



28 February 2023

Nitro Delivers Strong Growth in FY2022, ARR up 27%

Nitro Software Limited (ASX: NTO) ('Nitro' or the 'Company'), a global SaaS leader in PDF document productivity and eSignature solutions for business, today releases its Appendix 4E, audited financial statements and results for the year ended 31 December 2022.

FY2022 Highlights

- ARR up 27% to US\$58.8 million at 31 December 2022, above the mid-point of guidance¹.
- Revenue up 31% to US\$66.8 million, in line with the mid-point of guidance².
- Subscription revenue up 50%, and now representing 83% of annual revenue in the dominant Business sales³ channel.
- Operating EBITDA loss of US\$11.0 million, beating the mid-point of guidance⁴.
- Delivered management's cost savings target of US\$5.0 million in 2H 2022.
- Record cash receipts, up 39% to US\$71.7 million.
- Cash of US\$28.0 million at 31 December 2022, with no debt⁵.

Sam Chandler, Nitro's Co-Founder and Chief Executive Officer, said: *"Against the backdrop of ongoing takeover activity and a challenging macroeconomic climate, these results are a testament to both the strength of our business model and the focus and commitment of our team."*

"FY2022 was a pivotal year for Nitro. With the integration of Connective essentially complete, our restructured Go-to-Market (GTM) team is now focused on pursuing significant cross-sell

¹ July 2022 ending ARR guidance range of US\$57 million-US\$60 million.

² July 2022 revenue guidance range of US\$65 million-US\$69 million.

³ Business sales exclude online/eCommerce sales via Nitro's website and Connective.

⁴ July 2022 Operating EBITDA loss guidance range of US\$10 million-US\$13 million. Operating EBITDA excludes share-based payments, foreign exchange gains and losses, Connective integration costs, transaction costs and other non-recurring or one-off items.

⁵ Excluding AASB 16 right-of-use leased assets and corporate credit cards.

and upsell opportunities across all market segments. We also delivered on our stated commitment to achieve cost savings of US\$5.0 million against our internal plan.

“Looking forward, we continue to see broad-based demand for both PDF productivity and eSigning from businesses around the world. Our platform approach and continuous investment in innovation to meet customer needs means we are increasingly differentiated in the market by our ability to offer a full suite of high-trust, high-security enterprise-grade products.”

Performance in FY2022

Nitro ended 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, driven by a strong performance in expansion sales with existing customers. Major new business and renewal/expansion contract wins signed in FY2022 include multinational blue-chip customers Zurich Insurance, Verisys, General Electric, Novartis, Nestle, MetLife, Royal Bank of Scotland/NatWest Group, Computershare, Westpac and Bank of Ireland.

Nitro’s customer retention rates remain strong, with limited churn experienced across its customer base. Nitro recorded a Gross Retention Rate (GRR) of 93% and a Net Retention Rate (NRR) of 113% for FY2022, in line with its performance in FY2021.

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

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 83% of annual revenue in the dominant Business sales channel.

Nitro delivered an Operating EBITDA loss of US\$11.0 million, beating the mid-point of guidance.

Notwithstanding the prevailing economic uncertainties, Nitro remains confident in the scale of the market opportunity in the years ahead, with FY2022 being another year of strategic investment in the Company's core operations.

Nitro's FY2022 operational expenses increased 30% to US\$70.9 million from FY2021:

- Sales and marketing (S&M) expenses increased 29% to US\$38.0 million, representing 57% of revenue (excluding Connective, up 21%, representing 59% of revenue).
- Research and development (R&D) expenses increased 38% to US\$18.6 million, representing 28% of revenue (excluding Connective, up 11%, representing 25% of revenue).
- General and administrative (G&A) expenses increased 24% to US\$14.4 million, representing 21% of revenue (excluding Connective, up 19%, representing 23% of revenue).

Cash receipts from customers for FY2022 were a record 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 and improvement in debtor collection performance in Q4 2022.

Nitro continues to make progress towards cash flow breakeven⁶. Nitro's underlying cash outflows have continued to improve throughout FY2022, with underlying cash outflows in 2H 2022 substantially reduced to US\$2.6 million, compared to cash outflows of US\$8.2 million in 1H 2022. Nitro ended the year with a cash balance of US\$28.0 million and continues to remain debt free⁷.

FY2023 Outlook

Under the terms of the Implementation Deed, Nitro has been subject to certain restrictions with respect to the conduct of its business until the conclusion of the Alludo Takeover Offer or termination of the Implementation Deed (whichever is earlier). Accordingly, Nitro management has deferred many decisions around investment and cost structures until the resolution of both takeovers.

⁶ Consistent with the underlying cashflow definition as provided in the FY2022 guidance dated 26 July 2022.

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

Should Nitro remain listed on ASX at the time of its Q1 2023 4C release, which is expected in late April, it is the Company's intention to provide FY2023 guidance at this time.

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 FY2022 performance via a live webcast at 9:30am AEDT today.

To attend the investor briefing, please join via <https://web.lumiagm.com/365064238>. An archive of the webinar will be made available on Nitro's [Investor Centre](#) after the event.

Ends

Authorised for release to the ASX by the Board.

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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 1.3 million subscription licensed users and 14,000+ business customers across 179 countries, Nitro serves 62% of the Fortune 500.

For more information on Nitro, please visit:

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

Forward-looking Statements

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