



29 April 2022

## NITRO DELIVERS 61% ARR GROWTH AND RECORD QUARTERLY CASH RECEIPTS

### Q1 2022 QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

Nitro Software Limited (ASX: NTO) ('Nitro' or the 'Company'), a global document productivity SaaS company driving digital transformation in organisations around the world, is pleased to provide this update on the Company's financial and operating performance alongside its Appendix 4C Quarterly Cash Flow Report for the quarter ended 31 March 2022.

### Q1 2022 Highlights (Compared to Q1 2021)

- Annual Recurring Revenue (ARR) excluding Connective at 31 March 2022 up 40%; including Connective up 61%.
- SaaS subscription revenue reached 72% of total revenue, vs 61% in Q1 2021.
- Record cash receipts from customers up 42% to US\$17.0 million.
- Strong financial position, with cash of US\$42.1 million at 31 March 2022 and no debt<sup>1</sup>.
- Integration of Connective progressing well and on schedule, with key milestones relating to the combined go-to-market team and product roadmap achieved.
- Nitro ranked as a top three vendor in global eSign market by leading technology analyst firm GigaOm<sup>2</sup>.
- Updated guidance for improved FY2022 Operating EBITDA<sup>3</sup> based on lower operating expenditures, reflecting enhanced business efficiencies:
  - FY2022 Operating EBITDA loss between US\$15 million and US\$18 million (previously US\$18 million - US\$21 million);
  - No change to ARR and Revenue guidance.
- Nitro expects to move toward a cash flow breakeven profile<sup>4</sup> in 2H 2023.

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<sup>1</sup> Excluding leases covered under AASB 16.

<sup>2</sup> *GigaOm Radar for E-Signature Solutions*, March 2022.

<sup>3</sup> Operating EBITDA excludes stock-based payments, FX gains and losses, and one-time expenses related to M&A.

<sup>4</sup> Cash flow breakeven profile refers to positive operating cash flows, after taking into account net working capital, capex, and any lease or tax payments.

Commenting on the Company's Q1 2022 performance, Nitro Co-Founder and Chief Executive Officer Sam Chandler said: "Nitro delivered record cash receipts from customers over the opening quarter of 2022 as the Company continues to execute on its growth strategy.

"In parallel, we continued to focus on integrating Connective to ensure we deliver on the full benefits of this acquisition and the game-changing technology and team it brings. The integration is progressing well and on schedule, with Connective's market-leading high-trust, enterprise-grade eSigning, eID and workflow capabilities now available to Nitro customers. Our go-to-market team is focused on cross-selling the expanded product set to a combined customer base of over 13,000 businesses around the world.

"At a strategic level, when we announced the acquisition of Connective last year, we said it would position Nitro as a top three solution for enterprise eSigning. That conviction was confirmed in the latest GigaOm Radar report where Nitro was identified as a leader and a 'fast mover,' and ranked as a top three vendor in global eSigning.

"We have entered 2022 well positioned to continue scaling our document productivity and workflow platform, and to cement our status as a leading global player in enterprise eSigning at a time when high-trust solutions are in growing demand."

## Q1 2022 Performance<sup>5</sup>

### Growth in ARR and new customers

Nitro maintained its strong sales momentum in Q1 2022, with revenue exceeding internal expectations and ARR excluding Connective at 31 March 2022 up 40%, compared to ARR at 31 March 2021. Including Connective, ARR increased by 61% at the end of Q1 2022 over Q1 2021.

The increase in ARR was driven by key customer wins, expansions and renewals in the quarter, including Lloyds Banking Group, Subsea 7, NRG Energy, BP, BNP Paribas and Pioneer Natural Resources.

The ability to offer Connective's market-leading eSigning, workflow and eID products to Nitro's existing enterprise customer base is quickly generating cross-sell opportunities and creating

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<sup>5</sup> Financial metrics provided are unaudited results for the quarter ended 31 March 2022. Financial metrics provided include Connective post close after 20 December 2021, unless explicitly indicated otherwise.

strong customer leads. The Connective acquisition remains on target to deliver revenue synergies of ~US\$2.5 million in 2022.

### **Record quarterly cash receipts**

Nitro recorded cash receipts of US\$17.0 million in Q1 2022, a record for the business and a 42% increase over the quarter ended 31 March 2021. Trailing 12-month cash receipts from customers at 31 March 2022 was US\$56.6 million, up 27% over prior corresponding period.

Excluding payments relating to last year's capital raising and acquisition of Connective, net cash outflow from operating activities for the quarter ended 31 March 2022 was US\$3.5 million compared to US\$1.5 million in the quarter ended 31 March 2021.

These outflows reflect Nitro's continued strategic investments in areas that will drive future growth, such as personnel, product development and scaling of the go-to-market engine. This investment underpinned a continued increase in SaaS subscription revenue as a proportion of total revenue to 72% for the quarter ended 31 March 2022 as compared to 61% for the quarter ended 31 March 2021.

Nitro's cash balance at 31 March 2022 was US\$42.1 million.

### **Connective Integration and Product Roadmap**

The integration of Connective continues at both the organisational and product level. Nitro has implemented a new company-wide organisational structure that integrates the Connective team and ensures the business is harnessing the strengths of all its people.

At a product level, Nitro has a clear roadmap for integrating Connective's market-leading solutions into the Nitro Productivity Platform. The first stage of this integration, offering Connective's high-trust eSignature, workflow and eID products to new and existing enterprise customers, is already underway. Deeper integration, including a uniform user experience to create a best-of-breed suite of products able to meet any customer requirement, will be rolled out progressively through FY22.

