe that these sources of liquidity will be sufficient to fund our ordinary course operations and other planned investing activities for at least the next 12 months and thereafter for the foreseeable future. From time to time, we may evaluate potential acquisitions, investments and other growth and strategic opportunities. While we believe we have sufficient liquidity to fund our ordinary course operations for the foreseeable future, our sources of liquidity could be affected by current and future difficult economic conditions, payment of certain restructuring costs, reliance on key personnel, international risks, intellectual property claims, the resolution of pending or future tax audits or other factors described herein under "Potential Liability and Insurance" below and "Item 3. Quantitative and Qualitative Disclosures About Market Risk."

We may, from time to time, incur or increase borrowings under the revolving credit facility or issue new debt securities, if market conditions are favorable, to meet our future cash needs or to reduce our borrowing costs. We or our affiliates from time to time consider potential transactions intended to rationalize our consolidated balance sheet. In connection with any such transactions, we may, among other things, seek to retire our outstanding notes or loans through cash purchases and/or exchanges for equity or other securities, in open market purchases, privately negotiated transactions, tenders or otherwise. Such repurchases, exchanges, or other transactions, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The Company became a public reporting company as a result of the closing of the Business Combination on July 22, 2022. The net proceeds from the Business Combination were primarily used to reduce debt of the Company and therefore reduce our borrowing costs starting in the second half of 2022.

The Business Combination resulted in aggregate gross proceeds to the Company of approximately \$864.2 million. As a result of the Business Combination, the previously outstanding Redeemable Preferred Stock of Legacy Getty was redeemed in full through a combination of a cash payment of approximately \$615.0 million and 15,000,000 shares of the Company's Class A common stock with a fair value at issuance of \$140.2 million. Additionally, the Company used \$300.0 million of cash to repay a portion of its outstanding indebtedness related to the USD Term Loans, which when combined with the retirement of the preferred shares, resulted in a reduction of approximately \$1.1 billion of balance sheet obligations.

Our liquidity may also be adversely affected by the resolution of pending or future tax audits and legal proceedings. We may be subject to tax liabilities in excess of amounts reserved for liabilities for uncertain tax positions on our condensed consolidated balance sheets. In addition, certain jurisdictions in which we have current open tax audits require taxpayers to pay assessed taxes in advance of contesting, whether by way of litigation or appeal, an adverse determination or assessment by the relevant taxing authority. The amount of any such advance payment depends upon the amount in controversy and may be material, and payment of any such amount could adversely affect our liquidity. A jurisdiction that collects any such advance payment generally will repay such amounts if we ultimately prevail in the related litigation or appeal. See "Note 13. Commitments and Contingencies" and "Note 20. Income Taxes" in our consolidated financial statements included in our 2022 Form 10-K for additional discussions of our pending tax audits and our uncertain tax positions and risks related thereto.

Cash Flows

(Dollars in thousands)	Nine Months Ended September 30,		increase (decrease)	
	2023	2022	\$ change	% change
Net cash provided by operating activities	\$ 98,991	\$ 129,173	\$ (30,182)	(23.4)%
Net cash used in investing activities	\$ (41,868)	\$ (48,034)	\$ 6,166	12.8 %
Net cash used in financing activities	\$ (41,513)	\$ (178,633)	\$ 137,120	76.8 %
Effects of exchange rate fluctuations	\$ (208)	\$ (17,633)	\$ 17,425	(98.8)%

NM - Not meaningful

Cash provided by operating activities was \$99.0 million for the nine months ended September 30, 2023 as compared to cash provided by operating activities of \$129.2 million for the nine months ended September 30, 2022. Net cash provided by operating activities for the nine months ended September 30, 2023 is primarily due to net loss of \$19.5 million adjusted for noncash expenses of \$100.4 million. Additionally, there were increases related to an insurance recovery receivable (\$60.0 million) and litigation reserves (\$96.7 million), both related to our warrant litigation and a decrease in interest payable (\$7.1 million).

