APPENDIX 4E

Company details

NAME OF THE ENTITY	NITRO SOFTWARE LIMITED
ACN	079 215 419
REPORTING PERIOD	FOR THE YEAR ENDED 31 DECEMBER 2021
PREVIOUS PERIOD	FOR THE YEAR ENDED 31 DECEMBER 2020

Results for announcement to the market

For the year ended 31 December	2021 US$'000	2020 US$'000	Movement US$'000	Movement %
Revenue	50,851	40,196	10,655	27%
Loss from ordinary activities after tax attributable to members	(21,683)	(7,540)	(14,143)	188%
Loss attributable to members	(21,683)	(7,540)	(14,143)	188%

The detailed analysis of the results is included in the Operating and Financial Review for the period on page 29 of the Appendix 4E.

Net tangible assets per ordinary share

For the year ended 31 December	2021 US$	2020 US$
Net tangible assets	0.09	0.14

Dividends

No dividends were declared or paid for the year ended 31 December 2021.

Details of entities over which control has been gained or lost during the year

The Company completed the acquisition of 100% of the shares in Connective NV effective 20 December 2021.

Name of the Entity	Country of Incorporation	Control %	Date
Connective NV	Belgium	100%	20-Dec-21
Connective France	France	100%	20-Dec-21
Connective Digital Transformation	Spain	100%	20-Dec-21

Basis of preparation and audit status

This report is based on the Consolidated Financial Statements of Nitro Software Limited, which have been audited by PricewaterhouseCoopers ('PwC'). PwC's audit report is included within the Group's 2021 Annual Report which accompanies this Appendix 4E.

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 2021 Annual Report (which includes the Directors' Report).

ANNUAL REPORT 2021

FOR THE YEAR ENDED 31 DECEMBER 2021

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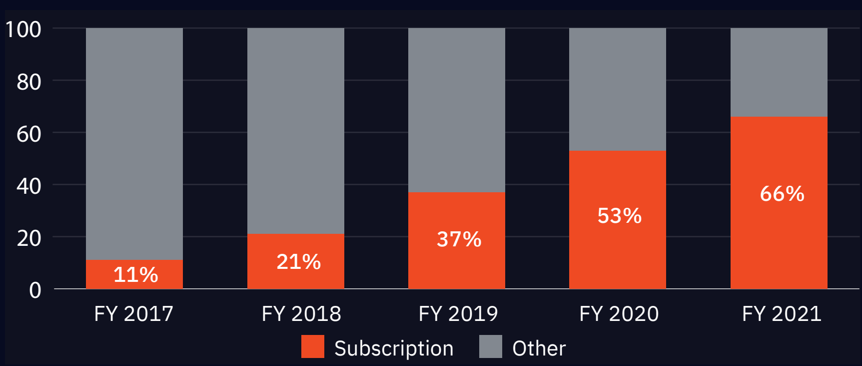
KEY FINANCIAL METRICS FY2021[1,2]

REVENUE **$50.9M**	**ENDING ARR** **$46.2M**
SUBSCRIPTION REVENUE GROWTH **59%**	**ARR GROWTH** **62%**
NET REVENUE RETENTION **113%**	**GROSS REVENUE RETENTION** **94%**
OPERATING EBITDA **($7.6M)**	**ENDING CASH BALANCE** **$48.2M**

1. All metrics include the impact of the acquisition of Connective NV on 20 December 2021, except Net Revenue Retention and Gross Revenue Retention.
2. All amounts are in US$ unless otherwise stated.

REVENUE COMPOSITION



A GLOBAL LEADER

UNLOCKING NEW MARKETS

Our strategic investments in 2021 laid the foundation for greater scale and enhanced capabilities, driving even more impactful solutions for our customers in 2022 and beyond.

CHAIRMAN'S LETTER TO THE SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present Nitro's full-year results and Annual Report. As I write to you, the world continues to navigate a pandemic that has forever changed the way we live and work. For Nitro and our industry, it is now clear that years of digital transformation were compressed into months as organisations around the world were forced to adapt to this new environment. This has presented Nitro with enormous opportunities that we are ideally placed to capitalise on after the major strategic developments of the past year.

This year was one of significant change for Nitro, with two acquisitions and a successful capital raising delivering us a comprehensive product platform, opening new market opportunities and providing us with the financial strength to achieve our ambitious growth goals.

The acquisitions of PDFpen and Connective NV were both driven by the desire to add technical capabilities to the Nitro Productivity Platform. With PDFpen, our products can now be offered on the Mac and iOS platforms for the first time. And, more significantly, Connective delivers market-leading capabilities and 1000+ customers in the fast-growing market for high trust, enterprise-grade eSigning and electronic ID, as well as a powerful document workflow automation solution. The combination of these capabilities with our existing 12,000 business customers and proven go-to-market abilities is compelling, and positions Nitro to become the third global player in the enterprise eSign market. Put simply, with the acquisitions of Connective and PDFpen we can now meet virtually every customer need in workflow productivity and eSigning. Our challenge, and opportunity, is to take this unrivalled platform and scale it in the coming years to be a leading SaaS enterprise software company.

In terms of our financial performance, we have continued to focus on customer acquisition, expansion and retention. We have successfully maintained our steep growth trajectory, meeting our upgraded guidance for ARR, revenue and EBITDA. We ended the year with ARR of US$40.1 million excluding Connective, up 41 per cent over FY2020, or US$46.2 million including Connective. Total revenue for the year surpassed US$50 million for the first time, coming in at US$50.7 million excluding Connective, an increase of 26 per cent over FY2020 and at the top end of our upgraded guidance range; FY2021 revenue including Connective was US$50.9 million.

With a robust balance sheet, supported by US$48.2 million in cash at year end following our successful A$140 million capital raising, we have all the ingredients to fulfil our ambitions.

Our team

Our people have always been our number one asset. In the past year, we welcomed almost 140 people to our global team and now have more than 300 Nitronauts at our headquarters in San Francisco and across our eight global hubs in the US, Canada, Europe and Australia. With the acquisitions of PDFpen and Connective, for the first time since our IPO, we are integrating full teams of new people into the Nitro family. We're particularly delighted to welcome Connective NV Chief Executive Officer Nicholas Metivier to our executive ranks. All of our new Nitronauts bring valuable new skills and experience to the business, and we are privileged to have them on board for the next stage of our journey.

In 2021 we commenced a board renewal program to reshape the Board and bring on new expertise and perspectives for our next phase of growth. In May, Nitro co-founder Richard Wenzel and John Dyson, an investor in the Company since 2010 through Starfish Ventures, stepped down from the board. Both men have been enormous supporters of Nitro and we have benefited greatly from their expertise and guidance over many years. In August, Craig Scroggie, one of Australia's most successful technology entrepreneurs, joined the Board as an independent Non-Executive Director, and in February of 2022, we announced the appointment of former DocuSign Chief Human Resources Officer Peter Navin who joins the Board as an independent Non-Executive Director.

On behalf of the Board, I would like to thank all Nitronauts – old and new – for their continued hard work, enthusiasm and commitment during what has been another dynamic year for the Company.

Outlook

Our mission remains clear: to help our customers more efficiently and effectively manage their business processes and to accelerate their digital transformation in a world that demands the ability to work from anywhere, anytime. With the acquisitions of Connective and PDFpen, we are even better placed to help our customers do just that.

As the integration of Connective continues at a rapid pace, Nitro now has more than 13,000 business customers across 157 countries, with more signing up every month. Our customer base includes 68 per cent of the Fortune 500 and three of the Fortune 10, and some of our biggest customer renewals, expansions and wins have been delivered in recent months.

Our ambition for the coming year is clear: to continue scaling our PDF productivity footprint and to become a leading global player in the fast-growing enterprise eSigning market – and in the process deliver long-term sustainable returns to our shareholders. Between Nitro and Connective, there is a US$28 billion global market to chase, and despite our considerable success to date, we feel like we have only scratched the surface of what is possible for Nitro.

On behalf of the Board, I would like to thank our shareholders for sharing this exciting journey with us. We look forward to updating you on our further success throughout the year.

Sincerely yours

Kurt Johnson
Executive Chairman

CEO'S LETTER TO THE SHAREHOLDERS

WE ARE FIRMLY ON THE PATH TO BECOME THE THIRD GLOBAL PLAYER IN THE US$17 BILLION ENTERPRISE ESIGNING MARKET.

Dear Shareholders,

Last year was the most dynamic period for Nitro since our founding more than a decade and a half ago. It was the year in which we supercharged what was already a world-leading product platform, setting us firmly on the path to become the third global player in the US$17 billion enterprise eSigning market.

The past year was marked by two strategic acquisitions and a successful capital raising, and by a continued focus on operational excellence, which enabled us to meet or exceed our financial goals. All of this was achieved against the backdrop of the continuing seismic shifts caused by the global pandemic that accelerated digital transformation in organisations around the world and increased demand for our SaaS products and services.

Taking advantage of these macro trends, Nitro Sign was released in July 2021 with full commercial availability as a standalone subscription product in a comprehensive new pricing and packaging structure for the Nitro Productivity Platform. Demand for eSigning continues to grow strongly, with nearly 2.2 million eSignature requests on our platform in 2021, more than double the number in the previous year.

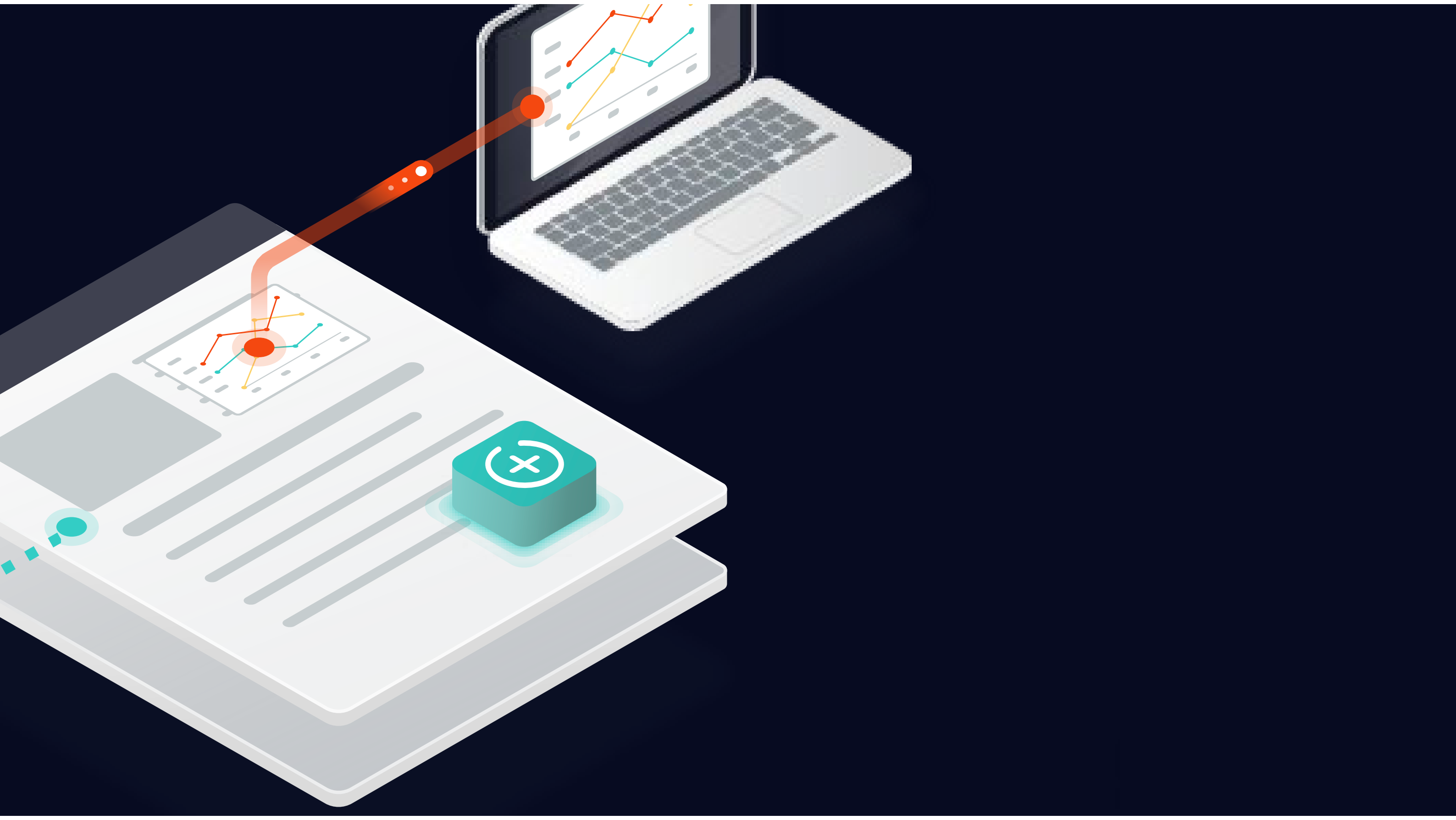
The US$17 billion enterprise eSigning market, unlike the somewhat more mature US$11 billion PDF productivity segment, is in its infancy and is forecast to deliver enormous growth in coming years. With the transformational acquisition of Connective NV in the second half of 2021, this entire market opportunity is now available to Nitro, from simple eSignatures to the high-trust, high-security, enterprise-grade digital signatures, with identity processes required by banks, governments and, increasingly, all organisations. With data security at a premium, the future of eSigning will be built around these high-trust eID-driven solutions, and Nitro is now positioned to become a global leader.

The addition of Connective's market-leading capabilities and the earlier acquisition of PDFpen – delivering native Mac and iOS capabilities for the first time – means Nitro can now serve virtually any customer need in eSigning and PDF productivity. The real power of the Connective and PDFpen acquisitions is the opportunity to fully integrate these best-of-breed technologies into the Nitro platform and drive sales through Nitro's proven go-to-market network. The significant upsell and cross-sell opportunities across our combined 13,000+ customers provide us with substantial revenue upside.

Throughout all of the strategic activity in the past 12 months, we have remained steadfastly focused on serving the needs of our customers as they adapt to the new way the world lives and works. This has enabled us to continue our growth trajectory and deliver on our financial and operational goals.

Key highlights for 2021

- Ending ARR of US$40.1 million, up 41% YoY, or US$46.2 million including Connective
- US$50.7 million total revenue, up 26% YoY, or US$50.9 million including Connective
- Subscription revenue now 66% of total revenue, up from 53% in 2020
- Successful acquisitions of Connective and PDFpen
- 840,000 monthly active Nitro PDF Pro users, up 19% YoY
- 2.2 million NitroSign eSignature requests, up 102% YoY, 22 million+ eSignature requests including Connective
- More than 3.1 billion product and printing events tracked in Nitro Analytics
- Surpassed 13,000 business customers
- Successful A$140 million capital raising
- US$48.2 million in cash at 31 December 2021



Vision and opportunities ahead

Our founding vision was to make document productivity easy, powerful, and available to all. With the changes brought by COVID-19, and particularly the shift to remote and digital work, our vision and mission has never been more important for organisations worldwide. Driven by necessity, we have seen years of digital evolution compressed into months and quarters – and yet we are still in the first era of digital transformation with decades of opportunity in front of us.

With the substantial additions we have made to our product platform through 2021, we now have a full suite of capabilities to meet our customers' needs at every stage of their journey from digitisation to optimisation, and, ultimately, transformation across their entire organisations. As we enter 2022, we continue to invest and scale across the business to take advantages of the incredible opportunities before us.

As we cross US$50 million in revenue, we are fortunate to have multiple growth levers to take us to US$100 million and beyond, including:

- Expansion with existing customers, including the upsell and cross-sell opportunities presented by the Connective acquisition
- Winning new customers, including from legacy incumbent competitors making the switch to Nitro
- New product development, with an exciting roadmap planned for 2022
- Carefully considered mergers and acquisitions to add scale and/or capabilities
- Expansion into new markets and channels

Finally, I would like to echo our Chairman's thanks for the hard work and commitment of every Nitronaut in the past year. Our richly diverse team, which has grown to more than 300 worldwide, brings a valuable array of skills with shared ambitions and values.

Like everyone at Nitro, I am immensely proud of our achievements in 2021 and am excited about our potential in the years ahead.

Sincerely yours,

Sam Chandler
Chief Executive Officer

TRANSFORMING THE WAY THE WORLD WORKS

WHY WE DO WHAT WE DO

Our vision

When we founded Nitro in 2005, we had a simple vision: we wanted to make document productivity easy, powerful and available to all. Today, Nitro serves millions of users every month, counts tens of thousands of businesses, government agencies and educational institutions in 157 countries as its customers, and its SaaS products have been deployed at scale throughout some of the world's largest and best-known organisations.

But even with the giant strides we have made through the past year in building out the Nitro Productivity Platform, we know the journey is only beginning. The response to COVID-19 has, through sheer necessity, dramatically accelerated the adoption of productivity-enhancing digital technologies worldwide. But for the majority of organisations, that still means they are barely through the first stage of their digital transformation journey. With Nitro's comprehensive product platform and a mission to empower everyone to work smarter with the most critical and prevalent documents in their enterprise, the opportunity before us is enormous and growing.

We envision a world of end-to-end digital document workflows, the final consignment of paper forms and physical signatures to history, delightful product experiences for daily document tasks, and powerful PDF productivity and eSigning for everyone.

Values that drive our success

We know that our success is only as good as the people behind it, and we are committed to building a culture that not only engages our Nitronauts but encourages them to innovate and grow. Together, we push each other as professionals, inspire each other as individuals, and support each other as friends. Nitro has always put people at the centre of what it does, whether it is our customers or our employees. It comes back to one of our core values: be good. Today, our 300-strong, wonderfully diverse team around the world consists of creatively intelligent and talented people whose unique expertise delivers powerful yet intuitive solutions that delight our customers and make them more productive. Most importantly, we are doing it in a way that is incredibly rewarding, making everyone proud to be part of Nitro.

Our customers

Commitment to customer success is not just a slogan for us; it is woven into every decision we make, every product we offer, and it is the driving force behind our success. Our promise to our customers is simple: to help organisations of all sizes eliminate paper and physical signatures, accelerate business processes, and drive digital transformation. We care deeply about our customers' success.

EVEN WITH THE GIANT STRIDES WE HAVE MADE THROUGH THE PAST YEAR, WE KNOW THE JOURNEY IS ONLY BEGINNING.

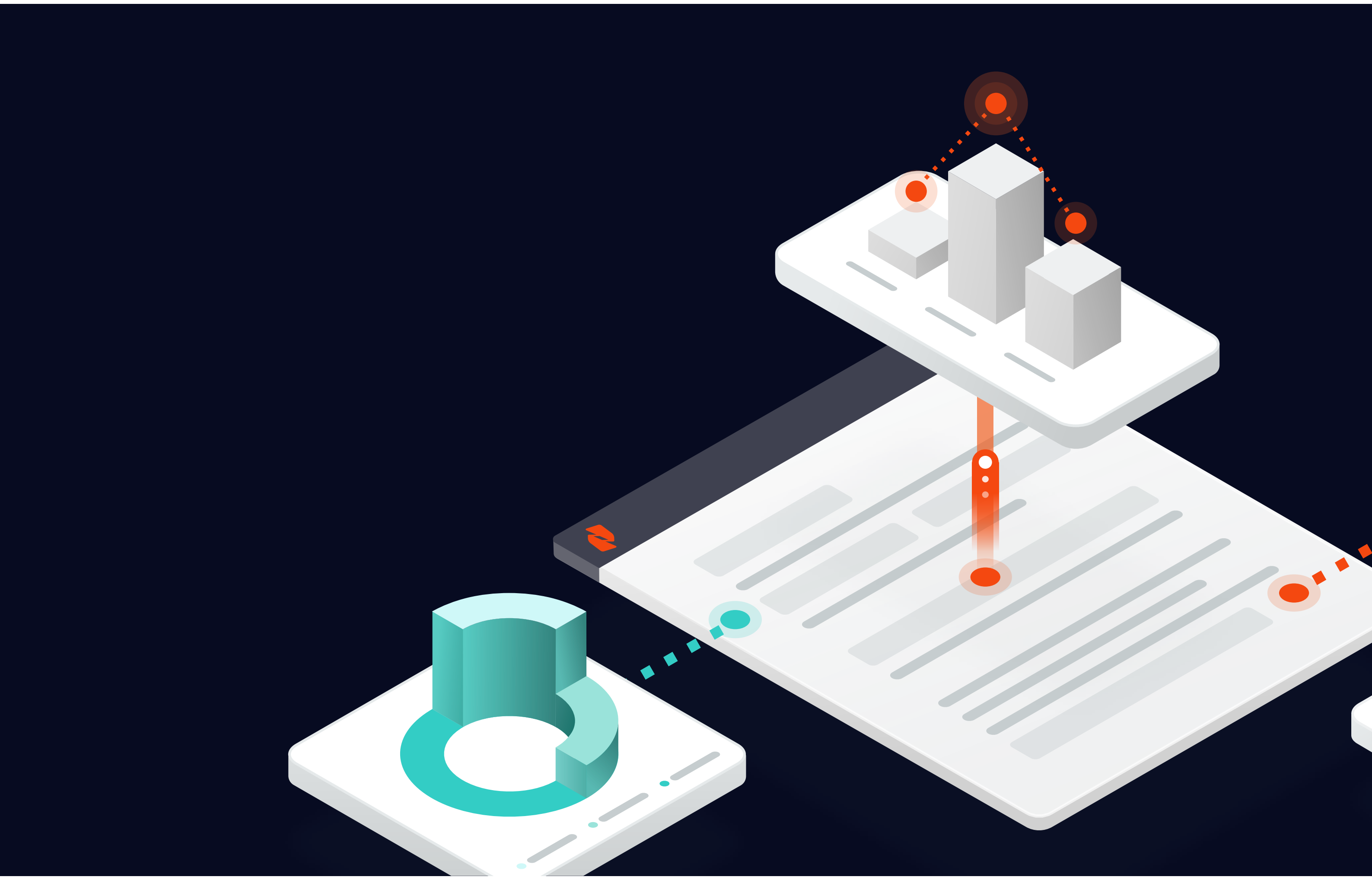
We started by helping individuals and small businesses do more with their documents, and today we are helping drive digital transformation at some of the largest companies in the world. Nitro now has more than 13,000 business customers across 157 countries. The acquisition of Connective alone delivered 1000+ new customers to Nitro, including governments, agencies and financial institutions that rely on Connective's high-trust, highly secure eSigning and eID solutions.

The more important numbers to us, however, are our best-in-class customer net revenue retention rate of 113 per cent, net promoter score of 52 per cent and customer satisfaction rate of 93 per cent. These figures, built on the quality of our products, service and team, demonstrate our excellence in customer retention and acquisition, and underpin our growth ambitions. They give us the confidence to know we can take advantage of significant upsell and cross-sell opportunities presented by the integration of Connective's suite of products into the Nitro Productivity Platform. And they reinforce our belief that customers are demanding, and deserve, better products and service than they have been able to get from legacy vendors.

Our solutions

Many documents are not just a document; they are essential to a workflow, process, business outcome or critical KPI. Our research confirms that PDFs are still the most common document type in every business, which means PDF productivity remains one of the first places to look for immediate impact and scale.

The COVID-19 pandemic dramatically accelerated the abandonment of paper-based processes in favour of digital solutions that enabled continued collaboration between suddenly remote workers. Even two years into the pandemic, however, paper-based processes remain common and many hastily installed digital solutions are either the wrong choice for an organisation or merely replicate a paper-based process. This shows up in our



own research[1]; 83 per cent of surveyed workers say the way their company handled digital documents had not improved significantly during the pandemic and 95 per cent still see continued room for improvement.

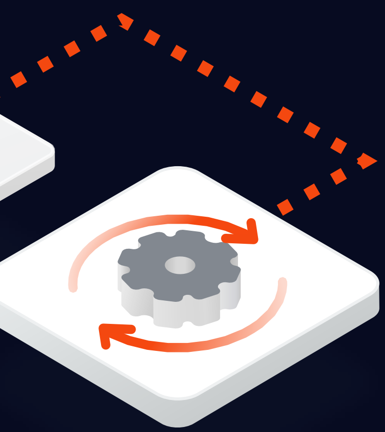
Nitro's tailored solutions are designed to unlock the real power of PDF productivity and deliver the highly secure eSigning and eID solutions customers are demanding.

The Nitro Productivity Platform

The Nitro Productivity Platform provides flexible and connected solutions that put the power of Nitro to work across every device and workflow, allowing customers to transform their entire organisation with a single solution. It offers best-in-class business solutions, including PDF productivity, simple to qualified eSignatures, powerful APIs and integrations, document generation and industry-leading analytics.

The Productivity Platform enables integrated document workflow and automation across the business, secure identity for industry compliant digital document experiences, and insight driven solutions to improve workplace efficiency. These solutions truly empower knowledge workers with a suite of tools that improve document productivity by making it more efficient to create, convert, share, sign, secure and collaborate on virtually any device. It is further supported by a world-class customer success team that ensures smooth on-boarding and intuitive admin controls that allow users to quickly activate and assign licenses across operating systems with flexibility.

1. The Nitro 2022 Productivity Report (https://www.gonitro.com/resources/productivity-report-2022).



UNLOCK GREATER PRODUCTIVITY

We envision a world of end-to-end digital document workflows, the final consignment of paper forms and physical signatures to history, and powerful PDF productivity and eSigning for everyone.

