

25 August 2020

Nitro delivers strong recurring revenue growth and ARR outperform; on track to achieve prospectus forecast

Nitro Software Limited (ASX:NTO) (“Nitro” or the “Company”), a global document productivity software company driving digital transformation in organisations around the world, today releases its results for the half year ended 30 June 2020, with at-or-above prospectus plan performance and strong recurring revenue growth supporting the delivery of the Company’s FY2020 prospectus forecast.

1H 2020 Highlights¹ (all values in USD)

- Subscription revenue growth of 60%, to \$9.1 million
- Annual Recurring Revenue (ARR) growth of 57%, to \$20.2 million
- New ARR of \$3.3 million, up 27% on the same period last year
- Total revenue growth of 14% to \$19.1 million
- EBITDA loss of \$1.6 million
- Cash balance at 30 June 2020 of \$43.9 million and no debt² providing significant resources for further organic growth and M&A opportunities
- FY2020 prospectus forecast reaffirmed including \$40.5 million total revenue

Nitro’s Co-Founder & CEO, Sam Chandler, said: “The COVID-19 pandemic has posed a significant challenge to communities, economies, and businesses the world over. However, I am very pleased that Nitro has delivered strong results during the first half of 2020, achieving performance that has met or exceeded forecasts established well ahead of any COVID-19 disruption.

“Throughout the past six months, the Nitro team has delivered on our growth targets despite the current economic environment, securing some of the world’s largest companies as new customers, expanding usage across our existing customer base, and achieving very strong growth in recurring revenue. The pandemic has led to an acceleration in digital transformation as organisations shift toward 100% digital workflows, supported

¹ All comparisons are to the half year ended 30 June 2019 unless otherwise stated.

² Except those in relation to leases covered under AASB 16

by mostly remote workforces. Nitro's products have a clear opportunity to deliver strong operational and financial value to businesses, now and in the future.

"Moving forward, Nitro will continue to focus on delivering its growth strategy through the increased adoption of Nitro's solutions across its SMB, mid-market and enterprise customer base, as well as new customer wins. With a strong balance sheet, we will also look at acquisitions to further our product vision and deliver incremental growth opportunities where appropriate.

"I'm excited about the road ahead. We are well positioned to take advantage of accelerating trends in digital transformation to deliver on our ambitious growth plans."

Financial Performance

Nitro achieved a strong financial result during the first half of 2020, with subscription revenue growing 60% to \$9.1 million, and increasing to 48% of the revenue mix, up from 37% in 1H2019. Total revenue of \$19.1 million was up 14% on the prior comparative period.

Annual Recurring Revenue (ARR) grew 57% to \$20.2 million, with \$3.3 million in new ARR added, an increase of 27% over 1H2019, driven by the success of the Nitro Productivity Suite.

Gross margins improved from 89% to 91% for the period, largely due to the change in revenue mix.

Research and development expenditure of \$3.8 million, an increase of 7% from the prior comparative period, reflects Nitro's ongoing commitment to product innovation and evolution. The product management and engineering team increased to 51 employees, up from 42 at 31 December 2019.

Globally, the Nitro team grew to 156 as of 30 June 2020, an increase of 24 over the six-month period.

The EBITDA loss of \$1.6 million includes a foreign exchange loss of \$1.2 million primarily attributable to IPO proceeds held in Australian dollars prior to conversion to US dollars. Nitro's net operating cash outflow was \$1.1 million during the period, with a cash balance of \$43.9 million at 30 June 2020 and no debt providing a strong position to pursue both organic and inorganic growth opportunities.

Operational Performance

As of 30 June 2020, Nitro served 11,256 business customers, including 68% of the 2019 Fortune 500 and three of the 2019 Fortune 10.

Notable new customers in the first half of 2020 include NatWest Group (Royal Bank of Scotland), BP, Suncor, and Sandvik. Notable renewing customers including GE, Exxon Mobil, Continental, and Grant Thornton.

In June 2020, Nitro Sign™ was launched as a standalone eSigning solution, offering customers a smarter and faster way to get documents signed from anywhere. Nitro Sign enables businesses to shift to 100% digital document workflows and be productive from any location, including while working remotely. To help organizations of all sizes and industries navigate the disruption caused by the COVID-19 pandemic, Nitro Sign has been made available free of charge for the remainder of 2020.

COVID-19 Impacts

The health and safety of Nitro's global workforce has been a top priority throughout the COVID-19 pandemic. In response to the crisis, the Company transitioned swiftly and successfully to a highly productive remote work model, and the team has continued to deliver high levels of service to support Nitro's customers.

The impact of the pandemic on the Company's financial performance has not been material, and in fact, new demand related to remote work and digitization objectives has been observed. Many customers have been seeking to quickly transform practices and processes to enable fully digital or fully remote work and in many cases Nitro is seeing accelerated and increasing demand in this area.

Outlook

Nitro remains on track to deliver its prospectus forecast for FY2020, with revenue expected to grow to \$40.5 million and ARR expected to be at least the prospectus forecast of \$24.4 million, with an EBITDA loss of \$5.3 million, subject to foreign currency fluctuations.

The company will continue to closely monitor business performance and any potential impacts of the COVID-19 pandemic.

Investor Briefing Details

Nitro's Executive Director, Co-Founder and CEO, Sam Chandler, and Executive Chairman and Acting CFO, Kurt Johnson, will today provide a briefing on the 1H2020 results to investors via a live webcast as detailed below:

Date: Tuesday 25 August 2020 (AEST)

Time: 10:30am (AEST)

Webcast: <https://s1.c-conf.com/diamondpass/10008891-invite.html>

Participants will be required to register for access the webcast. An archive of the webcast will be available on Nitro's Investor Centre after the event.

Ends

Authorised for release to the ASX by the Board.

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About Nitro

Nitro is a global document productivity software company driving digital transformation in organisations around the world across multiple industries. The Company's core solution, the Nitro Productivity Suite™, provides integrated PDF productivity, eSignature and business intelligence (BI) tools to customers through a horizontal, SaaS and desktop-based software suite. Nitro's software solution is highly scalable, serving large multinational enterprises and government agencies, as well as small business and individual users. Nitro

has over 2.2 million licenses sold, and over 11,000 Business Customers in 144 countries around the world, including global market leaders across multiple industries, over 68% of the 2019 Fortune 500, and three of the 2019 Fortune 10. Nitro is headquartered in San Francisco and has offices in Dublin, London and Melbourne.

For more information on Nitro, please visit

Website: <https://www.gonitro.com/>

Investors: <https://ir.gonitro.com/Investor-Centre/>

All statistics provided are as of 30 June 2020. The presentation currency of the Company/Group is United States Dollars ("USD") and unless otherwise stated, all amounts are presented in USD.

Forward-Looking Statements

This ASX release includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Nitro. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.