

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K/A**

**Amendment No. 1**

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

Date of Report (Date of earliest event reported): **July 26, 2024**

**Shutterstock, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-35669**  
(Commission  
File Number)

**80-0812659**  
(IRS Employer  
Identification No.)

**350 Fifth Avenue, 20th Floor  
New York, NY 10118**  
(Address of principal executive offices, including zip code)

**(646) 710-3417**  
(Registrant's telephone number, including area code)  
Not applicable

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

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

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

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

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

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

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

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

As previously disclosed in the Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission (the “SEC”) by Shutterstock, Inc. (the “Company”) on July 22, 2024 (the “Original Form 8-K”), the Company consummated its previously announced acquisition of Envato Pty Ltd. (“Envato”) on July 22, 2024 pursuant to the Share Purchase Agreement (the “Purchase Agreement”), whereby Garnett-Saunders Pty Ltd, Draconis Holdings Pty Ltd and Ta’eed Felah Pty Ltd (collectively, the “Sellers”) sold, and Shutterstock AUS EMU Pty Ltd., a wholly owned indirect subsidiary of the Company (“Purchaser”) purchased, all of the issued and outstanding capital stock of Envato. The consideration payable by the Company pursuant to the Purchase Agreement, after customary working capital and other adjustments in accordance with the terms of the Purchase Agreement, was approximately \$250 million.

This Form 8-K/A has been filed to amend and supplement the Original Form 8-K to provide the financial statements described in Item 9.01 below, which are permitted to be filed by amendment not later than 71 calendar days after the date that the Original Form 8-K was required to be filed with the SEC.

**Item 9.01 Financial Statements and Exhibits.**

(a) *Financial statements of businesses or funds acquired.*

Envato’s audited consolidated financial statements as of and for the year ended June 30, 2023 and unaudited condensed consolidated financial statements for the six-month periods ended December 31, 2023 and 2022 are attached as Exhibits 99.1 and 99.2, respectively, to this Form 8-K/A and incorporated herein by reference. Such financial statements of Envato were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(b) *Pro forma financial information.*

The unaudited pro forma condensed combined financial information as of and for the three months ended March 31, 2024, and for the year ended December 31, 2023, related to the Company’s acquisition of Envato are attached as Exhibit 99.3 to this Form 8-K/A and incorporated herein by reference.

(d) *Exhibits.*

<b>Exhibit No.</b>	<b>Exhibit Description</b>
23.1	<a href="#">Consent of PricewaterhouseCoopers</a>
99.1	<a href="#">Envato Pty Ltd audited consolidated financial statements as of and for the year ended June 30, 2023</a>
99.2	<a href="#">Envato Pty Ltd unaudited condensed consolidated financial statements for the six-month periods ended December 31, 2023 and 2022</a>
99.3	<a href="#">Shutterstock, Inc. Unaudited pro forma condensed combined financial information as of and for the three months ended March 31, 2024 and for the year ended December 31, 2023</a>
104	Cover Page Interactive Data File - The cover page XBRL tags are embedded within the Inline XBRL document.



CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-276203) and on Form S-8 (Nos. 333-184371, 333-184544, 333-202395, 333-268480 and 333-280093) of Shutterstock, Inc. of our report dated September 10, 2024 relating to the financial statements of Envato Pty Ltd, which appears in this Current Report on Form 8-K/A.

/s/ PricewaterhouseCoopers  
Melbourne, Australia  
October 3, 2024

**Envato Pty Ltd and controlled entities  
Financial Statements  
For the Year Ended June 30, 2023**

**Envato Pty Ltd and controlled entities**  
**Financial Statements – June 30, 2023**

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**Envato Pty Ltd and controlled entities**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended June 30, 2023**

	Note	2023
		<u>USD'000</u>
Revenue from ordinary activities	5	190,313
Direct costs		(52,302)
Employee costs		(54,878)
Service provider expenses		(4,666)
Depreciation, amortisation and impairment		(2,843)
Data and software expenses		(12,467)
Marketing expenses		(25,790)
Travel expenses		(653)
Rental expenses		(77)
Professional fees	6	(6,832)
Foreign exchange loss		(1,537)
Other expenses (net of other income)		(1,636)
<b>Operating Profit</b>		<u>26,632</u>
Finance income		842
Finance costs		(105)
Share of losses of associates accounted for using the equity method	8	(236)
<b>Profit before income tax</b>		<u>27,133</u>
Income tax expense	9	(8,081)
<b>Profit for the period</b>		<u>19,052</u>
<b>Other comprehensive Income</b>		
<i>Items that may be reclassified to profit or loss.</i>		
Exchange differences on translation of foreign operations		38
<i>Items that will not be reclassified to profit or loss.</i>		
Financial assets at fair value through other comprehensive income	7	655
<b>Other comprehensive income for the period</b>		<u>693</u>
<b>Total comprehensive income for the period</b>		<u>19,745</u>

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**Envato Pty Ltd and controlled entities**  
**Consolidated Statement of Financial Position**  
**As at June 30, 2023**

	Note	<u>June 30, 2023</u>
		<u>USD'000</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalent	11	84,895
Trade and other receivables	12	5,122
Current tax receivable	9	64
Derivative financial instruments		218
<b>Total Current Assets</b>		<b>90,299</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	13	1,328
Intangible assets	14	5,571
Right-of-use assets	15	724
Non-current prepayments		1,620
Financial assets at fair value through other comprehensive income	7	1,894
Investments accounted for using the equity method	8	5,904
Deferred tax asset	16	10,044
<b>Total Non-Current Assets</b>		<b>27,085</b>
<b>TOTAL ASSETS</b>		<b>117,384</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	17	26,445
Lease liabilities	18	650
Provisions	19	20,972
Derivative financial instruments		-
Deferred revenue	20	45,501
Current tax payable	9	3,965
<b>Total Current Liabilities</b>		<b>97,533</b>
<b>Non-Current Liabilities</b>		
Provisions	19	1,186
Lease liabilities	18	-
<b>Total Non-Current Liabilities</b>		<b>1,186</b>
<b>TOTAL LIABILITIES</b>		<b>98,719</b>
<b>NET ASSETS</b>		<b>18,665</b>
<b>EQUITY</b>		
Contributed equity	21	14
Retained earnings		16,870
Other reserves	23	1,781
<b>TOTAL EQUITY</b>		<b>18,665</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



**Envato Pty Ltd and controlled entities**  
**Consolidated Statement of Changes in Equity**  
**For the year ended June 30, 2023**

	<u>Contributed equity</u> USD'000	<u>Retained earnings</u> USD'000	<u>Other reserves</u> USD'000	<u>Total</u> USD'000
Balance as at July 1, 2022	14	27,818	1,088	28,920
Profit for the year	-	19,052	-	19,052
Other comprehensive income	-	-	693	693
Total comprehensive income for the year	-	19,052	693	19,745
Dividends paid	-	(30,000)	-	(30,000)
Balance as at June 30, 2023	14	16,870	1,781	18,665

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Envato Pty Ltd and controlled entities**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

	Note	<u>2023</u> <u>USD'000</u>
<b>Cash flows from operating activities</b>		
Receipts from customers		207,764
Payments to suppliers and employees		<u>(173,398)</u>
		34,366
Interest paid		(37)
Interest received		842
Income taxes received		<u>1,559</u>
<b>Net cash from operating activities</b>	<b>10</b>	<b>36,730</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	13	(526)
Proceeds on disposal of property, plant and equipment		52
Payments for content purchased	14	<u>(2,222)</u>
Payments on internally generated software	14	<u>(4,549)</u>
<b>Net cash used in investing activities</b>		<b>(7,245)</b>
<b>Cash flows from financing activities</b>		
Principal elements of lease payments		(655)
Payment of dividends	22	<u>(30,000)</u>
<b>Net cash used in financing activities</b>		<b>(30,655)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,170)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<u><b>86,065</b></u>
<b>Cash and cash equivalents at the end of the year</b>	<b>11</b>	<u><b>84,895</b></u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**Envato Pty Ltd and controlled entities**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 1: General information**

Envato Pty Ltd ("parent entity") is a company limited by shares, incorporated and domiciled in Australia. The financial statements are for the Consolidated Entity (referred to hereafter as the "Consolidated Entity", "Group" or "Envato") consisting of Envato Pty Ltd (referred to hereafter as the "Company" or "parent entity") and the entities it controlled at the end of, or during, the financial year ended June 30, 2023.

The addresses of the Company's registered office and principal place of business are shown below:

**Registered office**

C/O Thrive Governance & Growth Partners  
16 Middle Street  
Highgate Hill QLD 4101  
Australia

**Principal place of business**

Level 7  
180 Flinders Street  
Melbourne VIC 3000  
Australia

**NOTE 2: Basis of preparation**

The purpose of these consolidated financial statements is to meet the reporting requirements of Rule 3-05 of Regulation S-X which requires one year of audited financial statements. As a result, these financial statements do not include comparative figures for the prior years as required by IFRS 1 "First-time adoption of International Financial Reporting Standards".

The Group's financial statements for the year ended June 30, 2023 are the first general purpose financial statements (GPFS) issued by the Group that comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), with the exception that these consolidated financial statements do not include comparative figures or required transition disclosures as required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", which constitute departures from IFRS as issued by the IASB.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

In preparing the financial statements for the year ended June 30, 2023, the Group applied IFRS 1, with a transition date of July 1, 2021.

The Group has not applied any exemptions under IFRS 1. The significant accounting policies used in the preparation and presentation of these financial statements are provided below.

The financial statements are consolidated financial statements. The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Refer to note 24 (b) "Interest in Subsidiaries" for the list of controlled entities.

The financial statements are based on historical costs, except for certain financial instruments, which have been measured at fair value. The financial statements are presented in United States dollars (USD) and are rounded to the nearest thousand dollars, unless otherwise noted.

**New and revised IFRS Standards in issue but not yet effective**

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 Climate-related Disclosures
- IAS 1 Amendments regarding Classification of Liabilities as Current or Non-current
- IAS 21 The Effects of Changes in Foreign Exchange Rates - Amendments regarding Lack of Exchangeability
- IFRS 16 Amendments regarding Lease liability in sale and leaseback
- IAS 7 and IFRS 7 Amendments regarding Supplier Finance Arrangements
- IFRS 17, Insurance Contracts
- IFRS 18 - Presentation and disclosure of financial statements (amendments)
- IFRS 19 - Subsidiaries without public accountability disclosures (amendments)

Management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

## NOTE 3 Significant Accounting Policies

### (a) Principles of consolidation

#### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

#### (ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (b) Revenue recognition

The Group derives revenue from granting access to a separate online subscription platform where subscribers can download digital creative assets with separate individual licences as well as from the facilitating of purchases and sales of digital creative assets through an online marketplace.

To determine whether to recognise revenue and at what amount, the Group applies a five-step model:

1. Identifying the contract with a customer.
2. Identifying the performance obligations within the customer contract.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group recognises revenue when (or as) they transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

- Over time, in a manner that depicts the entity's performance; or
- At a point in time, when control of the goods or services has transferred to the customer.

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or the agent. This determination requires judgement and consideration of all relevant facts and circumstances.

The Group is acting as a principal when the nature of its promise is to provide the goods or services itself. Features which indicate that the Group is acting as a principal include:

- (a) the Group has the primary responsibility for providing access to the subscription platform where users can obtain separate license of digital assets;
- (b) the Group has latitude in establishing prices, either directly or indirectly, for example, by providing additional goods or services.

The Group is acting as an agent when the nature of its promise is to arrange for the goods or services to be provided by another party. The Group expenses contract acquisition costs as incurred, to the extent that the amortization period would otherwise be one year or less.

*(i) Platform subscriptions fees*

The Group also provides several platform subscriptions which allow users to:

- Download digital assets
- Create mockups and videos
- Access tutorials
- Access marketing tools

Customers are required to pay in advance for access to the services with the relevant payment due dates and service periods specified in each contract. Revenue is recognised over time based on estimated consumption patterns.

For platform subscriptions fees, the Group meets the criteria of the principal set out above and therefore recognises the gross sales price.

Revenue is recorded net of sales and consumption taxes, after considering any applicable discounts or refunds.

*(ii) Platform one-time service fees:*

The Group provides a collection of themed marketplaces where people buy and sell creative digital assets and offers single purchase customised products and services for sale. Revenue is recognised when or as the Group has transferred control of the assets to the customer, or in the case of services, on completion of the service.

Where the Group meets the criteria of the principal set out above it recognises the gross sales price. If it is identified as acting as an agent, revenue is recognised as the amount of commission receivable. For the platform one-time service fees, the Group is acting as an agent and therefore recognises the amount of commission receivable.

Revenue is recorded net of sales and consumption taxes and after considering any applicable discounts or refunds.