Our investing activities used \$41.9 million and \$48.0 million in cash during the nine months ended September 30, 2023 and 2022, respectively, which was used to acquire property and equipment. The property and equipment is mainly related to internal software development as we continue to innovate and invest in the design, user experience and performance of our websites.

For the nine months ended September 30, 2023, our financing activities used \$41.5 million of cash and for the nine months ending September 30, 2022 used \$178.6 million of cash. Financing activities for the nine months ended September 30, 2023 primarily includes principal payments on our Term Loans, partially offset by proceeds from common stock issuance related to employee options exercised. Financing activities for the nine months ended September 30, 2022 primarily relate to the Business Combination, including cash contributions (\$864.2 million) which were used to pay equity issuance costs (\$104.0 million), retire our Redeemable Preferred Stock (\$615.0 million) and prepay a portion of our USD Term Loans (\$300.0 million). Additionally, during the six months ended June 30, 2022, the Unsplash Inc. Two-Year Earnout was achieved and was paid during the three months ended September 30, 2022 (\$10.0 million).

Contractual obligations, guarantees and other potentially significant uses of cash

A summary of contractual cash obligations as of December 31, 2022 were as follows:

(Dollars in thousands)	2023-2024	2025-2026	2027 and thereafter	Total
Long-term indebtedness, including current portion and interest ¹	\$ 259,513	\$ 1,295,037	\$ 314,625	\$ 1,869,175
Operating lease obligations ²	25,813	18,775	26,618	71,206
Minimum royalty guarantee payments to suppliers of content ³	77,122	55,049	26,082	158,253
IT Commitments	7,643	2,072	—	9,715
Other commitments	3,040	255	—	3,295
Total	\$ 373,131	\$ 1,371,188	\$ 367,325	\$ 2,111,644

¹ Interest payments are estimated based on interest rate curves valued as of December 31, 2022.

² Offsetting operating lease payments will be immaterial receipts for subleased facilities.

³ Offsetting the minimum royalty guarantee payments to content suppliers will be minimum guaranteed receipts from content suppliers.

On May 10, 2023, we used \$20.0 million of cash to repay a portion of our USD Term Loans and on August 11, 2023, we used \$20.0 million of cash to repay an additional portion of the USD Term Loans. There were no other material changes to the commitments since December 31, 2022.

Capital expenditures

We have historically had a predictable level of capital expenditures, a significant portion of which has been discretionary and growth-related. Our capital expenditures have generally consisted of costs related to imagery and other content creation, capitalized labor for development of software, purchased computer hardware, and leasehold improvements. Content creation capital expenditures include capitalized internal and external labor for ingesting and editing creative content, content acquisition, buying content collections from photographers or Content Partners, and cameras, lenses and miscellaneous imaging equipment primarily for our editorial operations. Software includes computer software developed for internal use and consists of internal and external costs incurred during the application development stage of software development and costs of upgrades or enhancements that result in additional software functionality.

Off-balance sheet arrangements

From time to time, we may issue small amounts of letters of credit to provide credit support for leases, guarantees, and contractual commitments. The fair values of the letters of credit reflect the amount of the underlying obligation and are subject to fees competitively determined in the marketplace. As of September 30, 2023 and December 31, 2022, we had no material letters of credit outstanding or other off-balance sheet arrangements except for operating leases entered into in the normal course of business.

