



30 January 2023

Nitro Delivers Strong FY2022 Results

Nitro Software Limited (ASX:NTO) ('Nitro' or the 'Company'), a global SaaS leader in PDF productivity and eSignature solutions for business, is pleased to provide this update on the Company's financial and operating performance alongside its Appendix 4C Quarterly Cash Flow Report for the quarter ended 31 December 2022.

Highlights¹

- ARR up 27%² to US\$58.8 million at 31 December 2022, above the mid-point of guidance³.
- Revenue up 31%⁴ to US\$66.8 million for the year ended 31 December 2022, in line with the mid-point of guidance⁵, with subscription revenue up 50%.
- Operating EBITDA loss of US\$11.0 million for the year ended 31 December 2022, beating the mid-point of guidance⁶.
- Record cash receipts for the December quarter and year, up 39% YoY in FY2022 to US\$71.7 million.
- Cash of US\$28.0 million at 31 December 2022, with no debt⁷.

Commenting on the Company's Q42022 and FY2022 performance, Nitro's Co-Founder and Chief Executive Officer, Sam Chandler, said:

"Notwithstanding the ongoing takeover activity, together with a challenging macroeconomic climate, we are pleased to have delivered a strong result in line with our guidance provided in

¹ Unaudited results.

² Annual Recurring Revenue (ARR) growth rate (%) relates to the previous corresponding period (31 Dec 2022 vs 31 Dec 2021).

³ July 2022 ending ARR guidance range of US\$57 million-US\$60 million.

⁴ Unaudited revenue for FY2022 compared to revenue for FY2021.

⁵ July 2022 revenue guidance range of US\$65 million-US\$69 million.

⁶ July 2022 operating EBITDA loss guidance range of US\$10 million-US\$13 million. Operating EBITDA loss excludes share-based payments, foreign exchange gains and losses, Connective integration costs, transaction costs and other non-recurring or one-off items.

⁷ Excluding AASB 16 right-of-use leased assets and corporate credit cards.

July. We continue to see broad-based demand for both PDF productivity and eSigning, including high-trust solutions, from businesses around the world.

“Taking a disciplined approach, we have delivered on our stated commitment to achieve US\$5 million in cash cost savings in 2H2022, while maintaining sales momentum across the business. Our ability to significantly reduce costs while still growing fast is testament to the power of Nitro’s business model.”

Performance in Q42022 and FY2022⁸

ARR, Revenue Growth and Operating EBITDA

Nitro ended the quarter and the year with ARR of US\$58.8 million, up 27% compared to 31 December 2021.

Added ARR for the year ended 31 December 2022 was US\$12.6 million. Major new business and renewal/expansion contract wins signed in Q42022 include multinational blue-chip customers Johnson Controls, Elanco, MetLife, Royal Bank of Scotland/NatWest Group, Calfrac, Computershare, Westpac and Bank of Ireland.

The business continues to perform well, with the integration of Connective essentially complete and Nitro’s restructured Go-to-Market (GTM) team focused on pursuing further cross-sell and upsell opportunities. With an increasing proportion of Nitro’s sales pipeline representing customer interest in Nitro Sign Premium (formerly Connective), the Company remains excited about continued traction with customers in the high-trust and broader eSignature market.

Nitro achieved revenue of US\$66.8 million for FY2022, up 31% compared to FY2021 (excluding Connective, up 18%).

⁸ Financial metrics provided are unaudited results for the quarter and year ended 31 December 2022. Financial metrics provided include Connective, unless indicated otherwise.

Revenue growth continued to be underpinned by momentum in subscription revenues, which were up 50% compared to FY2021 (excluding Connective, up 33%) and now represent 91% of revenue in the dominant Business sales⁹ channel.

During 2H2022, with a strong focus on operational cost efficiencies, Nitro delivered on stated cash cost savings target of US\$5.0 million against its internal plan. The Company's unaudited Operating EBITDA¹⁰ loss was US\$11.0 million for FY2022, which beat the mid-point of Nitro's guidance provided in July.

Cash Flow Commentary

Cash receipts from customers for FY2022 were US\$71.7 million, up 39% compared to FY2021 (excluding Connective, up 24%). The increase in cash receipts was primarily attributable to an increase in billings arising from multi-year subscription contracts.

In Q42022, Nitro achieved a record quarterly increase in cash receipts from customers of US\$3.1 million or 17% growth quarter-on-quarter to US\$20.8 million, primarily as a result of improvements in billings and collections performance.

Underlying cash payments to suppliers and staff for FY2022 were US\$79.8 million, up 31% compared to FY2021. These outflows primarily reflect Nitro's strategic investments in areas that will drive future growth, such as product development and the GTM organisation.

During FY2022, cash outflows related to one-off costs were US\$6.5 million¹¹, with adverse effects of movements in foreign currency of US\$2.1 million reflecting the strength of the US dollar (Nitro's reported currency) against the euro, Great British pound, Canadian dollar and Australian dollar. Underlying net cash outflows from operating activities were US\$6.8 million, excluding one-off costs and adverse effects of movements in foreign currency.

⁹ Business sales exclude online/eCommerce sales via Nitro's website and Connective and represent approximately 83% of FY2022 total revenue.

¹⁰ Operating EBITDA loss excludes share-based payments, foreign exchange gains and losses, Connective integration costs, transaction costs and other non-recurring or one-off items.