*(iii) Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**(c) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and on demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**(d) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

*(i) Property, plant and equipment*

Property, plant and equipment is measured initially at cost. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management and an estimate of any expenditure expected to be incurred at the end of the asset's useful life, including restoration, rehabilitation and decommissioning costs.

The carrying amount of property, plant and equipment is reviewed annually by the directors for indications of impairment. If any such indications exist, an impairment test is carried out and any impairment losses on the assets recognised.

The cost of fixed assets constructed within the entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

All subsequent costs such as repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

*(ii) Depreciation*

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives (commencing from the time the asset is ready for use). Leasehold improvements are depreciated over the shorter of either; the unexpired period of the lease, or the estimated useful lives of the improvements.

The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed asset</b>	<b>Depreciation rate</b>
Property, plant and equipment	5% - 50%
Leasehold improvements	Over the life of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit and loss.

**(e) Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, net of transaction costs, with the exception of financial assets and financial liabilities fair value through profit or loss, where transaction costs are recognised immediately in profit or loss.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**(i) Financial assets**

*(1) Trade and other receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30-60 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less any allowance for expected credit losses.

The consolidated entity applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been Grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

*(2) Term deposits*

Term deposits comprise of deposits with a maturity of more than three months from the date of acquisition which are not held for the purpose of meeting short-term cash commitments. They are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. Interest is accrued over the term of the deposit and is received periodically.

*(3) Other assets*

Other assets include security deposits and are held at amortised cost.

*(4) Financial assets at fair value through profit or loss*

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e., are held for trading. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise, they are presented as non-current assets.

*(5) Financial assets at fair value through other comprehensive income (FVTOCI)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVTOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

Due to lack of observable inputs, the Group categorises its investment in financial assets at fair value through other comprehensive income (FVTOCI) into Level 3. The Group determines fair value by looking at the median enterprise value to revenue ratio for the Australian software-as-a-service sector based on available data.

*(6) Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

*(7) Impairment*

The Group will recognise a loss allowance for expected credit losses on financial assets measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

**(ii) Financial liabilities and equity**

*(1) Trade and other payables*

Trade and other payables are recorded at cost. Trade and other payables are unsecured and generally settled within agreed supplier terms.

*(2) Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*(3) Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## **(f) Income tax**

### *(1) Current Tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

### *(2) Deferred Tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination and on initial recognition of lease liabilities and Right-of-use assets under IFRS 16) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### *(3) Current tax and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## **(g) Tax consolidation**

Envato Pty Ltd and its wholly-owned Australian resident entities are members of a tax-consolidated Group under Australian tax law. Envato Pty Ltd is the head entity within the tax-consolidated Group. In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated Group.

Amounts payable or receivable under the tax funding arrangement between the Company and the entities in the tax-consolidated Group are determined using a 'separate taxpayer within Group' approach to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated Group. This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred, and does not tax effect transactions that have no tax consequences to the Group. The same basis is used for tax allocation within the tax-consolidated Group.

## **(h) Impairment**

At each reporting date, the directors review the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit and loss, unless the relevant asset is carried at a revalued amount. In such case the impairment loss is treated as a revaluation decrease to the extent that the revaluation reserve relates to that asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.



#### (i) Intangible assets

Trademarks, licences, and website domains are recognised at cost. Intangibles with an indefinite life are tested at each balance date for impairment and are carried at cost, less any accumulated impairment losses.

Assets with a finite life are carried at cost, less accumulated amortisation and any impairment losses. Intangibles with a finite life are amortised on a straight-line basis over their useful life. Amortisation is included in depreciation and amortisation expenses in the profit and loss.

Class of intangible asset	Depreciation/Amortisation rate
Purchased software	25%
Other intangibles	25% - 50%
Internally generated software	25% - 33.33%
Purchased content	100%

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The Group had purchased content under certain specific contractual arrangements. The purchased content was amortised based on when the Group gains or loses control over such assets in accordance with the terms and conditions stipulated in the contract.

#### (j) Long term prepayments

The Group incurs spend on activities which is expected to provide support to its revenue generating activities for a period greater than 12 months. The Group classifies these expenses as long term non-current prepayments and expenses monthly to its cost of sales on a straight line basis. The useful life of this asset is calculated based on the terms and conditions of the underlying contracts.

#### (k) Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance costs. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group chose not to revalue the right-of-use asset.

**(l) Employee benefits***(1) Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Contributions are made by the Group to superannuation funds nominated by employees and are charged to profit or loss during the financial period in which they occurred.

*(2) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Long service leave expected to be settled within 12 months of the reporting date is recognised in current liabilities and is measured at the amounts expected to be paid when the liabilities are settled.

**(m) Provisions**

Provisions are recognised when the Group has a present (legal or constructive) obligation because of a past event, it is probable the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**(n) Foreign currency translation**

Foreign currency transactions during the year are converted to the functional currency at the exchange rates prevailing at the date of the transaction. At balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value which are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss in the period in which they arise.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) which have a functional currency different from the presentation currency, are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

**(o) Goods and service tax**

Revenues, expenses and assets are recognised net of the amount of GST, VAT and other indirect taxes, except where the amount of tax incurred is not recoverable from the relevant taxation authority. In these circumstances, the tax is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST, VAT and other indirect taxes.

**(p) Going concern**

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### NOTE 4 Critical accounting estimates and judgements

The preparation of financial statements requires the directors of the Group to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The disclosure of critical judgements in applying the Group's accounting policies, and key sources of estimation uncertainty have been included below.

##### *Key estimate - Global sales tax provisions*

The Group has created a provision for potential global sales tax exposures across all its products. At June 30, 2023, the provision was USD 18,122 thousand. The Group bases this provision on a weighted probability of estimated exposures by country, supported by various external sources for a guide on the applicability of sales tax. However, the actual exposure could be greater or lesser than the provided amounts, depending on the taxation laws in each country and the application of these laws to the Group.

##### *Key estimate - Internally generated intangible assets – Useful life*

The Group incurs spend on internal development of software to support its revenue generating activities. At June 30, 2023, the carrying amount of this software was USD 5,550 thousand. The Group estimates the useful life of the internally generated software to be 1-4 years based on the expected technical obsolescence of such assets.

##### *Key estimate - Revenue - Principal vs Agent*

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or the agent. This significantly impacts the Consolidated Statement of Profit or Loss under IFRS 15. This determination requires judgement and consideration of all relevant facts and circumstances.

The assessment includes high level of judgement around analysis of various factors including but not limited to:

- whether the Group has discretion with respect to accepting and rejecting orders from customers,
- whether the Group is responsible for sales strategy,
- whether the Group is the party that the customer believes is responsible for fulfilling the promise, and
- whether the Group has discretion on setting prices that are substantive.

For the platform one-time service fees, the Group has determined that it meets the criteria of acting as an agent and therefore recognises the amount of commission receivable as revenues. For platform subscriptions fees, the Group has determined that it meets the criteria of acting as a principal and therefore recognises the gross sales price. This assessment is reviewed when any change is made to the terms and conditions in the contract with customers.

#### NOTE 5 Revenue

The Group reports its revenues from external customers for each Group of similar products and services. The amounts of revenues reported is based on the financial information used to produce the Group's financial statements.

(1) The following represents the Group's revenue based on product and services:

Platform subscriptions fees	Subscription platforms that allows subscribers to download and use digital assets and to download an unlimited number of licensed customised mockup and videos for the duration of the subscription.
Platform one-time service fees	This category includes revenue generated from collection of online marketplaces, where people buy and sell creative digital assets. Digital assets can be websites themes and templates, code, video, audio, graphics, photos or 3D files.

**June 30, 2023**

**USD'000**

The following represents the Group's revenue based on product and services:

Platform subscriptions fees	152,859
Platform one-time service fees	37,454
<b>Total revenue from ordinary activities</b>	<b>190,313</b>

**Note 6 Professional Services**

	<u>June 30, 2023</u>
	<u>USD'000</u>
Consulting	(5,420)
Managed Services	(383)
Other	(1,029)
<b>Total professional services</b>	<u>(6,832)</u>

**Note 7 Financial assets at fair value through other comprehensive income (FVTOCI)**

During the financial years ended June 30, 2017 and June 30, 2018, the Group purchased 6.0085% of the shares in Looka Inc. (previously known as Logojoy Inc.)

Due to lack of observable inputs for the asset or liability, the Group categorises its investment in financial assets at fair value through other comprehensive income (FVTOCI) as Level 3.

The methodology used by the Group in determining the fair value of its investment in financial assets at fair value through other comprehensive income (FVTOCI) is described in the note (i) under significant accounting policies.

	<u>FVTOCI</u>
	<u>USD'000</u>
Carrying amount as at July 1, 2022	1,239
Revaluation (losses)/gains recognised in other comprehensive income	655
<b>Carrying amount as at June 30, 2023</b>	<u>1,894</u>

**Note 8 Share of profits/(losses) of associates accounted for using the equity method**

During the financial year ended June 30, 2022, the Group purchased 29.9% of the shares in Music Vine Limited ("Musicvine"), an unlisted company incorporated in the United Kingdom. The Group has determined that it has significant influence over Musicvine. The director of the Group determined that the investment in associate is not material as it does not play a significant role in the Group's profitability.

	<u>June 30, 2023</u>
	<u>USD'000</u>
Carrying amount of Investment in associates accounted for using the equity method	5,904
<b>Total balance of Investment in associates accounted for using the equity method</b>	<u>5,904</u>

The amount presented in the Consolidated Statement of Comprehensive Income in relation to the investment in the associate is as follows:

	<u>June 30, 2023</u>
	<u>USD'000</u>
Group's share of the loss of associate	(236)
<b>Total Share of profits/(losses) of associates accounted for using the equity method</b>	<u>(236)</u>

**Note 9 Income tax****(a) Income tax expense**

	<u>June 30, 2023</u>
	<u>USD'000</u>
<b>Current tax</b>	
Current tax on profits for the year	(9,282)
Adjustments for current tax of prior periods	(1,121)
<b>Total current tax expense</b>	<u>(10,403)</u>

<b>Deferred income tax</b>	
Increase in deferred tax assets	3,784
Increase in deferred tax liabilities	(2,529)
Adjustments for deferred tax of prior periods	1,067
<b>Total deferred tax expense</b>	<u>2,322</u>
<b>Income tax expense</b>	<u>(8,081)</u>

**(b) Reconciliation of income tax expense to prima facie tax payable**

Tax at the Australian tax rate of 30% (2022: 30%)	(8,140)
Effect of lower tax rates for foreign subsidiaries	120

Tax effect of amounts that are not deductible (taxable) in determining taxable income:

Other non-deductible expenses	(45)
Tax accrual release	38
	<u>(7)</u>

Adjustments for tax of prior period	(54)
Income tax expense	<u>(8,081)</u>

Below table provides the balances of the tax receivable and payable as at the end of the financial year

	<u>June 30, 2023</u>
	<u>USD'000</u>
<b>Current tax receivable</b>	64
<b>Current tax payable</b>	<u>3,965</u>

**Note 10 Reconciliation of profit after income tax to net cash from operating activities**

	<u>June 30, 2023</u>
	<u>USD'000</u>
<b>Profit after income tax expense for the year ended June 30, 2023</b>	19,052
Adjustments for:	
Depreciation, amortisation and impairment	3,482
Loss on disposal of property, plant and equipment	61
Gain on forward exchange contract	(1,178)
Net foreign exchange gains on net assets	(189)
Loss on investment accounted using equity method	235
Changes in operating assets and liabilities, net of effect of business combinations:	
Increase in trade and other receivables	(1,679)
Increase in deferred tax assets	(2,320)
Increase in net tax payable	9,133
Decrease in trade and other payables	(2,487)
Increase in deferred revenue	7,603
Increase in provisions	5,017
<b>Net cash from operating activities</b>	<u>36,730</u>

**Note 11 Cash and cash equivalents**

	<u>June 30, 2023</u>
	<u>USD'000</u>
Cash and cash equivalents	<u>84,895</u>

**Note 12 Trade and other receivables**

	<u>June 30, 2023</u>
	<u>USD'000</u>
Trade receivables	33
Prepayments	2,477
Accrued income	1,316
Other receivables	1,296
<b>Trade and other receivables total</b>	<u>5,122</u>

Trade and other receivables are non-interest bearing.

