



21 December 2022

# CONVENING OF ALLUDO SCHEME MEETING & RELEASE OF TRANSACTION BOOKLET

Nitro Software Limited (ASX:NTO) (Nitro or the Company) is pleased to provide this update in relation to the proposed acquisition of Nitro by Rocket BidCo Pty Ltd (a wholly owned subsidiary of Cascade Parent Limited) (Alludo), by way of scheme of arrangement (Alludo Scheme) and a simultaneous takeover offer (Alludo Takeover Offer) at A\$2.15 cash per Nitro Share (Alludo Transaction).

## Court Orders

Yesterday, the Supreme Court of New South Wales made the following orders in relation to the Alludo Scheme:

- that a meeting of Nitro Shareholders be convened to consider and vote on the Alludo Scheme (Alludo Scheme Meeting); and
- the despatch of an explanatory statement providing information about the Alludo Scheme (Transaction Booklet).

## Alludo Scheme Meeting

Nitro Shareholders (or their proxies, attorneys or corporate representatives) will be able to attend and vote at the Alludo Scheme Meeting at 10:00am (AEDT) on Friday, 3 February 2023:

- in person at Allens, Deutsche Bank Place, Level 28, 126 Phillip Street, Sydney; or
- virtually through an online meeting platform available at <https://web.lumiagm.com/389401416>.

If you are registered on Nitro's Share Register as at 7:00pm (AEDT) on 1 February 2023, you will be entitled to vote at the Alludo Scheme Meeting.

All Nitro Shareholders are encouraged to vote either by attending and voting at the Alludo Scheme Meeting, or by lodging a proxy vote ahead of the meeting. The Hybrid Meeting Guide

attached as Annexure E to the Transaction Booklet provides information on how to lodge your proxy form (if applicable).

### Transaction Booklet

The Transaction Booklet has today been registered with the Australian Securities and Investments Commission. A copy of the Transaction Booklet is attached to this announcement, including for the purposes of section 633 of the Corporations Act in respect of the bidder's statement<sup>1</sup> and target's statement in relation to the Alludo Takeover Offer. Rocket BidCo Pty Ltd (**Alludo BidCo**), being the entity making the Alludo Takeover Offer, has authorised Nitro to send the attached Transaction Booklet to the ASX for the purposes of item 5, section 633(1) of the Corporations Act.

The Transaction Booklet provides Nitro Shareholders with important information about the Alludo Transaction and also includes a copy of the Independent Expert's Report, a notice of the Alludo Scheme Meeting (**Notice of Meeting**), a copy of the proxy form for the Alludo Scheme Meeting and information on how to accept the Alludo Takeover Offer. The Transaction Booklet also contains the bidder's statement and target's statement in relation to the Alludo Takeover Offer.

ASIC has granted Alludo BidCo and Nitro relief from the usual requirement under the Corporations Act to send the Transaction Booklet to Nitro Shareholders by post. This means that Nitro Shareholders who have previously elected to receive communications electronically will receive an email to their nominated email address, which will contain instructions on how to view and download an electronic copy of the Transaction Booklet. Nitro Shareholders who have not made such an election, and who have not made an election to receive hard copy documents only, will receive a letter (sent by post to their registered address) containing details of where they can view and download the Transaction Booklet. Nitro Shareholders who have made an election to receive hard copy documents only will receive a paper copy of the Transaction Booklet (sent by post to their registered address).

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<sup>1</sup> For the purposes of the Alludo Takeover Offer, Rocket BidCo Pty Ltd has given notice under section 633(4) of the Corporations Act that it has set 7:00pm (AEDT) on 14 December 2022 as the time and date for the purposes of determining persons to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act.

If Nitro Shareholders have any questions regarding accessing the Transaction Booklet or do not receive the hard copy of the Transaction Booklet and would like to request one, they should contact the Nitro shareholder information line on 1300 381 572 (within Australia) or +61 2 9066 4082 (outside Australia) between 9:00am and 5:00pm Monday to Friday (AEST). Nitro Shareholders within Australia may request a hard copy of the Transaction Booklet to be sent by pre-paid ordinary post or by courier. Nitro Shareholders outside of Australia may request a hard copy of the Transaction Booklet to be sent by pre-paid airmail post or by courier. The Transaction Booklet will also be available for viewing and downloading online at Nitro's website at <https://ir.gonitro.com/Investor-Centre/>.

ASIC has advised that the fact that it has granted this relief in connection with the Alludo Transaction should not be taken as a reflection of ASIC's views on any other aspect of the Alludo Transaction.

