



## ASX Announcement

27 February 2020

### Nitro posts solid FY19 results, delivering growth ahead of prospectus forecast

**Nitro Software Limited (ASX:NTO)** (“Nitro”, “the Company” or “the Group”), a global document productivity software company driving digital transformation in organisations around the world, today reports its full year earnings to 31 December 2019, delivering strong financial and operational outcomes ahead of prospectus forecasts.

#### FY19 Highlights (all amounts in USD):

- Over 2 million business licences sold as at 31 December 2019
- Growth in total revenue of 10% to \$35.7 million, ahead of prospectus forecast
- An increase in subscription revenue of 91% to \$13.2 million
- Annual Recurring Revenue (ARR)<sup>1</sup> of \$16.9 million, up 66% and exceeding prospectus forecast
- Strong subscription retention<sup>2</sup> of 90%
- EBITDA loss of (\$3.8) million, \$2.3 million better than prospectus forecast
- Prospectus forecast for FY20 reaffirmed

Sam Chandler, Chief Executive Officer and Co-Founder of Nitro said:

“The 2019 financial year has been a monumental period for Nitro. We have achieved a strong set of results, underpinned by significant customer growth, both with new customers as well as our existing customer base who continue to expand their use of the Nitro Productivity Suite. Ending the year with over two million business licences sold is a truly remarkable achievement, reflecting 100% growth over the past four years.

“Our business is successfully transitioning to subscription-based licensing, gaining great momentum during the year which has seen us deliver top quartile SaaS metrics including a compound growth rate in our recurring revenue of 111% over the past three years.

“Following our successful ASX listing in December 2019, we are strongly positioned to capitalize on the growth opportunities ahead of us, supported by a large and growing market and an outstanding product suite that delivers tangible value to our customers around the globe.

“We are well positioned to deliver increased revenue in the coming financial year and remain on track to achieve the 13% growth forecast set out in our prospectus. Our recurring revenue business model provides great visibility of our forward revenue and we have started the year with 74% of our forecast

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<sup>1</sup> ARR is the annual amount of revenue that Nitro will recognise from subscription-based licensing agreements with customers. ARR is calculated by multiplying the monthly subscription revenue in the last month of the financial reporting period by 12.

<sup>2</sup> Subscription retention rate is measured based on subscription dollars retained.



FY20 subscription revenue already under contract. This is further supported by our strong subscription renewal rates and track record in growing new recurring revenue.”

### **Financial Performance**

Nitro delivered a strong financial performance during FY19, with total revenue of \$35.7 million, up 10% on the prior year and ahead of prospectus forecast revenue of \$35.4 million. Significant growth in subscription revenue was achieved, increasing by 91% during the year to \$13.2 million and contributing 37% of total revenue.

Total expenditure on research and development activity was \$7 million in FY19, reflecting Nitro’s ongoing commitment to continuous development and innovation of its products to enhance user experience and deliver further value for its customers.

Statutory EBITDA for FY19 was a loss of (\$3.8) million, ahead of the prospectus forecast of a loss of (\$6.1) million, largely due to an unrealised foreign exchange gains on IPO funds held in Australian dollars.

The Group generated a net operating cash inflow of \$0.4 million for FY19, largely in line with the prospectus forecast. Nitro’s cash balance at 31 December 2019 was \$47.0 million, positioning Nitro well to fund future activities and growth.

### **Operational Performance**

Nitro achieved a significant milestone during the period, surpassing 2 million business licences sold. Importantly, the Company has accelerated the growth of subscription customers since 2016, achieving a CAGR in subscription licences of 206% over this period.

At 31 December 2019, Nitro had over 10,982 business customers, including 65% of the 2019 Fortune 500 and two of the 2019 Fortune 10.

New ARR added<sup>3</sup> in FY19 was \$6.7 million, up 16% on the prior year and ahead of the prospectus forecast of \$6.2 million. At 31 December 2019 ARR was \$16.9 million compared to the prospectus forecast of \$16.4 million, an increase of 66% over the prior comparative period.

Subscription renewal rates remained high in FY19 at 90%, a strong indicator of the value achieved by Nitro Productivity Suite customers.

### **Outlook**

Over the coming year, Nitro will continue to focus on delivering its growth strategy through the increased adoption of the Nitro Productivity Suite across its SMB, mid-market and enterprise customer base, as well as new customer wins and potential acquisitions.

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<sup>3</sup> New ARR is calculated by subtracting the total monthly subscription revenue in the last month of the last prior reporting period from the total monthly subscription revenue in the last month of the current financial reporting period, multiplied by 12.



Nitro remains on track to deliver its prospectus forecast for FY20 with revenue expected to grow to \$40.5 million and an EBITDA loss of (\$5.3) million.

## Ends

Authorised for release to the ASX by Kathy Miller, CFO and Co-Company Secretary.

## Enquiries

Investors  
Kathleen Miller  
CFO and Co-Company Secretary  
+1 404 849 5669  
[kathy.miller@gonitro.com](mailto:kathy.miller@gonitro.com)

Media  
Chloe Rees  
Cato & Clive  
+61 417 665 416  
[chloe@catoandclive.com](mailto:chloe@catoandclive.com)

Carrie Barrack  
Cato & Clive  
+61 422 464 028  
[carrie@catoandclive.com](mailto:carrie@catoandclive.com)

## 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.

## About Nitro

Nitro is a global document productivity software company driving digital transformation in organizations 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 2.0 million licenses sold, and over 10,982 Business Customers in 144 countries around the world, including global market leaders across multiple industries, over 65% of the



2019 Fortune 500, and two of the 2019 Fortune 10. Nitro is headquartered in San Francisco and has offices in Dublin, London and Melbourne.

The statistics above are as at 31 December 2019. The presentation currency of the Company/Group is United States Dollars (USD) and unless otherwise stated, all amounts are presented in USD.

For more information on Nitro, please visit

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

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