Effects of inflation and changing prices

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

Potential Liability and Insurance

We indemnify certain customers from claims related to alleged infringements of the intellectual property rights of third parties or misappropriation of publicity or personality rights of third parties, such as claims arising from copyright infringement or failure to secure model and property releases for images we license if such a release is required. The standard terms of these indemnifications require us to defend those claims upon notice and pay related damages, if any. We typically mitigate this risk by requiring all uses of licenses to be within the scope of our licenses, and by securing necessary model and property releases for Creative Stills content and by contractually requiring contributing photographers and other content partners to do the same prior to submitting any content to us, and by limiting damages/liability in certain circumstances. Additionally, we require all contributors and Content Partners, as well as companies that are potential acquisition targets to warrant that the content licensed to or purchased by us does not and will not infringe upon or misappropriate the rights of third parties. We also require content providers, including contributing photographers and, Content Partners and sellers of businesses or image collections that we have purchased to indemnify us in certain circumstances where a claim arises in relation to an image they have provided or sold to us. Content Partners are also typically required to carry insurance policies for losses related to such claims and individual contributors are encouraged to carry such policies and we have insurance policies to cover litigation costs for such claims. We will record liabilities for these indemnifications if and when such claims are probable and the range of possible payments and available recourse from content partners can be estimated, as applicable. Historically, the exposure to such claims has been immaterial, as were the recorded liabilities for intellectual property infringement at September 30, 2023 and December 31, 2022. As such, management believes the estimated fair value of these liabilities is minimal.

In the ordinary course of business, we also enter into certain types of agreements that contingently require us to indemnify counterparties against third-party claims. These may include:

- agreements with vendors and suppliers, under which we may indemnify them against claims arising from our use of their products or services;
- agreements with customers other than those licensing images, under which we may indemnify them against claims and uncollectible trade accounts receivable arising from their use of our products or services in their markets;
- agreements with agents, delegates and distributors, under which we may indemnify them against claims arising from their distribution of our products or services;
- real estate and equipment leases, under which we may indemnify lessors against third-party claims relating to use of their property;

- agreements with directors and officers, under which we indemnify them to the full extent allowed by Delaware law against claims relating to their service to us; and
- agreements with purchasers of businesses we have sold, under which we may indemnify the purchasers against claims arising from our operation of the businesses prior to sale.

The nature and terms of these indemnifications vary from contract to contract, and generally a maximum obligation is not stated. Because management does not believe a material liability is probable, no related liabilities were recorded at September 30, 2023 and December 31, 2022. We are subject to a variety of claims and suits that arise from time to time in the ordinary course of our business. Although management currently believes that resolving claims against us, individually or in aggregate, will not have a material adverse impact on our financial statements, these matters are subject to inherent uncertainties and management's judgment about these matters may change in the future. Additionally, we hold insurance policies that mitigate potential losses arising from certain indemnifications, and historically, significant costs related to performance under these obligations have not been incurred.

Income taxes

We account for income taxes and accruals for uncertain tax positions using the asset and liability approach. Our income tax expense, deferred tax assets and liabilities, and reserves for unrecognized tax benefits reflect management's best assessment of current and future taxes to be paid. Our judgments, assumptions, and estimates relative to the current provision for income taxes take into account current tax laws, our interpretation of current tax laws and possible outcomes of future audits conducted by foreign and domestic tax authorities. Changes in tax law or our interpretation of tax laws and future tax audits could significantly impact the amounts provided for income taxes in our consolidated financial statements.

We conduct operations on a global basis and are subject to income taxes in the United States and numerous foreign jurisdictions. Significant judgment is required in evaluating and estimating our provision and accruals for these taxes. Our effective tax rate is subject to significant variation due to several factors, including variability in accurately predicting our taxable income and the geographical mix of our pre-tax earnings. In addition, we are subject to audit in various jurisdictions, and such jurisdictions may assess additional income tax liabilities. We record unrecognized tax benefits as liabilities in accordance with ASC 740, "Income Taxes" ("ASC 740") and adjust these liabilities when our judgment changes as result of the evaluation of new information not previously available. Such amounts are based on management's judgment and best estimate as to the ultimate outcome of tax audits.