Nitro Shareholders are advised to read the Transaction Booklet in its entirety before making a decision on whether or not to vote in favour of the Alludo Scheme and/or accept the Alludo Takeover Offer. Nitro Shareholders are encouraged to seek independent financial, legal, accounting, taxation and/or other professional advice before making any voting or investment decision in relation to their Nitro Shares.

### Independent Expert's Report

Kroll Australia Pty Ltd (**Independent Expert**), has concluded that in the absence of a Superior Proposal, the Alludo Scheme is in the 'best interests' of Nitro Shareholders and the Alludo Takeover Offer is 'fair and reasonable'.

### Board Recommendation

The Nitro Board unanimously recommends that Nitro Shareholders both:

- **VOTE IN FAVOUR** of the Alludo Scheme at the Alludo Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the scheme is in the best interests of Nitro Shareholders; and
- **ACCEPT** the Alludo Takeover Offer, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the offer is fair and reasonable.

Subject to the same qualifications, each Nitro Director intends to vote in favour of the Alludo Scheme and accept the Alludo Takeover Offer in respect of all Nitro Shares controlled or held by, or on behalf of, that Nitro Director.

### Further Information

If you have any questions in relation to the Alludo Transaction, Alludo Scheme Meeting or the Transaction Booklet, please contact the Nitro Shareholder Information Line on 1300 381 572 (within Australia) or +61 2 9066 4082 (outside Australia) between 9:00am and 5:00pm Monday to Friday (AEDT). All announcements relating to the Alludo Transaction and Nitro can be found on Nitro's Website (<https://ir.gonitro.com/Investor-Centre/>) or on the ASX website ([www.asx.com.au](http://www.asx.com.au) – ASX code: NTO).

### Ends

This announcement is authorised for release to the ASX by the Nitro Board.

# 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/>



# TRANSACTION BOOKLET

In relation to the recommended acquisition of Nitro Software Limited (ACN 079 215 419) (**Nitro**) by Rocket BidCo Pty Ltd (ACN 664 004 773) (**Alludo BidCo**) by way of scheme of arrangement and a simultaneous takeover offer.

The Nitro Board unanimously recommends that you:

**VOTE IN FAVOUR** of the **Alludo Scheme**  
and **ACCEPT** the **Alludo Takeover Offer**

subject to the qualifications set out in this Transaction Booklet.

**This document is important and requires your prompt attention. You should read it in its entirety, and consider its contents carefully before taking action. If you are in any doubt about what you should do, you should consult with a financial, legal, taxation or other professional adviser.**

If you have any questions, please contact the Nitro Shareholder Information Line on 1300 381 572 (within Australia) or +61 2 9066 4082 (outside Australia) between 9:00am and 5:00pm Monday to Friday. Further information can also be obtained from Nitro's Website at <https://ir.gonitro.com/Investor-Centre/>.

Financial Advisers



Legal Adviser

Allens & Linklaters

# IMPORTANT NOTICES

## Date of this Transaction Booklet

This Transaction Booklet is dated 21 December 2022.

## Nature and Purpose of this Transaction Booklet

This Transaction Booklet is:

- the explanatory statement for the Alludo Scheme, as required by section 412(1) of the Corporations Act;
- the bidder's statement (issued by Alludo BidCo) for the Alludo Takeover Offer, as required under Part 6.5 Division 2 of the Corporations Act; and
- the target's statement (issued by Nitro) for the Alludo Takeover Offer, as required under Part 6.5 Division 3 of the Corporations Act.

The purposes of this Transaction Booklet are to:

- provide Nitro Shareholders with information about the Alludo Transaction;
- explain the terms and effect of the Alludo Scheme;
- explain the manner in which the Alludo Scheme will be considered and, if approved, implemented;
- explain the terms and effect of the Alludo Takeover Offer;
- explain the manner in which the Alludo Takeover Offer will be considered and, if accepted, implemented;
- provide you with certain information required by law and all other information known to the Nitro Board which is material to your decision to vote in favour of, or against, the Alludo Scheme Resolution detailed in the Notice of Meeting included as Annexure D; and
- provide you with certain information required by law and all other information known to the Nitro Board which is material to your decision to accept or reject to Alludo Takeover Offer.

## Nitro Shareholder Information Line

If you have any questions, please contact the Nitro Shareholder Information Line on 1300 381 572 (within Australia) or +61 2 9066 4082 (outside Australia) between 9:00am and 5:00pm Monday to Friday. Further information can be obtained from Nitro's Website at <https://ir.gonitro.com/Investor-Centre/>.