**Note 13 Property, plant and equipment**

	<u>Property, plant and equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>
<b>Balance at 1 July 2022</b>			
Cost	2,828	444	3,272
Accumulated depreciation	(1,448)	(118)	(1,566)
<b>Net book amount</b>	<u>1,380</u>	<u>326</u>	<u>1,706</u>
<b>Year ended June 30, 2023</b>			
Opening net book amount	1,380	326	1,706
Additions	526	-	526
Depreciation expense	(778)	(203)	(981)
Disposals	(91)	-	(91)
Effect of movements in exchange rates	136	32	168
<b>Closing net book amount</b>	<u>1,173</u>	<u>155</u>	<u>1,328</u>
<b>Balance at June 30, 2023</b>			
Cost	3,186	495	3,681
Accumulated depreciation	(2,013)	(340)	(2,353)
<b>Net book amount</b>	<u>1,173</u>	<u>155</u>	<u>1,328</u>

**Note 14 Intangible assets**

	<u>Purchased software</u>	<u>Content IP</u>	<u>Purchased content</u>	<u>Domain names</u>	<u>Internally generated software</u>	<u>Total</u>
	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>
<b>Balance at 1 July 2022</b>						
Cost	13,251	1,100	-	17	2,318	16,686
Accumulated amortisation	(12,406)	(895)	-	-	(124)	(13,425)
Accumulated impairment	(845)	(205)	-	-	-	(1,050)
<b>Net book amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>2,194</b>	<b>2,211</b>
<b>Year ended June 30, 2023</b>						
Opening net book amount	-	-	-	17	2,194	2,211
Additions	-	-	602	-	4,549	5,151
Amortisation expense	-	-	(584)	-	(925)	(1,509)
Disposals at net book value	-	-	-	(14)	-	(14)
Impairment expense	-	-	-	-	(268)	(268)
<b>Closing net book amount</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>3</b>	<b>5,550</b>	<b>5,571</b>
<b>Balance at June 30, 2023</b>						
Cost	8,751	1,100	602	3	6,867	17,323
Accumulated amortisation and impairment	(8,751)	(1,100)	(584)	-	(1,317)	(11,752)
<b>Net book amount</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>3</b>	<b>5,550</b>	<b>5,571</b>

During the financial year, the Group disposed fully amortised intangible assets under the category "Purchased software" worth USD 4,500 thousand. At 30 June 2023, the carrying amount of the long term prepayment was \$1,620 thousand.

**Note 15 Right-of-use asset**

	<u>June 30, 2023</u>
	<u>USD'000</u>
Buildings	
Cost	1,676
Accumulated depreciation	(952)
	<u>724</u>
Additions to the Right-of-use assets	<u>598</u>
	<u>June 30, 2023</u>
	<u>USD'000</u>
Depreciation recognised in the statement of profit or loss	<u>(772)</u>

**Note 16 Deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<u>June 30, 2023</u>	<u>July 1, 2022</u>
	<u>USD'000</u>	<u>USD'000</u>
The balance comprises temporary differences attributable to:		
In house software development	815	1,380
Global sales tax provisions	5,437	3,997
Intangible assets	38	974
Accruals	717	161
Employee provisions	1,171	1,281
Professional services and other	1,866	(69)
<b>Total deferred tax assets</b>	<u>10,044</u>	<u>7,724</u>

**Deferred tax assets movement schedule**

<u>Movements</u>	<u>In house software development</u>	<u>Global sales tax provisions</u>	<u>Intangible assets</u>	<u>Accruals</u>	<u>Employee provisions</u>	<u>Other</u>	<u>Total</u>
	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>
At July 1, 2022	1,380	3,997	974	161	1,281	(69)	7,724
(charged)/credited to profit or loss	(565)	1,440	(936)	556	(110)	1,935	2,320
<b>At June 30, 2023</b>	<u>815</u>	<u>5,437</u>	<u>38</u>	<u>717</u>	<u>1,171</u>	<u>1,866</u>	<u>10,044</u>

**Note 17 Trade and other payables**

	<u>June 30, 2023</u>
	<u>USD'000</u>
Trade payables	16,297
Other payables	10,148
<b>Trade and other payables total</b>	<u>26,445</u>

The balance in other payables comprises various current liabilities attributable to:

General accruals	4,316
Sales tax liabilities	2,628
Payroll related liabilities	3,192
Other	12
<b>Other payables total</b>	<u>10,148</u>

Trade payables and other payables are non-interest bearing.

**Note 18 Lease liabilities**

	<u>June 30, 2023</u>
	<u>USD'000</u>
Current lease liabilities	650
<b>Lease liabilities total</b>	<u>650</u>



Future lease payments in relation to lease liabilities as at period end are as follows:

Within one year	779
<b>Future lease payments total</b>	<b>779</b>

**Lease liabilities movement schedule**

Lease liabilities as at July 1, 2022	(770)
Additions	(515)
Payments	663
Interest payment	(28)
<b>Lease liabilities as at June 30, 2023</b>	<b>(650)</b>

**Note 19 Provisions**

Provision Class	<u>June 30, 2023</u>		<u>Total</u> USD'000
	<u>Current</u>	<u>Non-current</u>	
	USD'000	USD'000	
Employee benefits	2,850	1,131	3,981
Global sales tax	18,122	-	18,122
Make good provision	-	55	55
<b>Provision Total</b>	<b>20,972</b>	<b>1,186</b>	<b>22,158</b>

Movements in each class of provision during the current financial year, are set out below:

	<u>Employee</u> <u>benefits</u>	<u>Make good</u> <u>provision</u>	<u>Global sales tax</u>	<u>Total</u>
	USD'000	USD'000	USD'000	USD'000
Balance as at July 1, 2022	3,763	55	13,322	17,140
Charged/(credited) to profit or loss:				
- additional provisions recognised	2,365	-	4,800	7,165
- unused amounts reversed	-	-	-	-
- amounts used during the year	(2,147)	-	-	(2,147)
<b>Balance as at June 30, 2023</b>	<b>3,981</b>	<b>55</b>	<b>18,122</b>	<b>22,158</b>

**Note 20 Deferred revenue**

	<u>June 30, 2023</u>
	<u>USD'000</u>
<b>Deferred revenue closing balance</b>	<b>45,501</b>

Deferred revenue reported on the balance sheet represents unfulfilled performance obligations for which the Group has received payment. The June 30, 2023 deferred revenue balance will be earned as content is downloaded or purchased, and nearly all is expected to be earned within the next twelve months.

**Note 21 Contributed equity**

	<u>June 30, 2023</u>
	<u>USD'000</u>
10,000 ordinary shares	14

Ordinary shares entitle the holder to participate in dividends and to share in the proceeds of the winding up of the Group proportionate to the number of and amounts paid on the shares held.

**Note 22 Dividends**

	<u>June 30, 2023</u>
	<u>USD'000</u>
Dividends paid during the year	<u>(30,000)</u>
<i>Franking credits</i>	
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>1,428</u>

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

**Note 23 Other reserves**

	<u>June 30, 2023</u>		
	<u>Financial assets at FVTOCI</u>	<u>Foreign currency translation</u>	<u>Total</u>
	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>
Balance as at July 1, 2022	598	490	1,088
Other currency translation differences		38	38
Revaluation	655		655
<b>Balance as at June 30, 2023</b>	<b>1,253</b>	<b>528</b>	<b>1,781</b>

**Note 24 Related party transactions****(a) Parent entity**

Envato Pty Ltd is the parent entity. The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. See note 3 for a summary of the significant accounting policies relating to the Group.

**(b) Subsidiaries**

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in note 3:

<u>Name of controlled entity</u>	<u>Primary activity</u>	<u>Country of incorporation</u>	<u>June 30, 2023 % of shares held</u>
Envato Hosted Pty Ltd	Non-Trading	Australia	-
Envato Ventures Pty Ltd	Investment	Australia	100%
Envato Sites Pty Ltd	Non-Trading	Australia	100%
Envato Elements Pty Ltd	Trading	Australia	100%
Envato USA Inc	Trading	USA	100%
Sonley Bell Ltd	Non-Trading	UK	-
Envato Placeit Pty Ltd	Trading	Australia	100%
Sonley Bell Mexico S.A. de C.V.	Trading	Mexico	100%
Envato Twenty20 Pty Ltd	Trading	Australia	100%
Envato New Zealand Ltd	Trading	New Zealand	100%
Envato Israel Ltd	Trading	Israel	100%

During the financial year ended June 30, 2023, wholly owned Australian subsidiary "Envato Hosted Pty Ltd" and wholly owned UK subsidiary "Sonley Bell Ltd." were deregistered.

**(c) Key management personnel compensation**

	<u>June 30, 2023</u>
	<u>USD'000</u>
Short-term employee benefits	897
Post-employment benefits	61
Total key management personnel compensation	<u>958</u>

As at June 30, 2023, there was an agreement in place whereby the key management personnel would receive payments totalling Australian dollars \$960 thousand on the change of control of Envato occurring prior to September 30, 2023. As change of control did not occur prior to this date, no payment was made under this agreement.

**(d) Transactions with other related parties**

	<u>June 30, 2023</u>
	<u>USD'000</u>
The following transactions occurred with other related parties:	
Donations to the Envato Foundation	134
<b>Total other related parties transactions</b>	<u>134</u>

Envato Pty Ltd owns 100% shares in Envato Foundation Pty Ltd. Envato Foundation Pty Ltd has its sole purpose to act as the trustee of Envato Foundation Trust. Envato Foundation Pty Ltd does not in itself hold any assets or liabilities.

**NOTE 25 : Financial risk management**

The Group's treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

**(1) Market Risk**

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The financial risk of changes in interest rates is minimal. The Group does not designate its derivative financial instruments into hedging relationships. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

**(a) Foreign currency risk management**

The Group's sales to international customers are denominated primarily in U.S. dollar and to a smaller extent in Euro. Revenue denominated in foreign currencies (i.e. Euro) as a percentage of total revenue was approximately 7% for the year ended June 30, 2023. Changes in exchange rates will affect the Group's revenues and certain operating expenses to the extent that the Group's revenue are generated and expenses are incurred in currencies other than the U.S. dollars.

The Company expenses revenue share costs in the period a subscriber download occurs and includes the corresponding revenue share costs in direct costs. Revenue share costs are paid monthly to authors. These are denominated in the U.S. dollar and will not be affected by changes in exchange rates.

The Group's historical revenue by currency is as follows:

	<u>June 30, 2023</u>	
	<u>USD'000</u>	
	<u>U.S. dollars</u>	<u>Originating currency</u>
Euro	13,355	12,734
Total foreign currency	<u>13,355</u>	
U.S. Dollar	<u>176,958</u>	
<b>Total revenue</b>	<u>190,313</u>	

Based on the comparatively smaller portion of Euro currency denominated revenue for the year ended June 30, 2023, and the stability of Euro currency to U.S. dollar currency, we estimate that a change in the exchange rate of the U.S. dollars against Euros denominated revenues would not result in a material impact on the Group's revenues.

We have established foreign subsidiaries in various countries and have concluded that the functional currency of these entities is generally the local currency. Business transacted in currencies other than each entity's functional currency results in transactional gains and losses. Translation adjustments resulting from converting the foreign subsidiaries' financial statements into U.S. dollars are recorded as foreign currency translation reserves as a component of Other reserves in Equity.

At the reporting date, the Group held the below net assets in non-functional currencies:

	<u>June 30, 2023</u>	<u>June 30, 2023</u>	<u>June 30, 2023</u>	<u>June 30, 2023</u>	<u>June 30, 2023</u>
	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>
	<u>US primary</u>	<u>MXN primary</u>	<u>NZD primary</u>	<u>ILS primary</u>	<u>Total</u>
	<u>currency ledger</u>	<u>currency ledger</u>	<u>currency ledger</u>	<u>currency ledger</u>	
Australian dollar	22,868	-	-	-	22,868
Euro	1,849	-	-	-	1,849
Great british pound	6,370	-	-	-	6,370
Mexican pesos	(1,559)	1,559	-	-	-
New zealand dollar	(1,250)	-	1,250	-	-
New israeli shekels	120	-	-	(120)	-

The sensitivity analysis below summarises the foreign exchange exposure on the net monetary position of each Group entity against its respective functional currency, expressed in the Group's presentation currency. The Group considers 3% as a reasonable shift in foreign exchange. This analysis assumes that all other variables remain constant.

	<u>June 30, 2023</u>		<u>June 30, 2023</u>	
	<u>US primary currency ledger</u>		<u>MXN, NZD and ILS primary currency ledger</u>	
	<u>Effect on profit</u>	<u>Effect on equity</u>	<u>Effect on profit</u>	<u>Effect on equity</u>
	<u>after tax</u>		<u>after tax</u>	
	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>
Australian dollar	480	480	-	-
Euro	39	39	-	-
Great British Pound	134	134	-	-
Mexican Pesos	(33)	(33)	-	33
New Zealand dollar	(26)	(26)	-	26
New Israeli Shekels	3	3	-	(3)

Risk management: The Group manages foreign currency risk by evaluating its exposure to fluctuations. The Group also holds foreign currency cash balances in order to fund significant transactions denominated in non-functional currencies.

#### (b) Interest rate risk

Nature of risk: The Group maybe exposed to variable interest rate risk on its interest-bearing financial assets and liabilities due to the possibility that changes in interest rates will affect future cash flows.