Critical accounting policies and estimates

The preparation of consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses reported during the period. Some of the estimates and assumptions that require the most difficult judgments are:

- the assumptions used to estimate unused capped subscription-based and credit-based products;
- the assumptions used to allocate transaction price to multiple performance obligations for uncapped subscription arrangements;
- the appropriateness of the amount of accrued income taxes, including the potential outcome of future tax consequences of events that have been recognized in the consolidated financial statements as well as the deferred tax asset valuation allowances; and
- the assumptions used to estimate accrued litigation reserves and insurance recoveries;

These judgments are inherently uncertain which directly impacts their valuation and accounting. Actual results and outcomes may differ from our estimates and assumptions.

Revenue recognition

Revenue is derived principally from licensing rights to use images, video footage and music that are delivered digitally. Digital content licenses are generally purchased on a monthly or annual subscription basis, whereby a customer either pays for a predetermined quantity of content or for access to our content library that may be downloaded over a specific period of time, or, on a transactional basis, whereby a customer pays for individual content licenses at the time of download. Also, a significant portion of revenue is generated through the sale and subsequent use of credits. Various amounts of credits are required to license digital content.

We recognize revenue gross of contributor royalties because we are the principal in the transaction as we are the party responsible for the performance obligation and we control the product or service prior to transferring to the customer. We also license content to customers through third-party delegates worldwide (approximately 3% of total revenues for the nine months ended September 30, 2023 and 2022). Delegates sell our products directly to customers as the principal in those transactions. Accordingly, we recognize revenue net of costs paid to delegates. Delegates typically earn and retain 35% to 50% of the license fee, and we recognize the remaining 65% to 50% as revenue.

We maintain a credit department that sets and monitors credit policies that establish credit limits and ascertains customer creditworthiness, thus reducing the risk of potential credit loss. Revenue is not recognized unless it is determined that collectability is reasonably assured. Revenue is recorded at invoiced amounts (including discounts and applicable sales taxes) less an allowance for sales returns which is based on historical information. Customer payments received in advance of revenue recognition are contract liabilities and are recorded as deferred revenue. Customers that do not pay in advance are invoiced and are required to make payments under standard credit terms.

The Company recognizes revenue under the core principle to depict the transfer of control to our customers in an amount reflecting the consideration to which we expect to be entitled. In order to achieve that core principle, we apply the following five-step approach: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when a performance obligation is satisfied.

The recognition and measurement of revenue requires the use of judgments and estimates. Specifically, judgment is used in identifying the performance obligations and the standalone selling price of the performance obligations. At contract inception, we assess the product offerings in our contracts to identify performance obligations that are distinct. A performance obligation is distinct when it is separately identifiable from other items and if a customer can benefit from it on its own or with other resources that are readily available to the customer.

For digital content licenses, we recognize revenue on capped subscription-based, credit-based sales and single image licenses when content is downloaded, at which time the license is provided. In addition, we estimate expected unused licenses for capped subscription-based and credit-based products and recognize the revenue associated with the unused licenses throughout the subscription or credit period. The estimate of unused licenses is based on historical download activity and future changes in the estimate could impact the timing of revenue recognition of our subscription products.

For uncapped digital content subscriptions, we have determined that access to the existing content library and future digital content updates represent two separate performance obligations. As such, a portion of the total contract consideration related to access to the existing content library is recognized as revenue at the commencement of the contract when control of the content library is transferred. The remaining contractual consideration is recognized as revenue ratably over the term of the contract when updated digital content is transferred to the licensee, in line with when the control of the new content is transferred. Management allocates the total contract consideration to each performance obligation based on a relative standalone selling price basis. We do not sell “existing content” and “future content” separately to the customer. We believe that the best estimate for value provided to the customer for each performance obligation is based on our customers’ historical content download and usage patterns. We determine the standalone selling price for each based on these observable patterns.

Revenue associated with hosted software services is recognized ratably over the term of the license.