## General

This Transaction Booklet is important and requires your immediate attention. If you have sold all of your Nitro Shares, please ignore this Transaction Booklet. If you are a Nitro Shareholder, you should read this Transaction Booklet and its Annexures in full, and consider its contents carefully, before deciding how to vote on the Alludo Scheme Resolution or deciding whether to accept or reject the Alludo Takeover Offer.

In particular, it is important that you consider the reasons to vote in favour of the Alludo Scheme and the reasons why you may not want to vote in favour of the Alludo Scheme, which are set out in Sections 3.6 and 3.7. It is also important that you consider the reasons to accept the Alludo Takeover Offer and the reasons why you may want to reject the Alludo Takeover Offer, which are set out in Sections 3.9 and 3.10.

If you are in doubt as to what you should do, you should consult an independent and appropriately licensed professional adviser without delay.

## Defined Terms and Interpretation

Capitalised terms used in this Transaction Booklet are defined in the Glossary in Section 13. The Glossary also sets out some rules of interpretation which apply to this Transaction Booklet. The Independent Expert's Report contains its own defined terms which may differ from those set out in the Glossary in Section 13.

## Responsibility Statement

Nitro has been solely responsible for preparing the Nitro Information. The Nitro Information concerning Nitro and the intentions, views and opinions of Nitro and the Nitro Directors contained in this Transaction Booklet have been prepared by Nitro and the Nitro Directors and is the responsibility of Nitro. None of Alludo, Alludo BidCo nor any other member of the Alludo Group or their directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of any Nitro Information or the Independent Expert's Report (or any information contained therein).

Alludo BidCo has been solely responsible for preparing the Alludo Information. The Alludo Information concerning Alludo and the intentions, views and opinions of any Alludo Group member contained in this Transaction Booklet have been prepared by Alludo BidCo and is the responsibility of Alludo BidCo. The Nitro Group and its Directors and officers do not assume any responsibility for the accuracy or completeness of any Alludo Information.

Kroll Australia Pty Ltd has prepared the Independent Expert's Report in relation to the Alludo Transaction and takes responsibility for that report. The Independent Expert's Report is set out in Annexure A. None of Nitro, or its respective officers, employees, advisers or the Nitro Directors assume responsibility for the accuracy or completeness of the Independent Expert's Report.

Computershare has had no involvement in the preparation of any part of this Transaction Booklet other than being named as the Nitro Share Registry. Computershare has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Transaction Booklet.

## Not Investment Advice

The information contained in this Transaction Booklet does not constitute financial product advice and has been prepared without reference to your own investment objectives, financial situation, taxation position or particular needs. It is important that you read this Transaction Booklet in its entirety before making any investment decision. If you are in any doubt in relation to these matters, you should consult with a financial, legal, taxation or other professional adviser.



## Not an Offer

This Transaction Booklet does not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

## Foreign Jurisdictions

The release, publication and distribution of this Transaction Booklet is subject to Australian disclosure requirements, which may be different from the requirements applicable in other jurisdictions. Persons outside of Australia who come into possession of this Transaction Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Transaction Booklet has been prepared in accordance with Australian law and the information contained in this Transaction Booklet may not be the same as that which would have been disclosed if this Transaction Booklet had been prepared in accordance with the laws and regulations outside Australia.

## Regulatory Information

A copy of this Transaction Booklet (including the Independent Expert's Report) was provided to ASIC for examination in accordance with section 411(2)(b) of the Corporations Act and was lodged with ASIC for registration under section 412(6) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Alludo Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearing to approve the Alludo Scheme.

A copy of this Transaction Booklet has been lodged with ASIC for the purposes of section 633(1), Item 2 of the Corporations Act. A copy of this Transaction Booklet (including the Independent Expert's Report) has been lodged with ASIC for the purposes of section 633(1), Item 13 of the Corporations Act.

Neither ASIC nor any of its officers takes any responsibility for the contents of this Transaction Booklet.

A copy of this Transaction Booklet will be lodged with ASX. Neither ASX nor any of its officers take any responsibility for the contents of this Transaction Booklet.

## Important Notice Associated with the Court Order Under Section 411(1) of the Corporations Act

The fact that under section 411(1) of the Corporations Act, the Court has ordered that a meeting be convened and has directed that an explanatory statement accompany the Notice of Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Alludo Scheme or as to how members should vote (members must reach their own decision on this matter); or
- has prepared, or is responsible for, the content of the explanatory statement.