Risk management: As at June 30, 2023, the Group's primary exposure to interest rate risk arises from interest-bearing and cash and cash equivalents. Cash and cash equivalents consist primarily of cash held in transactional accounts, which are predominately interest-bearing accounts.

Exposure: Sensitivity analyses were performed to illustrate the impact of movements in interest rates, with all other variables held constant. If cash and cash equivalents were to increase or decrease by 10%, based on historic interest rates, the impact to interest income would be between \$0.1 million and (\$0.1 million).

#### (2) Credit Risk

Nature of risk: Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation. The Group may be exposed to counterparty credit risk which is the risk of potential loss arising from default or insolvency of a financial institution used for treasury transactions. The primary sources of credit risk are bank accounts, payment processors, term deposits and derivatives.

Risk management: The Group manages the overall level of credit exposure to individual financial institutions to acceptable levels through institution selection and diversification.

Exposure: Counterparty exposure is measured as the total value of deposits and investments with any single legal or economic entity. The Group maintains and monitors a strict level of the maximum permitted gross credit exposure to any particular financial institution.

### (3) Liquidity risk management

Nature of risk: Liquidity risk is that of being unable to meet financial obligations as and when they fall due.

Risk management: Liquidity risk is managed via the regular review of forecasted cash inflows and outflows, with any surplus funds being placed in interest bearing transactional bank accounts to maximise interest revenue. Principally, the Group sources liquidity from cash-generated from operations.

Exposure: The table below categorises the Group's financial liabilities into their relevant maturity groupings. The amounts included are the undiscounted expected cash outflows over the next 12 months. Current liabilities recognised in the form of deferred revenue are excluded from this table.

At June 30, 2023	0 - 3 months	3 - 6 months	6 - 12 months	Total
Trade and other payables	26,445	-	-	26,445
Lease liabilities	-	-	650	650
Total	26,445	-	650	27,095

### Note 26 Contingent liabilities

#### (1) Bank guarantee

An unsecured bank guarantee has been provided to the value of USD 185 thousand as part of the lease of premises. This bank guarantee is provided in Australian dollar currency which equates to AUD 278 thousand using the spot exchange rate as of June 30, 2023 between Australian dollar and U.S. dollar.

Other than the bank guarantee, the Group has no contingent liabilities at June 30, 2023 or any contractual commitments for the acquisition of material property, plant or equipment.

#### (2) Legal matters

From time to time, the Group may become party to litigation in the ordinary course of business, including direct claims brought by or against the Group with respect to intellectual property, contracts, employment and other matters, as well as claims brought against the Group's customers for whom the Group has a contractual indemnification obligation.

The Group assesses the likelihood of any adverse judgments or outcomes with respect to these matters and determines loss contingency assessments on a gross basis after assessing the probability of incurrence of a loss and whether a loss is reasonably estimable. In addition, the Group considers other relevant factors that could impact its ability to reasonably estimate a loss. A determination of the amount of reserves required, if any, for these contingencies is made after analyzing each matter.

The Group reviews reserves, if any, at regular intervals and may change the amount of any such reserve in the future due to new developments or changes in strategy in handling these matters. Although the results of litigation and threats of litigation, investigations and claims cannot be predicted with certainty, the Group currently believes that the final outcome of these matters will not have a material adverse effect on its business, consolidated financial position, results of operations, or cash flows. Regardless of the outcome, litigation can have an adverse impact on the Group because of defense and settlement costs, diversion of management resources and other factors.

The Group currently has no material active litigation matters and, accordingly, no material reserves related to litigation.

#### (3) Customer indemnifications

In the ordinary course of business, for majority of the customers, the Group does not indemnify the customers for any matters.

The Group offers certain customers greater but limited levels of indemnification. For these customers, the Group enters into contractual arrangements under which it agrees to provide indemnification of varying scope and terms to customers with respect to certain matters, including, but not limited to, losses arising out of the breach of the Group's intellectual property warranties for damages to the customer directly attributable to the Group's breach. The Group is not responsible for any damages, costs, or losses to the extent such damages, costs or losses arise as a result of the modifications made by the customer, or the context in which any content/service is used.

The standard maximum aggregate obligation and liability to any one customer for all claims is generally limited to certain predetermined limits depending on the type of revenue contract.

As of June 30, 2023, the Group has recorded no liabilities related to indemnification for loss contingencies. Additionally, the Group believes that it has the appropriate insurance coverage in place to adequately cover such indemnification obligations, if necessary.

### Note 27 Commitments

Besides leasing commitments disclosed above, the Group have no other significant unrecognised capital contractual commitments.

**Note 28 Events occurring after the reporting period**

On May 2, 2024, Shutterstock, Inc., listed as SSTK on NYSE, a leading global creative platform offering high-quality creative content for transformative brands, digital media and marketing companies, entered into a definitive cash purchase agreement to acquire 100% shares in Envato Pty Ltd for total consideration of US\$250M, after customary working capital and other adjustments. The transaction completed on July 22, 2024.

On June 28, 2024, the Group sold its investment in associates accounted for using the equity method and investment in Financial assets at fair value through other comprehensive income so as to maintain strong focus on its core business.

In April 2024, agreements were put in place whereby the key management personnel would receive payments worth Australian dollars \$850 thousand conditional to change of control of Group occurring prior to December 31, 2024. This condition was satisfied on July 22, 2024 resulting in the amount becoming payable.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

The consolidated financial statements for the year ended June 30, 2023 were authorised for issue by the directors on September 10, 2024.



## **Report of Independent Auditors**

To the management and the board of directors of Envato Pty Ltd

### ***Qualified Opinion***

We have audited the accompanying consolidated financial statements of Envato Pty Ltd and its subsidiaries (the “Company”), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of profit or loss and other comprehensive income, of changes in equity and of cash flows for the year then ended, including the related notes (collectively referred to as the “consolidated financial statements”).

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### ***Basis for Qualified Opinion***

As discussed in Note 2, the accompanying consolidated financial statements are not presented in accordance with International Financial Reporting Standard 1, *First-time adoption of International Financial Reporting Standards*, as they do not include comparative figures or required transition disclosures, which constitute departures from International Financial Reporting Standards as issued by the International Accounting Standards Board.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern for at least, but not limited to, twelve months from the end of the reporting period, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

PricewaterhouseCoopers, ABN 52 780 433 757  
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331 MELBOURNE VIC 3001, AUSTRALIA  
T: +61 3 8603 1000, F: +61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

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### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*PricewaterhouseCoopers*

PricewaterhouseCoopers  
Melbourne, Australia  
September 10, 2024

PricewaterhouseCoopers, ABN 52 780 433 757  
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331 MELBOURNE VIC 3001, AUSTRALIA  
T: +61 3 8603 1000, F: +61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

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**Envato Pty Ltd and controlled entities**  
**Unaudited Condensed Consolidated Interim Financial statements**  
**As of December 31, 2023 and for the six months ended December 31, 2023 and 2022**

**Envato Pty Ltd and controlled entities**  
**As of December 31, 2023 and for the six months ended December 31, 2023 and 2022**

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**Envato Pty Ltd and controlled entities**  
**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (unaudited)**  
**for the six months ended December 31, 2023 and 2022**

	<u>Note</u>	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
		<u>USD'000</u>	<u>USD'000</u>
Revenue from ordinary activities	4	99,804	92,308
Direct costs		(28,601)	(25,131)
Employee costs		(24,776)	(24,622)
Service provider expenses		(1,791)	(2,223)
Depreciation, amortisation and impairment		(1,887)	(1,097)
Data and software expenses		(6,987)	(6,109)
Marketing expenses		(11,786)	(13,572)
Travel expenses		(351)	(449)
Rental expenses		(14)	(51)
Professional fees	5	(1,384)	(3,582)
Foreign exchange loss/(gain)		364	(1,303)
Other expenses		(902)	(1,125)
<b>Operating Profit</b>		<b>21,689</b>	<b>13,044</b>
Finance income		1,019	112
Finance Costs		(4,592)	(53)
Share of profits/(losses) of associates accounted for using the equity method	6	(1,775)	35
<b>Profit before income tax</b>		<b>16,341</b>	<b>13,138</b>
Income tax expense	7	(5,556)	(4,113)
<b>Profit for the period</b>		<b>10,785</b>	<b>9,025</b>
<b>Other comprehensive Income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		52	(638)
<b>Other comprehensive income for the period</b>		<b>52</b>	<b>(638)</b>
<b>Total comprehensive income for the period</b>		<b>10,837</b>	<b>8,387</b>

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (unaudited) should be read in conjunction with the accompanying notes.

**Envato Pty Ltd and controlled entities**  
**Condensed Consolidated Statement of Financial Position (unaudited)**

	<u>Note</u>	<u>Dec 31, 2023</u>	<u>Jun 30, 2023</u>
		<u>USD'000</u>	<u>USD'000</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalent		100,940	84,895
Trade and other receivables	9	5,801	5,122
Current tax receivable		-	64
Derivative financial instruments		393	218
<b>Total Current Assets</b>		<b>107,134</b>	<b>90,299</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		1,112	1,328
Intangible assets	10	7,924	5,571
Right-of-use assets	11	621	724
Non-current prepayments		1,478	1,620
Financial assets at fair value through other comprehensive income		1,894	1,894
Investments accounted for using the equity method		4,123	5,904
Deferred tax asset	12	11,838	10,044
<b>Total Non-Current Assets</b>		<b>28,990</b>	<b>27,085</b>
<b>TOTAL ASSETS</b>		<b>136,124</b>	<b>117,384</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	25,732	26,445
Lease liabilities	14	496	650
Provisions	15	28,104	20,972
Deferred revenue		45,457	45,501
Current tax payable		5,868	3,965
<b>Total Current Liabilities</b>		<b>105,657</b>	<b>97,533</b>
<b>Non-Current Liabilities</b>			
Provisions	15	863	1,186
Lease liabilities	14	73	-
<b>Total Non-Current Liabilities</b>		<b>936</b>	<b>1,186</b>
<b>TOTAL LIABILITIES</b>		<b>106,593</b>	<b>98,719</b>
<b>NET ASSETS</b>		<b>29,531</b>	<b>18,665</b>
<b>EQUITY</b>			
Contributed equity		14	14
Retained earnings		27,684	16,870
Other reserves		1,833	1,781
<b>TOTAL EQUITY</b>		<b>29,531</b>	<b>18,665</b>

The above Condensed Consolidated Statement of Financial Position (unaudited) should be read in conjunction with the accompanying notes.

**Envato Pty Ltd and controlled entities**  
**Condensed Consolidated Statement of Changes in Equity (unaudited)**

	<u>Contributed equity</u> USD'000	<u>Retained earnings</u> USD'000	<u>Other reserves</u> USD'000	<u>Total</u> USD'000
<b>Balance as at July 1, 2023</b>	<b>14</b>	<b>16,899</b>	<b>1,781</b>	<b>18,665</b>
<b>Profit for the period</b>	-	10,785	-	10,785
<b>Other comprehensive income</b>	-	-	52	52
<b>Total comprehensive income for the period</b>	14	27,684	1,833	29,531
<b>Balance as at December 31, 2023</b>	<b>14</b>	<b>27,684</b>	<b>1,833</b>	<b>29,531</b>
<b>Balance as at July 1, 2022</b>	14	24,822	1,088	25,924
<b>Profit for the period</b>	-	9,025	-	9,025
<b>Other comprehensive income</b>	-	-	(638)	(638)
<b>Total comprehensive income for the period</b>	14	33,847	450	34,311
<b>Balance as at December 31, 2022</b>	<b>14</b>	<b>33,847</b>	<b>450</b>	<b>34,311</b>

The above Condensed Consolidated Statement of Changes in Equity (unaudited) should be read in conjunction with the accompanying notes.

**Envato Pty Ltd and controlled entities**  
**Condensed Consolidated Statement of Cash Flows (unaudited)**  
**for the six months ended December 31, 2023 and 2022**

	<u>Note</u>	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
		<u>USD'000</u>	<u>USD'000</u>
<b>Cash flows from operating activities</b>			
Receipts from customers		104,939	100,491
Payments to suppliers and employees		(81,832)	(84,286)
		<u>23,107</u>	<u>16,205</u>
Interest paid		(46)	(15)
Interest received		1,019	112
Income taxes paid		(3,896)	(3,351)
<b>Net cash from operating activities</b>	<b>8</b>	<b>20,184</b>	<b>12,951</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(303)	(364)
Proceeds on disposal of property, plant and equipment		-	96
Purchase of right-of-use asset		(250)	-
Payments on internally generated software		(3,503)	(2,822)
<b>Net cash used in investing activities</b>		<b>(4,056)</b>	<b>(3,090)</b>
<b>Cash flows from financing activities</b>			
Principal elements of lease payments		(83)	(302)
<b>Net cash used in financing activities</b>		<b>(83)</b>	<b>(302)</b>
<b>Net increase in cash and cash equivalents</b>		<b>16,045</b>	<b>9,559</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>84,895</b>	<b>86,065</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>100,940</b>	<b>95,624</b>

The above Condensed Consolidated Statement of Cash Flows (unaudited) should be read in conjunction with the accompanying notes.