Foreign currencies

Assets and liabilities for subsidiaries with functional currencies other than the U.S. dollar are recorded in foreign currencies and translated at the exchange rate on the Balance Sheet date. Revenue and expenses are translated at average rates of exchange prevailing during the year. Translation adjustments resulting from this process are charged or credited to “Other comprehensive income (loss)”, as a separate component of stockholder’s deficit. Transaction gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved are included in “Foreign exchange gain (losses) — net” in the Consolidated Statements of Operations. For the nine months ended September 30, 2023 and 2022, the Company recognized net foreign currency transaction gains of \$2.4 million and \$71.9 million, respectively.

Accrued litigation reserves and insurance recoveries

The Company recognizes a charge for litigation reserves when a loss is probable, and the amount is material and reasonably determinable. The amount accrued represents the Company's best estimate of the loss, including related interest if applicable or, if no best estimate within a range of outcomes exists, the minimum amount in the range is reserved and high end of the range is disclosed. If it is determined that a loss is only reasonably possible or that a loss is probable but the amount is not reasonably estimable, the Company discloses the nature of the possible loss and gives an estimate of the possible range of loss. Our estimates and judgments could change based on new information, changes in laws or regulations, or the outcome of legal proceedings, settlements, or other factors. If different estimates and judgments were applied with respect to these matters, it is likely that reserves would be recorded for different amounts. The reserve for litigation is accrued in "Litigation Reserves" on the Condensed Consolidated Balance Sheets and related legal and professional fees associated with the litigation are included in "Accounts Payable" or "Accrued Liabilities" on the Condensed Consolidated Balance Sheets.

The Company also recognizes the benefit of recoveries of losses on litigation when it is probable that such recoveries will be received. These recoveries are typically receivable from our third-party insurance carriers for legal claims and related costs that are included in "Loss on Litigation" on the Condensed Consolidated Statement of Operations.

Income taxes

The Company computes income taxes and accruals for uncertain tax positions under the asset and liability method in accordance with ASC 740 for accounting for income taxes and uncertain tax positions. Deferred income taxes are provided for the temporary differences between the consolidated financial statement carrying amounts and the tax basis of the Company's assets and liabilities and operating loss and tax credit carryforwards. The Company establishes a valuation allowance for deferred tax assets if it is more likely than not that these items will either expire before the Company is able to realize their benefits, or future deductibility is uncertain. Periodically, the valuation allowance is reviewed and adjusted based on management's assessments of realizable deferred tax assets. The Company accounts for the global intangible low-tax income ("GILTI") earned by foreign subsidiaries included in gross U.S. taxable income in the period incurred.

Recent Accounting Pronouncements

Please refer to "Note 2. Summary of Significant Accounting Policies" in our condensed consolidated financial statements included elsewhere in this report.

Item 3. Quantitative and qualitative disclosures about market risk

Interest rate market risk

We are exposed to changes in Adjusted Term SOFR interest rates on the USD Term Loans of the senior secured credit facilities subject to a minimum floor of 0.00%. Adjusted Term SOFR is equal to Term SOFR plus 0.10%. As of September 30, 2023, the principal outstanding of our USD Term Loans of the senior secured credit facility was \$639.6 million. To offset our exposure to interest rate changes, Getty Images has entered into interest rate swap agreements with notionals of \$355.0 million. These swap arrangements have an embedded floor of minus 0.10% and are exposed to changes in Term SOFR interest rates. Based on the principal outstanding, and incorporating the effect of the swap agreements, as of September 30, 2023 each one eighth percentage point increase in Term SOFR thereafter would correspondingly increase our interest expense on the senior secured credit facilities by approximately \$0.4 million per annum. We are also exposed to changes in EURIBOR interest rates on the senior secured term loan, subject to a minimum floor of 0.00%. As of September 30, 2023, the principal outstanding of our EUR Term Loans of the senior secured term was €419.0 million. Based on the principal outstanding as of September 30, 2023, each one eighth percentage point increase in the EURIBOR rate would correspondingly increase our interest expense on the senior secured credit facilities by approximately \$0.6 million per annum.