The order of the Court that the Alludo Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Alludo Scheme.

## Notice Regarding Second Court Hearing and Nitro Shareholders' Right to Appear

At the Second Court Hearing, the Court will consider whether to approve the Alludo Scheme following the vote at the Alludo Scheme Meeting.

Any Nitro Shareholder may appear at the Second Court Hearing, expected to be held at 3:00pm on 6 February 2023 at the Supreme Court of New South Wales, Law Courts Building, 184 Phillip Street, Sydney, NSW.

Any Nitro Shareholder who wishes to oppose approval of the Alludo Scheme at the Second Court Hearing may do so by filing with the Court and serving on Nitro a notice of appearance in the prescribed form together with any affidavit that the Nitro Shareholder proposes to rely on.

A Nitro Shareholder seeking to attend the Second Court Hearing should review the Court list (available at <https://onlineregistry.lawlink.nsw.gov.au/content/>) for details of the hearing and how such hearing can be attended. The Court list is usually available by 3:30pm the day before a scheduled hearing. Any change to the date or arrangements for the conduct of the Second Court Hearing will be notified on the Nitro Investor Website.

## Disclaimer as to Forward-Looking Statements

This Transaction Booklet contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements.

All forward-looking statements in this Transaction Booklet generally may be identified by the use of forward-looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words. Similarly, statements that describe Nitro or Alludo's objectives, plans, goals or expectations are or may be forward-looking statements.

Any statements contained in this Transaction Booklet about the impact that the Alludo Transactions may have on the results of Nitro's operations, and the advantages and disadvantages anticipated to result from the Alludo Scheme or Alludo Takeover Offer, are also forward-looking statements.

All forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements, expressed, projected or implied by those forward-looking statements.

The operations and financial performance of Nitro are subject to various risks, including those summarised in this Transaction Booklet, which may be beyond the control of Nitro and/or Alludo Group. Nitro's Shareholders should note that the

## IMPORTANT NOTICES *(continued)*

historical financial performance of Nitro provides no assurance of the future financial performance of Nitro. Those risks and uncertainties include factors and risks specific to the industry in which Nitro operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. As a result, the actual results of operations and earnings of Nitro following implementation of the Alludo Scheme or completion of the Alludo Takeover Offer, as well as the actual advantages of the Alludo Scheme or Alludo Takeover Offer, may differ significantly from those that are anticipated and may never be achieved.

The forward-looking statements included in this Transaction Booklet are made only as of the date of this Transaction Booklet. Although Nitro believes that the views reflected in any forward-looking statements included in the Nitro Information (contained in Section 6) have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct. Although Alludo BidCo believes that the views reflected in any forward-looking statements included in the Alludo Information (described in Section 7) have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

None of the Nitro Group, Alludo Group, Nitro Group's officers, Alludo Group's officers, any persons named in this Transaction Booklet with their consent or any person involved in the preparation of this Transaction Booklet makes any representation or warranty (express or implied) as to the likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward-looking statement.

All subsequent written and oral forward-looking statements attributable to any member of the Nitro Group or any member of the Alludo Group or any person acting on their behalf are qualified by this cautionary statement.

Subject to any continuing obligations under law or ASX Listing Rules, the Nitro Group and Alludo Group do not give any undertaking to update or revise any such statements after the date of this Transaction Booklet, to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

### Privacy

Nitro and their respective agents and representatives have collected your personal information from the register of Nitro for purposes of providing you with this Transaction Booklet. The personal information may include the names, contact details and details of your shareholding in Nitro, plus contact details of individuals appointed by Nitro Shareholders as proxies, corporate representatives or attorneys at the Alludo Scheme Meeting.

The collection of some of this information is required or authorised by the Corporations Act. The Corporations Act requires the name and address of Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to external service providers (including the Nitro Share Registry and print and mail service providers) and may be required to be disclosed to regulators such as ASIC.

The primary purpose of the collection of personal information is to assist Nitro to issue the Transaction Booklet. Personal information of the type described above may be disclosed to print and mail service providers, authorised securities brokers, any member of the Alludo Group, Nitro and its Related Bodies Corporate, and Nitro and Alludo's advisers and service providers. Nitro Shareholders have certain rights to access personal information that has been collected. Nitro Shareholders should contact Computershare in the first instance, if they wish to access their personal information. Nitro Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.