**Envato Pty Ltd and controlled entities**  
**Notes to the condensed consolidated interim financial statements (unaudited)**

**Note 1 General information**

Envato Pty Ltd ("parent entity") is a company limited by shares, incorporated and domiciled in Australia. The interim financial statements are for the Consolidated Entity (referred to hereafter as the "Consolidated Entity", "Group" or "Envato") consisting of Envato Pty Ltd (referred to hereafter as the "Company" or "parent entity") and the entities it controlled at the end of the periods presented.

The Group derives revenue from the facilitating of purchases and sales of digital creative assets through an online marketplace as well as from granting access to a separate online subscription platform where subscribers can download digital creative assets with separate individual licences. No significant change in the nature of these activities occurred during the periods presented.

These financial statements are presented in United States Dollars (USD) and are rounded to the nearest thousand dollars, unless otherwise noted.

The addresses of the Company's registered office and principal place of business are shown below:

**Registered Office**

C/O Thrive Governance and Growth Partners  
16 Middle Street  
Highgate Hill QLD 4101  
Australia

**Principal place of business**

Level 7  
180 Flinders Street  
Melbourne VIC 3000  
Australia

**Note 2 Basis of preparation and accounting policies**

These condensed consolidated interim financial statements as of December 31, 2023 and for the six months ended December 31, 2023 and 2022 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

The interim report does not include all of the notes normally included in an annual consolidated financial statements. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended June 30, 2023.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**Note 3 Critical accounting estimates and judgements**

The preparation of financial statements requires the director of the entity to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The disclosure of critical judgements in applying the Group's accounting policies, and key sources of estimation uncertainty have been included below.

*Key estimate - Global Sales tax provisions*

The Group has created a provision for potential global sales tax exposures across all our products. At December 31, 2023, the provision was USD 25,083 thousand (USD 18,122 thousand as at June 30, 2023). The Group bases this provision on a weighted probability of estimated exposures by country, supported by various external sources for a guide on the applicability of sales tax. However, the actual exposure could be greater or lesser than the provided amounts, depending on the taxation laws in each country and the application of these laws to the group.

*Key estimate - Internally generated intangible assets – Useful life*

The Group incurs spend on internal development of software to support its revenue generating activities. At December 31, 2023, the carrying amount of this software was \$7,475 thousand (\$5,550 thousand as at June 30, 2023). The Group estimates the useful life of the internally generated software to be 1-4 years based on the expected technical obsolescence of such assets.



#### Key estimate - Revenue - Principal vs Agent

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or the agent. This significantly impacts the Condensed Consolidated Statement of Profit or Loss under IFRS 15. This determination requires judgement and consideration of all relevant facts and circumstances.

The assessment includes high level of judgement around analysis of various factors including but not limited to:

- whether the Group has discretion with respect to accepting and rejecting orders from customers,
- whether the Group is responsible for sales strategy,
- whether the Group is the party that the customer believes is responsible for fulfilling the promise, and
- whether the Group has discretion on setting prices that are substantive.

For platform subscriptions fees, the Group has determined that it meets the criteria of acting as a principal and therefore recognises the gross sales price. For the platform one-time service fees, the Group has determined that it meets the criteria of acting as an agent and therefore recognises the amount of commission receivable as revenues. This assessment is reviewed when any change is made to the terms and conditions in the contract with customers.

#### Note 4 Revenue

The Group reports its revenues from external customers for each Group of similar products and services. The amounts of revenues reported is based on the financial information used to produce the Group's financial statements.

(1) The following represents the Group's revenue based on product and services:

Platform subscriptions fees	Subscription platforms that allows subscribers to download and use digital assets and to download an unlimited number of licensed customised mockup and videos for the duration of the subscription.
Platform one-time service fees	This category includes revenue generated from collection of online marketplaces, where people buy and sell creative digital assets. Digital assets can be websites themes and templates, code, video, audio, graphics, photos or 3D files.

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
	<u>USD'000</u>	<u>USD'000</u>
The following represents the Group's revenue based on product and services:		
Platform subscriptions fees	81,777	71,643
Platform one-time service fees	18,027	20,665
<b>Total revenue from ordinary activities</b>	<b>99,804</b>	<b>92,308</b>

#### Note 5 Professional services

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
	<u>USD'000</u>	<u>USD'000</u>
Consulting	(830)	(3,206)
Managed Services	(357)	(173)
Other	(197)	(203)
<b>Total professional services</b>	<b>(1,384)</b>	<b>(3,582)</b>

**Note 6 Share of profits/(losses) of associates accounted for using the equity method**

During the financial year ended June 30, 2022, the Group purchased 29.9% of the shares in Music Vine Limited ('Musicvine'), an unlisted company incorporated in the United Kingdom. The Group has determined that it has significant influence over Musicvine. The director of the Group determined that the investment in associate is not material as it does not play a significant role in the Group's profitability.

On December 31, 2023, the director identified impairment indicators. This led to a detailed internal valuation exercise. Management believes that these impairment indicators did not exist as at the financial year ended June 30, 2023. The process of determining fair value of Musicvine resulted in recognition of an impairment loss of USD 1,638 thousand.

The amount presented in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income in relation to the investment in the associate is as follows:

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
	<u>USD'000</u>	<u>USD'000</u>
Group's share of the profit or (loss) of associate	(137)	35
Impairment loss	(1,638)	-
<b>Total share of profits/(losses) of associates accounted for using the equity method</b>	<b>(1,775)</b>	<b>35</b>

**Note 7 Income tax expense****(a) Income tax expense**

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
	<u>USD'000</u>	<u>USD'000</u>
<b>Current tax</b>		
Current tax on profits for the year	(6,226)	(3,759)
Adjustments for current tax of prior periods	(1,123)	-
<b>Total current tax expense</b>	<b>(7,349)</b>	<b>(3,759)</b>
<b>Deferred income tax</b>		
Increase/(decrease) in deferred tax assets	707	(354)
Adjustments for deferred tax of prior periods	1,085	-
<b>Total deferred tax income/(expense)</b>	<b>1,792</b>	<b>(354)</b>
<b>Income tax expense</b>	<b>(5,556)</b>	<b>(4,113)</b>

**(b) Reconciliation of income tax expense to prima facie tax payable**

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
	<u>USD'000</u>	<u>USD'000</u>
Tax at the Australian tax rate of 30% (2022: 30%)	(4,902)	(3,941)
Effect of lower tax rates for foreign subsidiaries	26	20
Tax effect of amounts that are not deductible/(taxable) in determining taxable income:		
Other non-deductible expenses	(151)	(191)
Impairment of investment in associate (Musicvine)	(491)	-
	<b>(642)</b>	<b>(191)</b>
Adjustments for current tax of prior period	(1,123)	0
Adjustments for deferred tax of prior period	1,085	0
<b>Income tax expense</b>	<b>(5,556)</b>	<b>(4,113)</b>

**Note 8 Reconciliation of profit after income tax to net cash from operating activities**

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
	<u>USD '000</u>	<u>USD '000</u>
<b>Profit after income tax expense for the six months period</b>	<b>10,785</b>	<b>9,025</b>
Adjustments for:		
Depreciation, amortisation and impairment	2,031	1,096
Loss/(gain) on disposal of fixed assets	11	33
Loss/(gain) on forward exchange contract	(175)	(109)
Net exchange losses/(gains) on net assets	203	(597)
(Profit)/loss from investment in associate	1,781	(35)
Changes in operating assets and liabilities, net of effect of business combinations:		
(Increase)/decrease in trade and other receivables	(1,184)	(2,999)
(Increase)/decrease in deferred tax asset	(1,794)	(1,200)
Increase/(decrease) in net tax payable	1,966	630
Increase/(decrease) in trade and other payables	(206)	(355)
Increase/(decrease) in deferred revenue	(43)	4,842
Increase/(decrease) in provisions	6,810	2,620
<b>Net cash from operating activities</b>	<b>20,184</b>	<b>12,951</b>

**Note 9 Trade and other receivables**

	<u>Dec 31, 2023</u>	<u>Jun 30, 2023</u>
	<u>USD '000</u>	<u>USD '000</u>
Trade receivables	76	33
Prepayments	2,684	2,477
Accrued income	1,540	1,316
Other receivables	1,501	1,296
<b>Trade and other receivables total</b>	<b>5,801</b>	<b>5,122</b>

Trade and other receivables are non-interest bearing.

**Note 10 Intangible assets**

	<u>Purchased and developed software</u>	<u>Purchased content</u>	<u>Domain names</u>	<u>Internally generated software</u>	<u>Total</u>
	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>
<b>Balance at July 1, 2023</b>					
Cost	8,750	602	3	6,867	16,222
Accumulated amortisation	(8,750)	(584)	-	(1,317)	(10,651)
<b>Net book amount</b>	<b>-</b>	<b>18</b>	<b>3</b>	<b>5,550</b>	<b>5,571</b>
<b>Six months ended December 31, 2023</b>					
Opening net book amount	-	18	3	5,550	5,571
Additions	387	87	-	3,049	3,523
Amortisation expense	(28)	(18)	-	(1,124)	(1,170)
<b>Closing net book amount</b>	<b>359</b>	<b>87</b>	<b>3</b>	<b>7,475</b>	<b>7,924</b>
<b>Balance at December 31, 2023</b>					
Cost	9,137	689	3	9,916	19,745
Accumulated amortisation	(8,778)	(602)	-	(2,441)	(11,821)
<b>Net book amount</b>	<b>359</b>	<b>87</b>	<b>3</b>	<b>7,475</b>	<b>7,924</b>

During the six months period to December 31, 2023, the Group disposed fully amortised intangible assets under the category "Content IP" worth USD 1,100 thousand. The Group incurred spend on purchased content classified as long term prepayment to support its revenue generating activities. At December 31, 2023, the carrying amount of this long term prepayment was USD 1,478 thousand.

**Note 11 Right-of-use assets**

	<u>Dec 31, 2023</u>	<u>Jun 30, 2023</u>
	<u>USD'000</u>	<u>USD'000</u>
Buildings		
Cost	1,926	1,676
Accumulated depreciation	(1,305)	(952)
	<u>621</u>	<u>724</u>
Additions to the Right-of-use assets	<u>250</u>	<u>598</u>
Depreciation disclosed in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	<u>(353)</u>	<u>(772)</u>

**Note 12 Deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<u>Dec 31, 2023</u>	<u>Jun 30, 2023</u>
	<u>USD'000</u>	<u>USD'000</u>
The balance comprises temporary differences attributable to:		
In house software development	37	815
Global sales tax provisions	7,525	5,437
Intangible assets	529	38
Accruals	322	717
Employee provisions	1,235	1,171
Professional services and other	2,190	1,866
Total deferred tax assets	<u>11,838</u>	<u>10,044</u>

**Note 13 Trade and other payables**

	<u>Dec 31, 2023</u>	<u>Jun 30, 2023</u>
	<u>USD'000</u>	<u>USD'000</u>
Trade payables	16,495	16,297
Other payables	9,237	10,148
<b>Trade and other payables total</b>	<u>25,732</u>	<u>26,445</u>
The balance in other payables comprises various current liabilities attributable to:		
General accruals	5,362	4,316
Sales tax liabilities	2,552	2,628
Payroll related liabilities	1,308	3,192
Other	14	12
<b>Other payables total</b>	<u>9,237</u>	<u>10,148</u>

Trade payables and other payables are non-interest bearing.

**Note 14 Lease liabilities**

	<u>Dec 31, 2023</u>	<u>Jun 30, 2023</u>
	<u>USD '000</u>	<u>USD '000</u>
Current	496	650
Non-current	73	-
<b>Lease liabilities total</b>	<b>569</b>	<b>650</b>

Future lease payments in relation to lease liabilities as at end of the period are as follows:

Within one year	496	779
One to five years	73	-
<b>Future lease payments total</b>	<b>569</b>	<b>779</b>

**Note 15 Provisions**

Provision Class	<u>Dec 31, 2023</u>		
	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>
Employee benefits	3,021	808	3,829
Global sales tax	25,083	-	25,083
Make good provision	-	55	55
<b>Provision Total</b>	<b>28,104</b>	<b>863</b>	<b>28,967</b>

Movements in each class of provision during the six months, are set out below:

	<u>Employee benefits</u>	<u>Make good provision</u>	<u>Global sales tax</u>	<u>Total</u>
	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>
Carrying amount at start of July 2023	3,981	55	18,122	22,158
Charged/(credited) to profit or loss:				
- additional provisions recognised	2,220	-	7,386	9,606
- amounts used during the period	(2,372)	-	(425)	(2,797)
Carrying amount at end of December 2023	<b>3,829</b>	<b>55</b>	<b>25,083</b>	<b>28,967</b>

**Note 16 Related party transactions****Key management personnel compensation**

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
	<u>USD '000</u>	<u>USD '000</u>
Short-term employee benefits	492	413
Post-employment benefits	9	30
Long-term benefits	496	-
<b>Total key management personnel compensation</b>	<b>997</b>	<b>443</b>

As at December 31, 2023, there was an agreement in place whereby the key management personnel would receive payments totalling Australian dollars \$960 thousand on the change of control of Envato occurring prior to March 31, 2024. As the change of control did not occur prior to this date, no payment was made under this agreement.

