



28 January 2022

NITRO Q4 2021 QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

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 (unaudited) Appendix 4C Quarterly Cash Flow Report for the quarter ended 31 December 2021 and is pleased to provide the following update on financial and operating performance.

Q4 2021 Highlights

- Annual Recurring Revenue ('ARR') at 31 December 2021 excluding the Connective acquisition was US\$40.1 million, an increase of 41% vs. 31 December 2020, in line with guidance. ARR at 31 December 2021 including Connective was US\$46.2 million.
- FY2021 revenue excluding Connective was approximately US\$50.7 million, an increase of 26% compared to FY2020, at the top end of the upgraded guidance range. FY2021 revenue including Connective was approximately US\$50.9 million.
- Transition to a SaaS business model continues¹, with subscription revenue now comprising 71% of total revenue in Q4 2021, compared to 58% in Q4 2020. In the larger Business sales² channel, 88% of revenue in Q4 2021 was subscription, with this transition being effectively completed in FY2021.
- Successfully completed a A\$140.0 million capital raise through the combination of an institutional placement and a retail entitlement offer.
- Successfully completed the €70.0 million acquisition of Connective, which closed on 20 December 2021, with robust post-acquisition integration activities ongoing.
- Cash and cash equivalents of US\$48.2 million including Connective as at 31 December 2021 with no debt³, providing a strong financial position to pursue growth opportunities.

¹ All numbers in this paragraph refer to Nitro's revenue excluding Connective.

² Nitro Business sales comprise sales executed by Nitro's Sales team and exclude online/eCommerce sales.

³ Excluding leases covered under AASB 16.

Sam Chandler, Nitro's Co-Founder and Chief Executive Officer, said: "Q4 2021 was one of the most active and notable periods in Nitro's history, with the successful completion of the Connective acquisition, and the capital raising that helped fund it, setting us up for further long-term growth.

With the integration of Connective and its high trust, enterprise-grade eSigning, eID and workflow capabilities, the Nitro Productivity Platform can now meet virtually every customer need in eSigning. We enter FY2022 well positioned to continue scaling our PDF productivity footprint and to become a leading global player in the fast-growing enterprise eSigning market.

Throughout the activity of the past quarter, we have retained our focus on the core business and maintained our sales momentum, delivering a strong revenue outcome, at the top end of our upgraded guidance range. We ended the year with a worldwide team of over 300 Nitronauts and we look forward to further scaling the business in 2022."

Performance in Q4 2021 and FY2021⁴

Nitro completed FY2021 with total revenue of US\$50.7 million excluding Connective, up 26% compared to FY2020, at the top end of the upgraded guidance range provided in October 2021 of US\$49.0 million to US\$51.0 million. FY2021 revenue including Connective was approximately US\$50.9 million.

Nitro finished Q4 2021 with ARR at year-end of US\$40.1 million excluding Connective, up 41% from 31 December 2020 and in line with the guidance range of US\$39.0 million to US\$42.0 million. ARR at 31 December 2021 including Connective was US\$46.2 million. Key customer wins and expansions in the quarter included Deutsche Bank, ICON, Eversheds Sutherland, Swiss Re and Ausenco.

Nitro's transition to a SaaS business model continues⁵, with subscription revenue in Q4 2021 representing 71% of total revenue, compared to 58% in Q4 2020. FY2021 subscription

⁴ Financial metrics provided are unaudited results for the quarter and the year ending 31 December 2021. Financial metrics provided reflect the performance of Connective post close after 20 December 2021, unless explicitly indicated otherwise.

⁵ All numbers in this paragraph refer to Nitro's revenue excluding Connective.

revenue comprised 66% of total revenue, compared to 53% for FY2020, reflecting Nitro's ongoing successful conversion to a subscription-based business model. The transition to subscription in the dominant Business sales channel was effectively completed in FY2021, with 88% of revenue in Q4 2021 generated from subscription contracts.

Cash receipts from customers in FY2021 amounted to US\$51.5 million, up 21% compared to FY2020. Cash receipts from customers were US\$14.2 million in Q4 2021, up 19% from Q4 2020.

Net cash outflow from operations in FY2021 was US\$10.1 million, largely reflecting Nitro's continued strategic investments in areas that will drive future growth, such as personnel, development of the product suite and scaling of the go-to-market engine. Cash outflows for investing activities included the €70.0 million (~US\$79.6 million) consideration paid for the acquisition of Connective and US\$6.0 million consideration paid for the acquisition of PDFpen.

Nitro successfully completed a A\$140.0 million capital raise through the combination of an institutional placement and a retail entitlement offer in Q4 2021 in order to fund the acquisition of Connective. The Company's cash balance of US\$48.2 million at 31 December 2021 provides the Company with the financial flexibility to pursue continued growth opportunities.

Connective Acquisition

On 20 December 2021, Nitro closed the acquisition of Connective NV, Belgium's leading eSign SaaS business. The integration is well underway, with Connective's market-leading products available to be sold immediately into Nitro's customer base of over 12,000 business customers.