Foreign currency market risk

We are exposed to foreign currency risk by virtue of our international operations. For each of the nine months ended September 30, 2023 and 2022, we derived approximately 50% of our revenue from operations outside the United States. Getty Images and its subsidiaries enter into transactions that are denominated in currencies other than Getty Images' functional currency, including Euro and British pounds. Some of these transactions result in foreign currency denominated assets and liabilities that are revalued each month. Upon revaluation, transaction gains and losses are generated, which, with the exception of those related to long-term intercompany balances, are reported as exchange gains and losses in our consolidated statements of income in the periods in which the exchange rates fluctuate. Transaction gains and losses on

foreign currency denominated long-term intercompany balances for which settlement is not planned or anticipated in the foreseeable future, are reported in “Accumulated other comprehensive” loss in our consolidated balance sheets.

Transaction gains and losses arising from revaluation of assets and liabilities denominated in the same foreign currencies may offset each other, in part, acting as a natural hedge. Where our assets and liabilities are not naturally hedged, we may enter into non-exotic foreign currency exchange contracts to reduce our exposure to transaction gains and losses. These foreign exchange contracts are generally up to eighteen months in original maturity and primarily require the sale of either Euro or British Pounds and the purchase of U.S. dollars. The contracts during the current period have not been designated as hedges as defined by ASC 815, “Derivatives and Hedging,” and therefore gains and losses arising from revaluation of these forward contracts are recorded as exchange gains and losses in our consolidated statements of income in the periods in which the exchange rates fluctuate. These gains and losses generally offset, at least in part, the gains and losses of the underlying exposures that are being hedged.

The statements of operations of foreign subsidiaries are translated into U.S. dollars, our reporting currency, at the prior month’s average daily exchange rate. When these exchange rates change from period to period, they cause fluctuations in reported results of operations that are not necessarily indicative of fundamental company operating performance but instead may reflect the performance of foreign currencies.

Item 4. Evaluation of Disclosure Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q.

Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of September 30, 2023, our disclosure controls and procedures were effective in ensuring that the information required to be included in the Company’s periodic SEC filings is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow for timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting that occurred during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Limitations of the Effectiveness of Controls

Because there are inherent limitations in all control systems, a control system, no matter how well conceived and operated, can provide only reasonable, as opposed to absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The Company has been named as a defendant in two lawsuits filed by former public warrant holders in the United States District Court for the Southern District of New York, *Alta Partners, LLC v. Getty Images Holdings, Inc.*, Case No. 1:22-cv-08916 (filed October 19, 2022), and *CRCM Institutional Master Fund (BVI) LTD, et al. v. Getty Images Holdings, Inc.*, Case No. 1:23-cv-01074 (filed February 8, 2023). The plaintiffs generally allege breaches of the Warrant Agreement, dated August 4, 2020, and alternative claims for violations of the federal securities laws, including claims under the Securities Act of 1933 and/or the Securities Exchange Act of 1934. The complaints seek, among other things, an award of money

damages. On February 17, 2023, the Court consolidated the actions for purposes of discovery. The Company filed answers to the complaints, and discovery closed on August 28, 2023. On September 11, 2023, all parties filed cross-motions for summary judgment, which were fully briefed on October 2, 2023. On October 27, 2023, the Court issued its decision on the cross-motions for summary judgment and entered judgment in favor of Plaintiffs on their breach of contract claims in the amount of \$36.9 million for Alta Partners, LLC and \$51.0 million for the CRCM plaintiffs, plus, in each case, pre-judgment interest of 9% per annum. The Court entered judgment in favor of the Company on all other claims asserted by Plaintiffs. The Company intends to appeal that portion of the Court's judgment in favor of plaintiffs.