### Diagrams, Charts, Graphs and Tables

Any diagrams, charts, graphs and tables appearing in this Transaction Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Transaction Booklet.

### Times and Dates

Unless otherwise stated, all times referred to in this Transaction Booklet are times in Australian Eastern Daylight Time (**AEDT**). All dates are indicative only and are subject to the Court approval process and the satisfaction or, where capable, waiver of the Alludo Scheme Conditions or the Alludo Takeover Offer Conditions. The Alludo Scheme Conditions and the Alludo Takeover Offer Conditions are summarised in Sections 4.3 and 5.9 and are set out in full in Clause 3.1 and Schedule 1 of the Implementation Deed.

### Currency

Unless otherwise stated, a reference in this Transaction Booklet to \$ and US\$ is to US currency.

### Effect of Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Transaction Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Transaction Booklet.

Discrepancies between totals in tables and or in calculations are due to rounding.

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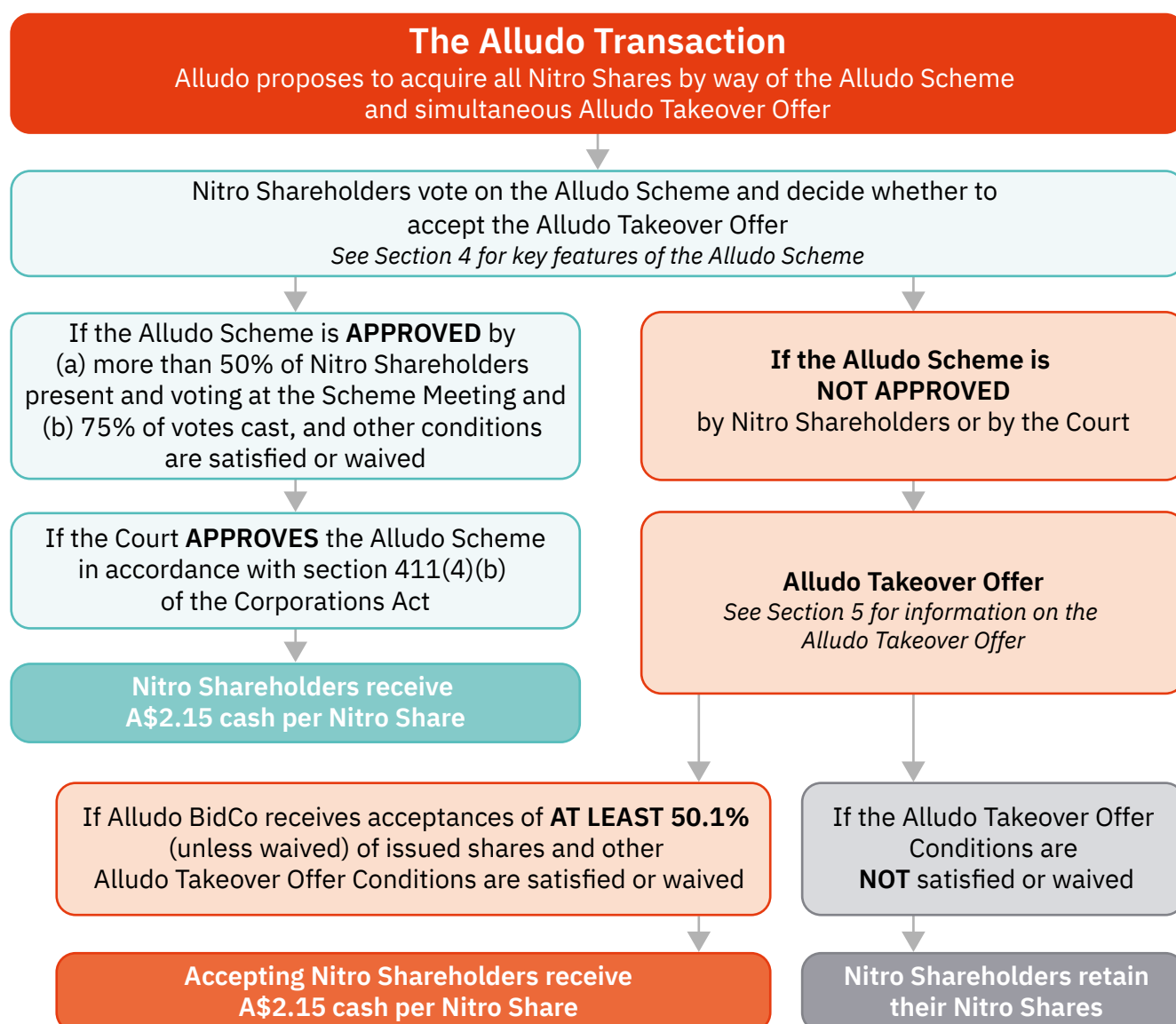
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# OVERVIEW OF THE ALLUDO TRANSACTION

