



27 October 2022

## Nitro Delivers Strong Sales Growth, ARR Up 51%

Nitro Software Limited (ASX: NTO) ('Nitro' or the 'Company'), a global leader in document productivity and eSignature SaaS solutions for business, is pleased to provide this update on the Company's financial and operating performance alongside its Appendix 4C Quarterly Cash Flow Report for the quarter ended 30 September 2022.

### Highlights

- ARR at 30 September 2022 up 51% to US\$55.2 million<sup>1</sup>.
- Cash receipts from customers up 26% YoY to US\$17.7 million<sup>2</sup>.
- Revenue for nine months to 30 September 2022 up 33% to US\$49.1 million<sup>3</sup>.
- Cash of US\$29.2 million at 30 September 2022, with no debt<sup>4</sup>.
- 2022 Guidance reaffirmed.

Commenting on the Company's Q3 2022 performance, Nitro's Co-Founder and Chief Executive Officer, Sam Chandler, said:

*"In the face of challenging macroeconomic conditions, we are pleased to have delivered a strong quarter, with 51% annual growth in end-of-period ARR and 54% and 33% growth in year-to-date subscription revenue and total revenue, respectively. As sales cycles show signs of returning to more typical patterns, we are well placed to continue our growth on the back of customer demand for the suite of high-trust, high-security enterprise-grade products Nitro now offers.*

*"As we enter the fourth quarter, we are confident in achieving 2022 Guidance while remaining on target to achieve our forecast cost savings and deliver positive operating cash flow in 2H 2023."*

---

<sup>1</sup> ARR growth from at the end of Q3 2022 compared to end of Q3 2021.

<sup>2</sup> Cash receipts in Q3 2022 compared to cash receipts in Q3 2021.

<sup>3</sup> Unaudited Q1-Q3 2022 revenue, compared to Q1-Q3 2021 revenue.

<sup>4</sup> Excluding AASB 16 right-of-use leased assets and corporate credit cards.

## Performance in Q3 2022 and YTD 2022<sup>5</sup>

### ARR and Revenue Growth

Nitro ended Q3 2022 with ARR of US\$55.2 million, up 51% compared to 30 September 2021 (excluding Connective, up 30%). Added ARR for the three months to 30 September 2022 was US\$3.7 million, which was ahead of internal expectations.

Added ARR attributable to expansion sales<sup>6</sup> was particularly strong. Major contract expansions signed in Q3 2022 include multinational blue-chip customers General Electric, Petrofac, Universal Health and Swisscom.

Nitro achieved unaudited revenue of US\$49.1 million for the nine months to 30 September 2022 (YTD), up 33% compared to the corresponding period of 2021 (excluding Connective, up 20%).

Revenue growth continued to be underpinned by momentum in subscription revenues, which were up 54% YTD compared to the corresponding period of 2021 (excluding Connective, up 36%) and now represent 91% of revenue in the dominant Business sales<sup>7</sup> channel.

Nitro also saw growth in new customer sales across Q3 2022, with key customer wins including Zurich Insurance, Verisys and Equiniti.

The Connective business continues to perform well, exceeding expectations at the time of the acquisition, with the integration of Connective essentially complete and Nitro's restructured Go-to-Market (GTM) team focused on pursuing cross-sell and upsell opportunities. With a significant proportion of Nitro's Q4 2022 sales pipeline representing customer interest in Nitro Sign Premium (previously Connective), Nitro remains on target to achieve its revised forecast of ARR synergies attributable to Connective of US\$1.0 million by 31 December 2022.

---

<sup>5</sup> Financial metrics provided are unaudited results for the quarter and YTD. Financial metrics provided include Connective, unless explicitly indicated otherwise.

<sup>6</sup> Added ARR generated from existing customers, net of churn.

<sup>7</sup> Business sales exclude online/eCommerce sales via Nitro's website and Connective and represent approximately 82% of YTD 2022 total revenue.

## Commentary to Appendix 4C Cash Flow Report

Nitro recorded cash receipts from customers of US\$17.7 million in Q3 2022, up 26% on Q3 2021.

Cash receipts from customers YTD were US\$50.9 million, up 37% compared to corresponding period of 2021 (excluding Connective, up 20%). Trailing 12-month cash receipts from customers at 30 September 2022 were US\$65.2 million, up 32% over the prior corresponding period (excluding Connective, up 19%). The increase in cash receipts was primarily attributable to an increase in billings arising from multi-year subscription contracts.

Underlying cash payments to suppliers and staff YTD were US\$59.7 million, up 41% compared to the corresponding period of 2021 (excluding Connective, up 22%). These outflows primarily reflect Nitro's strategic investments in areas that will drive future growth, such as personnel, product development and enhancing the GTM engine.

Nitro continues to execute cost-saving measures, more recently through the GTM restructure, as part of its strategy to accelerate the pathway to positive cash flow. The Company remains on target to deliver cash cost savings of approximately US\$5 million against its 2H 2022 internal cost plan.

Nitro's reported cash balance decreased by US\$5.6 million during Q3 2022 to US\$29.2 million at 30 September 2022. Nitro continues to be debt free<sup>8</sup>.