THE FUTURE OF WORK

The three eras of digitisation

Nitro has identified three eras across an organisation's journey from analogue processes to end-to-end, intelligent digital workflows.

1. The first era is **digitisation**, in which analogue, paper-based workflows are eliminated or streamlined with digital processes.
2. The second era is **optimisation**, where the focus shifts to leveraging business intelligence to drive more business outcomes from increasingly digital workflows.
3. The third era is **transformation**, which will ultimately be reached as these intelligent, and increasingly automated, workflows become dominant throughout the entire organisation.

The impact of COVID-19

Even before the onset of COVID-19, most organisations worldwide had taken their first steps on the **digitisation** journey. In recent years, physical paper handling, printing and scanning have steadily declined, while PDF collaboration and the use of eSigning have continued to rise. In a matter of months, COVID-19 turned this evolution into a revolution. Companies, industries, and entire countries were forced to rapidly adopt digital processes out of necessity when they could not physically connect with their employees and their customers. Our own research[1] shows that in the first six months of the pandemic alone, the use of eSignatures rose 60 per cent as printing dropped 25 per cent. The rapid digital investment by many had the effect of levelling the playing field, significantly closing the gap between the digital laggards and the digital leaders.

Two years into the pandemic, there is now widespread awareness and understanding of the benefits of digitisation. As a sense of normality returns, it is clear that a hybrid way of working – a blend of both remote and office working – will become widespread and, for many, permanent. Every single organisation in the world is thinking about how they enable every single employee to work digitally.

Put simply, digital work is the new normal.

Far-sighted organisations, having managed digitisation, are now turning their attention to **optimisation**. The transition to the era of optimisation is happening much faster than we anticipated, having been accelerated by the response to the pandemic. We estimate that half of our customers are starting to enter this phase, with awareness and adoption of digital transformation three or four years ahead of where we might have expected it to be before COVID-19 hit. One of the issues this phase will need to address is the desperate investment in business-critical digital systems and processes that occurred at the onset of COVID-19. In the clearer air post-pandemic, many of the band-aid measures applied across the past two years must be re-assessed. At best, there may be a better solution for customers, partners or employees. At worst – as we are seeing frequently in eSigning – the hastily installed solution may not be secure, compliant or legally binding. As organisations reassess their technology and productivity requirements, they are increasingly looking to partner with one vendor that can provide multiple solutions.

1. The Future of Work Part 1 (https://www.gonitro.com/resources/future-of-work-part-1).

Just as the shift to optimisation has been accelerated by COVID-19, so has the era of **transformation**. We are on the cusp of this era, where organisations will realise the true promise of digital transformation. Organisations will adopt a totally evolved way of working and there will be a new paradigm for documents and processes, as well as widespread usage of automation, machine learning and AI. The "dumb" documents of today will become truly intelligent, combining the best of the 30-year-old PDF model with new embedded structures that make them readable and editable in all formats on all devices, able to be plugged into digital workflows, and allow human-like understanding of the content they carry.

Scaling the business

The past year laid the groundwork for Nitro's future as a multi-product, global software platform company.

The Nitro Productivity Platform was developed to mirror our customers' digitisation journey, overlaying our solutions and product roadmap so customers are fully supported on their first steps towards digitisation, through optimisation and, ultimately, transformation.

Together, this journey represents a multi-decade, multi-trillion-dollar opportunity. Today, we estimate Nitro's total addressable market at US$28 billion, made up of the US$11 billion PDF productivity market and the US$17 billion eSigning market. Of this, the biggest opportunity is in the US$11 billion enterprise eSigning market. The global eSigning spend will expand at a CAGR of 30 per cent over the next decade as the market matures. With the acquisition of Connective and its world-leading capabilities, Nitro has a clear competitive advantage and an opportunity to capture a bigger share of this market.

Nitro's two strategic acquisitions in 2021 – Connective and PDFpen – addressed known capability gaps in the Nitro Productivity Platform to ensure we now have a product or service to meet virtually every customer requirement in eSigning and PDF productivity.

PDFpen

Nitro's Productivity Platform already enabled certain key mobile and tablet operating systems, with eSigning also available on any device with a web browser and Nitro Pro compatible with Microsoft Surface devices. The acquisition of PDFpen extended native PDF productivity to Mac, iPhone and iPad users for the first time, providing Nitro customers with productivity solutions for virtually every device and operating system – at home, in the office, in the field and on the move – at a time when COVID-19 has driven a permanent shift to remote working.

PUT SIMPLY, DIGITAL WORK IS THE NEW NORMAL.

Connective

The acquisition of Connective has firmly cemented Nitro's position as a global eSign and document productivity SaaS platform. Connective is Belgium's leading eSign SaaS business, with fast-growing market share in France and customers in 11 other European countries. Connective's business focuses on serving the needs of enterprise and government customers that require high levels of trust, security, and regulatory compliance. With this acquisition, Nitro has experienced a 10-fold increase in eSigning requests. Connective adds highly secure, enterprise-grade eSigning, expansive electronic identity ('eID') support, and a powerful document workflow automation solution to Nitro's existing eSign solutions at a time where increased trust, security, and regulatory compliance are vital to business success. With data security at a premium, the future of eSigning is built around high-trust eID-driven solutions, and this acquisition positions Nitro to become a global leader.

The year of 2022

Nitro's mission for the coming year is to build on the strategic milestones and successes of FY2021 by scaling the now-comprehensive Nitro Productivity Platform. This will involve fully integrating Connective — its capabilities and highly talented team – and taking advantage of the opportunities to upsell and cross-sell Nitro and Connective products to a combined 13,000+ business customer base. We will remain focused on customer acquisition, retention and expansion, as well as responding to competition at a time when customers are signaling their dissatisfaction with legacy providers and increasingly demanding one vendor who, like Nitro today, can offer multiple solutions to meet all needs.

The coming year will also see a significant investment in engineering to support an active product development pipeline. Key releases for FY2022 include:

- Nitro PDF Pro
  Expanding competitive position with integrated document productivity platform and enhanced feature set:
  - Delivering key performance improvements in conversations, editing, OCR language support, and sentence and paragraph detection.
  - Enhancing operational ease and deployment across named user licensing for platform administration, product integration and discovery.
- Nitro Sign
  Delivering step-change value with delivery of enterprise-grade features across eSignatures, identity services, API's and integrations:
  - Establishing Nitro as the global leader in high trust eSignatures with QES/AES.
  - eSignatures, KYC/identify verification product and certificates at signature level.
  - New set of enterprise features, integrations, document generation and API's available to all customers.
  - Delivery of expanded GTM through North American and Australian data centres.
- Nitro Analytics
  Continued enhancement of analytics solution:
  - Drive differentiation with richer, deeper insights and reporting.
  - Inclusion of newly acquired products in Nitro Analytics (e.g., Connective, Nitro Pro for MacOs).

Every one of these enhancements is designed to improve the products and services we offer our customers as we partner with them on their digitisation journey.

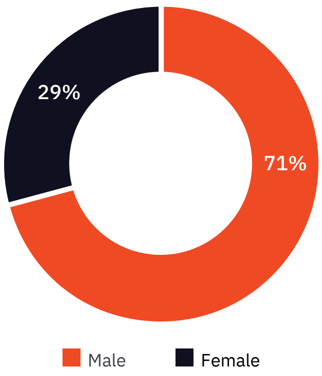
While we will continue to evaluate opportunities to add additional capabilities through strategic investments and acquisitions, Nitro enters the new year well positioned, on the strength of our existing platform alone, to continue scaling our PDF productivity footprint and to become a leading global player in the fast-growing enterprise eSigning market.

GOVERNANCE

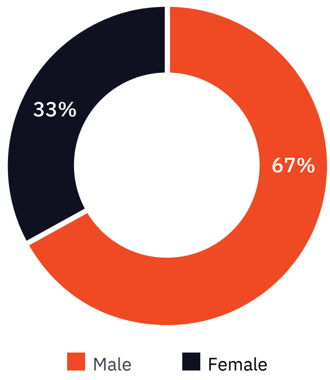
Nitro is committed to meeting high standards of corporate governance to create long term and sustainable shareholder value. The Board supports the need for strong corporate governance, and this is reflected across the culture and business practice of the organisation. Our policies are essential in enabling transparency and accountability across the organisation, and in protecting and enhancing the interests of shareholders and other stakeholders. Nitro's approach to corporate governance and our compliance with the Recommendations of the ASX Corporate Governance Council are described in our Corporate Governance Statement, which is available on our website at:

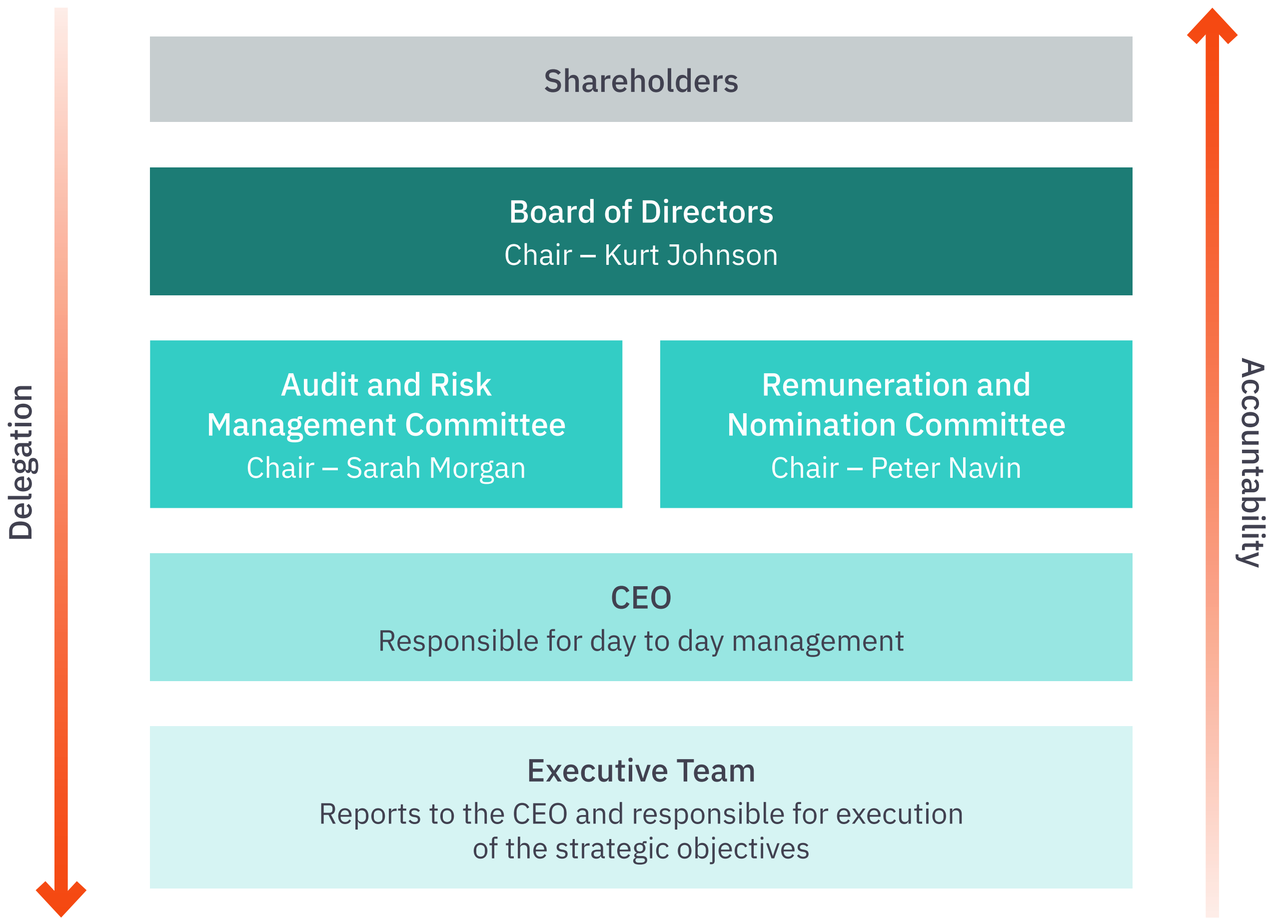
https://ir.gonitro.com/investor-centre/?page=corporate-governance.

BOARD COMPOSITION – DIVERSITY 2020



BOARD COMPOSITION – DIVERSITY 2021





BOARD OF DIRECTORS

KURT JOHNSON
Executive Chairman

Qualifications

- MBA from Gonzaga University
- Bachelor's Degree from Eastern Washington University

Kurt brings with him over 24 years of management experience in both private and public company leadership roles, leading initial public offerings, mergers and acquisitions, strategic investments, recapitalisations and venture stage investing.

Beyond his well-regarded financial expertise, Kurt has extensive experience from the technology sector, with critical strategy and risk management knowledge, as well as expertise in growing and scaling businesses whilst managing talent development and retention and building highly effective teams.

Kurt previously served as President and CEO of Fastclick (NASDAQ: FSTC), where he led the company to a US$285 million valuation and sale of Fastclick to ValuClick in 2005. Before this, Kurt served as CFO of ValueClick (NASDAQ: VCLK), where he was instrumental in the company's growth from an early-stage enterprise to a US$1.4 billion international media technology company. Earlier in his career, Kurt was an investment banker at Olympic Capital Partners in Seattle

Special responsibilities

- Executive Chairman
- Member of the Audit and Risk Committee

Current ASX listed company directorships

- Nitro Software Limited (since September 2010)

SAM CHANDLER
Executive Director and Chief Executive Officer

A serial entrepreneur, Sam brings with him over 20 years of significant breadth and depth of global operating experience and financial markets.

Sam's deep technological expertise can be seen through his strong leadership of the business strategy. It is this leadership along with an emphasis on innovation, financing the business and building a strong culture, that have all contributed to Nitro's growth.

Sam started his first company at age 16, while still in high school, and his second at age 21, while attending university, before co-founding Nitro. In 2014, Sam was named the Ernst and Young Australian Emerging Entrepreneur of the Year. Sam previously sat on the Board of the Australian Communities Foundation from 2005-2008. He is currently an investor and mentor at Startmate, the leading Australian tech accelerator, and an investor and advisor at Bloom Venture Partners, an early-stage SaaS VC firm in the United States.

Current ASX listed company directorships

- Nitro Software Limited (since September 2010)

MICHAEL BROWN
Non-Executive Director

Qualifications

- Bachelor's Degree in Finance and International Business from Georgetown University

Michael brings with him over 27 years of experience and expertise in M&A and capital raisings, with a strong understanding of market trends, customer, and consumer behaviour. He also has a proven track record in developing and implementing strategy with a focus on risk management, growth, and value creation.

Michael currently serves as a General Partner at Battery Ventures, a role he has held since 2007, having joined Battery Ventures in 1998. In his role at Battery Ventures, Michael focuses on growth investments in enterprise-software, financial-services, e-Commerce and technology-enabled business-services companies.

Michael previously served as a member of the high-technology group at Goldman, Sachs & Co., where he focused on debt and equity financings and mergers and acquisitions.

Special responsibilities

- Member of the Remuneration and Nomination Committee

Current ASX listed company directorships

- Nitro Software Limited (since September 2014)
- Member of the Remuneration and Nomination Committee

LISA HENNESSY

Lead Independent Non-Executive Director

Qualifications

- MBA from Harvard Business School
- Bachelor's Degree in Electrical Engineering from Purdue University
- Graduate and member of the Australian Institute of Company Directors

Lisa brings with her over 30 years of strategy and M&A experience, with knowledge and insights on raising funds through debt financing, capital markets, private equity and angel investors.

Lisa also has extensive global experience, working with start-ups both in silicon valley and in Australia, with a focus on strategic execution and building successful corporate cultures and remuneration frameworks.

Lisa previously held executive roles within global organisations and enterprise software businesses, including Bain, General Electric and Del Monte Foods working across the USA, Australia and EMEA.

Special responsibilities

- Member of the Remuneration and Nomination Committee
- Member of the Audit and Risk Management Committee

Current ASX listed company directorships

- Nitro Software Limited (since November 2019)
- Cleanspace Holdings Limited (since December 2021)

Former ASX listed company directorships in the last three years

- Murray River Organics Limited (since August 2016 to January 2018) Non-Executive Director, Chair of the Remuneration and Nomination Committee and Member of the Audit and Risk Management Committee

SARAH MORGAN

Independent Non-Executive Director

Qualifications

- MBA from the University of Melbourne
- Bachelor's Degree in Mechanical and Manufacturing Engineering from the University of Melbourne
- Graduate and member of the Australian Institute of Company Directors

Sarah brings with her 19 years financial market experience and 19 years of experience as a private, not-for-profit and public company Director.

Prior to becoming a company Director, she spent over 15 years as an Executive Director at Grant Samuel, independent corporate advisory firm, where she specialised in merger and acquisitions, public and private capital raisings and other forms of corporate financial advice.

Sarah also brings significant expertise in listed markets, a strong regulatory background, and a strategic skillset and knowledge of human and social capital management.

Special responsibilities

- Chair of the Audit and Risk Management Committee
- Member of the Remuneration and Nomination Committee

Current ASX listed company directorships

- Nitro Software Limited (since November 2019)
- Adslot Limited (since January 2015) Non-Executive Director and Chair of the Audit and Risk Committee
- Whispr Limited (since January 2019) Non-Executive Director and Chair of the Audit and Risk Committee and member of the Nomination and Remuneration Committee
- Future Generation Global Company Limited (since June 2015) Non-Executive Director

Former ASX listed company directorships in the last three years

- Hansen Technologies Limited (since October 2014 to December 2019) Non-Executive Director and Chair of the Audit and Risk Committee

CRAIG SCROGGIE

Independent Non-Executive Director

Qualifications

- Advanced Certificate in Information Technology from the Box Hill Institute
- Graduate Certificate in Management from the University of Southern Queensland
- Postgraduate Diploma in Management from the University of Southern Queensland
- MBA from the University of Southern Queensland
- Graduate and Fellow of the Australian Institute of Company Directors

Craig brings over 25 years of experience in the software and technology industries, with expertise in business strategy and risk management, executive leadership, M&A, and capital raisings. Craig also has a strong track record of success in product sales, business development, and scaling high-growth organisations in the technology industry.

Craig currently serves as the Chief Executive Officer and Managing Director of NEXTDC (ASX:NXT), an ASX Top 100 Public Company. Prior to his appointment as CEO of NEXTDC in June 2012, Craig served as a Non-Executive Director and Chairman of NEXTDC's Audit and Risk Management Committee. Before this, he held senior leadership positions with Symantec, Veritas Software, Computer Associates, EMC Corporation and Fujitsu.

Special responsibilities

- Member of the Audit and Risk Management Committee

Current ASX listed company directorships

- Nitro Software Limited (since September 2021)
- NEXTDC Limited (since June 2012) Managing Director and CEO
- Sovereign Cloud Limited

PETER NAVIN

Independent Non-Executive Director

Qualifications

- Bachelor's Degree in American History from The Catholic University of America

Peter brings with him over 30 years of experience as a proven strategic human resources executive driving business performance with deep experience in high growth, multi-product, public and pre-IPO organizations across industries including enterprise, e-commerce, entertainment, healthcare, and banking.

Mr Navin currently serves as the Chief People Officer of the US Olympic and Paralympic Foundation. Prior to that, Mr Navin served as Chief Human Resources Officer at US healthcare provider Grand Rounds (now Included Health) and as Chief Human Resources Officer at DocuSign, where he was responsible for scaling the human resources, internal communications, real estate and workplace services, and philanthropy teams as the company expanded globally. Prior to his time at DocuSign, Mr Navin served as Senior Vice President of Human Resources at Shutterfly.

Mr Navin is also the author of *The CMO of People: Manage employees like customers with an immersive predictable experience that drives productivity and performance.*

Special responsibilities

- Chair of the Remuneration and Nomination Committee

Current ASX listed company directorships

- Nitro Software Limited (since February 2022)

BOARD SKILLS MATRIX

Our Approach to Board composition and skills matrix

The Board and its Remuneration and Nomination Committee work to ensure the Board has the right balance necessary to fulfill its responsibilities. The composition of our Board is designed to include Directors that bring diversity of thought and a level of skill and experience that helps deliver value and returns to our shareholders.

Our skills matrix identifies the skills, knowledge, experience and capabilities of our Board to enable it to meet both the current and future challenges for Nitro. All Directors are expected to comply with the Code of Conduct, act with integrity, lead by example and promote the desired culture of Nitro. In addition, our Board operates under the premise that all Directors:

- Have a clear understanding of regulatory and legal compliance matters, director responsibilities, duties and stakeholder expectations
- Have strong understanding of ethical obligations to all stakeholders and understand the factors that impact on Nitro's social licence to operate
- Have clarity about Nitro purpose, strategy and culture and the need to focus on both financial and non-financial risks
- Can and do challenge the management and status quo
- Are willing to show their technical ability, depth and breadth of knowledge and use it to Nitro benefit
- Are willing to continuously learn and improve their skills
- Are collaborative in their approach

To ensure we cover existing and emerging business and governance issues relevant to Nitro, we review our Board's skills annually. The 2021 review focused on the skills and experience required for Nitro to continue to achieve our purpose and strategic objectives, furthering our growth and global footprint.

Board skills and why are they important to Nitro

The skills matrix below provides a list of skills relevant for the Board of Nitro given our current business strategy and market positioning, as determined by our Remuneration and Nomination Committee, and presents the results of the assessment of the skill and experience represented on the Board.

Skills linked to the business strategy and criteria

Leadership, governance and compliance

Our Board brings valuable executive experience, having led large teams in both listed and unlisted companies. Having held an executive role, our Directors are better positioned to understand the risks, opportunities and challenges for the KMP team and the Company. The Board provides strong leadership and sets the 'tone from the top,' upholding the Company's vision and strategic objectives.

Executive leadership

Senior executive role in a publicly listed company in Australia or overseas.

People, culture and remuneration

Senior executive role with direct responsibility for people, culture, hiring, remuneration and skills development.

Legal, public policy and regulation

Experience with regulatory and legal compliance and litigation/disputes.

Industry

Nitro must have a Board comprising Directors who are able to effectively understand and manage the issues arising in the Company's business. Directors must also review and challenge the performance of management and optimise the Company's performance. To achieve this goal, at least half of the Board should have technical expertise and deep knowledge of the technology space, and specifically within SaaS and enterprise software.

SaaS and enterprise software

Former or current executive role experience in the IT/technology sector, with SaaS and enterprise software experience preferable.

Product development, technology and innovation

Former or current executive role experience in product development, innovation of software products and bringing these to market at scale, preferably within SaaS and/or enterprise software.

■ Highly skilled ■ Skilled ■ General knowledge

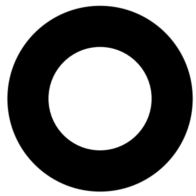
Skills linked to the business strategy and criteria

Commercial

With ambitions to expand Nitro's global footprint, the Board must have experience in executive roles that require global leadership and an understanding of regional political, regulatory and business environments in order to have the expertise necessary to fulfill Nitro's strategy and goals. The Board must have a strong commercial sense and ability to assess market risks and opportunities.

Strategy and risk management

Experience in enterprise-wide strategy development and implementation, managing business operations, and designing an effective capital management framework in a large entity.



Accounting and corporate finance

Role in accounting, auditing, corporate taxation, investment banking, funds management, capital markets or equity analysis.

M&A and investments

Proven experience in developing and executing M&A, divestments, restructuring, capital allocations and spin-offs in Australia and/or overseas.

Entrepreneurship

Proven experience in creating and developing software products and services, as well as innovative improvements to products, business processes and internal systems.

Global business experience

Experience in developing and implementing successful and sustainable operational and governance structures in new geographies and jurisdictions.

Product sales, marketing and PR

Former or current executive role with direct responsibilities for marketing, business development, promotion, sales and communications.

■ Highly skilled ■ Skilled ■ General knowledge

Skills linked to the business strategy and criteria

People and Sustainability

People are the key to Nitro's business. Employees, customers and communities must be considered when assessing and approving strategies to ensure that Nitro maintains its social licence to operate.

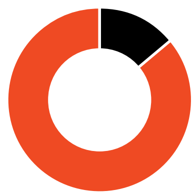
Human and social capital management

Understanding of social performance, issues related to human rights in respect of a technology company, and the elements that contribute to a social license to operate, including experience in community engagement, investment measurement and governance.

Experience leading large, diverse and geographically distributed teams, preferably with experience as part of the integration following an acquisition.

Environment and sustainability

Understanding of key environmental impacts for a technology/software business, including fluency in how climate change risks and opportunities affect the business and experience in management, performance and governance of these impacts.



■ Highly skilled ■ Skilled ■ General knowledge

SENIOR EXECUTIVES

KURT JOHNSON
Executive Chairman

Refer to Kurt's full bio on page 16.

SAM CHANDLER
Executive Director and Chief Executive Officer

Refer to Sam's full bio on page 16.

ANA SIRBU
Chief Financial Officer

Ana joined Nitro in September 2020 and brings to Nitro strong expertise in corporate and operational finance within the technology sector, most recently as Chief Financial Officer at BlueVine, a leading provider of small business banking and lending in the US. In this role, she led the company's finance, strategy, capital markets and analytics activities, playing a critical role in BlueVine's strong growth and success.

Prior to joining BlueVine, Ana led technology investment activity at Google Capital across the fintech and SaaS sectors. She also previously held investing, finance, and corporate development roles at Skrill, Silver Lake Partners and UBS investment bank.

