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NITRO DELIVERS 56% ANNUAL RECURRING REVENUE GROWTH IN STRONG 1H RESULTS

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 2021, with continued strong recurring revenue growth supporting the delivery of the Company's FY2021 forecasts.

1H2021 Highlights (USD unless otherwise stated)

- Annual Recurring Revenue¹ ('ARR') of \$33.8 million, up 56% from ARR at end of 1H2020.
- SaaS transition continues with subscription revenue growth of 66% to \$15.1 million, now representing 63% of total revenue.
- Total revenue growth of 27% to \$24.1 million.
- Improved operating EBITDA loss of \$3.0 million² vs originally forecast, reflecting strong revenue performance and greater cost efficiencies.
- Product expansion continued with addition of Mac, iPad® and iPhone® capabilities through acquisition of PDFpen³.
- Nitro Sign™ launched with full commercial availability as standalone subscription offering in new Nitro Productivity Platform pricing and packaging structure³.
- Reaffirmed FY2021 ARR guidance and updated guidance for revenue and operating EBITDA⁴ vs originally forecast.

¹ Based on the updated ARR definition; refer to Annexure 1 in the Half Year Report for details.

² Excludes the impact of non-cash share based payments expense and foreign currency gains and losses, as well as one-time M&A advisory expenses.

³ Subsequent event, completed in July 2021.

⁴ Guidance updated on 28 July 2021. ARR guidance is now based on the updated ARR definition per Annexure 1 in the Half Year Report.

Nitro's Co-Founder and Chief Executive Officer, Sam Chandler, said: "This was a transformational period for Nitro, with major milestones achieved as we continue to scale to meet accelerating customer demand for digital workflow productivity solutions in a post-COVID, work-from-anywhere world.

"Demand for our products and services shows no sign of slowing, with a 48% increase to 1.4 billion documents opened in Nitro Pro and over 1 million eSignature requests in 1H2021 – more than the whole of FY2020. There remains significant upside potential, with only 40% of US companies currently utilising eSign capabilities, and only 10% of those using them significantly, and much of the rest of world even further behind.

"With the introduction of Mac and iOS capabilities through the acquisition of PDFpen and the launch of Nitro Sign as a standalone commercial offering, the Nitro Productivity Platform is more powerful and capable than ever before.

"The benefits of the investments we have made – and continue to make – in our people, products and platform are clear in our financial results, with continued strong recurring revenue growth, increasing subscription sales, and industry-leading customer acquisition and retention numbers in a large global market that continues to grow."

Financial Performance

Nitro's strong performance continued in 1H2021, with ARR growing 56% to \$33.8 million, driven by the continued robust demand for Nitro's products. Subscription revenue increased 66% to \$15.1 million, representing a growing 63% share of total revenue, up from 48% of total revenue in 1H2020. In Nitro's dominant Business sales⁵ channel, subscription revenue represented 85% of revenue in 1H2021, up from 67% in 1H2020. The transition to subscription in the Business sales channel remains on target to be effectively completed by the end of FY2021.

Total 1H2021 revenue of \$24.1 million was up 27% on the same period last year. Gross margins improved from 91% in 1H2020 to 92% in 1H2021, largely due to the continuing shift in revenue mix towards subscription revenue, which has a stronger gross margin profile.

⁵ Nitro Business sales comprise sales executed by Nitro's Sales team and exclude online/eCommerce sales.

Nitro's investments in its product platform and go-to-market strategy continue to deliver returns, enabling the Company to maintain its strong customer acquisition and retention rates. Gross revenue retention ('GRR') was 95% at 30 June 2021, while net revenue retention ('NRR'), which also includes the impact of expansion by existing customers, was 114%⁶.

Nitro now has more than 2.8 million licensed users and over 12,000 Business Customers⁷ around the world. Nitro's customer base includes over 68% of the Fortune 500⁸, with Nitro's scaled customers including 10% of the Fortune 500⁹. Major customer signings and renewals in 1H2021 include Silicon Valley Bank, FLSmith & Co, BNY Mellon, UnitedHealth Group and Jeff Bezos's Blue Origin.

FY2021 is a year of investment for continued growth and scale and the expansion of the Nitro Productivity Platform. The evolution of Nitro's expenditures reflects this accordingly:

- 1H2021 sales and marketing expenditure amounted to \$14.0 million, up 62% vs 1H2020, representing an increase from 46% of revenue in 1H2020 to 58% of revenue in 1H2021. This reflects the significant investments in Nitro's go-to-market strategy and in its sales, marketing and customer success teams, in line with the continued scaling of the business.
- Research and development expenditure was \$5.8 million in 1H2021, up 46% vs 1H2020, representing an increase from 21% of revenue in 1H2020 to 24% of revenue in 1H2021. This reflects Nitro's ongoing commitment to product innovation and the evolution of the Nitro Productivity Platform.
- General and administrative expenditure was \$5.3 million in 1H2021, up 22% vs 1H2020, representing a decrease from 23% of revenue in 1H2020 to 22% of revenue in 1H2021. This demonstrates increased efficiency and economies of scale in the Company's supporting functions.
- The resulting operating EBITDA¹⁰ loss in 1H2021 was \$3.0 million, reflecting a stronger revenue performance and greater cost efficiencies than originally forecasted.