**Note 17 Contingent liabilities**

An unsecured bank guarantee has been provided to the value of USD 189 thousand as part of the lease of premises. This bank guarantee is provided in Australian dollar currency which equates to AUD 278 thousand using the spot exchange rate as of December 31, 2023 between Australian dollar and U.S. dollar.

**Note 18 Events occurring after the reporting period**

On May 2, 2024, Shutterstock, Inc., listed as SSTK on NYSE, a leading global creative platform offering high-quality creative content for transformative brands, digital media and marketing companies, entered into a definitive cash purchase agreement to acquire 100% shares in Envato Pty Ltd for total consideration of US\$250M, after customary working capital and other adjustments. The transaction completed on July 22, 2024.

On June 28, 2024, the Group sold its investment in associates accounted for using the equity method and investment in Financial assets at fair value through other comprehensive income so as to maintain strong focus on its core business.

In April 2024, agreements were put in place whereby the key management personnel would receive payments worth Australian dollars \$850 thousand conditional to change of control of Group occurring prior to December 31, 2024. This condition was satisfied on July 22, 2024 resulting in the amount becoming payable.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

The unaudited condensed consolidated interim financial statements as of December 31, 2023 and for the six months ended December 31, 2023 and 2022 were authorised for issue by the directors on September 10, 2024.



## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

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

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

The Envato Acquisition was accounted for using the acquisition method of accounting for business combinations under the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) Topic 805, *Business Combinations* (“ASC 805”).

In addition, on June 23, 2023, the Company completed its acquisition of Giphy, Inc. (“Giphy”) pursuant to a stock purchase agreement entered into with Meta Platforms, Inc. (“Meta”) on May 22, 2023, to acquire all the outstanding shares of Giphy (the “Giphy Acquisition”). The consideration paid by the Company was \$53 million in net cash, in addition to cash acquired and other working capital adjustments. The Giphy Acquisition was accounted for using the acquisition method of accounting for business combinations under the provisions of ASC 805.

The unaudited pro forma condensed combined financial statements were prepared in accordance with Article 11 of Regulation S-X, as amended by SEC Final Rule Release No. 33-10786, *Amendments to Financial Disclosures About Acquired and Disposed Businesses* and are presented to illustrate the estimated effects of the Envato Acquisition and the Giphy Acquisition.

The unaudited pro forma condensed combined balance sheet was prepared as if the Envato Acquisition had occurred on March 31, 2024. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2023, and for the three months ended March 31, 2024 were prepared as if the Envato Acquisition and Giphy Acquisition had occurred on January 1, 2023. For all periods after June 23, 2023, Giphy’s results were included in the Shutterstock consolidated financial statements.

The following unaudited pro forma condensed combined financial information is derived from the historical financial statements of Shutterstock, Envato and Giphy, and should be read in conjunction with:

- Shutterstock, Inc.’s consolidated financial statements included in its Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 26, 2024, and incorporated herein by reference.
- Shutterstock, Inc.’s consolidated financial statements included in its Quarterly Report on Form 10-Q filed with the SEC on May 2, 2024, and incorporated herein by reference.
- Envato’s audited consolidated financial statements for the year ended June 30, 2023, that are included as Exhibit 99.1 in the Company’s Report on Form 8-K/A filed with the SEC on October 3, 2024 to which this unaudited pro forma condensed combined financial information is being filed as an exhibit.
- Envato’s unaudited condensed consolidated financial statements for the six months ended December 31, 2023 and 2022, that are included as Exhibit 99.2 in the Company’s Report on Form 8-K/A filed with the SEC on October 3, 2024 to which this unaudited pro forma condensed combined financial information is being filed as an exhibit.



- Envato's statement of profit or loss for the three months ended March 31, 2024, and the statement of financial position as of March 31, 2024 derived from the books and records of Envato.
- Giphy's unaudited condensed consolidated financial statements for the quarterly period ended March 31, 2023, which are included in the Company's Current Report on Form 8-K/A filed with the SEC on August 31, 2023.
- Giphy's statement of operations for the period from April 1, 2023 through June 23, 2023 derived from the books and records of Giphy.

The unaudited pro forma condensed combined financial information has been prepared for illustrative purposes only and are not necessarily indicative of the financial condition or results of operations of future periods or the financial condition or results of operations that would have been realized had the entities been a single entity as of or for the periods presented.

Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed combined financial information. The transaction accounting adjustments are based on available information and assumptions that the Company's management believes are reasonable. Such adjustments are estimates and actual experience may differ from expectations.

The unaudited pro forma condensed combined financial statements are subject to Envato Acquisition closing adjustments that have not yet been finalized. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information as required by SEC rules. Differences between these preliminary estimates and the final combination accounting may be material.

**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET  
AS OF MARCH 31, 2024  
(In thousands)**

	Historical		Transaction Accounting Adjustments	Note	Debt Financing Transaction Adjustments	Note	Pro Forma Combined
	Shutterstock	Envato (Note 5)					
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 71,811	\$ 101,291	\$ (250,213)	6B	\$ 247,519	6A	\$ 170,408
Accounts receivable, net	93,993	3,484	—		—		97,477
Prepaid expenses and other current assets	93,095	3,507	—		479	6A	97,081
Total current assets	258,899	108,282	(250,213)		247,998		364,966
Property and equipment, net	63,430	1,070	—		—		64,500
Right-of-use asset	16,482	451	(451)	6C	—		16,482
Intangibles, net	174,868	8,368	82,032	6C	—		265,268
Goodwill	402,787	—	201,189	6D	—		603,976
Deferred tax assets, net	28,156	11,686	10,822	6F	—		50,664
Other assets	83,881	1,336	—		1,917	6A	87,134
Total assets	\$ 1,028,503	\$ 131,193	\$ 43,379		\$ 249,915		\$ 1,452,990
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>							
Current liabilities							
Accounts payable	\$ 9,373	\$ 2,439	\$ —		\$ —		\$ 11,812
Accrued expenses	99,212	10,126	6,575	6E	(85)	6A	115,828
Contributor royalties payable	61,392	15,269	—		—		76,661
Deferred revenue	198,041	47,338	—		—		245,379
Debt	30,000	—	—		125,000	6A	155,000
Other current liabilities	34,959	35,534	62,996	6C, 6F	—		133,489
Total current liabilities	432,977	110,706	69,571		124,915		738,169
Deferred tax liability, net	3,795	—	—		—		3,795
Long term debt	—	—	—		125,000	6A	125,000
Lease liabilities	28,745	—	—		—		28,745
Other non-current liabilities	21,711	870	—		—		22,581
Total liabilities	487,228	111,576	69,571		249,915		918,290
Stockholders equity:							
Common Stock	399	—	—		—		399
Treasury stock	(228,213)	—	—		—		(228,213)
Additional paid-in capital	434,416	14	(14)	6G	—		434,416
Accumulated other comprehensive loss	(13,438)	—	—		—		(13,438)
Retained earnings	348,111	19,603	(26,178)	6E, 6G	—		341,536
Total stockholders' equity	541,275	19,617	(26,192)		—		534,700
Total liabilities and stockholders' equity	\$ 1,028,503	\$ 131,193	\$ 43,379		\$ 249,915		\$ 1,452,990

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In thousands, except per share data)**

	Historical		Giphy Acquisition Transaction Accounting Adjustments (Note 3)	Note	Historical					
	Shutterstock	Giphy (Note 3)			Pro forma Combined (adjusted for Giphy Acquisition Transaction)	Envato (Note 5)	Envato Acquisition Transaction Accounting Adjustments	Note	Debt Financing Transaction Adjustments	Note
Revenue	\$ 874,587	\$ —	\$ 7,151	3A	\$ 881,738	\$ 197,809	\$ —	\$ —	\$ 1,079,547	
<b>Operating expenses:</b>										
Cost of revenue	352,630	—	2,538	3B	355,168	72,784	10,731	6H, 6I	—	438,683
Sales and marketing	214,749	11,148	—		225,897	33,845	—		—	259,742
Product development	96,162	27,108	—		123,270	25,550	—		—	148,820
General and administrative	142,646	11,874	692	3B	155,212	30,483	9,675	6I, 6J	—	195,370
Total operating expenses	806,187	50,130	3,230		859,547	162,662	20,406		—	1,042,615
Income / (loss) from operations	68,400	(50,130)	3,921		22,191	35,147	(20,406)		—	36,932
Bargain purchase gain	50,261	—	—		50,261	—	—		—	50,261
Other income / (expense), net	3,807	78	—		3,885	(2,765)	—		(18,575)	6K (17,455)
Income / (loss) before income taxes	122,468	(50,052)	3,921		76,337	32,382	(20,406)		(18,575)	69,738
Provision (benefit) for income taxes	12,199	—	862	3C	13,061	9,524	(4,370)	6I	(4,365)	6L 13,850
Net income / (loss)	\$ 110,269	\$ (50,052)	\$ 3,059		\$ 63,276	\$ 22,858	\$ (16,036)		\$ (14,210)	\$ 55,888
<b>Earnings per share:</b>										
Basic	\$ 3.07									\$ 1.56
Diluted	\$ 3.04									\$ 1.54
Basic	35,878									35,878
Diluted	36,242									36,242

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2024**  
(In thousands, except per share data)

	Historical		Transaction Accounting Adjustments	Note	Debt Financing Transaction Adjustments		Note	Pro Forma Combined
	Shutterstock	Envato Reclassified (Note 5)						
Revenue	\$ 214,315	\$ 49,698	\$ —		\$ —		\$ 264,013	
<b>Operating expenses:</b>								
Cost of revenue	88,204	18,243	2,689	6H, 6I	—		109,136	
Sales and marketing	56,236	7,960	—		—		64,196	
Product development	21,051	5,988	—		—		27,039	
General and administrative	32,078	7,442	7,350	6I, 6J	—		46,870	
<b>Total operating expenses</b>	<b>197,569</b>	<b>39,633</b>	<b>10,039</b>		<b>—</b>		<b>247,241</b>	
Income / (loss) from operations	16,746	10,065	(10,039)		—		16,772	
Other income / (expense), net	3,644	(630)	—		(4,644)	6K	(1,630)	
Income / (loss) before income taxes	20,390	9,435	(10,039)		(4,644)		15,142	
Provision (benefit) for income taxes	4,269	1,679	(1,093)	6I	(1,091)	6L	3,764	
Net income / (loss)	<u>\$ 16,121</u>	<u>\$ 7,756</u>	<u>\$ (8,946)</u>		<u>\$ (3,553)</u>		<u>\$ 11,378</u>	
<b>Earnings per share:</b>								
Basic	<u>\$ 0.45</u>						<u>\$ 0.32</u>	
Diluted	<u>\$ 0.45</u>						<u>\$ 0.32</u>	
<b>Weighted average shares outstanding:</b>								
Basic	<u>35,591</u>						<u>35,591</u>	
Diluted	<u>36,066</u>						<u>36,066</u>	

## Notes to Unaudited Pro Forma Condensed Combined Financial Information

### Note 1 – Basis of Pro Forma Presentation

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

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

The Envato Acquisition was accounted for using the acquisition method of accounting for business combinations under the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) Topic 805, *Business Combinations* (“ASC 805”).

In addition, on June 23, 2023, the Company completed its acquisition of Giphy, Inc. (“Giphy”) pursuant to a stock purchase agreement entered into with Meta Platforms, Inc. (“Meta”) on May 22, 2023, to acquire all the outstanding shares of Giphy (the “Giphy Acquisition”). The consideration paid by the Company was \$53 million in net cash, in addition to cash acquired and other working capital adjustments. The Giphy Acquisition was accounted for using the acquisition method of accounting for business combinations under the provisions of ASC 805.

The unaudited pro forma condensed combined financial statements were prepared in accordance with Article 11 of Regulation S-X, as amended by SEC Final Rule Release No. 33-10786, *Amendments to Financial Disclosures About Acquired and Disposed Businesses* and are presented to illustrate the estimated effects of the Envato Acquisition and the Giphy Acquisition.