In November 2018, Ana was included on the Innovate Finance Women in FinTech Powerlist, which recognises the contributions of women leading innovation in financial services.

Ana holds a Bachelor of Arts in Economics, *magna cum laude*, from Harvard University.

GINA O'REILLY
Chief Operating Officer

Part of the Nitro team since 2009, Gina has global responsibility for the Business Operations, Marketing, and People functions, including Employee Experience and Talent. With over 15 years of software industry experience, Gina seeks to attract, retain, and cultivate the best talent at Nitro. In order to accomplish this goal, she is passionate about developing a creative, challenging, fun, diverse, and inspiring work environment that makes every Nitronaut feel that his or her contribution helps grow the business. Prior to Nitro, Gina oversaw global sales and marketing at activePDF, a leading provider of server-side PDF solutions and developer tools.

Gina holds an MBA from the University of Phoenix as well as a Bachelor's degree in International Marketing and Languages from Dublin City University, Ireland.

MARK FLANAGAN
Chief Revenue Officer

Mark joined Nitro in January 2020 as Vice President EMEA, and now serves as Chief Revenue Officer, where he oversees all of Nitro's global Sales, Customer and Revenue Operations. Mark is an accomplished executive with a proven track record of driving high performance and business transformation through focused execution, often in challenging and highly competitive market segments.

Prior to Nitro, Mark was a member of Marketo's senior leadership team in EMEA responsible for accelerated growth across the region. He also served as Executive Vice President at Vistatec, a global professional services organization, where he headed up global sales, marketing & strategy. Mark has also held number of senior sales and marketing leadership positions in organisations such as PFH, GlaxoSmithKline (GSK) & Hewlett Packard.

Mark holds a Bachelor of Commerce degree (Marketing major) and a Postgraduate Higher Diploma in Marketing Practice from the National University of Ireland, Galway.

SAM THORPE
Chief Product Officer

Sam Thorpe rejoined Nitro in July 2020 from Flow Kana, where he served as CPO, responsible for formulating Flow Kana's technology and data strategy to accelerate the responsiveness of all supply chain tiers. Prior to Flow Kana, Sam served as the Director of Product Strategy at Nitro, where he led strategy, customer research and innovation toward synthesizing and unifying Nitro's global product strategy, and played a key role in the fund raising of tens of millions of investment dollars.

Sam also previously built and led innovative, high-performance product organizations in start-up environments, including two different enterprise real estate systems that were acquired in succession by Fortune 500 companies.

Sam holds a Bachelor's degree in Psychology with a Business minor from Humboldt State University.

ESG ASSESSMENT STATEMENT

Nitro's founding vision was to make document productivity easy, powerful, and available to all. Since then, we have expanded our capabilities and offerings to support our customers on their journey from digitisation to optimisation, and ultimately, to transformation across the entire organisation. At Nitro, we understand that efficiently and effectively managing our business processes and creating value for our customers, shareholders, and other key stakeholders requires a sustainable business model. By understanding the issues that are material to our business and important to our stakeholders, we can propose and implement measures that will promote growth, create positive impact, and add value in the long term. With this objective in mind, we carried out an environmental, social and governance ('ESG') assessment this year to identify key ESG issues that may impact our business and our ability to support sustainability practices relative to industry standards.

The ESG assessment consisted of comprehensive research to understand global, national, and industry ESG trends impacting our business. This was further complemented by a review of ESG investment trends that may impact our business risk exposure. We also analysed the material ESG topics determined by selected peers and considered expectations expressed in global ESG frameworks and standards, including the Global Reporting Initiative ('GRI'), the Value Reporting Foundation Sustainability Accounting Standards Board ('SASB'), the Task Force on Climate-Related Financial Disclosures ('TCFD'), and other leading ESG rating agencies. Additionally, the analysis considered our business nature as a software-as-a-service ('SaaS') company.

The outcome of the ESG assessment resulted in the identification of key ESG issues that may impact our ability to provide value in the long term if they are not managed appropriately. These ESG issues include:

- Energy, emissions, climate change, waste management and Clean technology in the environmental area (particularly where these assist with efficient and effective management of our customers business processes)
- Human capital management and development, diversity, equality, and inclusion (DEI), health and safety, data privacy and security, product governance, human rights, and customer experience in the social area
- Corporate governance, business ethics, risk management, competitive behaviour and intellectual property in the governance area

As we embark on this sustainability journey, our next step will be to determine which of these ESG issues are most material to our business and our stakeholders in order to generate a sustainability framework that will inform our response through the adoption of relevant management practices. We will seek to measure and establish baseline metrics for our most material topics, seek continuous improvement in our sustainability performance, and report transparently on our progress in future sustainability disclosures. We look forward to sharing our ESG progress as part of our 2022 reporting cycle, which will cover the period 1 January 2022 to 31 December 2022.

DIRECTORS' REPORT

The Directors present their report on the consolidated entity (referred to as 'the Group') consisting of Nitro Software Limited and the entities it controlled at the end of, or during, the financial year ended 31 December 2021. All amounts are presented in US Dollars ('US$') unless otherwise stated.

Principal activities

The principal activities of the Group during the year were the provision of software and software support services in relation to document productivity through the portable document format ('PDF') and eSigning.

Corporate information

Nitro Software Limited is a company limited by shares that is incorporated and domiciled in Australia. The company's registered office is Level 7, 330 Collins Street, Melbourne, Victoria, Australia and principal place of business is 150 Spear Street, Suite 1850, San Francisco, California, United States of America.

Details of Directors

As at the date of this report, the details of the Directors of the Company are as follows:

Name	Position
Kurt Johnson	Executive Chairman
Sam Chandler	Executive Director and Chief Executive Officer
Michael Brown	Non-Executive Director
John Dyson	Non-Executive Director (Retired 20 May 2021)
Lisa Hennessy	Lead Independent Non-Executive Director
Sarah Morgan	Independent Non-Executive Director
Peter Navin	Independent Non-Executive Director (From 8 February 2022)
Craig Scroggie	Independent Non-Executive Director (From 1 September 2021)
Richard Wenzel	Non-Executive Director (Retired 20 May 2021)

The Directors listed above each held office as a Director of the Company throughout the period and until the date of this report, other than:

- Richard Wenzel and John Dyson, who ceased to be Non-Executive Directors effective 20 May 2021;
- Craig Scroggie, who was appointed as a Non-Executive Director with effect from 1 September 2021; and
- Peter Navin, who was appointed as a Non-Executive Director with effect from 8 February 2022.

Directors and meetings of Directors

The table below sets out the directors of the Group and details the number of board and committee meetings held and attended by those directors, during the year ended 31 December 2021.

	Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	(A)[1]	(B)[2]	(A)[1]	(B)[2]	(A)[1]	(B)[2]
Sam Chandler	8	8	–	–		
Kurt Johnson	8	8	4	4	–	–
Michael Brown	8	8	–	–		
John Dyson[3]	4	4	–	–	3	2
Lisa Hennessy	8	8	7	7	3	3
Sarah Morgan	8	8	7	7	3	3
Craig Scroggie[4]	2	2	2	2		
Richard Wenzel[5]	4	4	3	3	–	–

Peter Navin joined the Board on 8 February 2022 and was not eligible to participate in any meetings during the year ended 31 December 2021.

1. Number of meetings held during the time the Director held office and was eligible to attend as a member.
2. Number of meetings attended.
3. Retired as a member of the Board of Directors and Remuneration and Nomination Committee on 20 May 2021.
4. Appointed as member of the Board of Directors and the Audit and Risk Committee with effect from 1 September 2021.
5. Retired as a member of the Board of Directors and Audit and Risk Committee on 20 May 2021.

The qualifications, experience and roles and responsibilities of directors, including current and recent directorships, are detailed on pages 16 to 17 of the Annual Report.

The remuneration, interests in securities and share options are detailed in the Remuneration report on pages 56 to 59 of the Annual Report.

Company Secretary

Mark Licciardo

Mark was appointed the Company Secretary effective 21 November 2019. Mark Licciardo is the founder and Managing Director of Mertons Corporate Services Pty Ltd. As a former company secretary of ASX 50 companies, Transurban Group and Australian Foundation Investment Company Limited, his expertise includes working with boards of directors in the areas of corporate governance, business management, administration, consulting and company secretarial matters. He is also the former Chairman of the Governance Institute of Australia Victoria division, Academy of Design (LCI Melbourne) and Melbourne Fringe Festival and a current Non-Executive Director of a few public (including ASX listed) and private companies. Mr Licciardo holds a Bachelor of Business Degree (Accounting) from Victoria University and a Graduate Diploma in Company Secretarial Practice, is a Fellow of the Australian Institute of Company Directors, the Institute of Chartered Secretaries and Administrators and the Governance Institute of Australia.

Officers

The names and roles of other Officers of the Company during FY2021 are shown in 'Key Management Personnel' of the Remuneration Report on page 38 of the Annual Report.

Insurance of Directors and officers

The Company has agreed to indemnify the current Directors and certain officers of the Company and its controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses. Under the terms of the agreement, the Company will meet the full amount of any such liabilities, including legal fees.

Insurance premiums

The Group has paid insurance premiums in respect of Directors' and officers' liability and legal expenses insurance contracts, for current and former Directors and officers, including senior executives of the Company and Directors, senior executives and secretaries of its controlled entities. The insurance premiums relate to legal costs and expenses incurred by the relevant officers in defending proceedings and other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage or to cause detriment to the Company. The terms of the insurance contract require that the amount of the premium paid be kept confidential.

Auditor and non-assurance services

PricewaterhouseCoopers ('PwC') continues in office in accordance with section 327 of the *Corporations Act 2001*. It is the Group's policy to engage PwC on assignments additional to their statutory audit duties where their expertise and experience with the Group are important. These assignments are principally due diligence reporting on acquisitions and tax advice.

Details of the amounts paid or payable for non-assurance services in relation to the acquisition of Connective and the capital raise by PwC are disclosed in note 17 'Auditor's remuneration' to the Consolidated Financial Statements on page 93 of the Annual Report. The Board of Directors has considered the position and is satisfied that the provision of the non-assurance services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-assurance services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-assurance services have been reviewed by the Audit and Risk Management Committee and the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 60 of the Annual Report.

Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company, nor have any applications for leave to do so been made in respect of the Company, under section 237 of the *Corporations Act 2001*.

Environmental regulation

The operations of the Group are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Significant changes to state of affairs of the Company

It is the opinion of the Directors that there were no significant changes in the state of affairs of the Group during the year, except as otherwise noted in this report.

Capital raise

During the year ended 31 December 2021, the Company raised A$140 million through a placement and retail entitlements offer to existing shareholders at A$3.43 per share. The proceeds from the capital raise were primarily used for the acquisition of Connective NV.

Acquisition of Connective NV

As outlined in Note 3 to the financial statements for the year ended 31 December 2021, Nitro completed the acquisition of Connective NV, Belgium's leading eSign SaaS business, on 20 December 2021 for a consideration of Euro 70 million. The integration is successfully underway, with Connective's and Nitro's market-leading products available to be sold immediately into their joint customer base comprising over 13,000 business customers.

Acquisition of PDFpen technology

On 9 July 2021, Nitro completed the acquisition of the PDFpen technology – a suite of Mac, iPad and iPhone PDF productivity applications for Apple® desktop and mobile devices – from US-based Smile, Inc. for US$6 million in cash.

The acquisition of PDFpen – Nitro's first acquisition since its IPO in December 2019 – expands the Company's ability to offer PDF productivity solutions to more users across more devices and operating systems, furthering its mission to accelerate digital transformation in organisations around the globe.

Subsequent events

The Directors are not aware of any matters or circumstances that have arisen since 31 December 2021 that have significantly affected or may significantly affect the operations of the Group in subsequent financial years, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Other information

The following information, contained in other sections of this Annual Report, also forms part of this Directors' Report:

- Operational and Financial Review on pages 29 to 34 of the Annual Report;
- No dividends have been paid, declared or proposed;
- Likely developments in the operations of the Group are outlined in the 'Outlook' section of the Operational and Financial Review on page 34 of the Annual Report; and
- Remuneration Report on pages 35 to 59.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest US$1,000 (unless otherwise stated) under the option available to the Group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191. The Group is an entity to which the legislative instrument applies.

This report is made in accordance with a resolution of the Directors.

Kurt Johnson	**Sam Chandler**
Executive Chairman	Chief Executive Officer
24 February 2022	24 February 2022

OPERATING AND FINANCIAL REVIEW

This operating and financial review ('OFR') is designed to assist shareholders in understanding the Group's business performance and the factors underlying its results and financial position. It complements the financial disclosures in the Consolidated Financial Statements on page 61 to 95. The OFR covers the period from 1 January 2021 to 31 December 2021, including the comparative prior period for the year ended 31 December 2020.

The OFR also includes Software-as-a-Service ('SaaS') metrics that we believe are critical to the understanding of the performance of the business. These SaaS metrics are non-IFRS measures and the manner in which these are calculated and trends they convey are explained in Appendix 1 to the Annual Report 2021.

To conform to the current period presentation, comparative figures have been reclassified where appropriate.

Summary of Financial Results[1] US$ millions	2021	2020	Change	Change %
Subscription	**33.8**	**21.2**	**12.5**	**59%**
Perpetual licence, maintenance and support	17.1	18.9	(1.9)	-10%
Total revenue	**50.9**	**40.2**	**10.7**	**27%**
Cost of revenues	(4.0)	(3.8)	(0.2)	6%
Gross profit	**46.9**	**36.4**	**10.4**	**29%**
Sales and marketing	(29.4)	(20.2)	(9.2)	45%
Research and development	(13.5)	(9.4)	(4.1)	44%
General and administrative	(11.6)	(9.2)	(2.3)	25%
Operating EBITDA	**(7.6)**	**(2.4)**	**(5.2)**	**214%**
SBP Expense	(7.6)	(3.0)	(4.7)	157%
Other – FX	(1.5)	(0.6)	(0.9)	169%
Other – M&A activity	(1.9)	(0.0)	(1.9)	NM%
EBITDA	**(18.6)**	**(6.0)**	**(12.7)**	**213%**
Finance costs, net	(0.1)	0.0	(0.1)	NM%
Depreciation and amortization expense	(2.4)	(1.7)	(0.7)	39%
Loss before income tax	**(21.1)**	**(7.7)**	**(13.5)**	**176%**
Income tax benefit/(expense)	(0.6)	0.1	(0.7)	-NM%
Loss for the period	**(21.7)**	**(7.5)**	**(14.1)**	**188%**

SaaS Metrics	2021	2020
Annual Recurring Revenue (ARR) including Connective $ million	46.2	28.5
Annual Recurring Revenue (ARR) $million	40.1	28.5
Gross margin	92%	91%
Net Revenue Retention (NRR)[2]	113%	117%
Gross Revenue Retention (GRR)[2]	94%	95%
LTV/CAC (ratio)[2]	4.7x	3.7x

1. Totals may not add due to rounding errors caused by the figures being rounded to the nearest tenth of million dollars.
2. The metric does not include the impact of the acquisition of Connective NV on 20 December 2021.

Revenue

Subscription revenue

For FY2021, subscription revenue increased by US$12.5 million or 59% to US$33.8 million compared to US$21.2 million for the same period in FY2020. Subscription revenue was 66% of total revenue in FY2021 as compared to 53% in FY2020. This increase was primarily driven by new customer wins, including many large enterprise customers, and expansions from existing subscription customers.

The Company measures growth in subscription revenue through New ARR added. New ARR added measures growth in subscription licence revenue during the period as a result of sales of subscription licences to new customers, additional subscription licence sales to existing subscription customers, and the conversion of maintenance and support contracts to subscription licensing. New ARR added (excluding Connective) during FY2021 was US$11.6 million. Consequently, ending ARR rose 41% during FY2021 to US$40.1 million from US$28.5 million at the end of the same period last year.

Perpetual licence, maintenance and support revenue

As the Company continues to transition perpetual license customers with maintenance and support contracts to our subscription offering, perpetual revenue, which includes maintenance and support revenues, is forecast to decline as a percentage of total revenue. For FY2021, perpetual licence sales and maintenance and support revenue declined by 10% to US$17.1 million or 34% of total revenue. For FY2020, perpetual license, maintenance and support revenue was US$18.9 million or 47% of total revenue. The Company expects perpetual revenue to continue to reduce as a percentage of total revenue given the rapid growth in subscription sales and the success of the Company's Nitro Productivity Platform.

Gross profit and gross profit margin

Gross profit increased by US$10.4 million or 29%, to US$46.9 million in FY2021 compared to US$36.4 million during FY2020. The gross margin was 92% for FY2021, compared to 91% for FY2020. Cost of revenues decreased during FY2021 as a percentage of total revenue compared to FY2020 primarily due to the growth in and dominance of subscription licensing, and increased efficiency in delivery of services.

Cost of revenues includes the cost of third-party technologies that are used to host Nitro's cloud-based products, third-party technologies that are embedded in the Company's products, third party hosting and transaction services for the Company's online storefront, and employee and other operating costs associated with the Company's customer support organisation.

Operating expenses

Sales and marketing

Sales and marketing expenses were US$29.4 million in FY2021, an increase of US$9.2 million or 45% as compared to US$20.2 million in FY2020. As a percentage of total revenue, sales and marketing expenses were 58% and 50% of total revenue in FY2021 and FY2020, respectively. The increase in sales and marketing expense was primarily due to an increase in head count, reflecting significant investments in Nitro's go-to-market initiatives as ARR and subscription revenue scale.

The Company measures the efficiency of sales and marketing by monitoring LTV/CAC ratios. The LTV/CAC ratio was 4.7x for FY2021 given strong retention and expansion performance.

Research and development

Research and development expenses were US$13.5 million in FY2021, an increase of US$4.1 million or 44% compared to US$9.4 million in FY2020. As a percentage of total revenue, research and development expenses were 26% of total revenue in FY2021 compared to 23% in FY2020. The increase was primarily due to increased personnel cost and contracting services, reflecting Nitro's commitment to innovation and the evolution of its Productivity Platform. Activities during the year included the development and launch of Nitro Productivity Platform, integration of PDFPen, and several new product integrations and enhancements. During the year, all research and development costs were expensed, as they did not meet the recognition and measurement criteria under AASB 138.

General and administrative expenses

In FY2021, general and administrative expenses were US$11.6 million, an increase of US$2.3 million or 25% compared to US$9.2 million in FY2020. As a percentage of total revenue, general and administrative expense was steady at 23% of total revenue. We expect this cost base to become increasingly efficient as a percentage of revenue as the Company continues to grow.

Other items impacting the results

Share-based payments expense

The share-based payments expense represents the fair value of equity awards issued by the Company over the vesting period. The expense for FY2021 includes the impact of equity awards in previous financial years as well as those issued in FY2021. During FY2021, the Company issued 5.57 million equity awards as compared to 10.87 million equity awards issued in FY2020.

Cash flows

Cash and cash equivalents were US$48.2 million as of 31 December 2021.

Operating cash outflow of US$9.6 million in FY2021 was higher than the operating cash outflow of US$1.5 million in FY2020. The increase in operating cash flow for FY2021 was primarily due to increased cost of operations partially offset by changes in other working capital. Gross receipts from customers in FY2021 increased by 21% to US$51.5 million as compared to US$42.7 million in 2020. Investing activities included US$0.2 million in relation to premiums on foreign currency option.

Cash outflows from investing activities related to payments for the acquisition of Connective NV amounting to US$75.7 million, net and acquisition of PDFpen amounting to US$6.1 million.

Cash flow from financing activities primarily include, inflows from the capital raise amounting to US$101.4 million and proceeds from exercise of options of US$1.2 million. The inflows were partially offset by payments for transaction costs of the capital raise of US$2.6 million and leases US$1.3 million.

Nitro’s growth strategy

The Company’s growth strategy is founded on five primary levers:

- Expansion within existing customers
- Winning new customers
- New product development
- Mergers and acquisitions
- New markets and channels

During FY2021, Nitro focused on ensuring delivery of its product roadmap and growth agenda for the future through the acquisition of PDFPen technology and Connective. These activities have delivered:

- PDF productivity across devices, mobile and web
- High trust eSign and eID verification
- Enterprise grade integrations, API’s, document generation and workflow automation
- Advanced analytics, including eSign analytics

Nitro expects to continue to attract new enterprise and mid-market customers, expand within its existing customer base and deliver the synergies from the integration of Connective.

With Nitro’s strong history in selling these solutions into the largest organisations in the world, we are excited to deploy our capital and resources to continue to grow our product offering and rapidly scale our customer base.

Proactive approach to risk management and response

Nitro deals with a variety of business risks, which it actively assesses and manages as part of its risk management framework along with the Board and the Executive Team. Nitro's core risks and the way they are managed are described below. This is not a comprehensive list of the risks involved or the mitigating actions that have been adopted.

Strategic risks

Nitro has a clear strategy to ensure the continued growth of the organisation. The strategic direction, together with the Company's ability to successfully execute on that strategy, is critical to its future success. Nitro devotes a significant amount of time and resources to developing, monitoring, and reviewing its strategic direction. This process involves a number of activities, including:

- Dedicated strategy discussions at Board and Executive level
- Regular engagement with external subject matter experts and consultants, including competitive intelligence
- Development of an organisation and reporting structure conducive to the execution of the strategic plans
- Ongoing monitoring and review of strategy within the organisation

Nitro is confident that its thorough approach to the development, review, and execution of its strategy greatly reduces risk in this area.

Cybersecurity, data protection, and third-party dependence risks

The use of information technology is critical to Nitro's ability to deliver products and services to customers and the growth of its business. Nitro's products also involve the storage and transmission of its customers' confidential and proprietary data, which may include sensitive personal or business information. By nature, information technology systems are susceptible to cyber attacks, with third parties seeking unauthorised access to data and financial theft, thereby causing disruption to business-as-usual services. Any of these events could cause a material disruption to Nitro's business and operations.

Nitro has based its data protection and cyber security protocols on the ISO 27000 series of standards and the EU GDPR regulation on data privacy. These standards enable Nitro to maintain its certifications for SOC2 Type 2 Report on Controls Relevant to Security, Availability, Confidentiality and Privacy, and a HIPAA Security Compliance Assessment of internal controls. These are important accreditations that customers expect when dealing with software providers in the industries in which Nitro operates. In certain circumstances, such accreditations are also required to be maintained in order to allow Nitro to tender for and provide its product offering to certain clients (e.g., government entities).

Nitro's systems are designed, built, and managed to reduce the potential for security or data privacy breaches. Nitro Sign is dependent on the performance, reliability, and availability of its own technology platforms, third party data centres and global communications systems, including servers, the internet, hosting services, and the cloud environment in which it provides its products.

Nitro uses Tier 1 service providers for the provision of data centres for its key cloud services. These partners host data in highly secure, fully redundant data centres, and communications infrastructure is similarly secure. Nitro's relationships with these providers are designed to maximise reliability and connectivity, with ongoing systems testing and monitoring.

Talent management risks

The success of the Company is dependent upon the ongoing retention of key personnel, including senior executives, as well as the sales and product teams. In addition, Nitro needs to attract and retain highly skilled software development engineers, for which the market is quite competitive. In response to the impact of the COVID-19 pandemic, Nitro has in FY2021 implemented a 'Flexible Forever' workplace policy. Every employee has the ability to work from anywhere, with in-person time when it makes sense.

- We are committed to a flexible work environment, forever
- We will focus on outcomes and performance
- We will hire the best talent from around the globe
- We will prioritise Nitro's culture and values in all that we do

Nitro continues to develop leadership, learning and development, as well as engagement initiatives to drive and deliver a results oriented and high-engagement culture. A best-in-class approach to remuneration, personal leave, wellness and healthcare benefits, as well as an identifiable value system, has ensured that any risks emanating in relation to talent management are mitigated promptly and suitably.

Outlook

In FY2022, Nitro will focus on integration of Connective and 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 US$28 billion[3] comprising the US$11 billion PDF productivity market and the US$17 billion market for eSigning. With the acquisition of Connective, Nitro has a clear competitive advantage and an opportunity to capture a bigger share of this market.

Given the scale of the market opportunity, clear sector tailwinds and the Company's multiple growth levers, Nitro will continue to make key investments in FY2022, primarily focused on the scaling and integration of Connective into Nitro's business, developing features relevant to its customers and scaling its go-to-market engine and its engineering organisation. Nitro will also continue to explore other targeted investments, including potential acquisitions, to build capability and scale and further cement its position as a global leader in eSigning and document productivity.

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, to build capability and scale and further cement its leadership position in global document productivity and workflow.

3. PDF productivity and eSigning Total Addressable Market ('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.

REMUNERATION REPORT

REMUNERATION REPORT

Message from the Remuneration and Nomination Committee

Dear Shareholder,

On behalf of the Board, we are pleased to present Nitro Software Limited's Remuneration Report for the financial year ended 31 December 2021.

Overview of the year

FY2021 was another challenging year due to the ongoing impacts of the COVID-19 pandemic on our employees, customers and the broader community. Despite the uncertain environment, our executive team and broader workforce have done an excellent job executing our strategy and delivering solutions for clients, whilst keeping the safety and well-being of our employees and customers as a top priority.

To ensure we have the right talent to build sustainable value for shareholders, we continued to invest in growing our workforce in what has been a challenging talent market. During the year we increased our workforce by 32% across key areas of the business, putting us in a strong position to support our next phase of growth.