⁶ Based on the updated GRR and NRR definitions; refer to Annexure 1 in the Half Year Report for details.

⁷ A Business Customer is defined as having purchased 10 or more Nitro licences.

⁸ Based on the 2019 Fortune 500 list.

⁹ Nitro scaled customers have 100 or more licences deployed in the organisation; based on the 2019 Fortune 500 list.

¹⁰ Excludes the impact of non-cash share based payments expense and foreign currency gains and losses, as well as one time M&A advisory expenses.

Nitro had a cash balance of \$38.6 million at 30 June 2021 and no debt¹¹, providing a strong position to pursue both organic and inorganic growth opportunities.

Higher return on investments made in 1H2021 resulted in an improvement to the Company's outlook for the business for FY2021. Updated guidance was published in the Quarterly Activities Report on 28 July 2021 and is reaffirmed below.

Board Appointment

As part of Nitro's Board renewal process, the Company announced the appointment of highly regarded Australian entrepreneur Craig Scroggie, the Chief Executive Officer and Managing Director of ASX 100-listed NEXTDC Ltd (**ASX: NXT**), as an independent non-executive director on 19 August 2021.

Under Mr Scroggie's leadership, NEXTDC has grown over the past decade from a technology start-up into one of Asia's leading digital infrastructure companies, with a market capitalisation of approximately A\$6 billion. Before joining NEXTDC, Mr Scroggie had a successful executive career at iconic enterprise software companies, including Symantec, Veritas, Computer Associates and EMC Corporation.

Product Development

During 1H2021, Nitro announced the acquisition of PDFpen – a suite of Mac, iPad and iPhone PDF productivity applications for Apple® desktop and mobile devices – for \$6 million in cash. The integration of PDFpen is proceeding as planned, with the PDFpen product suite already available to customers on the Nitro Productivity Platform, expanding Nitro's native PDF productivity solutions to more users across more devices and operating systems.

In July 2021, Nitro Sign was released with full commercial availability as a standalone subscription product in a comprehensive new pricing and packaging structure for the Nitro Productivity Platform. Given the challenges caused by the COVID-19 pandemic, Nitro Sign was initially made available to customers free of charge in June 2020. Following the conclusion of the launch and promotional period, the Company announced its premium Nitro Sign offerings

¹¹ Except those in relation to leases covered under AASB 16.

on 21 July 2021, making Nitro Sign available as a standalone subscription or as part of a tailored productivity solution depending on the customer's requirements. The Company sees significant upside as the adoption of Nitro Sign increases, with over 1 million eSignature requests sent in 1H2021 – more than the entirety of FY2020 – and a 336% increase in Nitro Sign business users year-on-year.

In July 2021, Nitro also launched a Nitro Sign integration with Salesforce to accelerate the closing of sales contracts and other critical agreements. Nitro's Productivity Platform already integrates with key systems used by individuals and enterprises every day, including Microsoft Office 365, Zapier, Microsoft Power Automate, Microsoft SharePoint and cloud storage providers Box, Dropbox and Microsoft OneDrive.

FY2021 Outlook

Following a strong 1H2021, Nitro is pleased to reaffirm its updated FY2021 guidance issued on 28 July 2021:

- Ending ARR between \$39 million and \$42 million;
- Revenue between \$47 million and \$50 million;
- Operating EBITDA loss between \$9 million to \$11 million.

Ends

Authorised for release to the ASX by the Board.

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ABOUT NITRO

Nitro is a global document productivity software company accelerating digital transformation in a world that demands the ability to work from anywhere, anytime, on any device. Nitro enables organisations to drive better business outcomes through 100% digital document processes and fast, efficient workflows. The Nitro Productivity Platform offers comprehensive business solutions, including powerful PDF productivity, unlimited eSigning and industry-leading analytics, all supported by a superior customer success team. Nitro has over 2.8 million licenced users and 12,000+ Business Customers¹² in 155 countries, including over 68% of the Fortune 500¹³ and three of the Fortune 10. Nitro is headquartered in San Francisco with hubs in Toronto, Dublin, London, and Melbourne.

For more information on Nitro, please visit:

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

¹² A Business Customer is defined as having purchased 10 or more Nitro licences.

¹³ Based on the 2019 Fortune 500 list.