The unaudited pro forma condensed combined balance sheet was prepared as if the Envato Acquisition had occurred on March 31, 2024. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2023, and for the three months ended March 31, 2024 were prepared as if the Envato Acquisition and Giphy Acquisition had occurred on January 1, 2023. For all periods after June 23, 2023, Giphy’s results were included in the Shutterstock consolidated financial statements.

The following unaudited pro forma condensed combined financial information is derived from the historical financial statements of Shutterstock, Envato and Giphy, and should be read in conjunction with:

- Shutterstock, Inc.’s consolidated financial statements included in its Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 26, 2024, and incorporated herein by reference.
- Shutterstock, Inc.’s consolidated financial statements included in its Quarterly Report on Form 10-Q filed with the SEC on May 2, 2024, and incorporated herein by reference.
- Envato’s audited consolidated financial statements for the year ended June 30, 2023, that are included as Exhibit 99.1 in the Company’s Report on Form 8-K/A filed with the SEC on October 3, 2024 to which this unaudited pro forma condensed combined financial information is being filed as an exhibit.

- Envato's unaudited condensed consolidated financial statements for the six months ended December 31, 2023 and 2022, that are included as Exhibit 99.2 in the Company's Report on Form 8-K/A filed with the SEC on October 3, 2024 to which this unaudited pro forma condensed combined financial information is being filed as an exhibit.
- Envato's statement of profit or loss for the three months ended March 31, 2024, and the statement of financial position as of March 31, 2024 derived from the books and records of Envato.
- Giphy's unaudited condensed consolidated financial statements for the quarterly period ended March 31, 2023, which are included in the Company's Current Report on Form 8-K/A filed with the SEC on August 31, 2023.
- Giphy's statement of operations for the period from April 1, 2023 through June 23, 2023 derived from the books and records of Giphy.

The unaudited pro forma condensed combined financial information is not necessarily indicative of what Shutterstock's results of operations would have been had the Envato Acquisition and Giphy Acquisition occurred on the dates indicated, nor is it necessarily indicative of what the financial position or results of operations of the combined company will be in future periods. The historical financial information has been adjusted to reflect transaction related adjustments that management believes are necessary to present fairly Shutterstock's pro forma results of operations following the closing of the Envato Acquisition and Giphy Acquisition for the periods indicated. Additionally, the unaudited pro forma condensed combined statement of operations does not reflect any benefits that may result from potential revenue enhancements, anticipated cost savings and expense efficiencies or other synergies that may be achieved from the transaction.

The pro forma adjustments are based on certain estimates and assumptions, including the Envato preliminary purchase price allocation. The actual adjustments and the allocation of the final purchase price will depend on several factors, including additional financial information and completion of the determination of fair value of assets and liabilities of Envato as of the purchase date. Therefore, the actual adjustments will differ from the pro forma adjustments, and it is possible that the differences may be material.

The combination is subject to Envato Acquisition closing adjustments that have not yet been finalized. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information as required by SEC rules. Differences between these preliminary estimates and the final combination accounting may be material.

Envato's financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). There were no material adjustments required to convert these financial statements to United States generally accepted accounting principles ("U.S. GAAP"). The pro forma adjustments include certain reclassifications to conform Envato's historical accounting presentation to Shutterstock's accounting presentation. Shutterstock's management believes that its assumptions provide a reasonable basis for presenting all of the significant effects of the transactions and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

**Note 2 – Preliminary Fair Value Allocation of Assets Acquired and Liabilities Assumed**

For purposes of these pro forma financial statements, the estimated purchase price is as follows (in thousands):

	<b>Purchase Price</b>
Preliminary purchase consideration	250,213
Acquired cash	(101,291)
Preliminary purchase consideration, net of acquired cash	<b>148,922</b>

The allocation of the purchase price to assets acquired and liabilities assumed is as follows, as though the transaction closed on March 31, 2024 (in thousands):

<b>Fair value of assets acquired and liabilities assumed:</b>	<b>As of March 31, 2024</b>	
Cash and cash equivalents	\$	101,291
Accounts receivable, net		3,484
Prepaid expenses and other current assets		3,507
Property and equipment, net		1,070
Intangible assets:		
Trademark		31,000
Software		47,000
Customer Relationships		12,400
Intangible assets, net		90,400
Deferred tax assets		22,508
Other assets		1,336
<b>Total assets acquired</b>		<b>223,596</b>
Accounts payable		2,439
Accrued expenses		10,126
Contributor royalties payable		15,269
Deferred revenue		47,338
Other current liabilities		98,530
Other non-current liabilities		870
<b>Total liabilities assumed</b>		<b>174,572</b>
Net assets acquired		49,024
Preliminary purchase consideration		250,213
Preliminary Goodwill		201,189

The excess of preliminary purchase consideration over total net assets was recorded as goodwill. The goodwill arising from the transaction is primarily attributable to expected operational synergies and is not deductible for income tax purposes. The fair value adjustments are preliminary and based on estimates of the fair value of the assets and liabilities assumed on March 31, 2024 and have been prepared to illustrate the effect of the Envato Acquisition. Accordingly, the pro forma purchase price allocation may be subject to further adjustments as additional information becomes available and as additional analyses and final valuations are completed. The final adjustments could be materially different from those reflected herein. The identifiable intangible assets, which include trademark, software, customer relationships have weighted average useful lives of approximately 10 years, 5 years and 6 years, respectively. The fair value of the trademark and software was determined using the relief-from-royalty method, and the fair value of the customer relationships was determined using the excess of earnings method. The identifiable intangible assets of this acquisition are amortized on a straight-line basis.

### Note 3 – Giphy Acquisition Pro Forma Adjustments

On June 23, 2023, the Company completed the Giphy Acquisition. In connection with the closing of the Giphy Acquisition, the Company and Meta entered into a transitional services agreement (the “TSA”) pursuant to which Meta is responsible for certain costs related to retention of Giphy employees, including (i) recurring salary, bonus, and benefits through August 2024, which would be \$35.6 million if all employees are retained through August 2024, and (ii) nonrecurring items, totaling \$87.9 million, comprised of one-time employment inducement bonuses and the cash value of unvested Meta equity awards (the “Giphy Retention Compensation”).

The results of Giphy are included in the actual consolidated results of the Company from June 23, 2023. Adjustments have been made to the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2023 to include the results of Giphy from January 1, 2023 to June 23, 2023, such that the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2023 also reflects the result of Giphy as if the Company had acquired Giphy on January 1, 2023.

	Historical		Giphy Accounting Transaction Accounting Adjustments	Note	Giphy As Reclassified
	Giphy				
Revenue	\$ —	\$	7,151	3A	\$ 7,151
Operating expenses:					
Cost of revenue	—		2,538	3B	2,538
Sales and marketing	11,148		—		11,148
Product development	27,108		—		27,108
General and administrative	11,874		692	3B	12,566
<b>Total operating expenses</b>	<b>50,130</b>		<b>3,230</b>		<b>53,360</b>
<b>Income / (loss) from operations</b>	<b>(50,130)</b>		<b>3,921</b>		<b>(46,209)</b>
Other income / (expense), net	78		—		78
<b>Income / (loss) before income taxes</b>	<b>(50,052)</b>		<b>3,921</b>		<b>(46,131)</b>
Provision for income taxes	—		862	3C	862
<b>Net income / (loss)</b>	<b>(50,052)</b>		<b>3,059</b>		<b>(46,993)</b>

- A. To record \$7.2 million for the period from January 1, 2023 through June 23, 2023 representing the allocation of the \$30 million of consideration to an API services agreement, which was deferred on the date of acquisition and will be recorded as revenue over two years.
- B. Amortization of intangible assets recorded in connection with purchase accounting adjustments.

(in thousands)	Period from January 1, 2023 through June 23, 2023
Cost of revenue	2,538
General and administrative	692

- C. Estimated income tax impact of the Giphy transaction accounting adjustments, using the statutory tax rate.



**Note 4 – Envato’s Statement of Operations Reconciliation for Twelve Months Ended December 31, 2023**

For purposes of preparing the unaudited condensed combined statement of operations for the year-ended December 31, 2023, Envato’s historical audited statement of profit and loss and other comprehensive income for the twelve months ended June 30, 2023 was adjusted using Envato’s unaudited statements of profit and loss and other comprehensive income for the six-month periods ended December 31, 2022 and 2023.

(in thousands)	Twelve months ended June 30, 2023 (A)	Six months ended December 31, 2022 (B)	Six months ended December 31, 2023 (C)	Fiscal Year 2023 Results through December 31, 2023 (A - B + C)
Revenue from ordinary activities	\$ 190,313	\$ 92,308	\$ 99,804	\$ 197,809
Direct costs	52,302	25,131	28,601	55,772
Employee costs	54,878	24,622	24,776	55,032
Service provider expenses	4,666	2,223	1,791	4,234
Depreciation, amortization and impairment	2,843	1,097	1,887	3,633
Data and software expenses	12,467	6,109	6,987	13,345
Marketing expenses	25,790	13,572	11,786	24,004
Travel expenses	653	449	351	555
Rental expenses	77	51	14	40
Professional fees	6,832	3,582	1,384	4,634
Foreign exchange loss	1,537	1,303	(364)	(130)
Other expenses	1,636	1,125	902	1,413
<b>Operating profit</b>	<b>26,632</b>	<b>13,044</b>	<b>21,689</b>	<b>35,277</b>
Finance income	842	112	1,019	1,749
Finance costs	(105)	(53)	(4,592)	(4,644)
Share of profits/(losses) of associates accounted for using the equity method	(236)	35	(1,775)	(2,046)
<b>Profit before income tax</b>	<b>27,133</b>	<b>13,138</b>	<b>16,341</b>	<b>30,336</b>
Income tax expense	8,081	4,113	5,556	9,524
<b>Profit for the period</b>	<b>19,052</b>	<b>9,025</b>	<b>10,785</b>	<b>20,812</b>

## Note 5 – Envato Statement of Profit or Loss and Statement of Financial Position Adjustments and Reclassification

Certain pre-acquisition adjustments and reclassifications for the year ended December 31, 2023, for the three months ended March 31, 2024, and as of March 31, 2024 have been made in the historical presentation of Envato's statement of financial position and statement of operations, as follows.

		Year ended December 31, 2023					
		(In thousands)					
Envato caption	Shutterstock caption	Envato Historical (Note 4)	Pre-acquisition adjustments	Ref.	Reclassification	Ref.	Envato As Reclassified
Revenue from ordinary activities	Revenue	\$ 197,809	\$ —	—	\$ —	—	\$ 197,809
Direct cost		55,772	—	—	(55,772)	(ii)	—
	Cost of revenue		—	—	50,429	(ii)	50,429
	General and administrative		—	—	5,343	(ii)	5,343
Employee cost		55,032	—	—	(55,032)	(iii)	—
	Cost of revenue		—	—	7,573	(iii)	7,573
	Sales and marketing		—	—	8,022	(iii)	8,022
	Product development		—	—	23,606	(iii)	23,606
	General and administrative		—	—	15,831	(iii)	15,831
Service provider expenses		4,234	—	—	(4,234)	(iv)	—
	Cost of revenue		—	—	2,451	(iv)	2,451
	Sales and marketing		—	—	1,295	(iv)	1,295
	Product development		—	—	488	(iv)	488
Depreciation, amortization and impairment		3,633	—	—	(3,633)	(v)	—
	Cost of revenue		—	—	3,507	(v)	3,507
	General and administrative		—	—	126	(v)	126
Data and software expenses		13,345	—	—	(13,345)	(vi)	—
	Cost of revenue		—	—	8,824	(vi)	8,824
	Sales and marketing		—	—	524	(vi)	524
	Product development		—	—	1,456	(vi)	1,456
	General and administrative		—	—	2,541	(vi)	2,541
Marketing expenses	Sales and marketing	24,004	—	—	—	—	24,004
Travel expenses	General and administrative	555	—	—	—	—	555
Rental expenses	General and administrative	40	—	—	—	—	40
Professional fees	General and administrative	4,634	—	—	—	—	4,634
Foreign exchange loss / (income)	Other income, net	(130)	—	—	—	—	(130)
Other expenses	General and administrative	1,413	—	—	—	—	1,413
<b>Operating profit</b>	<b>Income before income taxes</b>	<b>35,277</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>35,277</b>
Finance income	Other income, net	1,749	—	—	—	—	1,749
Finance costs	Other income, net	(4,644)	—	—	—	—	(4,644)
Share of losses of associates accounted for using the equity method		(2,046)	2,046	(i)	—	—	—
<b>Profit before income tax</b>	<b>Income before income taxes</b>	<b>30,336</b>	<b>2,046</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>32,382</b>
Income tax expense	Provision for income taxes	9,524	—	—	—	—	9,524
<b>Profit for the period</b>	<b>Net income</b>	<b>\$ 20,812</b>	<b>\$ 2,046</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 22,858</b>

- (i) Adjustment reflecting the change in the fair value of equity method investment that was disposed of prior to Shutterstock's acquisition of Envato.
- (ii) Represents the reclassification of "Direct cost" on Envato's statement of profit or loss into "Cost of revenue" and "General and administrative" to conform to the Company's statement of operations presentation.
- (iii) Represents the reclassification of "Employee cost" on Envato's statement of profit or loss into "Cost of revenue", "Sales and marketing", "Product development" and "General and administrative" to conform to the Company's statement of operations presentation.
- (iv) Represents the reclassification of "Service provider expenses" on Envato's statement of profit or loss into "Cost of revenue", "Sales and marketing" and "Product development" to conform to the Company's statement of operations presentation.
- (v) Represents the reclassification of "Depreciation, amortization and impairment" on Envato's statement of profit or loss into "Cost of revenue" and "General and administrative" to conform to the Company's statement of operations presentation.
- (vi) Represents the reclassification of "Data and software expenses" on Envato's statement of profit or loss into "Cost of revenue", "Sales and marketing", "Product development" and "General and administrative" to conform to the Company's statement of operations presentation.