In FY2021, we delivered strong organic growth in Annual Recurring Revenue ('ARR') of 41% (excluding Connective) compared to FY2020. Whilst operating EBITDA declined to (US$7.4) million (excluding Connective) from (US$2.4) million in FY2020, this largely reflected the increase in operating expenditure as we continued to invest in talent and the growth of our business. Nevertheless, operating EBITDA in FY2021 was ahead of budget, and importantly, we continue to achieve strong top-line growth with FY2021 revenue of US$50.7 million (excluding Connective) representing a 26% increase over the prior year.

In addition to financial outcomes, Nitro continues to deliver positive strategic non-financial outcomes, including an expansion of our customer base and the achievement of key product development milestones.

FY2021 remuneration framework and outcomes

The above achievements were reflected in FY2021 variable remuneration outcomes for executive Key Management Personnel ('KMP'), as summarized below. In this report, we have provided enhanced disclosures of the nature, measurement criteria and outcomes under the variable remuneration plans in order to provide greater transparency and readability of the remuneration report (refer to section 2 for detail).

Short-term incentive ('STI')

FY2021 STI outcomes for executive KMP were determined based on a balanced scorecard of measures, with 80% based on Group financial measures (ARR and Operating EBITDA) and 20% based on strategically important non-financial measures that are specific to each individual's role. Based on scorecard achievements, the CEO achieved a STI outcome of 108% of target (77% of maximum) and the CFO achieved 112% of target (80% of maximum).

Long-term incentive ('LTI')

Of the third and final tranche of options granted to executives under the 2019 LTI Plan, 87.5% vested in FY2021 based on the Company's revenue performance relative to target.

Regarding the grant of performance rights to the Executive Chair under the 2020 LTI Plan, 77% of the award vested in FY2021 based on the Company's relative total shareholder return ('TSR') performance over the two-year performance period.

KMP changes

During FY2021, the Board was pleased to welcome Craig Scroggie as a new independent Non-Executive Director (NED), effective 1 September 2021. Mr Scroggie is recognised as one of Australia's most successful technology executives, currently serving as CEO of ASX 100-listed NEXTDC. Following the reporting period, Peter Navin was appointed as a new independent NED based in the US. Mr Navin is the former Chief Human Resources Officer at DocuSign, with deep experience in high growth, global organisations. Concurrently with joining the Board, Mr Navin has been appointed as chair of the Remuneration and Nomination Committee.

Looking ahead to FY2022

Each year we review our remuneration arrangements and governance practices to ensure that they remain aligned to our strategy and market expectations, and are appropriate for the markets in which we compete for talent.

While Nitro is listed on the ASX, it is a truly global company with the current executive team and expected new hires located around the world, predominantly in the US and in Europe. To execute our ambitious growth strategy and ultimately deliver long-term value for shareholders, Nitro needs to attract, motivate and retain high-performing and innovative executive talent in a highly competitive global technology industry.

During FY2021, the Remuneration and Nomination Committee, with assistance from external advisers, completed a review of the remuneration framework to ensure that it:

- Remains fit-for-purpose as we continue to transform and grow our business.
- Is strongly aligned to our strategy and remuneration principles.
- Considers a balanced view of stakeholder expectations and pay structures in our global talent markets.
- Provides a clear and consistent framework that supports our desired culture.

As a result of the review, the following remuneration changes will be introduced in FY2022.

Executive remuneration structure

The revised executive remuneration structure for FY2022 will include the following:

- A new component in the form of service-based Restricted Stock Awards (‘RSA’). STI and LTI will continue to be offered as variable remuneration and will comprise the largest components of the total package.
- An increase in the stretch performance hurdles for the relative TSR and revenue growth hurdles under the LTI to drive outperformance.
- No change to the STI structure, which will continue to be awarded in cash subject to performance against key financial and non-financial measures.

Refer to section 2 for further detail.

NED remuneration

As detailed in section 9, base and committee fees for the Chair and NEDs have increased from 1 January 2022. This ensures that Nitro remains globally competitive to attract and retain suitably qualified NEDs to oversee the next phase of Nitro’s growth and success, and recognizes the increased complexity, accountability and time commitment of the NED role since Nitro’s listing – particularly following the recent acquisition of Connective.

Conclusion

Maintaining a remuneration framework that aligns to the expectations of our diverse stakeholders and global market practices can be a challenging balancing act. However, the Board values the feedback of our shareholders and other key stakeholders as a key input into the Board’s remuneration decisions. As a company listed on the ASX but primarily operating overseas, we will continue to regularly engage with you to discuss the appropriateness of our remuneration framework. We will consider opportunities to enhance our remuneration practices and disclosures in line with local market standards in Australia and abroad, in what is an incredibly competitive talent market. Overall, the Board is committed to a remuneration framework that is fair and reasonable, supports our business strategy, effectively aligns pay and performance, and reinforces our company values and good governance.

Sincerely,

Lisa Hennessy, Sarah Morgan, Peter Navin, Michael Brown
Remuneration and Nomination Committee
Nitro Software Limited

24 February 2022

REMUNERATION REPORT

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   - Executive remuneration changes for FY2022
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11. Additional statutory disclosures (other equity and KMP transactions required to be disclosed)

1. Introduction

The Directors of Nitro Software Limited ('Nitro') present the Remuneration Report ('the Report') for the Company and its controlled entities ('the Group') for the year ended 31 December 2021. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*.

The Report details the remuneration arrangements for the Group's Key Management Personnel ('KMP') identified in the table below.

Name	Title[1]	Independent	Term
Non- Executive Directors			
Michael Brown[2]	Director	No	Full financial year
John Dyson[3]	Director	No	Up to 20 May 2021
Lisa Hennessy	Lead Independent Director	Yes	Full financial year
Sarah Morgan	Director	Yes	Full financial year
Craig Scroggie	Director	Yes	From 1 September 2021
Richard Wenzel[3]	Director	No	Up to 20 May 2021
Executive Directors			
Kurt Johnson	Executive Chairman	No	Full financial year
Sam Chandler	Executive Director and Chief Executive Officer (CEO)	No	Full financial year
Other Key Executives			
Ana Sirbu	Chief Financial Officer (CFO)		Full financial year

1. As at 31 December 2021.
2. Michael Brown is considered not independent due to his ongoing relationships with major shareholders in the Company, Battery Investment Partners X, LLC and Battery Ventures X, L.P. respectively.
3. John Dyson and Richard Wenzel retired from their roles as Directors with effect from 20 May 2021.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

References in the Report to Executives only refer to the 'Executive Directors' and 'Other Key Executives' identified above.

Peter Navin was appointed as an Independent Non-Executive Director on the Board effective from 8 February 2022, before the date the financial report was authorised for issue. As such, Mr Navin has not been included in this report.

This Report is presented in the Company's functional currency of US$. The actual exchange rate applied has been disclosed throughout.

2. Overview of executive remuneration

Remuneration framework snapshot and principles

Executives receive fixed and variable at-risk remuneration consisting of short- and long-term incentive opportunities.

The Group's remuneration strategy aligns with its values of *'Performance First, No BS and Be Good'* through the five key reward principles that provide the foundation for reward design and quantum decision. The diagram below illustrates the link.

Our Values

Performance First

- Generate strong alignment between employees and shareholders' outcomes, encouraging a focus on long-term decision making.
- Enable meaningful accumulation of Nitro shares that drives an ownership mentality and shareholder alignment.

No BS

- Offer fair and competitive packages in the markets in which the Group competes for talent.
- Structure remuneration for senior employees to ensure collaboration towards the achievement of the Company's goal and together, share in its success.

Be Good

- Have the structure and transparency expected of an ASX listed company and meet expectations of all stakeholders when determining pay.

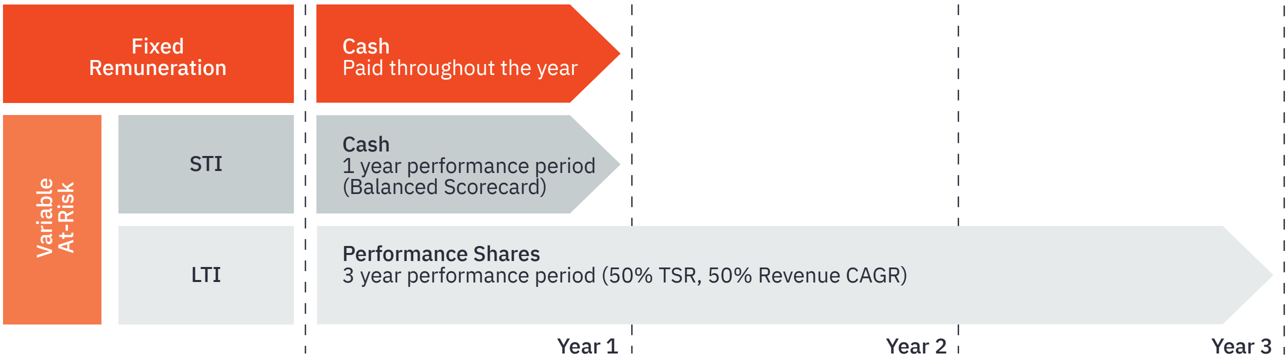
Reward Principle

Pay for performance	Aligned to investor interests	Fair and competitive	Attract, incentivise and retain	Transparency

Executive Remuneration Framework

	Fixed remuneration	Variable at-risk		
		Short-term incentive	Long-term incentive	Sign-on equity award
Purpose	Provide market competitive fixed pay to attract and retain top talent.	Rewards for meeting or exceeding challenging annual objectives that drive execution of our strategy and creates sustainable shareholder wealth.	Drives a focus on creating sustainable long-term shareholder value and reinforcing an ownership mindset.	Eligibility determined on a case-by-case basis by the Board. Typically provided to in lieu of forgone benefits and incentives from prior employment.
Vehicle	Base salary, statutory superannuation/pension contributions where applicable and other non-monetary benefits.	Cash.	Performance Shares.	Performance Rights. Restricted Share Awards and Options.
Measurement	Local market review of comparable roles in similar companies based on the scope of the Executive's role.	Performance against Board pre-agreed weighted financial and non-financial KPI's (i.e., balanced scorecard) with a financial gateway applied.	Vesting conditional on future performance hurdles (relative TSR and revenue measure).	Minimum vesting requirements include time-based service.
Quantum	Actual payments reflect individual skill, qualifications, experience and market conditions.	Target opportunity based on a % of fixed pay (varies by role). Maximum opportunity of 140% of target.	Grant value based on a % of fixed pay.	At the discretion of the Board with reference to an individual's forgone incentives and local market conditions.

When are the key FY2021 remuneration components earned and received?



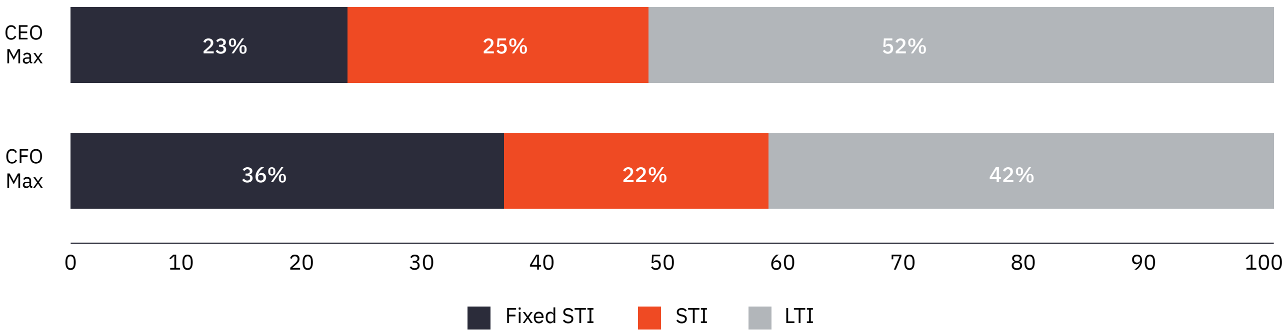
Alignment to business strategy

Applying the principles above, the Group aims to reward Executives with a level and mix of fixed and variable at-risk remuneration appropriate to their position, responsibilities and performance in a way that supports the 5 pillars of Nitro's business strategy.

5 pillars of business strategy	How is this incorporated in the structure?
1. Expansion of existing customers 2. Winning new enterprise customers 3. Expanding revenue contribution from larger enterprise customers	Pillars 1-3 are implicit in the ARR, Operating EBITDA and Revenue growth metrics measured and assessed as part of variable at-risk remuneration for Executives through both the STI plan (ARR and Operating EBITDA) and 2021 LTI plan (revenue CAGR performance hurdle).
4. Continued investment in product development	Achievement against Pillar 4 is measured and assessed annually in the relevant Executive's STI non-financial objectives.
5. Acquisitions	Acquisitions help grow our customer base and reduce product gaps, which ultimately drives future growth in revenue and relative TSR performance.

Remuneration mix

The maximum remuneration mix for the CEO and Executives[1] for FY2021 is shown below with LTI based on the face value of equity grants[2] during the year.



1. The Executive Chair role does not have a specified annual remuneration mix due to the transitionary nature of his employment arrangement.
2. The face value at grant is based on Nitro's share price as of 23 September 2020 for the CFO and 21 May 2021 for the CEO.

Remuneration benchmarks

Nitro is a global company with its headquarters and the majority of executives based in the US and Europe. Accordingly, when setting executive remuneration levels, the Remuneration and Nomination Committee references both Australian and international remuneration benchmarks to ensure that we continuously attract, motivate and retain top talent in a highly competitive global talent market. This includes consideration of comparable private company benchmarks, recognising that Nitro competes for talent with both pre-IPO and publicly listed Software-as-a-Service companies.

Whilst the Remuneration and Nomination Committee undertakes independent benchmarking each year as a guide for any remuneration changes, we recognise that it is key to consider not only benchmarking data, but also a number of fundamental factors including:

- The size and complexity of the role, including role accountabilities
- The criticality of the role to successful execution of the business strategy
- Skills and experience of the individual
- Period of service
- Scarcity of talent
- Surrounding market conditions and sentiment
- The Company's growth trajectory

Executive remuneration changes for FY2022

Following a comprehensive review of the executive remuneration framework to ensure that it supports our global strategy and culture, the Board approved a new executive remuneration structure for FY2022. The key features of the new structure include:

- Variable at-risk remuneration in the form of STI and LTI will continue to have the highest weighting in the executive reward mix.
- A new component in the form of annual grants of RSAs, which vest and convert to Nitro shares on a quarterly basis, over years 1-4 following the grant date, subject to continued employment with Nitro. The grant of RSAs will continue to reinforce an ownership mindset, whilst enabling an internationally competitive package to attract, motivate and retain exceptional global talent.
- Under the LTI, more challenging stretch performance targets (i.e., that could result in maximum vesting) will be set for the relative TSR (from the 75th to 90th percentile) and revenue growth hurdles (from 30% to 35%) to motivate and reward strong outperformance.
- No change to the STI structure, which will continue to be awarded in cash subject to performance against key financial and non-financial measures.

The new structure is in its final stages of development at the time of publishing this report, including the mix between the various components (fixed, STI, LTI, RSA) and any changes in remuneration quantum for FY2022. The final structure will be presented in more detail in the Notice of 2022 Annual General Meeting ('AGM') and the FY2022 Remuneration Report.

3. Short-term incentive plan

Key features of the 2021 STI plan

Who participates in the plan?	The CEO and CFO are the only KMP who participated in the FY2021 STI plan. The Executive Chair does not participate in the STI plan as per his service agreement (see section 8 for detail).
How is it paid?	Cash
How much can Executives earn?	Executives have a target opportunity based on a percentage of their fixed salary that varies by role and has been set with reference to comparable roles in similar companies. The STI opportunities for the Executives are as follows: • CEO: 75% of fixed remuneration at target (105% at maximum) • CFO: 43% of fixed remuneration at target (60% at maximum) The maximum STI opportunity is 140% of the target opportunity for FY2021

<table>
<tr><td>Is there a financial gateway?</td><td>
Yes. A minimum level of Group financial performance must be achieved as a gateway for the financial measures of the STI, to ensure alignment with shareholder outcomes prior to executives being eligible to receive an award under the financial component of the plan.
For FY2021, zero outcomes will occur for the financial component if either the:

ARR outcome is less than 85% of target; or
Operating EBITDA loss outcome is a loss greater than 20% of the target, with the Board maintaining discretion if this instance occurs jointly with significant outperformance against ARR.

</td></tr>
<tr><td>Is there a non-financial gateway?</td><td>No. There is no gateway applicable for non-financial measures.</td></tr>
<tr><td>How is performance measured and payouts determined?</td><td>
A participant's award is determined based on their achievement against a balanced scorecard of financial and non-financial objectives.
A summary of the measures and weightings are set out below:
<table>
<tr><th>Category</th><th>Weighting</th><th>Measures (key performance indicators)</th></tr>
<tr><td>Financial</td><td>80%</td><td>ARR
Operating EBITDA</td></tr>
<tr><td>Non-financial</td><td>20%</td><td>Management by Objectives ('MBO') that are role-specific and link to the Group's overall strategy and success measures.
Refer to section 5 for further detail of the MBOs for the CEO for FY2021 including commentary on performance assessment and outcomes.</td></tr>
</table>
Financial measures
Following achievement of the financial gateway, the Board will assess the outcome of the financial measures jointly via a ARR and Operating EBITDA performance matrix. The limits of the matrix have been set with reference to ARR and Operating EBITDA as follows:
<table>
<tr><th>Performance level</th><th>Payout as % of target (matrix score)</th></tr>
<tr><td>Threshold</td><td>60%</td></tr>
<tr><td>Target</td><td>100%</td></tr>
<tr><td>Maximum</td><td>150%</td></tr>
</table>
Payouts are tiered between the above performance levels.
Non-financial measures
The non-financial measures are based on the successful execution of mutually agreed MBOs, including the achievement of key success measures and the completion of key projects and initiatives specific to the executive. The payout of the non-financial component is based on the percentage achievement of the MBOs. There is no additional payout above 100% achievement for the non-financial component.
Refer to section 5 for details of the CEO's FY2021 STI scorecard and outcomes.
</td></tr>
<tr><td>Malus and clawback</td><td>
Malus applies to any awards made under this plan.
Awards will also be subject to clawback for any material financial misstatements in relation to Nitro's performance for the relevant period which are subsequently revealed.
</td></tr>
</table>

When is it paid?	The STI award is determined after the end of financial year following a review of performance against the measures by the CEO and in the case of the CEO, by the Board. The Board approves the final award based on this assessment, and the recommendation of the Remuneration and Nomination Committee. The amount is paid to an executive following the sign-off of statutory accounts or the announcement of the Group's full year financial results to which the performance period of the award relates.
What happens if an Executive leaves?	If an executive resigns or is terminated for cause prior to the end of financial year, no STI is awarded for that year. If an executive ceases employment during the performance period by reason of redundancy, ill health, death or other circumstances as approved by the Board, the executive will be entitled to a pro-rata cash payment based on assessment of performance up to the date of ceasing employment for that year.

4. Long-term incentive plan

Since the Company was established, equity awards have been granted to all Nitro employees.

For Executives, LTI plans have been designed to award participants with the opportunity to:

- Allow a meaningful accumulation of shares over time to inspire an ownership mentality; and
- Generate a strong alignment with shareholder outcomes by encouraging a focus on long-term decision making.

The type and nature of LTI awards have evolved with the growth and maturity of the Company as well as changes in ownership. Refer to section 10 for detail of legacy LTI plans of which awards have vested in FY2021 or remain unvested.

Key features of the 2021 LTI plan

Who participates in the plan?	The CEO was the only KMP who participated in the FY2021 LTI plan. The CFO did not participate in the FY2021 LTI plan given her commencement date in the role (28 September 2020) and receipt of a sign-on equity award in 2020 (refer to section 8 for detail). The Executive Chair did not participate in the 2021 LTI plan as per his service agreement (refer to section 8 for detail).
How is it paid?	Executives are eligible to receive performance shares.
How much can Executives earn?	The CEO had a LTI opportunity of up to 240% of fixed remuneration. The number of performance shares issued was determined by dividing the A$ equivalent award value by the 20-day volume weighted average share price ('VWAP') on 31 December 2020.

How is performance measured?	Awards are subject to two equally-weighted performance measures: Relative TSR and Revenue Compound Annual Growth Rate ('CAGR'). **Relative TSR** The Company's TSR over the relevant vesting period will be assessed against the relative TSR performance of the companies in the S&P/ASX All Technology Index ('XTX') ('Comparator Group'), as at 31 December 2020 to assess performance applying a 20-day smoothing based on VWAP. The proportion of performance shares that will vest will be determined by reference to the percentile ranking of the Company's TSR performance relative to the TSR performance of the Comparator Group during the performance period, in accordance with the following vesting schedule:

Relative TSR performance	Percentage vesting
Below the 50th percentile	0%
At the 50th percentile	50%
Greater than the 50th percentile less than 75th% percentile	Pro-rata straight-line basis 50% to 100%
Equal to or greater than the 75th percentile	100%

Revenue CAGR

The proportion of performance shares that will vest will be determined by reference to the Company's revenue CAGR during the performance period. The revenue CAGR targets and corresponding vesting percentages are as follows:

Revenue CAGR performance	Percentage vesting
Less than 25%	0%
25%	50%
Greater than 25% but less than 30%	Pro-rata straight-line basis 50% to 100%
Equal to or greater than 30%	100%

When is performance measured?	Performance is measured at the end of the three-year performance period.
Malus and clawback	Malus and clawback apply to any awards made under this plan.
What happens if an executive leaves?	If a participant ceases employment in 'bad leaver' circumstances (including resignation, dismissal for cause or poor performance), all of their unvested awards will be forfeited or lapse. Unless otherwise determined by the Board, if a participant ceases employment in 'good leaver' circumstances, such as disability or redundancy, a pro-rata portion of unvested LTI awards will remain on foot subject to any applicable vesting conditions and exercise conditions set out in the Letter of Invitation and plan rules at the time of award. Any LTI rights that remain on foot may be settled by the company in cash or shares. Notwithstanding the above, the Board may also, subject to any requirement for shareholder approval, determine to treat awards in a different manner to that set out above.

What happens if there is a change of control?	The Board may in its sole and absolute discretion, and subject to the Listing Rules determine the treatment on unvested instruments.
Are executives eligible for dividends?	Under this offer, executives are not entitled to any dividends on shares.

5. Overview of group performance and remuneration outcomes

The table below summarises the Groups' key financial measures and movements in shareholder wealth in US dollars for the past five years up to and including the current financial year.

	2021		2020	2019	2018	2017[1]
	Excluding Connective	Including Connective				
Revenue ($M)	50.7	50.9	40.2	35.7	32.4	26.7
ARR ($M)[2]	40.1	46.2	28.5	16.6	10.2	4.4
Operating EBITDA ($M)	(7.4)	(7.6)	(2.4)	(1.1)	NA	NA
NPAT ($M)	(21.4)	(21.7)	(7.5)	(7.9)	(5.5)	(12.4)
Share price at year end ($)	2.47	2.47	3.20	1.63	NA	NA
Total Shareholder Return	-23%	-23%	96%	-5%	NA	NA
Basic EPS (cents)	(11.0)	(11.0)	(4.0)	(10.8)	(8.4)	NA
Total Dividends	NA	NA	NA	NA	NA	NA

Revenue FY2021[3]

$50.7M

26% above FY2020

ARR FY2021[3]

$40.1M

41% above FY2020

Operating EBITDA FY2021[3]

($7.4M)

Above budget

The Board does not intend to declare a dividend in the near future and will continue to use funds raised for future activities and growth.

1. Does not include the impact of AASB 15 Revenue from contracts with customers and AASB 16 Leases.
2. ARR is calculated using an updated methodology for the years ended 31 December 2021, 31 December 2020 and 31 December 2019.
3. Amounts excluding Connective.

STI performance and outcomes

In accordance with the methodology set out in Section 3 of the Remuneration Report, an assessment was undertaken of the performance of each eligible Executive against their FY2021 objectives.

The FY2021 STI performance measures and scorecard outcome for the CEO are detailed in the table below.

Category	Measure	Weight	Reason for selection	Payout
Financial				
Financial	Operating EBITDA	80%	Drives focus on growing and managing the profitability of the business	**115%** Matrix outcome based on: • ARR of US$40.1 million[1] • Operating EBITDA of (US$7.4) million[1]
Financial	ARR		Measures the achieved growth given investment made	
Non-financial				
Expansion of Customer Base	• Manage sales leadership to deliver budgeted new logo ARR	20%	To support our growth ambitions and enhance our industry leading position	**82%**
Product Development	• Delivery of Board-approved product roadmap		Better products and services to enhance customer satisfaction and retention	
Investor Relations	• Metrics focused on analyst coverage of Nitro		To drive increased investor coverage of Nitro to support greater liquidity	
Team Engagement	• Metrics focused on employee engagement, employee turnover and leadership capability		A motivated and engaged work force is critical to delivering strong shareholder returns	
Risk Management	• Implementing initiatives to enhance management of strategic and operational risks • Establishing culture of risk awareness and mitigation within the organisation		A high degree of management ownership and oversight of risk management to ensure sustainable business practices	
CEO FY2021 Scorecard Outcome	115% x (80%) + 82% x (20%) = **108.4% of target**			

1. Amounts excluding Connective.

The following table outlines the actual FY2021 STI pay outcome for each eligible Executive.