¹¹ Includes Connective integration costs, the GTM restructure costs, transaction costs attributable to the ongoing Nitro change-of-control proposals and other non-recurring or one-off expenses.

Nitro continues to make progress towards cash flow breakeven¹². Nitro's underlying cash outflows have continued to improve throughout 2022, as shown in the table below. Underlying cash outflows in 2H2022 substantially reduced to US\$2.6 million as compared to cash outflows of US\$8.2 million in 1H2022.

(US\$m)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY2022
Net cash generated / (used) in operating activities	(4.8)	(4.7)	(3.9)	(2.0)	(15.4)
Add: one-off costs	1.5	0.8	2.1	2.2	6.5
Less: capital expenditure	(0.1)	(0.2)	(0.1)	(0.1)	(0.5)
Less: AASB 16 lease repayments	(0.4)	(0.3)	(0.3)	(0.5)	(1.5)
Underlying cash flow generated / (used)¹²	(3.7)	(4.5)	(2.2)	(0.4)	(10.8)

Nitro ended the year with a cash balance of US\$28.0 million, and continues to remain debt free¹³.

Alludo Transaction

As most recently noted in Nitro's Second Supplementary Target's Statement (released to the ASX on 28 December 2022), the Nitro Board reaffirms its determination that the Alludo Transaction is superior to the Potentia Takeover Offer, which represents a cash offer of A\$2.15 per Nitro share, compared to the inferior Potentia Takeover Offer of A\$2.00 per Nitro share.

The Nitro Board unanimously recommends that shareholders **vote in favour** of the upcoming Alludo Scheme and **accept** the Alludo Takeover Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Alludo Scheme is in the best interests of Nitro Shareholders and that the Alludo Takeover Offer is fair and reasonable.

¹² Consistent with the underlying cashflow definition as provided in the FY2022 guidance dated 26 July 2022.

¹³ Excluding AASB 16 right-of-use leased assets and corporate credit cards.

Full details of the Alludo Transaction and Potentia Takeover Offer are available on the ASX website (ASX:NTO) and Nitro's [Investor Centre](#).

Investor Briefing

Nitro Co-Founder and Chief Executive Officer, Sam Chandler, and Chief Financial Officer, Ana Sirbu, will provide a briefing on the Company's Q42022 performance via a live webcast at 9:30am AEDT today.

To attend the investor briefing, please join via <https://web.lumiagm.com/308504567>. An archive of the webinar will be made available on Nitro's [Investor Centre](#) after the event.

Annexure 1

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

USD millions	As per IPO prospectus	Actuals till 31 Dec 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	32.0	On track

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

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

Ends

Authorised for release to the ASX by the Board of Directors.

ENQUIRIES

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ABOUT NITRO

Nitro is a global SaaS leader in PDF software, document management and electronic signatures. Nitro's Productivity Platform includes powerful PDF tools, digital workflows, highly secure eSigning and identity verification capabilities. Its industry-leading business intelligence and analytics product measures ROI and quantifies sustainability efforts, all supported by a best-in-class customer success and change management support team. With more than 1.2 million subscription licensed users and 13,000+ business customers across 175 countries, Nitro serves 67% of the Fortune 500.

For more information on Nitro, please visit:

- Nitro: <https://www.gonitro.com>
- Connective: <https://connective.eu>
- PDFpen: <https://pdfpen.com/pdfpenpro/>
- Investors: <https://ir.gonitro.com/Investor-Centre/>

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 December 2022

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
1. Cash flows from operating activities			
1.1 Receipts from customers		20,802	71,721
1.2 Payments for			
(a) research and development		(1,744)	(5,658)
(b) product manufacturing and operating costs		(2,477)	(8,863)
(c) advertising and marketing		(1,655)	(5,703)
(d) leased assets		(2)	(7)
(e) staff costs		(10,672)	(45,770)
(f) administration and corporate costs		(3,557)	(13,766)
1.3 Dividends received		-	-
1.4 Interest received		61	102
1.5 Interest and other costs of finance paid		(55)	(171)
1.6 Income taxes paid		(484)	(723)
1.7 Government grants and tax incentives		-	-
1.8 Other (Note 1)		(2,190)	(6,545)
1.9 Net cash from / (used in) operating activities		(1,973)	(15,383)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(54)	(484)
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	1
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(54)	(483)

3.	Cash flows from financing activities		
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	331	547
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(846)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Note 2)	(537)	(1,508)
3.10	Net cash from / (used in) financing activities	(206)	(1,807)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period (Note 3)	29,171	47,766
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,973)	(15,383)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(54)	(483)

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(206)	(1,807)
4.5	Effect of movement in exchange rates on cash held	1,105	(2,050)
4.6	Cash and cash equivalents at end of period	28,043	28,043

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5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances (Note 3)	28,043	29,171
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	28,043	29,171

6.	Payments to related parties of the entity and their associates	Current quarter US\$'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	276
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>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (specified below)	662	32
7.4	Total financing facilities	662	32
7.5	Unused financing facilities available at quarter end		630
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.		

8.	Estimated cash available for future operating activities	US\$'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,973)
8.2	Cash and cash equivalents at quarter end (item 4.6)	28,043
8.3	Unused finance facilities available at quarter end (item 7.5)	630
8.4	Total available funding (item 8.2 + item 8.3)	28,673
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	14
	<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: 30 January 2023

Authorised by: The Board of Directors

Notes

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