Three Months Ended March 31, 2024

(In thousands)

Envato caption	Shutterstock caption	Envato Historical (*)	Pre-acquisition adjustments	Ref.	Reclassification	Ref.	Envato As Reclassified
Revenue from ordinary activities	Revenue	\$ 49,698	\$ —		\$ —		\$ 49,698
Direct cost		13,309	—		(13,309)	(ii)	—
	Cost of revenue		—		12,711	(ii)	12,711
	General and administrative		—		598	(ii)	598
Employee cost		12,737	—		(12,737)	(iii)	—
	Cost of revenue		—		1,753	(iii)	1,753
	Sales and marketing		—		1,857	(iii)	1,857
	Product development		—		5,462	(iii)	5,462
	General and administrative		—		3,665	(iii)	3,665
Service provider expenses		737	—		(737)	(iv)	—
	Cost of revenue		—		428	(iv)	428
	Sales and marketing		—		225	(iv)	225
	Product development		—		84	(iv)	84
Depreciation, amortization and impairment		948	—		(948)	(v)	—
	Cost of revenue		—		931	(v)	931
	General and administrative		—		17	(v)	17
Data and software expenses		3,664	—		(3,664)	(vi)	—
	Cost of revenue		—		2,420	(vi)	2,420
	Sales and marketing		—		168	(vi)	168
	Product development		—		442	(vi)	442
	General and administrative		—		634	(vi)	634
Marketing expenses	Sales and marketing	5,710	—		—		5,710
Travel expenses	General and administrative	149	—		—		149
Rental expenses	General and administrative	24	—		—		24
Professional fees	General and administrative	2,086	—		—		2,086
Foreign exchange loss / (income)	Other income, net	1,450	—		—		1,450
Other expenses	General and administrative	269	—		—		269
<b>Operating profit</b>	<b>Income before income taxes</b>	<u>8,615</u>	<u>—</u>		<u>—</u>		<u>8,615</u>
Finance income	Other income, net	1,195	—		—		1,195
Finance costs	Other income, net	(375)	—		—		(375)
Share of losses of associates accounted for using the equity method		29	(29)	(i)	—		—
<b>Profit before income tax</b>	<b>Income before income taxes</b>	<u>9,464</u>	<u>(29)</u>		<u>—</u>		<u>9,435</u>
Income tax expense	Provision for income taxes	1,679	—		—		1,679
<b>Profit for the period</b>	<b>Net income</b>	<u>\$ 7,785</u>	<u>\$ (29)</u>		<u>\$ —</u>		<u>\$ 7,756</u>

(\*) Envato's statement of profit or loss for the three months ended March 31, 2024 derived from the books and records of Envato.

- (i) Adjustment reflecting the change in the fair value of equity method investment that was disposed of prior to Shutterstock's acquisition of Envato.
- (ii) Represents the reclassification of "Direct cost" on Envato's statement of profit or loss into "Cost of revenue" and "General and administrative" to conform to the Company's statement of operations presentation.
- (iii) Represents the reclassification of "Employee cost" on Envato's statement of profit or loss into "Cost of revenue", "Sales and marketing", "Product development" and "General and administrative" to conform to the Company's statement of operations presentation.
- (iv) Represents the reclassification of "Service provider expenses" on Envato's statement of profit or loss into "Cost of revenue", "Sales and marketing" and "Product development" to conform to the Company's statement of operations presentation.
- (v) Represents the reclassification of "Depreciation, amortization and impairment" on Envato's statement of profit or loss into "Cost of revenue" and "General and administrative" to conform to the Company's statement of operations presentation.
- (vi) Represents the reclassification of "Data and software expenses" on Envato's statement of profit or loss into "Cost of revenue", "Sales and marketing", "Product development" and "General and administrative" to conform to the Company's statement of operations presentation.

As of March 31, 2024

(In thousands)

Envato caption	Shutterstock caption	Envato Historical (*)	Pre-acquisition adjustments	Ref.	Reclassification	Ref.	Envato As Reclassified
<b>Current assets:</b>	<b>Current assets:</b>						
Cash and cash equivalents	Cash and cash equivalents	\$ 101,291	\$ —		\$ —		\$ 101,291
Trade and other receivables	Accounts receivable, net	6,991	—		(3,507)	(ii)	3,484
	Prepaid expenses and other current assets	—	—		3,507	(ii)	3,507
<b>Total current assets</b>	<b>Total current assets</b>	<b>108,282</b>	<b>—</b>		<b>—</b>		<b>108,282</b>
Property, plant and equipment	Property and equipment, net	1,070	—		—		1,070
Intangibles	Intangibles, net	8,368	—		—		8,368
Deferred tax asset	Deferred tax assets, net	11,686	—		—		11,686
Right of use assets	Right-of-use asset	451	—		—		451
Non current prepayments		1,336	—		—		1,336
Financial assets at fair value through other comprehensive income		1,832	(1,832)	(i)	—		—
Investments accounted for using the equity method		4,151	(4,151)	(i)	—		—
<b>Total assets</b>	<b>Total assets</b>	<b>137,176</b>	<b>(5,983)</b>		<b>—</b>		<b>131,193</b>
Trade and other payables	Accounts Payable	28,223	—		(25,784)	(iii)	2,439
	Accrued expenses	—	—		10,126	(iii)	10,126
	Contributor royalties payable	—	—		15,269	(iii)	15,269
Lease liabilities		404	—		(404)	(iv)	—
Provisions		28,824	—		(28,824)	(iv)	—
Current tax payable		5,917	—		(5,917)	(iv)	—
Deferred revenue	Deferred revenue	47,338	—		—		47,338
Deferred tax liability	Deferred tax liability	—	—		—		—
	Other current liabilities	—	—		35,534	(iii), (iv)	35,534
<b>Total current liabilities</b>	<b>Total current liabilities</b>	<b>110,706</b>	<b>—</b>		<b>—</b>		<b>110,706</b>
Provisions		870	—		(870)	(v)	—
	Other non-current liabilities	—	—		870	(v)	870
<b>Total liabilities</b>	<b>Total liabilities</b>	<b>111,576</b>	<b>—</b>		<b>—</b>		<b>111,576</b>
Issued Capital	Common Stock	14	—		(14)	(vi)	—
	Additional paid-in capital	—	—		14	(vi)	14
Other reserves		1,820	(1,820)	(i)	—		—
	Accumulated other comprehensive loss	—	—		—		—
Retained earnings	Retained earnings	23,766	(4,163)	(i)	—		19,603
<b>Total stockholders equity</b>	<b>Total stockholders equity</b>	<b>25,600</b>	<b>(5,983)</b>		<b>—</b>		<b>19,617</b>
<b>Total liabilities and stockholders equity</b>	<b>Total liabilities and stockholders equity</b>	<b>137,176</b>	<b>(5,983)</b>		<b>—</b>		<b>131,193</b>

(\*) Envato's statement of financial position as of March 31, 2024 derived from the books and records of Envato.

- (i) Adjustment reflecting the fair value of equity method investments and financial assets that were disposed of prior to Shutterstock's acquisition of Envato.
- (ii) Represents the reclassification of "Trade and other receivables" on Envato's statement of financial position into "Prepaid and other current assets" to conform to the Company's balance sheet presentation.
- (iii) Represents the reclassification of "Trade and other payables" on Envato's statement of financial position into "Accrued expenses", "Contributor royalties payable" and "Other current liabilities", respectively to conform to the Company's balance sheet presentation.
- (iv) Represents the reclassification of "Lease liabilities", "Provisions" and "Current tax payable" on Envato's statement of financial position into "Other current liabilities" to conform to the Company's balance sheet presentation.
- (v) Represents the reclassification of non current "Provisions" on Envato's statement of financial position into "Other non-current liabilities" to conform to the Company's balance sheet presentation.
- (vi) Represents the reclassification of "Issued Capital" on Envato's statement of financial position into "Additional paid-in capital" to conform to the Company's balance sheet presentation.

## Note 6 – Envato Acquisition Pro Forma Adjustments

The following pro forma adjustments result from the Envato Acquisition.

### Pro Forma Condensed Combined Balance Sheet adjustments as of March 31, 2024:

- A. The company borrowed \$280 million under the A&R Credit Agreement, consisting of \$125 million from the Term Loan and \$155 million from the Revolver of which \$30 million was used to repay the extinguished unsecured revolving loan facility. The Term Loan has a term of 5 years and is classified as non-current. The debt issue cost of \$2.4 million related to the borrowings is recorded as \$0.5 million in Prepaid expenses and other current assets and \$1.9 million in Other assets. These amounts are amortized over the repayment term of the borrowings.

(in thousands)	As of March 31, 2024
Term Loan Credit Facility	125,000
Revolver loan facility	155,000
Deferred financing cost and payment of accrued interest related the extinguished loan facility	(2,481)
Paydown of the extinguished unsecured revolving loan facility	(30,000)
<b>Total</b>	<b>247,519</b>

- B. Reflects the acquisition consideration of \$250 million transferred on the date of acquisition.  
 C. Preliminary adjustment to record the acquired assets and assumed liabilities at estimated fair value.

(in thousands)	As of March 31, 2024
Right-of-use asset	(451)
Intangibles, net	82,032
Other current liabilities	404

- D. Adjustment represents the goodwill recorded which is calculated as the fair value of consideration transferred in excess of the preliminary fair value of the assets acquired and liabilities assumed from the Envato Acquisition. Refer to Note 2 for allocation to goodwill.  
 E. Represents \$6.6 million of accrued expenses primarily related to the Envato Acquisition transaction costs. This reflects a reduction in retained earnings.  
 F. Represents \$63.4 million of Envato obligations that were triggered upon the closing of the acquisition. The deferred tax effect of the these obligations is \$10.8 million.  
 G. Reflects the elimination of Envato’s stockholders’ equity, comprised of 10,000 ordinary shares, par value of \$1.4 and retained earnings of \$19.6 million.

### Pro Forma Condensed Combined Statement of Operations adjustments for the year ended December 31, 2023 and for the three-months ended March 31, 2024:

- H. Reversal of depreciation of right-of-use asset recorded on Envato’s historical financial statements to reflect the fair value adjustments.

(in thousands)	Three months ended March 31, 2024	Year ended December 31, 2023
Cost of revenue	(178)	(736)

I. Amortization of intangible assets recorded in connection with purchase accounting adjustments.

(in thousands)	Three months ended March 31, 2024	Year ended December 31, 2023
Cost of revenue	2,867	11,467
General and administrative	775	3,100
Provision (benefit) for income taxes	(1,093)	(4,370)

Fair value of intangible assets acquired are as follows:

(in thousands)	Useful Life (in years)	Amount
Trademark	10 \$	31,000
Software	5	47,000
Customer Relationships	6	12,400
<b>Total</b>		<b>90,400</b>

J. Adjustment to include \$6.6 million transaction costs related to the Envato Acquisition.

K. The adjustment to record interest expense and issuance costs amortization assumes the loans were obtained on January 1, 2023. The interest rate for this pro forma adjustment is 7.07% for the Senior Term Loan and 7.07% for Revolving Credit Facility. An increase or decrease in the interest rate on loans of one-eighth of one percent would result in a change in interest expense of approximately \$0.4 million and \$0.1 million for the year ended December 31, 2023 and three months ended March 31, 2024.

(in thousands)	Three months ended March 31, 2024	Year ended December 31, 2023
Interest expense	(4,524)	(18,096)
Amortization of deferred issuance cost	(120)	(479)

L. Estimated income tax impact of the Debt Financing Accounting Adjustments, using the statutory tax rate.