			Actual Outcome		MAXIMUM		
Executive	Scorecard outcome	Target opportunity (% of Fixed pay)	% of Fixed pay	$ Outcome	Opportunity (% of fixed pay)	STI earned as % of maximum opportunity	STI forfeited as % of maximum opportunity
Sam Chandler	108%	75%	81%	325,200	105%	77%	23%
Ana Sirbu	112%	43%	48%	168,000	60%	80%	20%

LTI performance and outcomes

The following table outlines FY2021 performance and vesting outcomes of LTIs granted to Executives in prior years. Refer to section 10 for further detail on the legacy LTI plans.

Executive	LTI plan	Performance hurdle	Performance outcome	% Awards vesting	% Awards lapsed
Sam Chandler	2019 LTI Plan (Tranche 3)	Nitro's FY2021 revenue relative to Board-approved FY2021 target	Ranked at the 115th percentile of target	87.5%	12.5%
Kurt Johnson	2020 LTI Plan	Nitro's TSR relative to the XTX	Ranked at the 64th percentile (17 out of 45) against the XTX	77.3%	22.7%

6. Executive remuneration tables

Executive remuneration actual cash received

The actual remuneration received by Executives in FY2021 is set out below. This information is considered to be relevant as it provides shareholders with a view of remuneration actually paid to Executives for performance in FY2021 and the value of LTIs and other equity awards that vested during the period. This differs from the remuneration details prepared in accordance with statutory obligations and accounting standards as per the table directly following, which includes the value of options, performance rights and performance shares that have been awarded but which may or may not vest.

Executive		Fixed	STI	LTI vested	Total
	Note	1	2	3	= 1+2+3
Sam Chandler		429,002	219,253	214,340	862,595
Kurt Johnson		359,708	–	1,311,203	1,670,911
Ana Sirbu		372,736	43,680	626,559	1,042,975

1. Salary and fees, superannuation, other monetary and non-monetary benefits.
2. STI amounts paid during 2021, therefore relating to 2020 award.
3. Intrinsic value of LTI and other equity awards that vested during 2021, computed with respect to the closing share price as at 31 December 2021. Awards out of the money as at 31 December 2021 are not included above.

Executive remuneration statutory accounting method

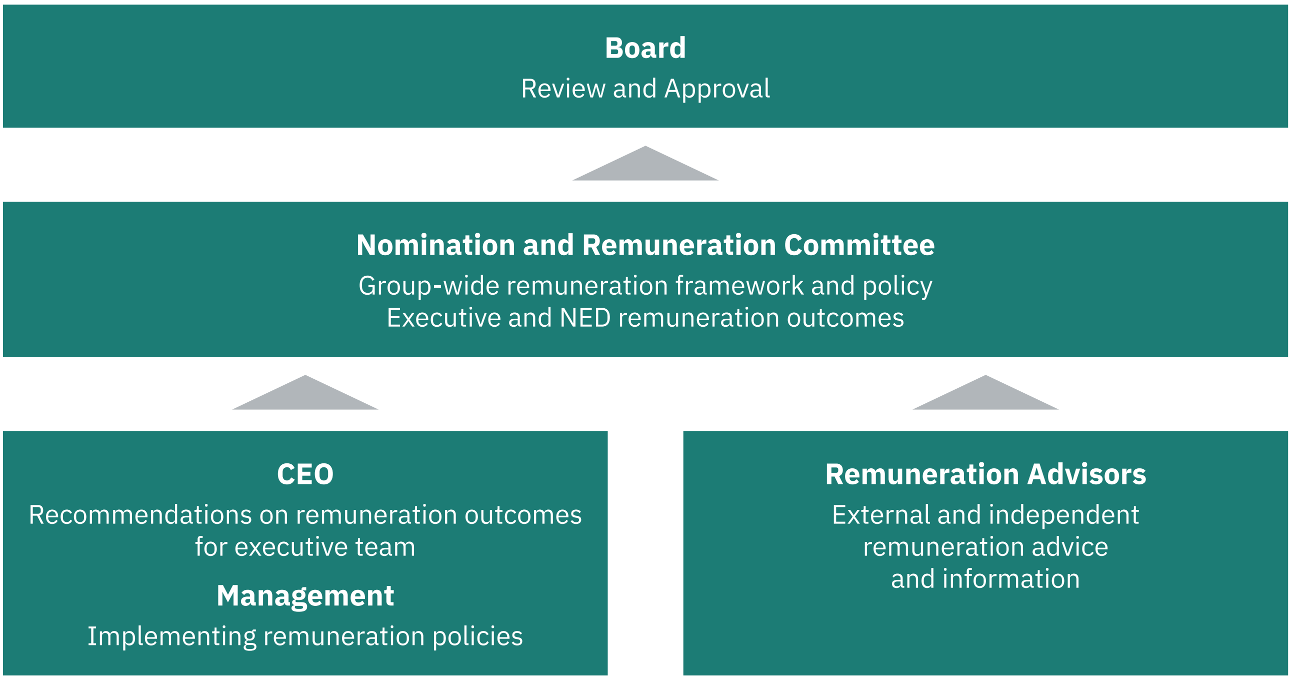
The amounts shown in this table are prepared in accordance with applicable accounting standards and do not represent actual cash payment received by Executives for the year ended 31 December 2021. Amounts shown under long-term benefits reflect the accounting expense recorded during the year with respect to prior year awards that have or are yet to vest. Refer to section 5 of this report for detail on FY2021 variable remuneration outcomes.

		Short Term							Long Term					
	Year	Salary	Director fees	STI cash bonus[1]	Other monetary benefits	Non monetary benefits	Total	Annual leave	Options, shares and rights (time based vesting)	Options, shares and rights (performance based)	Total share based payments	Total	Total performance related remuneration	Proportion of remuneration that is performance related
Key Management personnel														
Sam Chandler	2021	400,000	–	325,200	15,550	13,452	754,202	11,795[3]	315	454,554	454,869	1,220,866	779,754	64%
	2020	300,000		219,253	15,000	13,452	547,705	–	8,762	136,008	144,770	692,475	355,261	51%
Kurt Johnson[2]	2021	325,000	–	–	2,600	32,108	359,708		–	390,522	390,522	750,230	390,522	52%
	2020	235,000	31,500	–	–	90,231	356,731	–	106,377	402,755	509,132	865,863	402,755	47%
Ana Sirbu	2021	350,000	–	168,000	1,911	20,825	540,736		1,486,078	171,493	1,657,571	2,198,307	339,493	15%
	2020	80,769		43,680	300	–	124,749	–	419,062	28,584	447,646	572,395	72,264	13%
Sub total for KMP	2021	1,075,000	–	493,200	20,061	66,385	1,654,646	11,795	1,486,393	1,016,569	2,502,962	4,169,403	1,509,769	
	2020	615,769	31,500	262,933	15,300	103,683	1,029,185	–	534,201	567,347	1,101,548	2,130,733	830,280	

1. STI will be paid to the KMP in February 2022, after the completion of audit of the financial statements for FY2021.
2. Kurt Johnson is not eligible to receive a STI.
3. Reflects adjustment for leave accruals due to an increase in Sam Chandler's base salary in FY2021.

7. Remuneration Governance

The following diagram represents the Group's remuneration decision-making framework:



The composition of the Remuneration and Nomination Committee is set out on pages 16 and 17 of this annual report. Further information on the Committee's role, responsibilities and membership can be viewed at https://ir.gonitro.com/investorcentre/?page=corporate-governance.

The Remuneration and Nomination Committee operates independently from management and may at its discretion appoint external advisors or instruct management to prepare and provide information as an input to its decision-making process.

In FY2021, the Remuneration and Nomination Committee engaged Compensia, Inc. to provide remuneration advisory services.

Advisor	Description of services	Fee (US$)
Compensia, Inc.	Remuneration advisory	$33,311

During the year, Compensia did not provide a remuneration recommendation as defined in section 9B of the *Corporations Act 2001* (Cth). The Remuneration and Nomination Committee is satisfied that the above services provided by external advisors was made free from undue influence from any of the KMP.

In additional to the characteristics already outlined, remuneration is also subject to the following:

- Board discretion to reduce, cancel or clawback any unvested STI or LTI In the event of serious misconduct or a material misstatement in the Group's financial statements; and
- A securities trading policy that applies to all NEDs, Executives and any other persons designated by the Board from time to time. This is set out at: https://ir.gonitro.com/investor-centre/?page=corporate-governance.

8. Executive KMP Service Agreements

The components of the executive remuneration packages for our Executives at year end are detailed below:

Sam Chandler	**Executive Director, Co-Founder and Chief Executive Officer**
Base Salary:	$400,000 per annum
Incentives:	Mr Chandler is eligible to participate in the Company's 2021 STI Plan (see section 3) with a target STI opportunity of $300,000 and a maximum opportunity of $420,000. Mr Chandler is eligible to participate in the Company's 2021 LTI Plan (see section 4) with a LTI opportunity of up to 240% of fixed remuneration. Mr Chandler has been granted 409,408 performance shares under this plan as approved at the 2021 AGM.
Benefits:	Mr Chandler is entitled to participate in the Company's employee benefit plans, including paid leave, paid holidays, medical, dental and vision insurance coverage. Mr Chandler, under a legacy arrangement, also receives an annual allowance of $5,000 to be used towards airfares for personal trips between his home country and the United States; $10,000 per annum for the cost of maintaining his global pension fund; and up to $3,000 for the preparation and filing of his personal income tax return.
Termination:	Employment may be terminated by either the Company or by Mr Chandler by providing 6 months written notice. The Company may elect to pay Mr Chandler in lieu of all or part of such notice period. Mr Chandler may also be required to serve out the whole or part of the notice period on an active or passive basis at the Board's discretion. Mr Chandler's employment may be terminated by the Company without notice in certain circumstances such as un-remediated material breach of contract, serious misconduct, bankruptcy, failure to comply with a reasonable direction from the Board, and if a personal profit is made at the expense of the Company to which he is not entitled. In the event that Mr Chandler's employment is terminated without cause he is entitled to 6 months' base salary.
Other:	Mr Chandler has an open-ended employment contract with no non-solicitation or non-compete obligations.

Ana Sirbu	**Chief Financial Officer**
Base Salary:	$350,000 per annum
Incentives:	Ms Sirbu is eligible to participate in the Company's 2021 STI Plan (see section 3) with a target STI opportunity of $150,000 and a maximum opportunity of $210,000. Ms Sirbu is not eligible to participate in the Company's 2021 LTI Plan given her commencement date in the role (28 September 2020) and receipt of sign-on equity award upon her appointment in FY2020. These sign-on awards were in lieu of forgone benefits and incentives from her previous employment and to provide alignment with shareholder outcomes: • A combination of 1,030,097 Options and 1,030,097 RSAs subject to time-based vesting conditions as follows: 25% will vest on the first anniversary post grant date with remaining 75% to vest in monthly pro-rated instalments over the 36 months following this date; • 27,391 RSAs equivalent to $50,000 vesting on the one-year anniversary of employment; and • 228,910 performance rights under the 2020 LTI plan. Ms Sirbu will be eligible to participate in the Company's 2022 LTI Plan.
Benefits:	Ms Sirbu is entitled to participate in the Company's employee benefit plans, including paid leave, paid holidays, medical, dental and vision insurance coverage.

Ana Sirbu	Chief Financial Officer
Termination:	Employment may be terminated by the Company by providing 6 months' written notice or by Ms Sirbu by providing 2 months' written notice. The Company may elect to pay Ms Sirbu in lieu of all or part of such notice period with any such payment to be based on her base salary over the relevant period. Ms Sirbu may also be required to serve out the whole or part of the notice period on an active or passive basis at the Board's discretion. Ms Sirbu's employment may be terminated by the Company without notice in certain circumstances such as un-remediated material breach of contract, serious misconduct, bankruptcy, failure to comply with a reasonable direction from the Board, and if a personal profit is made at the expense of the Company to which she is not entitled. In the event that Ms Sirbu's employment is terminated without cause, she is entitled to 6 months' base salary and a prorated share of the STI.
Other:	Ms Sirbu has an open-ended employment contract with no non-solicitation or non-compete obligations.

Kurt Johnson	Executive Chair
Base Salary:	$325,000 per annum
Incentives:	At the commencement of his initial employment contract in April 2020 (extended in April 2021), Mr Johnson was offered a target incentive opportunity of up to 300% of fixed remuneration under the Company's 2020 LTI Plan (see Notice of 2021 AGM), without a STI component. Accordingly, Mr Johnson was granted 946,000 performance rights under this plan as approved at the 2021 AGM. The award had a two-year performance period and vested on 31 December 2021 subject to performance against a relative TSR hurdle (see section 5). In setting this remuneration structure, the Board considered Mr. Johnson's preference that any variable reward opportunity offered was directly aligned with shareholder outcomes in the form of a performance-based equity award. The Board decided upon the quantum in recognition of the role forgoing any potential STI opportunity.
Benefits:	Mr Johnson is entitled to participate in the Company's employee benefit plans, details of which are provided under Mr Chandler's arrangements. Mr Johnson was also eligible to receive a travel stipend of US$600 per week between January 2021 and March 2021 for commuting to the San Francisco office.
Termination:	Mr Johnson's employment relationship is at-will and either Mr Johnson or the Company may terminate his employment at any time without any advance notice. The contract of employment with Mr Johnson commenced 1 April 2021 and will end on 1 April 2022. The contract may be terminated earlier or extended at the discretion of the Board.
Other:	Mr Johnson has no non-solicitation or non-compete obligations.

9. Non-Executive Director Remuneration

Nitro's NED fee arrangements are structured and set by reference to the following key considerations:

- To attract and appropriately compensate suitably qualified directors, with experience and expertise appropriate to an international technology company;
- To reflect the time commitment expected in fulfilling their Board responsibilities and their contribution to Committees; and
- To acknowledge Australian market practice and governance expectations for comparable ASX-listed companies.

The Remuneration and Nomination Committee will periodically review whether fees are appropriate having regard to information provided by independent remuneration consultants.

NEDs receive fees and are not entitled to participate in any performance-based awards. NED fees consist of base and committee fees with the payment of committee fees recognising the additional time commitment required by NEDs.

NEDs are engaged under a letter of appointment and are subject to ordinary election and rotation requirements as stipulated in the ASX Listing Rules and Nitro's constitution. NEDs are not entitled to any compensation on cessation of appointment. NEDs are paid fees in the local currency of the country in which they reside as indicated in their letter of appointment.

NEDs, where required and in accordance with the relevant legislation, are paid superannuation and pension-related contributions of the country in which they reside. The Group pays superannuation to Australian-based NEDs in accordance with Australian superannuation guarantee legislation. NEDs do not receive a cash equivalent amount in lieu of superannuation.

NEDs are entitled to be reimbursed for all travel and related expenses reasonably incurred in performing their duties.

Additional remuneration may be paid if NEDs are called upon to carry out duties or services that the Board considers to be in addition to the ordinary duties of the office. These special duties may include serving on ad hoc projects or transaction-focused committees.

For the year ended 31 December 2021, NEDs' fees were unchanged from 1 July 2019 prior to listing.

The table below details the fees payable to the NEDs excluding superannuation and pension-related contribution:

Base fee	
Non-Executive Chairman	US$126,000[1]
United States NED	US$57,600
Australian NED	A$80,000

1. The Executive Chairman, Kurt Johnson, served as an Executive Director for the full financial year and did not receive any NED base fees in FY2021.

Committee fees	Committee Chair	Committee Member
Audit and Risk Committee	A$15,000	A$5,000
Remuneration and Nomination Committee	A$15,000	A$5,000

The actual total remuneration paid to the Nitro NEDs during FY2021 is reported in the statutory remuneration table disclosed below. The amounts are presented in the Company's functional currency of US$. In limited instances where there have been translation of FY2021 balances relating to NED disclosure, the exchange rate applied is A$1 = US$0.75505.

Amounts paid to NEDs

		Short term benefits Salary and fees	Post employment Superannuation/ pension/401K	Total
Directors				
Non-Executive Directors				
Andrew Barlow[1]	**2021**	**–**	**–**	**–**
	2020	40,800	3,876	44,676
Michael Brown	**2021**	**57,600**	**–**	**57,600**
	2020	57,600	–	57,600
John Dyson[1, 2]	**2021**	**28,107**	**534**	**28,641**
	2020	61,200	–	61,200
Lisa Hennessy[1]	**2021**	**79,362**	**7,771**	**87,133**
	2020	72,000	6,840	78,840
Sarah Morgan[1]	**2021**	**79,362**	**6,481**	**85,843**
	2020	72,000	6,840	78,840
Richard Wenzel[1]	**2021**	**28,107**	**2,670**	**30,777**
	2020	30,000	2,850	32,850
Craig Scroggie[1]	**2021**	**19,448**	**2,670**	**22,118**
	2020	–	–	–
Sub-total for Non-Executive Directors remuneration	**2021**	**291,986**	**20,126**	**312,112**
	2020	333,600	20,406	354,006

1. Represents payments made to Australian NED's in A$ disclosed in the Company's functional currency US$. The average exchange rate used is A$1 = US$0.75505. There has been no increase in NED remuneration during the year.
2. Fees to John Dyson include payments made to Starfish Ventures up to 30 April 2021 during which time he was a nominee director.

Maximum aggregate fee pool

The current maximum aggregate fee pool is US$1,000,000. Denominating the fees and the fee pool in US$ reflects the fact that business operations are run from outside Australia. Shareholder approval will be sought if the aggregate amount needs to be increased with the Board confirming it will not seek an increase at the 2022 AGM.

FY2022 changes

A broad review of the market competitiveness of NED remuneration was conducted in FY2021. The review involved market analysis of the remuneration of a broad range of US-listed companies of comparable revenue, as well as ASX-listed companies of comparable size (by market cap) with an industry focus of application software. The review indicated that the current fees were at the lower end of market benchmarks.

Considering the market data, as well as the increased responsibilities and workload of NEDs due to the increased complexity and scope of Nitro's business operations since the IPO, the following increases were approved effective 1 January 2022:

Base fee	Current	2022
Non-Executive Chairman	US$126,000	US$172,800
United States NED	US$57,600	US$86,400
Australian NED	A$80,000	A$120,000

Committee fees	Current		2022	
	Committee Chair	Committee Member	Committee Chair	Committee Member
Audit and Risk Committee	A$15,000	A$5,000	A$20,833	A$6,944
Remuneration and Nomination Committee	A$15,000	A$5,000	A$20,833	A$6,944

We note that no changes have been made to NED base and committee fees since the IPO in 2019. The fee increases outlined above are within the current NEDs' fees cap disclosed above.

In addition, a NED fee sacrifice equity plan will be introduced in FY2022 to support alignment of NEDs with shareholders. This plan will facilitate NEDs exchanging cash remuneration for the acquisition of equity in Nitro to increase their "skin-in-the-game", alignment with shareholder interests, and preserve the independence of NEDs. The Nitro NEDs have voluntarily elected to sacrifice 50% of their FY2022 base cash fees into Nitro equity in the form of restricted rights/indeterminate rights.

Shareholder approval of the NED equity plan and grants of equity to NEDs for FY2022 will be sought at the 2022 AGM. The NED equity plan is in its final stages of development at the time of publishing this report and will be presented in more detail in the Notice of 2022 AGM and the FY2022 Remuneration Report.

10. Legacy LTI plans

The legacy LTI plans for Executives referred to within this Report include:

- 2020 LTI plan (reflecting changes to awards granted post the IPO)
- 2019 LTI plan (awards granted in November 2019 to coincide with the IPO)
- Pre-April 2019 LTI plan (outstanding awards granted prior to April 2019)

2020 LTI plan

The 2020 LTI plan reflects the structure of awards granted post the IPO. The current structure of the 2021 LTI plan (see section 4) is largely aligned with the 2020 LTI plan including the dual hurdles of relative TSR and Company Revenue CAGR issued in performance rights. Only minor amendments were introduced under the 2021 LTI plan including:

- Increasing the CEO's opportunity to 240% of fixed remuneration (from 100%)
- Increasing the threshold performance level for the Company's Revenue CAGR hurdle to 25% (from 15%)
- The inclusion in the relative TSR performance calculation methodology of a 20-day smoothing element based on the volume weighted average price

2019 LTI plan

Under the 2019 LTI plan a grant of share options with three tranches were made to Executives at the time of the IPO to align remuneration with shareholder outcomes over the longer term. Mr Chandler is the only current Executive that holds options issued under this plan.

How is it paid?	Executives are eligible to receive share options (being an option to acquire an ordinary share in the upon payment of a pre-determined exercise price). Consistent with market practice in the United States, the Board may permit exercise of options by way of a Cashless Exercise. Under this arrangement the Company will only issue or transfer such number of shares that have a value equal to the total market value of shares that would have been issued or transferred if the options had been exercised other than by way of Cashless Exercise, less the total amount of the exercise price that would otherwise have been payable on exercise. Share options will expire 10 years after the end of the performance period unless determined otherwise earlier by the Board.
How much can Executives earn?	The grant size was determined based on an assessment of pre-existing awards and competitive positioning against market prior to IPO.

<table>
<tr><td>When is performance measured?</td><td>The grant has been issued in three tranches with performance period commencing 1 January 2019 for tranches 2 and 3 as follows:
<table>
<tr><th>Tranche</th><th>Weighting</th><th>Performance period</th></tr>
<tr><td>1</td><td>33%</td><td>Immediately exercisable upon completion of IPO</td></tr>
<tr><td>2</td><td>33.5%</td><td>24 months ending 31 December 2020</td></tr>
<tr><td>3</td><td>33.5%</td><td>36 months ending 31 December 2021</td></tr>
</table></td></tr>
<tr><td>How is performance measured?</td><td><table>
<tr><th>Tranche</th><th>Weighting</th><th>Performance period</th></tr>
<tr><td>1</td><td>33%</td><td>Event based: IPO completion 100% vest and exercisable.</td></tr>
<tr><td>2</td><td>33.5%</td><td>Gateway FY19 revenue outlined in the prospectus with vesting outcomes subject to FY2020 Revenue as outlined below.</td></tr>
<tr><td>3</td><td>33.5%</td><td>Performance against Board approved target FY2021 Revenue will be assessed subject to vesting outcomes as outlined below.</td></tr>
</table>
Revenue performance against targets for tranches 2 and 3 will be assessed as follows:
<table>
<tr><th>Target revenue</th><th>Vesting outcome</th></tr>
<tr><td>Below 100%</td><td>0%</td></tr>
<tr><td>Up to and including 100% percentile</td><td>50%</td></tr>
<tr><td>Greater than 100% but less than 120%</td><td>Pro-rata straight line basis 50-100%</td></tr>
<tr><td>Equal to or greater than the 120% percentile</td><td>100%</td></tr>
</table>
Tranches will not be subject to retesting.</td></tr>
<tr><td>Malus and clawback</td><td>Awards are subject to malus and clawback as detailed in the plan rules (clauses 20 and 21) lodged with the ASX.</td></tr>
<tr><td>What happens if an Executive leaves?</td><td>Consistent with the 2020 LTI plan.</td></tr>
<tr><td>What happens if there is a change of control?</td><td>Consistent with the 2020 LTI plan.</td></tr>
<tr><td>Are Executives eligible for dividends?</td><td>Consistent with the 2020 LTI plan.</td></tr>
</table>

Historical LTI plan

Prior to IPO, the Company granted options and share awards that were prevalent with market practice for a private technology company based in the United States. A total of 3,519,900 options and 1,586,421 options were granted to the CEO on 25 November 2011 and 16 February 2016, respectively. The Company ceased granting new awards under this plan in March 2019.

The remaining 39,663 options vested on 28 February 2021, with no pre-IPO awards remaining as of 31 December 2021. Refer to the FY2020 Annual Report for more information on the pre-IPO LTI plan.

11. Additional statutory disclosures

The following tables summarise the equity shares and options as at the date of the Report.

KMP equity holdings

Reconciliation of ordinary share movement during the year. This includes shares held directly, indirectly and beneficially by KMP.

	1 Jan 21	Number of shares Purchased/ granted/vested during the year	Acquired through exercise of options	Sold during the year	Other changes[2]	31 Dec 21
Executives as at 31 December 2021						
Sam Chandler	9,191,880	–	2,991,344	–	–	12,183,224
Kurt Johnson	100,000	–	740,520	–	–	840,520
Ana Sirbu[1]	–	349,296	–	–	(119,251)	230,045
Total equity shares held	**9,291,880**	**349,296**	**3,731,864**	**–**	**(119,251)**	**13,253,789**

1. Represents shares that are subject to time based vesting conditions and for which performance conditions have been satisfied. The service conditions of the balance 708,192 (31 December 2020: 1,057,488) restricted share awards are yet to be satisfied.
2. Represents shares withheld to cover withholding tax obligations in the US relating to the vesting of restricted share awards.

	1 Jan 21	Purchased/ granted during the year	Acquired through exercise of options	Sold during the year	31 Dec 21
Non-Executive Directors as at 31 December 2021					
Michael Brown[1]	16,589,968	–	–	–	16,589,968
Lisa Hennessy[2]	37,248	3,267	–	–	40,515
Sarah Morgan[2]	37,275	3,270	–	–	40,545
Craig Scroggie	–	–	–	–	–
Total equity shares held as at 31 December 2021	**16,664,491**	**6,537**	**–**	**–**	**16,671,028**
Former Non-Executive Directors					
John Dyson[3]	17,532,782	–	–	(17,393,001)	139,781
Richard Wenzel[3]	9,650,188	–	–	(8,646,848)	1,003,340

1. Michael Brown is a nominee director of Battery investment Partners X, LLC and Battery Ventures X, L.P. who hold 165,897 and 16,424,071 shares, respectively.
2. Purchases during the year represent shares acquired under the Retail Entitlement Offer at A$3.43 per ordinary share.
3. Represents changes in shares held up to the date of ceasing to be a Director in the Company on 20 May 2021.