Among other milestones, demonstrating Nitro's significantly enhanced product roadmap and focus on high-trust eSigning, the Company achieved its target of delivering data residency support in the US and Australia during the quarter. This is increasingly important for many enterprise customers and especially those in highly regulated industries.

The strategic importance of the Connective acquisition was recognised in the March 2022 *GigaOm Radar for E-Signature Solutions* report, which stated “Nitro Sign has emerged as a leader with its acquisition of Connective, providing a platform suite with aggressive pricing and best-in-class functionality”. The report ranked Nitro as “exceptional” with “outstanding focus and execution” in areas such as its positioning with large enterprise customers, advanced digital signatures and analytics.

## 2022 Outlook

Through 2022, Nitro will continue to focus on the integration of Connective as well as its platform product strategy to drive increased adoption of the Company’s PDF productivity, eSigning and analytics solutions across new and existing customers in the enterprise, mid-market and SMB segments.

Nitro has made changes to its operating plan for FY2022 and is reducing certain costs given its ability to realise greater investment efficiencies while maintaining its robust growth strategy in the US\$28 billion global PDF productivity and eSigning software markets. The Company is moving toward a cash flow breakeven profile in 2H 2023.

These changes are expected to deliver the following results for FY2022, including a significantly reduced EBITDA loss, reflecting enhanced business efficiencies:

- Operating EBITDA loss between US\$15 million and US\$18 million (previously US\$18 million - US\$21 million).
- Ending ARR between US\$64 million and US\$68 million, representing 39% - 47% growth vs FY2021 (no change).
- Revenue between US\$65 million and US\$69 million, representing 29% - 36% growth vs FY2021 (no change).
- Nitro expects to move towards a cash flow breakeven profile in 2H 2023.

## Annexure 1

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

USD millions	As per IPO prospectus	Actuals through 31 Mar 2022	Comments
Cash received by Nitro from the Offer to be used for the execution of the Company's business objectives (such as cost of sales, marketing spend, research and development, and general and administrative costs) and potential acquisition opportunities as outlined in the prospectus.	34.9	28.37	On track

The earmarked funds have not yet been spent but operating expenses and cash balances continue to track to plan as at 31 March 2022.

Included in section 6.1 of the Appendix 4C for the quarter ended 31 March 2022 are payments made to related parties of Nitro. These amounts relate to Directors' fees, salaries, bonuses and allowances paid to Directors and their associates.

## Ends

Authorised for release to the ASX by the Board.

# ENQUIRIES

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# ABOUT NITRO

Nitro is a global document productivity SaaS company accelerating digital transformation in a world that demands the ability to work from anywhere, anytime, on any device. As a global player in the eSign and workflow productivity market, Nitro enables organisations to drive better business outcomes through 100% digital document processes and fast, efficient workflows. The Nitro Productivity Platform offers comprehensive SaaS business solutions, including highly secure eSigning and e-ID, powerful PDF productivity and industry-leading analytics, all supported by a superior customer success team. Nitro has over 3 million licensed users and 13,000+ Business Customers in 157 countries, including over 67% of the Fortune 500 and three of the Fortune 10. Nitro is headquartered in San Francisco with nine global hubs.

For more information on Nitro, please visit:

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

## Forward-Looking Statements

This ASX release includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Nitro. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.

## Appendix 4C

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

**Name of entity**

NITRO SOFTWARE LIMITED

**ABN**

15 079 215 419

**Quarter ended ("current quarter")**

31 MARCH 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter US\$'000</b>	<b>Year to date (3 months) US\$'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	17,029	17,029
1.2 Payments for		
(a) research and development	(1,159)	(1,159)
(b) product manufacturing and operating costs	(2,334)	(2,334)
(c) advertising and marketing	(1,316)	(1,316)
(d) leased assets (Note 6)	(2)	(2)
(e) staff costs (Note 7)	(12,049)	(12,049)
(f) administration and corporate costs	(3,325)	(3,325)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	11
1.5 Interest and other costs of finance paid	(40)	(40)
1.6 Income taxes paid	(98)	(98)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material) (Note 8)	(1,477)	(1,477)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(4,760)</b>	<b>(4,760)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(115)	(115)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter US\$'000</b>	<b>Year to date (3 months) US\$'000</b>
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	1	1
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(114)</b>	<b>(114)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	127	127
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(836)	(836)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) (Note 6)	(352)	(352)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(1,061)</b>	<b>(1,061)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	48,198	48,198
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,760)	(4,760)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(114)	(114)

<b>Consolidated statement of cash flows</b>		<b>Current quarter US\$'000</b>	<b>Year to date (3 months) US\$'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,061)	(1,061)
4.5	Effect of movement in exchange rates on cash held	(193)	(193)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>42,070</b>	<b>42,070</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter US\$'000</b>	<b>Previous quarter US\$'000</b>
5.1	Bank balances	42,070	48,198
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>42,070</b>	<b>48,198</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter US\$'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	790
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end US\$'000</b>	<b>Amount drawn at quarter end US\$'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)	623	175
7.4 <b>Total financing facilities</b>	623	175
7.5 <b>Unused financing facilities available at quarter end</b>		448
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	The financing facilities available to the Company relate to Corporate Credit Cards.	

<b>8. Estimated cash available for future operating activities</b>	<b>US\$'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,760)
8.2 Cash and cash equivalents at quarter end (item 4.6)	42,070
8.3 Unused finance facilities available at quarter end (item 7.5)	448
8.4 Total available funding (item 8.2 + item 8.3)	42,518
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	8
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	Answer: N/A
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
	Answer: N/A
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
	Answer: N/A
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

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

Date: 29 April 2022

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

## Notes

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