Getty Images (US), Inc. is a plaintiff in a lawsuit filed in the United States District Court for the District of Delaware against Stability AI, Inc. and Stability AI, Ltd. The case, *Getty Images (US), Inc. v. Stability AI, Inc.*, Case No. 1:23-cv-00135-GBW, was originally filed on February 3, 2023 against Stability AI, Inc. Getty Images (US), Inc. filed an Amended Complaint on March 29, 2023 naming Stability AI, Ltd. as an additional defendant. The dispute arises out of the defendants' alleged unauthorized reproduction of approximately 12 million images from Getty Images' websites, along with the accompanying captions and associated metadata, and use of the copied content in connection with Stability AI's generative artificial intelligence model known as Stable Diffusion. Getty Images (US), Inc. has asserted claims for copyright infringement; removal, alteration and/or falsification of copyright management information; trademark infringement; unfair competition; trademark dilution; and deceptive trade practices. The Amended Complaint seeks, among other things, monetary damages and injunctive relief. On May 2, 2023, the defendants moved to dismiss or, in the alternative, to transfer the case to the Northern District of California. The defendants' motion is premised on their contention that Stability AI, Ltd. is not subject to personal jurisdiction in Delaware. Getty Images served jurisdictional discovery requests on Defendants on May 12, 2023 and the parties have agreed to extend Getty Images (US), Inc.'s time to respond to the motion to dismiss while the parties engage in discovery relating to the defendants' activities within Delaware and other states in the U.S. As of the date of this filing, the parties are still engaged in discovery on this motion.

Arising out of similar alleged facts, Getty Images (US), Inc., Getty Images International U.C., Getty Images (UK) Limited, Getty Images Devco UK Limited and iStockphoto LP are Claimants in proceedings issued in the High Court of England & Wales against Stability AI Limited on January 16, 2023, claim number IL-2023-000007, which, together with the Particulars of Claim (the Claimants' statement of case) were served on the defendant on May 12, 2023. The Claimants assert claims for copyright infringement, infringement of database rights, trademark infringement, passing off and breach of the terms and conditions of the Claimants' websites and seeks, amongst other things, monetary damages, injunctive relief and legal costs. On June 28, 2023, Stability AI Ltd. filed a motion to strike portions of the Particulars of Claim and seeks summary judgement on certain of the claims. The parties held a two-day hearing on that motion on October 31 and November 1, 2023. At that hearing, Stability AI Ltd. withdrew its application to strike Claimant's trademark infringement and passing off claims. The remaining requests are now before the Judge to consider, and we expect a ruling on those requests in December 2023. The Judge may also issue a trial date at the same time.

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

Item 1A. Risk Factors

We operate in a rapidly changing environment that involves a number of risks that could materially affect our business, financial condition or future results, some of which are beyond our control. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in the section "*Item 1.A. Risk Factors*" of our most recently filed Annual Report on Form 10-K and other filings we make with the SEC, which could materially affect our business, financial condition or future results.

Item 6. Exhibits

Exhibit Number	Description
3.1	<u>Amended and Restated Certificate of Incorporation of Getty Images Holdings, Inc. (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K, filed with the SEC on July 28, 2022)</u>
3.2	<u>Amended and Restated By-Laws of Getty Images Holdings, Inc. (incorporated by reference to Exhibit 3.2 of the Company's Form 8-K, filed with the SEC on July 28, 2022)</u>
31.1*	<u>Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2*	<u>Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1**	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2**	<u>Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

^ Indicates management contract or compensatory plan.

SIGNATURE

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

Date: November 14, 2023

GETTY IMAGES HOLDINGS, INC.

By: /s/ Jennifer Leyden

Name: Jennifer Leyden

Title: Chief Financial Officer

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jennifer Leyden, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Getty Images Holdings, Inc., for the quarter ended September 30, 2023;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. [OMITTED]
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 14, 2023

By: _____ /s/ Jennifer Leyden
Name: Jennifer Leyden
Title: Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Getty Images Holdings, Inc. (the "Company"), for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jennifer Leyden, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2023

By: /s/ Jennifer Leyden
Name: Jennifer Leyden
Title: Chief Financial Officer
(Principal Financial Officer)