	1 Jan 21	Number of Options Granted during the year	Exercised during the year	Forfeited during the year	31 Dec 21
Former Non-Executive Director as at 31 December 2021					
Richard Wenzel[1]	53,289	–	(53,289)	–	–
	–	–	–	–	–
Total options held	**53,289**	**–**	**(53,289)**	**–**	**–**

1. Richard Wenzel ceased to be a Director in the Company on 20 May 2021. The options were exercised on 8 July 2021.

Reconciliation of options movement (detailing awards, vested outcome, and expiry during the year)

KMP	Plan	Year	Grant date	Fair value at grant	Exercise price	Expiry date	Movement					At year end	
							1 Jan 21	Granted (Awards)	Exercised	Other changes	31 Dec 21	Vested	Exercisable
Executives													
Sam Chandler	Historical LT[1]	2011	25 Nov 11	A$0.17	A$0.20	25 Nov 21	3,159,900	–	(3,159,900)[3]	–	–	–	–
	Historical LTI[1]	2011	25 Nov 11	A$0.17	A$0.20	25 Nov 21	1,728,000	–	(1,728,000)[3]	–	–	–	–
	Historical LTI[1]	2014	12 May 14	A$0.24	A$0.41	04 May 24	863,190	–	–	–	863,190	863,190	863,190
	Historical LTI[2]	2016	28 Feb 16	A$0.16	A$0.40	28 Nov 25	1,586,421	–	–	–	1,586,421	1,586,421	1,586,421
	2019 LTI	2019	13 Nov 19	A$0.69	A$1.72	11 Dec 29	319,716	–	–	–	319,716	319,716	319,716
							162,274		–	–	162,274	162,274	162,274
							324,549		–	(40,569)	283,980	283,980	283,980
	2019 LTI[1]	2019	13 Nov 19	A$0.69	A$1.72	11 Dec 29	53,289		–	–	53,289	53,289	53,289
							27,045		–	–	27,045	27,045	27,045
							54,090	–	–	(6,761)	47,329	47,329	47,329
Subtotal							**8,278,474**	**–**	**(4,887,900)**	**(47,330)**	**3,343,244**	**3,343,244**	**3,343,244**
Kurt Johnson	Historical LTI	2011	02 Dec 11	A$0.17	A$0.20	25 Nov 21	740,520		(740,520)[4]	–	–	–	–
Ana Sirbu	Employee Stock Option Plan	2020	23 Sep 20	A$1.33	A$2.49	23 Sep 30	1,030,097	–	–	–	1,030,097	321,905	321,905
Former Non-Executive Director													
Richard Wenzel[5]	2019 LTI	2019	13 Nov 19	A$0.69	A$1.72	11 Dec 29	53,289	–	(53,289)	–	–	–	–
Total							**10,102,380**	**–**	**(5,681,709)**	**(47,330)**	**4,373,341**	**3,665,149**	**3,665,149**

1. The beneficial interest in the option is held by a relative of the KMP.
2. Pursuant to the approval of the shareholders at the AGM dated 20 May 2021 and approval by the ASX, the Company amended the terms of each option issued under its employee incentive scheme, which has an exercise price denominated in United States Dollar (**US$**), to convert the exercise price into Australian Dollars (**A$**) at the exchange rate prevailing on the date of modification on 28 May 2021. The share price at modification date was A$2.83. There were no other changes to the terms of the grants. Based on the key inputs and assessment performed, the fair value impact of the options immediately before modification and immediately after was not material.
3. The options were exercised on 9 November 2021. The closing share price on the date of exercise of options was A$3.81 per share.
4. The options were exercised on 12 March 2021. The closing share price on the date of exercise of options was A$2.46 per share.
5. Richard Wenzel ceased to be a Director in the Company on 20 May 2021. The options were exercised on 8 July 2021.

Executive	Plan	Year	Grant amount	% Vesting previous periods	Vesting % 2021	Incentive forfeited as at 31-Dec -2021	% Incentive at risk	Vesting % 2022	Vesting % 2023	Vesting % 2024
Sam Chandler	2019 LTI	2019	968,814	50%	29%	21%	0%	NA		
	Historical LTI	2016	1,586,421	98%	2%	0%	0%	2%	0%	0%
Ana Sirbu	ESOP	2020	1,030,097	0%	31%	0%	69%	25%	25%	19%
	RSA	2020	1,057,488	0%	33%	0%	67%	24%	24%	18%

Reconciliation of performance rights movement (detailing awards, vested outcome, and expiry during the year)

								MOVEMENT					
KMP	Plan	Grant date	Hurdle	Fair value at grant	Exercise price	Vesting date	1 Jan 21	Granted (Awards)	Exercised	Other changes	31 Dec 21	Vested at the end of the year	Maximum value to be recognised in future years
Executives													
Sam Chandler	2020 LTI	29 May 20	RTSR	A$1.20	A$0.00	31 Dec 22	133,500	–	–	–	133,500	–	90,240
			Revenue	A$1.60	A$0.00		133,500	–	–	–	133,500	–	
	2020 LTI[1]	29 May 20	RTSR	A$1.20	A$0.00	31 Dec 22	42,000	–	–	–	42,000	–	25,560
			Revenue	A$1.60	A$0.00		42,000	–	–	–	42,000	–	
Subtotal							**351,000**	–	–	–	**351,000**	–	
Kurt Johnson	2020 LTI	29 May 20	RTSR	A$1.14	A$0.00	31 Dec 21	**946,000**	–	–	**(215,026)**	**730,974**	**730,974**	–
Ana Sirbu	2020 LTI	23 Sep 20	RTSR	A$2.19	A$0.00	31 Dec 22	114,455	–	–	–	114,455	–	157,026
			Revenue	A$2.56	A$0.00		114,455	–	–	–	114,455	–	
							228,910	**–**	**–**	**–**	**228,910**	**–**	
Total							**1,525,910**	**–**	**–**	**(215,026)**	**1,310,884**	**730,974**	

1. The beneficial interest in the performance rights is held by a relative of the KMP.

Reconciliation of performance rights movement (detailing awards, vested outcome, and expiry during the year)

KMP	Plan	Grant date	Hurdle	Fair value at grant	Exercise price	Vesting date	MOVEMENT 1 Jan 21	Granted (Awards)	Exercised	Other changes	31 Dec 21	Vested at the end of the year	Maximum value to be recognised in future years
Executives													
Sam Chandler	2020 LTI	21 May 21	RTSR	A$2.12	A$0.00	31 Dec 23	–	204,704	–	–	204,704	–	482,433
			Revenue	A$2.75	A$0.00		–	204,704	–	–	204,704	–	
	2020 LTI[1]	21 May 21	RTSR	A$2.12	A$0.00	31 Dec 23	–	38,382	–	–	38,382	–	73,301
			Revenue	A$2.75	A$0.00		–	38,382	–	–	38,382	–	
Total							–	**486,172**	–	–	**486,172**	–	–

1. The beneficial interest in the performance shares is held by a relative of the KMP.

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Auditor's Independence Declaration

As lead auditor for the audit of Nitro Software Limited for the year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Nitro Software Limited and the entities it controlled during the period.

Charles Christie
Partner
PricewaterhouseCoopers

Melbourne
24 February 2022

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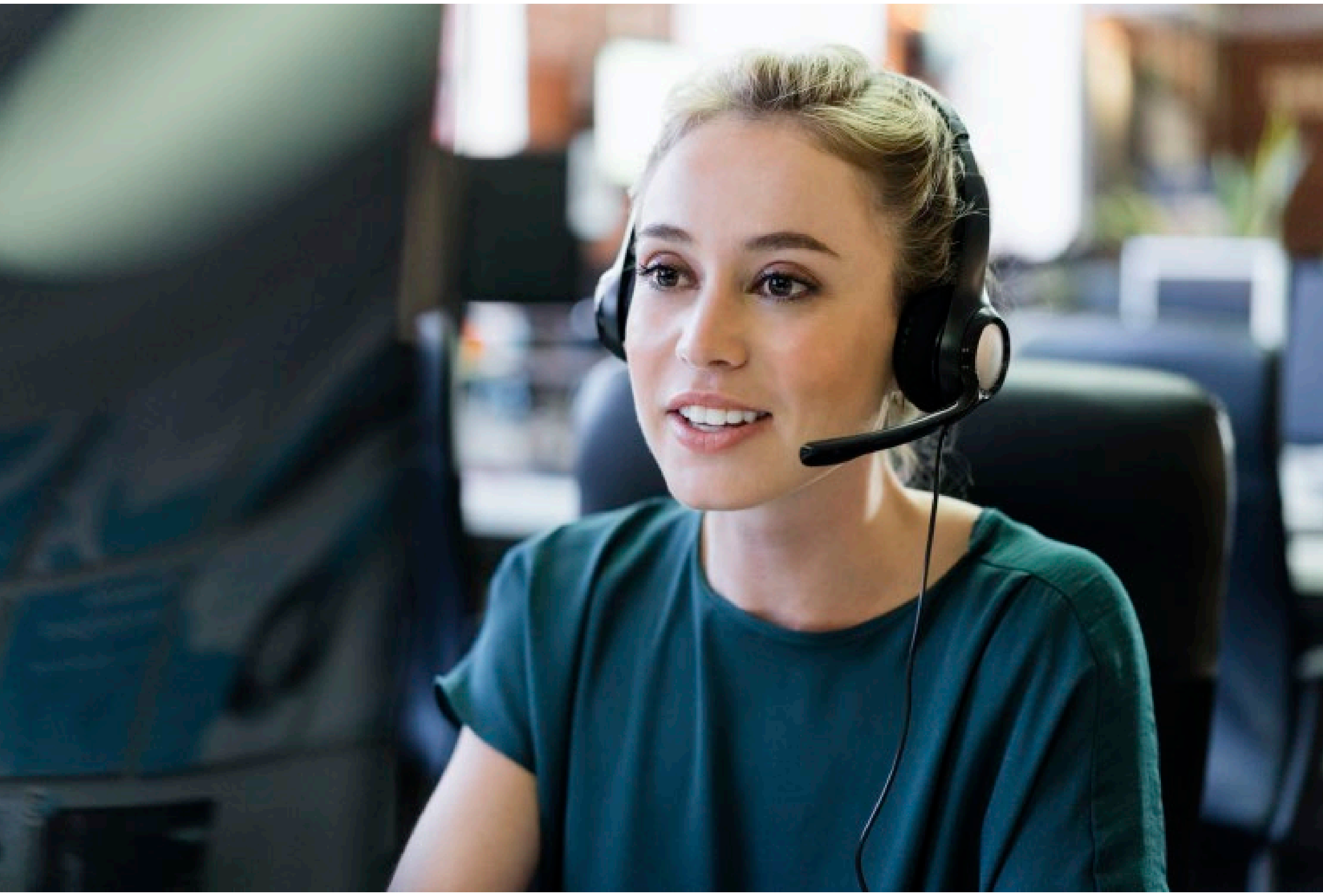
FINANCIAL REPORT



Consolidated Statement of Comprehensive Income
For the year ended 31 December 2021

		For the year ended	
US$'000	**Notes**	**31 Dec 2021**	**31 Dec 2020**
Revenue	5	**50,851**	**40,196**
Cost of revenues	6(b) (i)	(3,995)	(3,778)
Gross profit		**46,856**	**36,418**
Sales and marketing		(31,716)	(21,093)
Research and development		(15,468)	(10,238)
General and administrative		(16,830)	(10,497)
Other income/(loss), (net)		(1,484)	(379)
Finance costs		(117)	(151)
Depreciation and amortisation expense		(2,348)	(1,716)
(Loss) before income tax		**(21,107)**	**(7,656)**
Income tax (expense)/benefit	8	(576)	116
(Loss) for the year		**(21,683)**	**(7,540)**
Other comprehensive income/(loss)			
Item that may be reclassified to profit or loss			
Adjustment from translation from foreign controlled entities		241	339
Total comprehensive loss for the period		**(21,442)**	**(7,201)**
Loss per share attributable to equity shareholders			
Earnings per share			
Basic loss per share (US cents per share)	9	(11.0)	(4.0)
Diluted loss per share (US cents per share)	9	(11.0)	(4.0)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 31 December 2021

		As at 31 December	
US$'000	**Notes**	**2021**	**2020**
ASSETS			
Current assets			
Cash and cash equivalents	10	48,198	43,749
Trade receivables	5(b), 11	11,567	6,659
Current tax receivables		31	75
Other current assets	11	3,927	2,864
Total current assets		**63,723**	**53,347**
Non-current assets			
Property, plant, and equipment	12	709	507
Intangible assets and goodwill	13	89,580	1
Deferred tax assets	8	–	32
Right of use assets		2,508	1,808
Other non-current assets	11	6,238	4,263
Total non-current assets		**99,035**	**6,611**
Total assets		**162,758**	**59,958**
LIABILITIES			
Current liabilities			
Trade payables		6,407	3,077
Deferred revenue	5(b)	26,238	21,037
Lease liability	15	1,245	1,097
Employee benefits	6	4,583	2,877
Other current liabilities		1,435	848
Total current liabilities		**39,908**	**28,936**
Non-current liabilities			
Deferred revenue	5(b)	683	1,152
Deferred tax liability	3, 8	6,580	0
Lease liability	15	1,292	572
Total non-current liabilities		**8,555**	**1,724**
Total liabilities		**48,463**	**30,660**
Net assets		**114,295**	**29,298**
EQUITY			
Contributed equity	14	189,161	90,343
Other reserves		12,874	5,012
Accumulated losses		(87,740)	(66,057)
Total equity		**114,295**	**29,298**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the year ended 31 December 2021

US$'000	Contribut-ed Equity	Treasury Reserve	Warrant Reserve	Employee Equity Benefits Reserve	Foreign Currency Translation Reserve	Accu-mulated Losses	Total Equity
As at 1 January 2021	**95,973**	**(5,630)**	**76**	**7,516**	**(2,581)**	**(66,057)**	**29,298**
Loss for the period	–	–	–	–	–	(21,683)	(21,683)
Other comprehensive income							
Exchange differences from translation of foreign operations	–	–	–	–	241	–	241
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**241**	**(21,683)**	**(21,442)**
Transactions with owners of the Company							
Shares issued	101,350	–	–	–	–	–	101,350
Issuance costs on shares	(3,696)	–	–	–	–	–	(3,696)
Share based payment expense	–	–	–	7,621	–	–	7,621
Exercise of options	1,186	–	–	–	–	–	1,186
Shares issued to employee share trust	26,934	(26,934)	–	–	–	–	–
Shares issued/allocated to participants	(15,012)	15,012	–	–	–	–	–
Withholding taxes paid	(22)	–	–	–	–	–	(22)
As at 31 December 2021	**206,713**	**(17,552)**	**76**	**15,137**	**(2,340)**	**(87,740)**	**114,295**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the year ended 31 December 2021

US$'000	Contribut-ed Equity	Treasury Reserve	Warrant Reserve	Employee Equity Benefits Reserve	Foreign Currency Translation Reserve	Accu-mulated Losses	Total Equity
As at 1 January 2020	**90,209**	**–**	**76**	**4,548**	**(2,920)**	**(58,517)**	**33,397**
Loss for the period	–	–	–	–	–	(7,540)	(7,540)
Other comprehensive income							
Exchange differences from translation of foreign operations	–	–	–	–	339	–	339
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**339**	**(7,540)**	**(7,201)**
Transactions with owners of the Company							
Share based payment expense	–	–	–	2,968	–	–	2,968
Shares issued to employee share trust	6,083	(6,083)	–	–	–	–	–
Cancellation of shares	–	(4)	–	–	–	–	(4)
Exercise of options	261	–	–	–	–	–	261
Repurchase of shares	(102)	–	–	–	–	–	(102)
Shares issued/allocated to participants	(457)	457	–	–	–	–	–
Issuance costs on shares	(21)	–	–	–	–	–	(21)
As at 31 December 2020	**95,973**	**(5,630)**	**76**	**7,516**	**(2,581)**	**(66,057)**	**29,298**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	For the year ended	
US$'000	31 Dec 2021	31 Dec 2020
Cash flows from operating activities		
Loss for the year	(21,683)	(7,540)
Add back		
Depreciation and amortisation	2,348	1,716
Share based payments	7,618	2,968
Finance costs	117	151
Provision for doubtful debts	–	36
Asset write-offs	24	7
Net exchange differences	2,663	268
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(5,807)	(4,098)
(Increase)/decrease in deferred tax assets	29	158
(Increase)/decrease in tax receivable	(12)	(15)
(Increase)/decrease in other receivables	(94)	4
Increase/(decrease) in trade and other payables	2,095	1,469
Increase/(decrease) in deferred income	3,066	3,752
Increase/(decrease) in provision for income taxes	46	20
Increase/(decrease) in net deferred tax liability	(30)	(344)
Net cash inflow/(outflow) from operating activities	**(9,620)**	**(1,448)**
Cash flows from investing activities		
Payments for property, plant and equipment	(396)	(176)
Payments for intangible assets	(6,106)	–
Payments for acquisition of Connective NV	(75,678)	–
Premiums paid for currency derivatives	–	(224)
Net cash inflow/(outflow) from investing activities	**(82,180)**	**(400)**
Cash flows from financing activities		
Proceeds from issue of ordinary shares	101,350	–
Repayment of convertible notes	–	(24)
Proceeds from exercise of share options	1,201	444
Transaction costs related to issue of shares	(2,934)	(241)
Finance cost paid	(117)	(151)
Payment for leases	(1,323)	(1,402)
Purchase of shares by the employee share trust	–	(102)
Withholding taxes paid	(22)	
Net cash inflow/(outflow) from financing activities	**98,155**	**(1,477)**
Net increase/(decrease) in cash and cash equivalents	**6,355**	**(3,325)**
Cash and cash equivalents at the beginning of the period	**43,749**	**47,017**
Effect of movement in exchange rates on cash held	**(1,905)**	**57**
Cash and cash equivalents at the end of the period	**48,198**	**43,749**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. General and corporate information

a. Reporting entity

Nitro Software Limited ('Nitro' or 'the Company') is a for-profit company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange ('ASX') under the ASX code 'NTO'.

The financial report covers the consolidated financial statements as at and for the year ended 31 December 2021 of Nitro and its subsidiaries (together referred to as 'the Group').

The principal activity of the Group during the financial year was providing software and support services in relation to document productivity and eSigning.

b. Authorisation for issue

These consolidated financial statements have been authorised for issue by a resolution of the Board of Directors on 24 February 2022.

2. Basis of preparation

a. Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The consolidated financial statements also comply with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB').

b. Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Nitro Software Ltd ('company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated financial statements incorporate the assets, liabilities and equity of the following subsidiaries in accordance with the accounting policy described in this note.

		Equity holding	
Name of the entity	**Country of incorporation**	**2021**	**2020**
Nitro Software Inc	United States of America	100%	100%
Nitro Software EMEA Limited	Ireland	100%	100%
Nitro Software Canada Limited	Canada	100%	–
Connective NV	Belgium	100%	–
Connective SAS	France	100%	–
Connective Digital Transformation SL	Spain	100%	–

c. Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue its operations and pay its debts and obligations as and when they become due for payment. This assumption is based on the Group's projection of future cash outflows, cash inflows from operations and cash and cash equivalents as at the date of the balance sheet.

d. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for share based payments and identifiable assets and liabilities acquired in a business combination which are measured at fair value.

e. Functional and presentation currency

These consolidated financial statements are presented in United States Dollars (US$), the Company's functional currency, consistent with the predominant functional currency of the Group's operations. The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

f. Foreign currency

Transactions related to the Group's worldwide operations are conducted in a number of foreign currencies. The majority of the subsidiaries have assessed US$ as the functional currency, however, some subsidiaries, have functional currencies other than US$. Transactions and monetary items denominated in foreign currencies are translated into US$ as follows:

Foreign currency item	Applicable exchange rate
Transactions	Date of the underlying transaction
Monetary assets and liabilities	Period-end rate
Non-monetary assets and liabilities	Date of the underlying transaction

Foreign exchange gains and losses resulting from translation are recognised in the income statement, except for qualifying cash flow hedges (which are deferred to equity) and foreign exchange gains and losses that relate to borrowings which are presented in the consolidated statement of comprehensive income within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within other income or other expenses.

On consolidation, the assets, liabilities, income and expenses of non-US$ denominated functional currency entities are translated into US dollars using the following applicable exchange rates:

Foreign currency item	Applicable exchange rate
Income and expenses	Date of the underlying transaction
Assets and liabilities	Period-end rate
Equity and reserves	Historical rate

Foreign exchange differences resulting from translation are initially recognised in the foreign currency translation reserve and subsequently transferred to the income statement on disposal of a foreign operation.

g. Use of judgements and estimates

In the preparation of these consolidated financial statements, the Group management has identified a number of critical accounting policies under which significant judgements, estimates and assumptions are made. This can affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ for these estimates under different assumptions and conditions. This may materially affect financial results and the carrying amount of assets and liabilities to be reported in the next and future periods.

All judgements, estimates and underlying assumptions are based on most current facts and circumstances and are reassessed on an ongoing basis. The effect of revisions to these estimates are recognised prospectively.

Accounting policies, and information about judgements, estimates and assumptions that have had a significant impact on the amounts recognised in the consolidated financial statements are disclosed in the relevant notes as follows:

- Revenue recognition (Refer note 5);
- Share-based payments (Refer note 7); and
- Business combinations (Refer note 3).

h. Significant accounting policies

Accounting policies are disclosed within each of the applicable notes to the consolidated financial statements to which these policies relate. The Group's accounting policies have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities except to ensure consistency with current period, comparative figures have been restated where appropriate.

i. New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning 1 January 2021 which are as follows:

- *COVID-19-Related Rent Concessions (Amendment to AASB 16)*
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform *(AASB 7, AASB 9 and AASB 139)*

The new standards effective from 1 January 2021 have no material impact on the Consolidated Financial Statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact in the current or future reporting periods and on foreseeable future transactions.

3. Business combinations

Accounting policy

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- Fair values of the assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the group
- Fair value of any asset or liability resulting from a contingent consideration arrangement
- Fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- Consideration transferred
- Amount of any non-controlling interest in the acquired entity
- Acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Acquisition of Connective NV

On 20 December 2021, the Company acquired all outstanding stock of Connective NV, Belgium. ('Connective') for cash consideration of US$79.70 million. Connective is Belgium's leading eSign SaaS business, with fast-growing market share in France and customers in 11 other European countries. Connective's business focuses on serving the needs of enterprise and government customers that require high levels of trust, security and regulatory compliance, while also offering expansive electronic identity ('eID') support and a powerful document workflow automation solution.

The purchase consideration was allocated to the tangible and intangible assets and liabilities acquired as of the acquisition date, with the excess recorded to goodwill. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition results in adjustments to the above amounts, the acquisition accounting disclosed below will be revised.

The acquired business contributed US$0.18 million in revenue and a loss of US$0.30 million for the period from 20 December 2021 to 31 December 2021.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and loss for the year ended 31 December 2021 would have been US$57.90 million and US$28.54 million, respectively. These amounts have been calculated using the subsidiary's results adjusted them for the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2021.

One-time acquisition-related transaction costs of US$1.15 million were expensed within general and administrative expenses as incurred for the year ended 31 December 2021.

US$'000	Fair values on acquisition date
ASSETS ACQUIRED	
Cash and cash equivalents	2,394
Trade receivables, prepayments and other assets	3,544
Property, plant and equipment	170
Right of use assets	629
Acquisition related intangible assets	25,704
Total assets acquired	**32,441**
LIABILITIES ASSUMED	
Trade payables, accrued expenses and other liabilities	(2,390)
Lease liabilities	(629)
Deferred revenue	(1,667)
Deferred tax liability	(6,612)
Total liabilities assumed	**(11,298)**
Net assets acquired	**21,143**
Total purchase consideration	**79,704**
Goodwill	**58,561**

The goodwill recognised was primarily attributable to the expected synergies from combining the operations and the opportunity to expand the user base of the Company's platform. The fair value of the separately identifiable finite-lived intangible assets acquired and average useful lives are as follows:

US$'000	Fair values on acquisition date	Estimated useful life in years
Developed Technology	15,060	8
Customer Relationships	9,512	8
Backlog	906	2
Trademarks	226	2
	25,704	

The fair values of the acquisition-related intangibles were determined on a provisional basis using the following methodologies:

- Acquired customer relationships intangible assets using the income approach: excess earnings method
- Acquired technology and trademarks using the income approach: relief from royalty method
- Acquired backlog using the income approach

Included in trade receivables, prepayments and other assets are trade receivables of US$1.62 million which represents the gross contractual amounts due.

4. Segment information

The Group manages its operations as a single business operation and there are no separate parts of the Group that qualify as operating segments. The CEO is the Chief Operating Decision Maker ('CODM') and assesses the financial performance of the Group on an integrated basis as a single segment.