The variance in reported cash during Q3 2022 was a function of:

- Underlying net cash outflows from operating activities of US\$1.9 million;
- One-time costs of US\$2.1 million<sup>9</sup>;
- Adverse foreign currency losses of US\$1.3 million; and
- Other investing and financing outflows of US\$0.4 million.

Overall net cash flows and closing reported cash were adversely impacted by the strength of the US dollar (reported currency) against the euro, British pound and Australian dollar currencies during Q3 2022.

---

<sup>8</sup> Excluding AASB 16 right-of-use leased assets and corporate credit cards.

<sup>9</sup> Includes Connective implementation costs, GTM restructure and other non-recurring expenses.

## 2022 Guidance Reaffirmed

Nitro is pleased to reaffirm its 2022 guidance, which was provided on 26 July 2022:

- Ending ARR between US\$57 million and US\$60 million;
- Revenue between US\$65 million and US\$69 million; and
- Operating EBITDA<sup>10</sup> loss of between US\$10 million and US\$13 million.

## Investor Briefing

Nitro Co-Founder and Chief Executive Officer Sam Chandler will provide a briefing on the Company's Q3 2022 performance via a live webcast at 9:15am AEDT today.

To attend the investor briefing, please pre-register [here](#). An archive of the webinar will be made available on Nitro's [Investor Centre](#) after the event.

---

<sup>10</sup> Operating EBITDA excludes stock-based charges, foreign exchange gains and losses, Connective integration costs, transaction costs and other non-recurring items.

# Annexure 1

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

US\$ millions	As per IPO prospectus	Actuals to 30 September 2022	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	29.77	On track

The earmarked funds have not yet been spent but operating expenses and cash balances continue to track to plan at 30 September 2022.

Included in section 6.1 of the Appendix 4C for the quarter ended 30 September 2022 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](mailto:InvestorRelations@gonitro.com)

## Media

Cato & Clive  
Clive Mathieson  
+61 11 888 425  
[clive@catoandclive.com](mailto:clive@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 SaaS leader in PDF software, document management and electronic signatures. Nitro's Productivity Platform includes powerful PDF tools, digital workflows, highly secure eSigning and identity verification capabilities. Its industry-leading business intelligence and analytics product measures ROI and quantifies sustainability efforts, all supported by a best-in-class customer success and change management support team. With more than 3 million licensed users and 13,000+ business customers across 157 countries, Nitro serves 68% of the Fortune 500.

For more information on Nitro, please visit:

- Nitro: <https://www.gonitro.com>
- Connective: <https://connective.eu>
- PDFpen: <https://pdfpen.com/pdfpenpro/>
- 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")**

30 September 2022

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 months) US\$'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	17,717	50,919
1.2 Payments for		
(a) research and development	(1,412)	(3,914)
(b) product manufacturing and operating costs	(2,307)	(6,385)
(c) advertising and marketing	(1,113)	(4,048)
(d) leased assets	(2)	(5)
(e) staff costs	(11,291)	(35,098)
(f) administration and corporate costs	(3,451)	(10,209)
1.3 Dividends received	-	-
1.4 Interest received	24	40
1.5 Interest and other costs of finance paid	(42)	(116)
1.6 Income taxes paid	15	(239)
1.7 Government grants and tax incentives	-	-
1.8 Other (Note 1)	(2,062)	(4,356)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,924)</b>	<b>(13,411)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(101)	(430)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (9 months) US\$'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	1
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(101)</b>	<b>(429)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	25	216
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(7)	(846)
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 (Note 2)	(270)	(971)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(252)</b>	<b>(1,601)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period (Note 3)	34,770	47,766
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,924)	(13,411)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(101)	(429)

<b>Consolidated statement of cash flows</b>		<b>Current quarter US\$'000</b>	<b>Year to date (9 months) US\$'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(252)	(1,601)
4.5	Effect of movement in exchange rates on cash held	(1,322)	(3,154)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>29,171</b>	<b>29,171</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter US\$'000</b>	<b>Previous quarter US\$'000</b>
5.1	Bank balances (Note 3)	29,171	34,770
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>29,171</b>	<b>34,770</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter US\$'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	247
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>		

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end US\$'000</b>	<b>Amount drawn at quarter end US\$'000</b>
<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 (specified below)	106
7.4	<b>Total financing facilities</b>	<b>106</b>
7.5	<b>Unused financing facilities available at quarter end</b>	<b>553</b>
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.	

<b>8. Estimated cash available for future operating activities</b>	<b>US\$'000</b>
8.1	(3,924)
8.2	29,171
8.3	553
8.4	29,724
8.5	7
<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: 27 October 2022

Authorised by: The Board of Directors

## **Notes**

- 1 Represents cash costs connected to Connective acquisition implementation costs, transaction costs, GTM restructuring costs, and other non-recurring items.
- 2 Represents lease repayments in relation to AASB 16 right-of-use lease assets.
- 3 The balance of cash and cash equivalents at the beginning of the quarter and the year will not agree with the Appendix 4C for the quarter ended 30 June 2022. The cash and cash equivalents at the beginning of the quarter and the year have been reduced by \$398K and \$432K, respectively, to exclude restricted cash.