In addition to upsell and cross-sell opportunities across the combined customer base of over 13,000 business customers, Nitro believes the expanded product suite delivered by the Connective acquisition will drive substantial market opportunities as organisations around the world increasingly demand high-trust and highly secure eSigning and workflow solutions. Nitro expects sales of Connective products to Nitro customers to deliver annualised run-rate revenue synergies of ~US\$2.5 million by the end of FY2022.

FY2021 Outlook

Operating EBITDA⁶ loss is expected to be within the range of US\$7.5 million to US\$8.0 million, compared to the updated EBITDA loss guidance range of US\$8.0million to US\$10.0 million provided on 27 October 2021. Operating EBITDA guidance is upgraded given the overperformance on revenue.

ARR, Revenue and Operating EBITDA guidance for FY2022 will be provided on 24 February 2022 along with Nitro's audited results for the year ended 31 December 2021.

⁶ Operating EBITDA excludes stock-based payments, foreign exchange gains and losses, and one-time expenses related to M&A.

Annexure 1

Use of Funds Statement (Listing Rule 4.7C.2)

USD millions	As per IPO prospectus	Actuals through 31 Dec 2021	Comments
Cash received by Nitro from the Offer to be used for the execution of the Company's business objectives (such as cost of sales, marketing spend, research and development, and general and administrative costs) and potential acquisition opportunities as outlined in the prospectus.	34.9	21.98	On track

The earmarked funds have not yet been spent but operating expenses and cash balances continue to track to plan as at 31 December 2021.

Included in section 6.1 of the Appendix 4C for the quarter ended 31 December 2021 are payments made to related parties of Nitro. These amounts relate to Directors' fees, salaries and allowances paid to Directors and their associates.

Ends

Authorised for release to the ASX by the Board.

ENQUIRIES

Investors

Nitro
Investor Relations
+1 650 507 4777
InvestorRelations@gonitro.com

Media

Cato & Clive
Brett Ward
+61 437 994 451
Brett@catoandclive.com

Registered Office

Level 7, 330 Collins Street
Melbourne
Victoria 3000
Australia

Corporate Office

150 Spear Street, Suite 1850
San Francisco
California 94105
United States of America

ABOUT NITRO

Nitro is a global document productivity SaaS company accelerating digital transformation in a world that demands the ability to work from anywhere, anytime, on any device. As a global player in the eSign and workflow productivity market, Nitro enables organisations to drive better business outcomes through 100% digital document processes and fast, efficient workflows. The Nitro Productivity Platform offers comprehensive SaaS business solutions, including highly secure eSigning and e-ID, powerful PDF productivity and industry-leading analytics, all supported by a superior customer success team. Nitro has over 3 million licensed users and 13,000+ Business Customers in 157 countries, including over 68% of the Fortune 500 and three of the Fortune 10. Nitro is headquartered in San Francisco with nine global hubs.

For more information on Nitro, please visit:

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

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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

NITRO SOFTWARE LIMITED

ABN

15 079 215 419

Quarter ended ("current quarter")

31 DECEMBER 2021

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (12 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	14,237	51,533
1.2 Payments for		
(a) research and development	(980)	(2,046)
(b) product manufacturing and operating costs	(2,252)	(6,536)
(c) advertising and marketing	(1,325)	(4,251)
(d) leased assets (Note 6)	(2)	(7)
(e) staff costs (Note 7)	(10,110)	(36,907)
(f) administration and corporate costs	(3,729)	(10,996)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	20
1.5 Interest and other costs of finance paid	(36)	(117)
1.6 Income taxes paid	(411)	(526)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material) (Note 8)	(84)	(239)
1.9 Net cash from / (used in) operating activities	(4,683)	(10,072)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities (Note 9)	(75,801)	(75,801)
(b) businesses	-	-
(c) property, plant and equipment	(123)	(396)
(d) investments	-	-
(e) intellectual property	-	(6,106)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(75,924)	(82,303)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	101,399	101,399
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	445	1,201
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2,690)	(2,690)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) (Note 6)	(260)	(1,182)
3.10	Net cash from / (used in) financing activities	98,894	98,728

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	31,351	43,749
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,683)	(10,072)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(75,924)	(82,303)

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	98,894	98,728
4.5	Effect of movement in exchange rates on cash held	(1,440)	(1,904)
4.6	Cash and cash equivalents at end of period	48,198	48,198

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	48,198	31,351
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	48,198	31,351

6.	Payments to related parties of the entity and their associates	Current quarter US\$'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	345
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)	623	60
7.4 Total financing facilities	623	60
7.5 Unused financing facilities available at quarter end		563
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
The financing facilities available to the Company relate to Corporate Credit Cards.		

8. Estimated cash available for future operating activities	US\$'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,683)
8.2 Cash and cash equivalents at quarter end (item 4.6)	48,198
8.3 Unused finance facilities available at quarter end (item 7.5)	563
8.4 Total available funding (item 8.2 + item 8.3)	48,761
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	10
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 January 2022

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
6. In accordance with the requirements of AASB 16 cash flows for the principal portion of the Group's lease liabilities are presented within financing activities net.
7. The amount includes costs attributable to the R&D function of the business.
8. The amounts represent costs primarily associated with M&A and transaction due diligence activities paid.
9. Amount represents consideration paid to acquire 100% shares in Connective NV, net of cash balance taken over on 20 December 2021.