- Subscription being the sale of 'software-as-a-service' to businesses providing access to a licence
- Perpetual licence maintenance and support being the sale of perpetual licence products (including optional maintenance and support services)

	2021			2020		
US$'000	**Subscription**	**Perpetual**	**Total**	**Subscription**	**Perpetual**	**Total**
Revenue	33,759	17,092	50,851	21,250	18,946	40,196
Cost of revenues	(1,842)	(2,153)	(3,995)	(1,463)	(2,315)	(3,778)
Gross profit	**31,917**	**14,939**	**46,856**	**19,787**	**16,631**	**36,418**
Gross margin	**95%**	**87%**	**92%**	**93%**	**88%**	**91%**

5. Revenue and contract balances

a. Revenue

The Group's revenue is derived from the sale of cloud-enabled software subscriptions, cloud-hosted offerings, term-based subscription and perpetual software licences, associated software maintenance and support plans, consulting services, training and technical support.

Revenue from contracts with customers is disaggregated by the nature of product and services and timing of recognition which are most reflective of the impact of the industry and economic environment in which the Group operates.

Product characteristics **US$'000**	**2021**	**2020**
Subscription	33,759	21,250
Perpetual licences	14,492	13,355
Maintenance and support	2,600	5,591
Total revenue	**50,851**	**40,196**
Subscription revenue as a % of total revenue	*66%*	*53%*

Timing of revenue recognition **US$'000**	**2021**	**2020**
Products and services transferred at a point in time	14,499	13,355
Products and services transferred at over time	36,352	26,841
Total revenue	**50,851**	**40,196**
Revenue recognised at a point in time as a % of total revenue	*29%*	*33%*
Revenue recognised over time as a % of total revenue	*71%*	*67%*

b. Receivables, contract assets and contract liabilities

Contract balances US$'000	2021	2020
ASSETS		
Trade receivables, net	11,567	6,659
Contract acquisition costs	5,901	4,058
LIABILITIES		
Deferred revenue	26,921	22,189

During the year ended 31 December 2021, approximately US$21.04 million (FY2020: US$16.41 million) of revenue was recognised that was included in the opening balance of deferred revenue.

c. Transaction price allocated to remaining performance obligations

US$'000	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	Total
Subscription revenue	35,643	21,245	8,684	1,815	1,021	147	89	68,644
Maintenance and Support	559	15	14	–	–	–	–	588
Total	**36,202**	**21,260**	**8,698**	**1,815**	**1,021**	**147**	**89**	**69,232**
% of total	*52%*	*31%*	*13%*	*3%*	*1%*	*0%*	*0%*	*100%*

Remaining performance obligations represents total contractual commitments for which services will be performed. Remaining performance obligations include deferred revenue, which primarily consists of billings or payments received in advance of revenue recognition and unbilled receivable that have not yet been recognised in the financial statements. The transaction price allocated to remaining performance obligations is approximately US$69.23 million as of 31 December 2021. Approximately 52% of the remaining performance obligations are expected to be recognised over the next 12 months with the remainder recognised thereafter.

Accounting policy: Revenue

Revenue is recognised when a contract exists between the Group and a customer and upon transfer of control of products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services.

We enter into contracts that can include various combinations of products and services, which may be capable of being distinct and accounted for as separate performance obligations, or in the case of offerings such as cloud-enabled subscription licences, accounted for as a single performance obligation. Revenue is recognised net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and related revenue recognition policies.

Type of product or service	Nature and timing of satisfaction of the performance obligations, including significant payment terms	Revenue recognition policies
Subscription agreements for Fully hosted subscription services ('SaaS')	• In relation to SaaS, customers are granted access to the software, without taking possession of the software. • Support and maintenance arrangements are built into all subscription agreements. • Subscription periods are typically entered into for 36 months and are billed annually in advance. • All contracts have automatic renewal for a period of 12 months unless otherwise notified in writing prior to expiration of the contract term. • Subscription services represent a single obligation to provide continuous access to the software, maintenance and support including upgrades on an 'if and when available' basis. • As each day of providing access to the software is substantially the same and the customer simultaneously receives and consumes the benefit as access is provided, the Group has determined that its subscriptions services arrangement include a single performance obligation comprised of a series of distinct services. • Customers are able to generate new user licence keys for additional users after initial delivery of the initial software licence key through issuance of an order. This is treated as an amendment to the contract and invoiced accordingly.	Revenue from the Company's subscription services is recognised over time on a straight-line basis over the contract term beginning on the date that the Company's application suite or product is made available to the customer. In relation to automatic renewals, revenue is recognised over time on a straight-line basis based on the amount the Company expects to receive in relation to these services.
Sale of perpetual licences for on-device or desktop software	• Customers obtain control of the software upon delivery of the software licence key. • The delivery of the software licence key is contingent upon payment by the customer in advance. • Some contracts include maintenance and support of the product, the pricing for which is distinct and detailed separately from the price of the software licence. The maintenance and support agreements are generally for a 12-month period. • Customers are able to generate new user licence keys for additional users after initial delivery of the initial software licence key through issuance of an order. This is treated as an amendment to the contract and invoiced accordingly.	Revenue from perpetual licences is recognised at the point in time the software is delivered to the customer, provided all other revenue recognition criteria are met. Revenue from maintenance and support contracts is recognised on a straight-line basis over the support term as the underlying service is a stand-ready performance obligation.

Accounting policy: Trade receivables

A receivable is recorded when an unconditional right to invoice and receive payment exists, such that only the passage of time is required before payment of consideration is due. Timing of revenue recognition may differ from the timing of invoicing to customers. Certain performance obligations may require payment before delivery of the licence or service to the customer.

Accounting policy: Contract assets

A contract asset is recognised when an unconditional right to consideration exists and transfer of control has occurred. Contract assets are typically related to subscription and maintenance and support contracts where the transaction price allocated to the satisfied performance obligations exceeds the value of billings to date.

Accounting policy: Contract liabilities

Contract liabilities represent deferred revenue which primarily consists of billings or payments received in advance of revenue recognition from subscription services, including non-cancellable and non-refundable committed funds and deposits. Deferred revenue is recognised as revenue when transfer of control to customers has occurred. Customers are typically invoiced for these agreements in regular instalments and revenue is recognised on a straight-line basis over the contractual subscription period.

The deferred revenue balance is influenced by several factors, including seasonality, the compounding effects of renewals, invoice duration, invoice timing, size and new business linearity within the period. Deferred revenue does not represent the total contract value of annual or multi-year non-cancellable subscription agreements.

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 60 days. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined our contracts generally do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with simplified and predictable ways of purchasing our products and services, such as invoicing at the beginning of a subscription term with revenue recognised on a straight-line basis over the contract period, and not to receive financing from our customers. Any potential financing fees are considered insignificant in the context of our contracts.

Significant movements in the deferred revenue balance during the period consisted of increases due to payments received prior to transfer of control of the underlying performance obligations to the customer, which were offset by decreases due to revenue recognised in the period.

Transaction price allocated to remaining performance obligations represents contracted revenue that has not yet been recognised, which includes deferred revenue and unbilled amounts that will be recognised as revenue in future periods.

Accounting policy: Contract acquisition costs

The Group recognises an asset for the incremental costs of obtaining a contract with a customer if the Group expects the benefit of those costs to be longer than one year. The Group has determined that certain sales incentive programs meet the requirements to be capitalised.

The costs capitalised under AASB 15 include sales commissions paid to our sales force personnel and channel partners, resellers and third parties. Capitalised costs may also include portions of fringe benefits and payroll taxes associated with compensation for incremental costs to acquire customer contracts and incentive payments to partners. Capitalised costs to obtain a contract are amortised over the expected period of benefit, which is determined, based on the Group's analysis, to be 3 years. Contract costs in relation to payments to resellers and channel partners are amortised over the length of the contract. The Group evaluated qualitative and quantitative factors to determine the period of amortisation, including contract length, renewals, customer life and the useful lives of our products. When the expected period of benefit of an asset which would be capitalised is less than one year, the Group expenses the amount as incurred. These expenses and amortisation of capitalised contract cost are classified under sales and marketing expense in the consolidated statement of comprehensive income. The group regularly evaluates whether there have been changes in the underlying assumptions and data used to determine the amortisation period.

6. Other income and expenses

a. Other income/(loss), (net)

US$'000	2021	2020
Foreign exchange losses, net (refer Note 2(f))	(1,471)	(521)
Interest income	11	155
Other income/(loss)	(24)	(13)
Total	**(1,484)**	**(379)**

i. Interest income

Income is recognised as the interest accrues (using the effective interest method), which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

b. Expenses

i. Cost of revenues

Cost of revenues includes the cost of third-party technologies that are used to host Nitro's cloud-based products, third-party technologies that are embedded in the Company's products, third party hosting and transaction services for the Company's online storefront, and employee and other operating costs associated with the Company's customer support organisation.

ii. Employee benefits

Employee benefit expenses US$'000	2021	2020
Wages and salaries	37,254	25,926
Superannuation	176	117
Share-based payments	7,618	2,968
Total	**45,048**	**29,011**

Employee benefit liabilities US$'000	2021	2020
Accrued wages	3,753	2,302
Compensated absences	815	567
Long service leave	15	8
Total	**4,583**	**2,877**

Short-term and other long-term employee benefit obligations

Liabilities for annual leave and any accumulating sick leave accrued up until the reporting date that are expected to be settled within 12 months are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for long service leave are measured as the present value of estimated future payments for the services provided by employees up to the reporting date and disclosed within employee benefits. Liabilities that are not expected to be settled within 12 months are not discounted as the impact of the same is immaterial.

7. Share-based payments

Accounting policy

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Awards, in the form of the right to receive ordinary shares in the Company, have been granted under the following employee share ownership plans in the Historical Long-Term Incentive Plan (Historical LTIP) and Current Long-Term Incentive Plan (Current LTIP) Awards. Set out below are the details of the awards under the Current LTIP for the year ended 31 December 2021:

a. Share options

Stock options granted to employees generally vest over a four-year period and expire ten years from the date of grant. Certain awards provide for accelerated vesting upon a change of control. Stock options are generally granted with exercise prices equal to the closing price of its common stock prior to the date of grant. During the year, 1,257,467 unlisted options were issued to eligible employees, compared to 5,854,718 in FY2020. None of these options were issued to key managerial personnel ('KMP') of the Group in FY2021, while 1,030,097 were issued to KMP in FY2020. The following table summarises the movements in the number of options outstanding as at 31 December 2021.

	2021		2020	
	No.	**WAEP[1]**	**No.**	**WAEP**
Outstanding at the beginning of the year	18,596,827	0.95	15,873,129	0.55
Granted during the year	1,257,467	2.93	5,854,718	1.93
Forfeited during the year	(1,621,675)	1.96	(2,002,562)	0.74
Exercised during the year	(7,880,585)	0.40	(1,128,458)	0.50
Outstanding at the end of the year	**10,352,034**	**1.44**	**18,596,827**	**0.95**
Exercisable at the end of the year	**6,581,018**	**1.01**	**11,670,617**	**0.42**
Weighted average remaining contractual life in years	**7.00**		**5.83**	

1. Weighted average exercise price in A$.

The weighted average share price at the time of exercise of options during FY2021 was A$3.44 per share, and during FY2020 was A$2.04 per share.

b. Performance shares and performance rights

The Company recognises share-based payment expense over the vesting term of the performance shares and performance rights. The fair value is measured based upon the number of units and the closing price of the Company's shares on the date of the grant. Detailed terms and conditions are included in the Remuneration Report on pages 43 to 45 and 54 of the Annual Report.

i. Market-based vesting conditions

During FY2021, 387,415 (in FY2020: Nil) performance shares and 25,845 (in FY 2020: 1,576,227) performance rights were issued to the senior executives of the Group. In addition to the requisite service period, these performance awards contain a market-based vesting condition based on relative total shareholder return.

Relative total shareholder return is defined as increases in our stock price during the performance period as compared to the Company's peer group, ASX All Technology Index (ASX: XTX), expressed as a percentile ranking to be assessed at the end of the performance periods of two and three years.

The probability of the actual shares expected to be awarded is considered in the grant date valuation.

ii. Performance-based vesting conditions

During FY2021, 387,414 (in FY2020: Nil) performance shares and 25,845 (in FY2020: 630,227) performance rights were issued to the senior executives of the Group. In addition to the requisite service period, these stock units contain performance-based vesting conditions based on an internal compound revenue growth rate measure ('CAGR'). The probability of the actual shares expected to be awarded is not considered in the grant date valuation. The share-based payment expense will be adjusted over the vesting period, as further information becomes available to reflect the actual shares awarded.

The following table summarises the movements in the number of restricted shares outstanding as at 31 December 2021.

	Performance rights			
	2021		2020	
	No.	WAFV[1]	No.	WAFV
Outstanding at the beginning of the year	2,206,454	1.55	–	–
Granted during the year	51,690	2.96	2,206,454	1.55
Forfeited during the year	(522,154)	1.63	–	–
Vested during the year	(730,974)	1.14	–	–
Outstanding at the end of the year	**1,005,016**	**1.88**	**2,206,454**	**1.55**

	Performance shares			
	2021		2020	
	No.	WAFV	No.	WAFV
Outstanding at the beginning of the year	–	–	–	–
Granted during the year	774,829	2.48	–	–
Forfeited during the year	(70,453)	2.44	–	–
Vested during the year	–	–	–	–
Outstanding at the end of the year	**704,376**	**2.48**	**–**	**–**

1. Weighted average fair value of the award on grant date in A$.

c. Share awards

During the year ended 31 December 2021, the Company issued 3,493,424 shares (in FY2020 2,805,644) to employees of the Group. None of these awards in FY2021 (in FY2020 1,157) were issued to KMP.

These awards generally vest over a period of four years. The fair value was measured based upon the closing price of the Company's shares on the date of the award. The following table summarises the movements in the awards granted including the weighted average fair values.

	Restricted share awards			
	2021		2020	
	No.	WAFV	No.	WAFV
Outstanding at the beginning of the year	2,705,644	2.56	–	
Granted during the year	3,493,424	3.07	2,805,644	2.53
Forfeited during the year	(803,523)	2.67	–	–
Vested during the year	(845,819)	2.56	(100,000)	1.60
Outstanding at the end of the year	**4,549,726**	**2.93**	**2,705,644**	**2.56**

d. Estimation of fair value

The Company estimates the fair value of the options on the date of grant using the Black-Scholes option-pricing model and the performance awards using the Monte Carlo model. The models require the use of highly subjective estimates and assumptions, including expected volatility, expected term, risk-free interest rate, and expected dividend yield.

The fair value of options granted during the year ended 31 December 2021 and year ended 31 December 2020 were estimated on the grant date using the assumptions set out below.

Date of grant	Date of Expiry	Exercise price	Fair value at grant date	Expected price volatility %	Dividend yield %	Risk free rate	Remaining contractual life (years)
Valuation assumptions for options issued in 2021							
21 Jan 21	20 Jan 31	A$3.05	A$1.82	63%	0%	0.50%	9.06
24 Mar 21	23 Mar 31	A$2.60	A$1.49	63%	0%	0.83%	9.23
21 May 21	20 May 31	A$2.75	A$1.56	63%	0%	0.88%	9.39
26 Aug 21	25 Aug 31	A$3.41	A$1.83	62%	0%	0.70%	9.66
24 Sep 21	26 Sep 31	A$3.67	A$2.11	62%	0%	0.87%	9.75
28 Oct 21	27 Oct 31	A$3.58	A$2.19	61%	0%	1.54%	9.83
27 Dec 21	27 Dec 31	A$2.40	A$1.37	61%	0%	1.36%	10.00
Valuation assumptions for options issued in 2020							
27 Mar 20	27 Mar 30	A$0.98	A$0.54	62%	0%	0.56%	9.24
24 Jun 20	24 Jun 30	A$1.47	A$0.80	62%	0%	0.53%	9.49

Date of grant	Date of vesting	Share price on grant date	Fair value at grant date	Expected price volatility %	Dividend yield %	Risk free rate	Remaining contractual life (years)
Valuation assumptions for market based vesting conditions relating to the performance shares issued in 2021							
21 May 21	31 Dec 23	A$2.75	A$2.12	66.78%	0%	0.09%	2.61
29 Nov 21	31 Dec 23	A$3.40	A$2.62	60.73%	0%	0.56%	2.09
Valuation assumptions for market based vesting conditions relating to the performance rights issued in 2021							
21 Jan 21	31 Dec 22	A$3.15	A$2.76	67.19%	0%	0.08%	1.94
Valuation assumptions for market based vesting conditions relating to the performance rights issued in 2020							
29 May 20	31 Dec 21	A$1.60	A$1.14	69.09%	0%	0.26%	1.59
29 May 20	31 Dec 22	A$1.60	A$1.20	61.69%	0%	0.27%	2.59
23 Sep 20	31 Dec 22	A$2.56	A$2.19	65.38%	0%	0.17%	2.27

e. Expense summary

For the year ended 31 December 2021, the Group recognised US$7.62 million of share-based payment expense (in FY2020 US$2.97 million) in relation to:

- Stock options US$2.06 million (FY2020: US$1.19 million);
- Share awards US$4.22 million (FY2020: US$1.08 million); and
- Performance rights and performance shares US$1.34 million (FY2020: US$0.70 million).

8. Taxes

a. Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

b. Current tax

Current tax is the expected tax payable on the taxable income for the financial year, using applicable tax rates (and tax laws) at the balance sheet date in each jurisdiction, and any adjustment to tax payable in respect of previous financial years. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

c. Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The following temporary differences are not provided for:

- The initial recognition of goodwill; and
- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

d. Measurement, recognition and presentation

Measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Income tax expense US$'000	**2021**	**2020**
Current tax expense	576	70
Deferred tax expense	–	(186)
Income tax (benefit)/expense	**576**	**(116)**

Numerical reconciliation of income tax expense to prima facie tax payable US$'000	**2021**	**2020**
Loss before income tax	**(21,107)**	**(7,656)**
Tax at the Australian Tax rate of 30% (31 December 2020: 30%)	**6,332**	**2,297**
Tax effect of amounts which are not deductible in calculating taxable income		
Other deductible/(non-deductible) expenses	(2,285)	1,234
Tax credits	–	(114)
Effect of lower tax rates in foreign jurisdictions	(1,253)	(306)
Current year losses for which no deferred tax is recognised	(3,370)	(2,995)
	(576)	**116**

The Group has unused tax losses of US$84.54 million in FY2021 (vs. US$67.87 million in FY2020) which has not been recognised as a deferred tax asset. The unused tax losses were incurred by the Group's United States operations and is not likely to generate taxable income in the foreseeable future. The Group has undertaken an assessment of the eligibility to carry forward these losses in the future during the current year and none of these losses are impaired.

The Group also has unused tax losses of US$19.52 million arising from the acquisition of Connective which has not been recognised as a deferred tax asset. The Group is currently undertaking an assessment of the eligibility to carry forward these losses in the future.

Deferred tax 2021	**Balance at 1 January 2021 US$'000**	**Recognised in the income statement US$'000**	**Recognised in equity US$'000**	**On account of business combinations US$'000**	**Balance at 31 Dec 2021 US$'000**
Deferred tax asset/(liability)					
Provisions and accruals	41	(41)	–	–	–
Property, plant and equipment	(9)	3	–	–	(6)
Intangibles	–	38	–	(6,612)	(6,574)
Others	–	–	–	–	–
Net deferred tax asset/(liability)	**32**	**–**	**–**	**(6,612)**	**(6,580)**
Deferred tax asset	***32***				***–***
Deferred tax liability	***–***				***(6,580)***

Deferred tax 2020	Balance at 1 January 2020 US$'000	Recognised in the income statement US$'000	Recognised in equity US$'000	Balance at 31 December 2020 US$'000
Deferred tax asset/(liability)				
Share issue expenses	11	(11)	–	–
Provisions and accruals	147	(106)	–	41
Movements in currency exchange rates	(343)	343	–	–
Property, plant and equipment	31	(41)	–	(9)
Net deferred tax asset/(liability)	**(155)**	**186**	**–**	**32**
Deferred tax asset	***189***			***32***
Deferred tax liability	***344***			***–***

9. Earnings per share

Basic EPS is determined by dividing profit/(loss) after tax attributable to members of the Company and Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted EPS is determined by adjusting the profit/(loss) after tax attributable to members of the Company and Group, and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Dilution occurs when employee share options are included in outstanding shares.

US$'000	2021	2020
Net loss attributable to ordinary equity holders	(21,683)	(7,540)
Net loss used in calculating diluted earnings per share	(21,683)	(7,540)

Weighted average number of ordinary shares on issue used in the calculation of	2021	2020
Basic earnings per share	196,507,024	189,185,817
Diluted earnings per share	196,507,024	189,185,817

Earnings per share (US cents per share)	2021	2020
Basic	(11.0)	(4.0)
Diluted	(11.0)	(4.0)

For the year ended 31 December 2021, the Group's only potential dilutive ordinary shares are share awards granted under the employee share ownership plans. Diluted earnings per share calculation excludes instruments which are considered anti-dilutive. For the year ended 31 December 2021, the effect of these shares was not included in the calculation of diluted earnings per share because they are anti-dilutive for the period(s) presented.

10. Cash and cash equivalents

US$'000	2021	2020
Bank balances	48,198	43,749

The Group held cash and cash equivalents with banks and financial institution counterparties which are rated, BBB- to AA-, based on Standards & Poor's ratings.

11. Trade and other receivables

US$'000	2021	2020
Trade receivables and contract assets, net	11,765	6,659
Contract acquisition costs, net (refer note 5)	5,901	4,058
Prepayments	2,444	1,839
Others	1,464	1,229
	21,574	**13,785**
Trade and other receivables		
Current	*15,336*	*9,522*
Non-current	*6,238*	*4,263*

Accounting policy: Trade receivables

A receivable is recorded when an unconditional right to invoice and receive payment exists, such that only the passage of time is required before payment of consideration is due. Timing of revenue recognition may differ from the timing of invoicing to customers. Certain performance obligations may require payment before delivery of the licence or service to the customer.

US$'000	2021	2020
Loss allowance at the beginning of the year	**31**	**25**
(Reversal)/provision for loss allowance	21	36
Write-off's	(5)	(31)
Recovery of balances written off	–	–
Loss allowance at the end of the year	**47**	**31**

Accounting policy: Loss allowance

The Group has two types of financial assets that are subject to AASB 9's expected credit loss model which are trade receivables and contract assets. The Group applies AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Loss allowances in previous periods have not been material. Historical loss rates have been adjusted to reflect current and forward-looking information on factors impacting the ability of the customers to settle the outstanding debt.

Quality of receivables and loss allowance

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to work contracted greater than 12 months and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2018 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and accordingly adjusts the historical loss rates based on expected changes in these factors.

	2021			2020		
Trade receivables US$'000	**Amount**	**Loss allowance**	**Rate**	**Amount**	**Loss allowance**	**Rate**
Current	8,446	36	0.42%	5,651	23	0.54%
0 to 30 days overdue	1,671	7	0.43%	845	5	0.52%
31 to 60 days overdue	432	1	0.48%	150	1	0.26%
61 to 90 days overdue	359	1	0.33%	43	1	0.52%
More than 90 days overdue	707	1	0.17%	–	–	–
Total	**11,615**	**47**	**0.41%**	**6,689**	**31**	**0.53%**

12. Property, plant and equipment

US$'000	Plant and equipment	Furniture, fittings and equipment	Leasehold improvements	Construction in progress	Total
Carrying value at the beginning of the year	**213**	**16**	**278**	–	**507**
Additions	293	–	49	20	362
Acquired through business combinations	51	42	77	–	170
Amortisation	(153)	(10)	(138)	–	(301)
Disposals	–	(2)	(22)	–	(24)
FX adjustments	13	–	(19)	1	(5)
Carrying value at the end of the year	**417**	**46**	**225**	**21**	**709**
AS AT 31 DECEMBER 2021					
Cost	859	137	525	21	1,542
Accumulated depreciation	(442)	(91)	(300)	–	(833)
Carrying value at the end of the year	**417**	**46**	**225**	**21**	**709**

US$'000	Plant and equipment	Furniture, fittings and equipment	Leasehold improvements	Construction in progress	Total
Carrying value at the beginning of the year	**125**	**30**	**409**	–	**564**
Additions	159	–	17	–	176
Amortisation	(79)	(14)	(167)	–	(260)
Disposals	3	(1)	(4)	–	(2)
FX adjustments	5	1	23	–	29
Carrying value at the end of the year	**213**	**16**	**278**	–	**507**
AS AT 31 DECEMBER 2020					
Cost	602	143	611	–	1,356
Accumulated depreciation	(389)	(127)	(333)	–	(849)
Carrying value at the end of the year	**213**	**16**	**278**	–	**507**

Accounting policy: Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Depreciation of furniture and fixtures and computer equipment is measured using the straight-line method over estimated useful lives of the assets, generally 3 to 5 years. Leasehold improvements are amortised over the lesser of the estimated useful life of the asset or the remaining lease term. The depreciation rates used for each class of depreciable assets are:

- Leasehold improvements 20%
- Furniture and fittings 33%
- Office equipment 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

13. Intangible assets

Reconciliation of carrying amounts 2021 US$'000	Goodwill	Commercialised software	Customer lists	Backlog	Trademarks	Intellectual property	Software	Domains	Total
Carrying value at the beginning of the year	–	–	–	–	–	1	–	–	1
Additions	–	6,106	–	–	–	–	–	–	6,106
Acquired through business combinations	58,563	15,060	9,512	906	226	–	–	–	84,267
Amortisation	–	(644)	(39)	(15)	(3)	–	–	–	(701)
FX adjustments	(96)	2	1	–	–	(1)	–	–	(93)
Carrying value at the end of the year	**58,467**	**20,524**	**9,474**	**891**	**223**	**–**	**–**	**–**	**89,580**
AS AT 31 DECEMBER 2021									
Cost	58,467	32,634	9,531	906	226	3	723	43	102,534
Accumulated depreciation	–	(12,110)	(57)	(15)	(3)	(3)	(723)	(43)	(12,954)
Carrying value at the end of the year	**58,467**	**20,524**	**9,474**	**891**	**223**	**–**	**–**	**–**	**89,580**

Included in additions above are costs of acquisition of PDFpen software from Smile, Inc for US$6.00 million and associated costs to bring the software to its intended use.

