

24 February 2021

Nitro posts strong FY2020 results, outperforming on ARR, subscription revenue and operating EBITDA

Nitro Software Limited (ASX: NTO) (“Nitro” or the “Company”), a global document productivity software company driving digital transformation in organisations around the world, today released its results for the year ended 31 December 2020, with financial and operating performance exceeding prospectus forecasts.

FY2020 Highlights (USD unless otherwise stated)

- Annual recurring revenue (**ARR**)¹ of \$27.7 million, up 64% YoY, ahead of the Company’s upgraded forecast of \$26-27 million and well ahead of prospectus forecast of \$24.4 million².
- Subscription revenue of \$21.2 million, up 61% YoY and increasing to 53% of total revenue.
- Total revenue of \$40.2 million, delivering YoY growth of 13% in line with prospectus forecast.
- Cash balance of \$43.7 million at 31 December, \$5.8 million ahead of prospectus forecast, providing flexibility to pursue organic and inorganic growth opportunities.
- Over 1 million eSignatures sent via Nitro Sign and over 2.2 billion documents opened in Nitro Pro, helping customers accelerate digitization and enable productivity anywhere during COVID-19.

Sam Chandler, Nitro's Co-Founder and Chief Executive Officer, said: “Nitro’s founding vision to make document productivity easy, powerful and available to all has never been more relevant or more urgent. In a year marked by the global challenge of COVID-19, which has forever changed the way the world works, we have stayed resolutely focused on meeting our customers’ rapidly evolving needs and building a platform for continued growth.

The success of our subscription-only Nitro Productivity Suite and the demand for our new Nitro Sign product has enabled us to significantly outperform on key metrics in our prospectus forecast, with ARR growth of 64% and subscription revenue growth of 61%.

Looking at data from Nitro Analytics, which tracks Nitro product usage and digital transformation around the world, it is clear that the shift to remote and digital work has accelerated and is here to stay.

¹ 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.

² Upgraded forecast provided with Q3 2020 4C. Prospectus forecast was \$24.4 million.

And while our business is growing fast, we are also investing for the long-term. In FY2020, we significantly strengthened our leadership team, evolved our go-to-market strategy, furthered our vision for a document productivity platform with the launch of Nitro Sign as a standalone product, and continued our transition to subscription, which is tracking ahead of our previous expectations and nearing completion for business customers.

As Nitro continues to scale, we're helping customers on their own journeys from the initial digitisation of their document workflows to digital transformation across their entire organization. This is reflected in our platform product strategy.

That strategy, combined with work-from-anywhere tailwinds, our track record of success in some of the largest companies in the world, and our strong balance sheet, positions us to become a clear leader in global document productivity and deliver long-term growth. We're proud of our first full year as a public company and excited about the year ahead."

FY2020 Performance

Nitro delivered a strong financial performance in FY2020, its first full year as a public company, with ARR of \$27.7 million, up 64% YoY, and subscription revenue of \$21.2 million, up 61% YoY.

Total revenue was \$40.2 million, up 13% and in line with prospectus forecast.

Subscription revenue comprised 53% of total revenue in the year, compared to 37% in FY2019. The Company's transition to a subscription business model is most evident in its Business sales³ channel, where subscription revenue comprised 72% of total Business sales revenue, up from 50% in FY2019. Nitro expects the transition to subscription across this channel to be effectively complete in FY2021.

In addition to ending ARR, which at \$27.7 million, was ahead of both the prospectus forecast of \$24.4 million and the upgraded forecast of \$26-27 million, strong performance on key SaaS metrics was evident in both new ARR added, which was up 63% YoY to \$10.9 million, and net revenue retention, which was 117%.

An Operating EBITDA⁴ loss of \$2.4 million for the year outperformed the prospectus forecast by \$1.6 million. Operating expenditure savings during the year were largely attributable to delays in hiring and COVID-related savings, but partially offset by other incremental investments.

The successful launch of Nitro Sign as a standalone product in mid-2020, as the pandemic was dramatically accelerating remote work worldwide, was a significant milestone, with more than 1 million eSign requests sent during the year. Nitro Sign capabilities are available both as part of the

³ Nitro Business sales comprise sales executed by Nitro's Sales team and excludes self-serve online/eCommerce sales via Nitro's website.

⁴ Operating EBITDA excludes stock-based payments and foreign exchange gains and losses.

Nitro Productivity Suite, and on a standalone basis, and have experienced strong demand as work shifts to digital-first and digital-only.

The Company significantly bolstered its executive team and transformed its go-to-market operations during the year, with twelve key executive hires at the Director level and above, and major evolutions in the go-to-market organisation to support the platform product strategy. Total expenditure on research and development activity was \$9.4 million, up 30% YoY, reflecting Nitro's commitment to product innovation and a recognition of the enormous and high-growth market opportunity in digital transformation.

Nitro finished FY2020 with over 2.6 million licensed users, approximately 11,700 business customers⁵, and deployments in 68% of the Fortune 500⁶.

FY2021 Outlook

In FY2021, Nitro will continue to focus on delivering its platform product strategy, driving increased adoption of the Company's PDF productivity, eSigning and analytics solutions across new and existing customers in its enterprise, mid-market and SMB segments.

Nitro's total addressable market in document productivity and eSigning is large and growing, supported by strong structural tailwinds and changing work practices accelerated by COVID-19, and estimated at \$28 billion⁷.

Given the scale of the market opportunity, clear sector tailwinds, and the Company's multiple growth levers, Nitro will be making key investments in FY2021, primarily focused on product development and scaling its go-to-market organisation. Nitro will also continue to explore other targeted investments, including potential acquisitions, in order to build capability and scale and further cement its leadership position in global document productivity and workflow.

The Company provides the following guidance for FY2021⁸:

- Ending ARR between \$39 million and \$42 million;
- Revenue between \$45 million and \$49 million; and
- Operating EBITDA⁹ loss between \$11 million and \$13 million.

⁵ Includes both new and renewing/expanding customers.

⁶ Percentage of the 2019 Fortune 500 with paid Nitro licences.

⁷ Nitro Productivity Suite and Nitro Sign TAM calculated by estimating the total number of companies worldwide across our SMB, Mid-Market, Growth and Enterprise segments using LinkedIn data and applying an Average Contract Value (ACV) per segment for each product. Productivity Suite ACVs are based on Nitro's typical ACVs per segment achieved today, and Sign ACVs are based on typical eSigning contract values per segment currently achieved by market leaders, but discounted to reflect expected Nitro pricing and packaging.

⁸ FY2021 stock-based payments expected to be significantly higher than in FY2020 given leadership hires in 2H 2020 and early 2021.

⁹ Operating EBITDA excludes stock-based payments and foreign exchange gains and losses.

Ends

Authorised for release to the ASX by the Board.

Enquiries

Investors

Kurt Johnson

Nitro

+1 415 278 7660

kurt.johnson@gonitro.com

Ana Sirbu

Nitro

+1 415 549 0639

Ana.sirbu@gonitro.com

Media

Carrie Barrack

Cato & Clive

+61 422 464 028

carrie@catoandclive.com

Registered Office

Level 7, 330 Collins Street

Melbourne

Victoria 3000

Australia

Corporate Office

150 Spear Street, Suite 1500

San Francisco

California 94105

United States of America

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, eSigning 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 businesses and individual users. Nitro has over 2.6million licenses sold, and over 11,700 Business Customers in 154 countries around the world, including 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.