During the year ended 31 December 2021, all research and development costs were expensed as they did not meet the recognition and measurement criteria under AASB 138.

Reconciliation of carrying amounts 2020 US$'000	Goodwill	Commercialised software	Customer lists	Backlog	Trademarks	Intellectual property	Software	Domains	Total
Carrying value at the beginning of the year	–	63	–	–	–	1	–	–	1
Additions	–	–	–	–	–	–	–	–	–
Amortisation	–	(79)	–	–	–	(1)	–	–	(1)
FX adjustments	–	16	–	–	–	1	–	–	1
Carrying value at the end of the year	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**–**	**1**
AS AT 31 DECEMBER 2020									
Cost	–	11,466	–	–	–	3	723	43	769
Accumulated depreciation	–	(11,466)	–	–	–	(2)	(723)	(43)	(768)
Carrying value at the end of the year	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**–**	**1**

During the year ended 31 December 2020, all research and development costs were expensed as they did not meet the recognition and measurement criteria under the AASB 138.

Accounting policy: Intangible assets

Goodwill

Goodwill is measured as described in note 25(i). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Trademarks, commercialised software, backlog and customer lists

Separately acquired trademarks and commercialised software are shown at historical cost. Trademarks, commercialised software, backlog and customer lists acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Internally developed software

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 3 to 5 years.

Software development costs include costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

The amortisation rates used for each class of intangible assets are:

- Commercialised software 12.5% to 20%
- Customer lists 12.5%
- Backlog 50%
- Trademarks 50%
- Domains 33%

Accounting policy: Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period

14. Equity shares

	Equity Securities			
	2021		2020	
	No.	US$'000	No.	US$'000
Balance at the beginning of the year	**193,058,522**	**95,973**	**188,928,996**	**90,209**
Exercise of options	7,880,585	1,186	1,149,824	261
Shares issued to the employee share trust	12,317,306	26,934	3,705,644	6,083
Shares acquired by the employee share trust	–	–	–	(102)
Shares allocated to participants from the employee share trust	(7,404,169)	(15,012)	(611,242)	(457)
Shares withheld in relation to cashless exercise of options	(466,042)	–	(114,700)	–
Withholding taxes paid to tax authorities	(10,374)	(22)	–	–
Issue of shares[1]	40,810,794	101,350	–	–
Expenses directly attributable to the issue of shares	–	(3,696)	–	(21)
Balance at the end of the year including treasury shares	**246,186,622**	**206,713**	**193,058,522**	**95,973**
Treasury shares unallocated	(8,017,102)	(17,552)	(3,103,965)	(5,630)
Balance at the end of the year excluding treasury shares	**238,169,520**	**189,161**	**189,954,557**	**90,343**

1. Shares issued pursuant to the capital rise of A$140 million through a placement and retail entitlement offer announced on 10 November 2021.

a. Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

b. Options

As at 31 December 2021 there were 10,352,034 vested and unvested options on issue (vs. 18,596,827 at 31 December 2020) (refer to note 7 for details).

c. Reserves

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The employee share benefits reserve is used to record the value of share-based payments provided to employees, including KMP as part of their remuneration.

The warrants reserve is used to record the value of warrants issued to third parties against the shares of the company.

The treasury reserve is used to hold the book value of shares held by the Employee Share Trust for future issue to participants on exercise of options, performance rights and share awards.

Treasury shares

The balance in Treasury Reserve as at 31 December 2021 represents book value of 8,017102 shares (FY2020: 103,965 shares) held by the Trust for future issue to participants on exercise of options/settlement of performance rights. The movement of treasury shares is as follows:

	Treasury Shares			
	2021		2020	
	No.	US$'000	No.	US$'000
Balance at the beginning of the year	**3,103,965**	**5,630**	**–**	**–**
Issue of shares to the employee share trust	12,317,306	26,934	3,705,644	6,083
Shares allocated to participants from the employee share trust	(7,404,169)	(15,012)	(611,242)	(457)
Forfeited shares bought back	–	–	9,563	4
Balance at the end of the year	**8,017,102**	**17,552**	**3,103,965**	**5,630**

15. Leases and right to use assets

Reconciliation of carrying amounts of right to use assets US$'000	**2021**	**2020**
Carrying value at the beginning of the year	**1,808**	**3,058**
Additions	1,478	–
Acquired through business combinations	629	
Amortisation	(1,331)	(1,393)
FX adjustments	(76)	143
Carrying value at the end of the year	**2,508**	**1,808**

US$'000	**2021**	**2020**
Cost	4,764	4,314
Accumulated depreciation	(2,256)	(2,506)
Carrying value at the end of the year	**2,508**	**1,808**

Lease liabilities – maturity analysis US$'000	**2021**	**2020**
Contractual undiscounted cashflows		
– Less than one year	1,278	1,204
– One to five years	1,452	536
Total undiscounted lease liabilities as at the end of the year	**2,730**	**1,740**
Lease liabilities included in the statement of financial position	**2,537**	**1,669**
– Current	*1,245*	*1,097*
– Non-current	*1,292*	*572*

Amounts recognised in profit or loss US$'000	2021	2020
Interest on lease liabilities	107	140
Expenses relating to short term leases	12	81
Expenses relating to leases of low value assets, excluding short term leases of low value assets	–	–

Amounts recognised in the statement of cash flows US$'000	2021	2020
Total cash outflow for leases	1,323	1,402

Accounting policy

At inception of a contract, the Group assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement or modification of a contract that contains a lease, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand alone price. However, for leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Leases are recognised as right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost if charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable because the lease is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lease exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lease would have to pay to borrow the funds necessary to obtain an asset or similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or above the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Lease liabilities	
US$'000	**2021**	**2020**
Balance as at the beginning of the year	**1,669**	**2,933**
Payment for leases	(1,323)	(1,402)
Changes from financing cashflows	**(1,323)**	**(1,402)**
Effect of changes in foreign exchange rates	**83**	**138**
Other changes		
Finance costs	107	140
Finance costs paid	(107)	(140)
New leases	2,107	–
Subtotal other changes	**2,107**	**–**
Balance at the end of the year	**2,536**	**1,669**

16. Financial risk management

a. Risk management framework

The Company's Board of Directors have an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors have established the Audit and Risk Management Committee which is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in the market and the Group's activities. The Group monitors capital with the objective of safeguarding its ability to continue as a going concern and provide return to shareholders. The Group does not have a target debt equity structure and pursuant to the IPO all external borrowings, except those relating to leases under AASB 16 are outstanding on the date of the balance sheet.

b. Market risk

Market risk is the risk that changes in market prices — such as foreign exchange rates and interest rates — will affect the Group's income or the value of its holdings of financial instruments. The Group uses derivatives to manage market risk related to foreign currencies. All such transactions are carried out within the guidelines of the Group's risk management policies.

c. Foreign exchange risk

The Group's reporting currency is the United States Dollar (US$) and it is exposed to currency risk on accounts receivable and payable denominated in the Australian Dollar (A$), Euro (EUR) and British Pound (GBP). In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

Exposure to foreign currency risk

The summary quantitative data about the Group's exposure to foreign currency risk is as follows:

US$'000	2021				2020			
As at 31 December	A$	EUR	GBP	CAD	A$	EUR	GBP	CAD
Cash and cash equivalents	10,526	17,481	982	1	2,017	4,708	201	–
Trade and other receivables	1,350	3,246	648	376	1,849	1,074	469	56
Trade and other payables	3,252	3,503	417	383	1,519	1,126	142	–
Loans and borrowings	–	4,102	–	–	–	1,069	–	–

Sensitivity analysis

A 10% strengthening or weakening of foreign currencies to US dollar exchange rate would have increased/(decreased) the net assets denominated in foreign currencies by the amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant.

US$'000	2021	2020
10% increase	(2,491)	(754)
10% decrease	3,045	921

d. Interest rate risk

The Company monitors changes in interest rates regularly to ensure the best possible return on deposits. Changes to interest rates in this context are not considered a significant financial risk.

As at 31 December 2021, the Company has no borrowings other than those related to leases under AASB 16 and hence not exposed to significant financial risk in this context.

e. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its cash and funding requirements. The Group continually monitors forecast and actual cash flows and the maturity profiles of assets and liabilities to manage its liquidity risk.

Exposure to liquidity risk

The tables below present the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2021 US$'000	12 months or less	Between 1 and 3 years	Between 3 and 5 years	Total contractual cash flows	Carrying amount (assets) /liabilities
Trade and other payables	12,426	–	–	12,426	12,426
Lease Liability	1,245	1,292	–	2,730	2,537
Total non-derivatives	**13,671**	**1,292**	**–**	**15,155**	**14,962**

2020 US$'000	12 months or less	Between 1 and 3 years	Between 3 and 5 years	Total contractual cash flows	Carrying amount (assets) /liabilities
Trade and other payables	6,802	–	–	6,802	6,802
Lease Liability	1,097	572	–	1,740	1,669
Total non-derivatives	**7,899**	**572**	**–**	**8,542**	**8,471**

17. Auditor's remuneration

During the year the following fees were paid for services provided by the Group's auditors, PricewaterhouseCoopers Australia, and its network firms:

	PwC Australia		Network firms of PwC Australia		Total	
US$'000	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Assurance services						
Audit and review of financial statements	251	227	37	24	288	251
Other assurance services	5	–	–	–	5	–
Total assurance services	**256**	**227**	**37**	**24**	**293**	**251**
Non-assurance services						
Due diligence services and other services	343	–	–	–	343	–
Tax compliance services	40	80	13	7	53	87
Total non-assurance services	**383**	**80**	**13**	**7**	**396**	**87**
Total remuneration	**639**	**307**	**50**	**31**	**689**	**338**

18. Related party transactions

The following table summarises the remuneration paid and included in the Expenses for the year ended 31 December 2021:

Key Management Personnel:

US$'000	2021	2020
Short term employee benefits	1,872	1,387
Post-employment benefits	20	20
Share-based payments	2,503	1,105
Others	86	215
Employee benefit expenses	**4,481**	**2,727**

Short term employee benefits include non-monetary benefits paid to the Key Management Personnel. The comparative information has been adjusted to reflect current year presentation.

Transactions with related entities

A number of Directors of the Group hold or have held positions in other companies (personally related entities) where it is considered they control or significantly influence the financial or operating policies of those entities. There were no reportable transactions with those entities and no amounts were owed by or owed to the Group to/by personally related entities at 31 December 2021 (nil in FY2020). For more information on remuneration and transactions with Key Management Personnel, refer to the remuneration report on page 35 of the annual report.

19. Parent entity information

US$'000	2021	2020
Result of the parent entity		
(Loss)/profit for the year	(3,657)	(1,666)
Total comprehensive (loss)/profit for the year	(3,657)	(1,666)
Financial position of the parent entity as at 31 December		
Current assets	60,597	54,150
Total assets	**184,200**	**87,750**
Current liabilities	2,246	1,083
Total liabilities	**2,362**	**1,170**
Net assets	**181,838**	**86,580**
Contributed equity	189,161	90,344
Reserves	(3,846)	(3,945)
Accumulated losses	(3,477)	181
Total equity	**181,838**	**86,580**

Accounting policy

The financial information for the parent entity, Nitro Software Ltd, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the consolidated financial statements of Nitro Software Ltd. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

20. Commitments and contingencies

During the year ended 31 December 2020, the Company reported a low impact and isolated security incident which involved limited access to a database by an unauthorised third party. The Company does not expect any material financial impact in relation to the incident. Costs in relation to remediation and mitigation of this incident have been expensed as incurred net of insurance proceeds paid and approved by the insurance companies.

The Group had no contingent liabilities as at 31 December 2021 (31 December 2020: Nil).

The Group has no significant commitments as at 31 December 2021 other than those disclosed in note 15.

21. Events occurring after the reporting period

No matters or circumstances have occurred subsequent to period end that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Nitro Software Limited, we state that:

In the opinion of the Directors:

a) The consolidated financial statements and notes as set out on pages 61 to 95 and the Remuneration report on pages 35 to 59 forming part of the Directors' report, are in accordance with the *Corporations Act 2001* including:

   i. Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial year ended on that dated.

   ii. Complying with Australian Accounting Standards and the Corporations Regulations 2001.

b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

c) The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001* for the year ended 31 December 2021.

d) The directors draw attention to Note 2(a) to the consolidated financial statements on page 67 which includes a statement of compliance with International Financial Reporting Standards.

On behalf of the Board,

Kurt Johnson
Executive Chairman

24 February 2022

Sam Chandler
Chief Executive Officer

24 February 2022

Independent auditor's report

To the members of Nitro Software Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Nitro Software Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2021
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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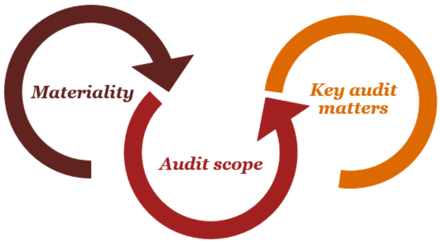
Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope
• For the purpose of our audit we used overall Group materiality of $0.5m, which represents approximately 1% of the Group's revenue from ordinary activities. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group revenue because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. • We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The Group operates across a single operating segment, being the provision of software as a service. Its head office function is based in Melbourne, Australia.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
Acquisition of Connective NV *(Refer to note 3)* The Group acquired Connective NV for purchase consideration of $79.7m. The purchase consideration was in the form of cash. Goodwill of $58.6m was recognised on acquisition. The Group has recognised the fair value of assets and liabilities for the acquired business. We considered this a key audit matter because of the significant judgement involved by the Group in the following areas: ● determining the acquisition date ● identifying all assets and liabilities of the newly acquired business ● estimating the fair value of internally generated software technology, customer relationships, backlog of contracts, and trademarks acquired for initial recognition by the Group.	Our audit procedures included, amongst others: ● evaluated the Group's accounting against the requirements of Australian Accounting Standards, the purchase agreements and our understanding of the business acquired ● assessed the determination of the acquisition date against supporting documentation ● agreed the cash purchase consideration to supporting documentation ● together with PwC experts, assessed the fair value of acquired internally generated software technology, customer relationships, backlog of contracts, and trademarks by evaluating the valuation methodology and assessing significant assumptions ● evaluated the reasonableness of the disclosures made in note 3 in light of the requirements of Australian Accounting Standards.
Share Based Payments *(Refer to note 7) [$7.6m]* The Group recognised a share-based payment expense of $7.6m during the year. The Group issued a number of grants under its existing short-term and long-term incentive plans during the year ended 31 December 2021. This was a key audit matter due to the judgement in the key assumptions and estimates used in determining the fair value of the share-based payment expense, including the determination of the	Our audit procedures included, amongst others: ● developed an understanding of the nature of the incentive schemes ● read the terms and conditions of the various incentive plan agreements ● evaluated the Group's assessment of the likelihood of meeting the vesting conditions attached to each of the agreements ● tested key data and evaluated assumptions used in the vesting schedule and performed mathematical accuracy checks

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grant date, estimated volatility over the period, and probability of meeting vesting conditions.

- assessed the Group's methodology for calculating the fair value of share options, performance shares and performance rights, and agreed the valuation inputs to supporting documents including external data, employee offer letters and Board approvals.
- evaluated the adequacy of the disclosures made in Note 7 in light of the requirements of Australian Accounting Standards.

Revenue Recognition
(Refer to note 5) [$50.9m]

The Group recognised revenue of $50.9m, which is predominantly comprised of the following revenue streams:

- Subscription software services ($33.8m)
- Perpetual licenses maintenance and support revenue ($17.1m)

Revenue recognition was a key audit matter due to:

- the significance of revenue to the Group's financial results
- the extent of deferred revenue recognised by the Group and the related revenue recognition during the year
- the level of judgement applied in the key assumptions used to capitalise and subsequently amortise contract acquisition costs.

Our audit procedures included, amongst others:

- developed an understanding of the process undertaken by the Group to recognise revenue from the sale of perpetual licenses and subscriptions, including factors influencing whether the revenue is recognised on principal or agency basis
- tested the operating effectiveness of key controls over the cash allocation process to allocate cash receipts to the appropriate invoice and customer
- performed risk-based targeted procedures over revenue transactions based on an expected pathway and agreed a sample of transactions to supporting documents
- used computer assisted audit techniques to analyse revenue transactions not consistent with an expected pathway
- tested a sample of contracts to supporting documentation to ensure appropriate deferral of revenue
- obtained the contract acquisition cost calculation, and performed tests over the mathematical accuracy of the calculation
- assessed the appropriateness of the estimate of the useful life and amortisation in

light of the latest available information of contract periods and renewals

- evaluated the adequacy of the disclosures made in Note 5 in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 35 to 59 of the directors' report for the year ended 31 December 2021.

In our opinion, the remuneration report of Nitro Software Limited for the year ended 31 December 2021 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Charles Christie
Partner

Melbourne
24 February 2022

SHAREHOLDER INFORMATION

Additional information

The information presented below is required by the Australian Securities Exchange and not shown elsewhere in this report. The information is current as at 31 January 2022.

Distribution of ordinary shares:

Range	Total holders	Units	% Units
1 – 1,000	3,441	1,641,379	0.67%
1,001 – 5,000	2,567	6,424,124	2.61%
5,001 – 10,000	752	5,552,367	2.26%
10,001 – 100,000	674	15,622,323	6.35%
100,001 Over	58	216,946,429	88.12%
Total	**7,492**	**246,186,622**	**100.00%**

Unmarketable parcels

	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $1.8500 per unit	271	962	166,309

Substantial shareholders

The following have disclosed a substantial shareholder notice in the period to 31 January 2022:

Substantial holder	Number of ordinary shares in which the holder (or their associates) have a relevant interest	% of voting power	Date of interest notice
Battery Ventures	16,589,968	8.73	24 Sep 20
Sam Chandler	12,183,224	6.41	9 Nov 21
Australian Super Pty Ltd	12,053,052	5.17	25 Nov 21

Unlisted employee share options

As at 31 January 2022, there were a total of 10,276,066unlisted share options on issue.

Range	Total holders	Units	% Units
1 – 1,000	3	1,632	0.02
1,001 – 5,000	31	110,404	1.07
5,001 – 10,000	25	195,675	1.90
10,001 – 100,000	68	2,212,283	21.53
100,001 Over	14	7,756,072	75.48
Total	**141**	**10,276,066**	**100.00**

Unquoted restricted share awards

As at 31 January 2022, there were a total of 4,507,069 unquoted restricted shares were on issue.

Range	Total hold-ers	Units	% Units
1 – 1,000	1	923	0.02
1,001 – 5,000	17	63,618	1.41
5,001 – 10,000	25	181,134	4.02
10,001 – 100,000	79	2,390,665	53.04
100,001 Over	6	1,870,729	41.51
Total	**128**	**4,507,069**	**100.00**

Unlisted performance rights

As at 31 January 2022, there were a total of 1,735,990 unlisted performance rights on issue.

Range	Total hold-ers	Units	% Units
1 – 1,000	–	–	–
1,001 – 5,000	–	–	–
5,001 – 10,000	–	–	–
10,001 – 100,000	3	162,743	9.37
100,001 Over	5	1,573,247	90.63
Total	**8**	**1,735,990**	**100.00**

Unlisted performance shares

As at 31 January 2022, there were a total of 704,376 unlisted performance shares on issue.

Range	Total hold-ers	Units	% Units
1 – 1,000	–	–	–
1,001 – 5,000	–	–	–
5,001 – 10,000	–	–	–
10,001 – 100,000	8	294,968	41.88
100,001 Over	1	409,408	58.12
Total	**9**	**704,376**	**100.00**

Voting rights

Refer to note 14(a) to the financial statements on page 88 for details for voting rights in relation to ordinary shares.

There are no voting rights attached to employee share options, restricted shares, performance rights, performance shares.

On-market buy-back

There is no current on-market buy-back of shares.

Securities subject to voluntary escrow

There are no securities subject to escrow.

Twenty largest shareholders

The twenty largest shareholders of Nitro as at 31 January 2022.

Rank	Name	Units	% Units
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	36,069,169	14.65
2	NATIONAL NOMINEES LIMITED	30,205,928	12.27
3	CITICORP NOMINEES PTY LIMITED	25,950,110	10.54
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,390,518	10.31
5	UBS NOMINEES PTY LTD	19,163,072	7.78
6	BATTERY VENTURES X LP\C	16,424,071	6.67
7	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	8,788,292	3.57
8	SOLIUM NOMINEES (AUSTRALIA) PTY LTD <VSA A/C>	6,424,305	2.61
9	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	5,172,832	2.10
10	SOLIUM NOMINEES (AUSTRALIA) PTY LTD <ALLOCATED A/C>	5,038,501	2.05
11	KENSINGTON TRUST SINGAPORE LIMITED	5,008,140	2.03
12	SAM CHANDLER	3,830,400	1.56
13	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	2,754,830	1.12
14	BNP PARIBAS NOMS PTY LTD <DRP>	2,438,039	0.99
15	SOLIUM NOMINEES (AUS) PTY LTD <UNALLOCATED A/C>	2,077,277	0.84
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	2,056,626	0.84
17	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,894,278	0.77
18	M & S SKYLEISURE PTY LTD <M & S SKYLEISURE NO 1 A/C>	1,418,312	0.58
19	M & S SKYLEISURE PTY LTD <M & S SKYLEISURE NO 2 A/C>	1,418,312	0.58
20	MR RICHARD CROCKER	1,372,222	0.56
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**202,895,234**	**82.42**
Total Remaining Holders Balance		**43,291,388**	**17.58**

APPENDIX 1

SaaS metrics

Nitro uses certain information, measures and ratios to manage and report on performance which are prepared on a basis that is not in accordance with all relevant accounting standards ('Non-Statutory Information'). This Non-Statutory Information may exclude certain transactions, or present transactions or balances on a different recognition and measurement basis from that required or permitted by accounting standards. These measures do not have prescribed definitions and therefore may not be directly comparable to similarly titled measures presented by other entities.

Annual Recurring Revenue ('ARR') is calculated as the total value of subscription revenue contracts, that are in effect at the end of the reporting period, expressed on an annualised basis.

Nitro's typical subscription contract length is three years. Nitro's multi-year subscription-based licencing contracts provide visibility into revenue in future periods due to the recurring nature of those revenue streams.

Gross Retention Rate ('GRR') is calculated as the percentage of the overall ARR from all active subscription customers 12 months ago that was retained as ARR at the end of the current reporting period, including the impact of full or partial cancellations, but excluding ARR from expansion or new subscription customers. The inverse of GRR is commonly referred to as churn rate.

Net Revenue Retention ('NRR') is calculated as the ratio of (a) ending ARR for the current financial reporting period generated from customers who were existing customers at the end of the same financial reporting period of the prior year, net of churn but including expansion; and (b) ending ARR for the financial reporting period 12 months prior. NRR is expressed as a percentage. NRR measures the incremental recurring revenue the Company generates from its existing subscription customers as they expand their usage of the Group's solutions (net of churn), which may be a result of adding additional licences within their organisation, or by expanding usage into new areas of their organization that previously did not use Nitro's solution. NRR greater than 100% is a potential indicator of customer satisfaction, and implies that customers are expanding their use of the Group's software solutions over time.

Lifetime Value/Customer Acquisition Cost ('LTV/CAC') measures the ratio of 'lifetime value' per customer to 'customer acquisition cost'. The LTV/CAC ratio compares the value of a customer over their lifetime, compared to the cost of acquiring them. LTV/CAC is calculated as follows:

- LTV = (new bookings/number of new customers)/(1 — customer retention rate); and
- CAC = (selling expense + direct marketing expense + marketing personnel expense)/number of new customers.

Gross Profit is revenue less cost of sales. Gross profit represents the amount the Company is able to retain after paying the cost directly associated with the sales of its products. Gross margin is gross profit expressed as a percentage of total revenue.

Operating EBITDA is earnings before share-based payments, FX gains and losses, one time/non-recurring M&A expenses, interest, taxation, depreciation and amortisation. Nitro uses EBITDA before share-based payments to evaluate the operating performance of the Company without the non-cash impact of depreciation and amortisation, and before share-based compensation, interest and taxation.

EBITDA is earnings before interest, taxation, depreciation and amortisation. Nitro uses EBITDA to evaluate the operating performance of the Company without the non-cash impact of depreciation and amortisation, and interest and taxation.

EBITDA should not be considered as an alternative to measures of cash flow under AASB and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the results of Nitro's operations.

Although the Directors believe that these measures provide useful information about Nitro's financial performance, they should be considered as supplements to the measures that have been presented in accordance with AASB's and IFRS and not as a replacement for them. Because Non-Statutory Information is not based on AASB's, IFRS, or any other recognised body of accounting standards, it does not have prescribed definitions, and the way Nitro calculates these measures may differ from similarly titled measures used by other companies. Investors should therefore not place undue reliance on Non-Statutory Information.

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nitro