On 15 November 2022, Nitro entered into the Implementation Deed with Alludo, a global technology group, at A\$2.00 cash per Nitro Share. The Implementation Deed was amended on 12 December 2022 pursuant to the Amending Deed to reflect Alludo BidCo's improved proposal of A\$2.15 cash per Nitro Share in response to the Potentia Takeover Offer.

This diagram shows the key features of the proposed Alludo Scheme and simultaneous Alludo Takeover Offer (together, the **Alludo Transaction**). While the Alludo Transaction outlined below is less common than a typical scheme of arrangement, the Alludo Transaction structure has been designed to provide the best chance of success. Potentia Capital has voting power in 19.31% of all Nitro Shares and has stated in the Potentia Bidder's Statement that it will vote all Nitro Shares against a competing scheme proposal and not accept any of those Nitro Shares into any competing takeover proposal, which at the date of this Transaction Booklet includes the Alludo Scheme and the Alludo Takeover Offer. Therefore, in order to maximise the likelihood of the Alludo Transaction succeeding, **the Nitro Board recommends that you vote in favour of the Alludo Scheme and, at the same time, accept the Alludo Takeover Offer.**

You should carefully read this Transaction Booklet in its entirety before making any decision in relation to the Alludo Transaction.



## Alludo Scheme and Alludo Takeover Offer

Item	Alludo Scheme	Alludo Takeover Offer
<b>Consideration per Nitro Share</b>	A\$2.15	A\$2.15
<b>Key Conditions</b>	<ul style="list-style-type: none"> <li>• 75% of votes cast and &gt;50% of Nitro Shareholders voting in favour</li> <li>• FIRB and other regulatory approvals</li> <li>• No Prescribed Occurrences</li> <li>• No Material Adverse Change</li> <li>• Court approval</li> </ul>	<ul style="list-style-type: none"> <li>• Alludo Scheme is not approved by Nitro Shareholders or the Court</li> <li>• 50.1% minimum acceptance condition</li> <li>• FIRB and other regulatory approvals</li> <li>• No Prescribed Occurrences</li> <li>• No Material Adverse Change</li> </ul>
<b>Timing</b>	Alludo Scheme Meeting on 3 February 2023	Alludo Takeover Offer opens on 21 December 2022 and closes on 3 March 2023 (unless extended or withdrawn)
<b>When Relevant</b>	If Alludo Scheme vote is passed and approved by the Court	If Alludo Scheme is not approved by Nitro Shareholders or the Court
<b>Nitro Board Recommendation<sup>1</sup></b>	<b>VOTE IN FAVOUR of the Alludo Scheme</b>	<b>ACCEPT the Alludo Takeover Offer</b>

1. 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 the Alludo Takeover Offer is fair and reasonable.

# KEY DATES

Event	Date
<b>Date of this Transaction Booklet</b>	21 December 2022
<b>First Court Date</b>	20 December 2022
<b>Alludo Takeover Offer Period Commences</b>	21 December 2022
<b>Receipt of Proxy Forms for Alludo Scheme Meeting</b> Last date and time for receipt of Proxy Forms (including proxies lodged online), powers of attorney or certificates of appointment of body corporate representatives for the Alludo Scheme Meeting	10:00am on 1 February 2023
<b>Alludo Scheme Meeting Record Date</b> Time and date for determining eligibility to vote at the Alludo Scheme Meeting	7:00pm on 1 February 2023
<b>Alludo Scheme Meeting</b> Further details relating to the Alludo Scheme Meeting are set out in Section 4.4(b) of this Transaction Booklet and in the Notice of Meeting in Annexure D	10:00am on 3 February 2023
<b>If the Alludo Scheme is approved by eligible Nitro Shareholders at the Alludo Scheme Meeting</b>	
<b>Second Court Date</b> For approval of the Alludo Scheme	6 February 2023
<b>Effective Date</b> The date on which the Alludo Scheme becomes Effective and is binding on Nitro Shareholders	7 February 2023
<b>If the Alludo Scheme is approved by the Court and becomes Effective</b>	
<b>Alludo Scheme Record Date</b> All Nitro Shareholders who hold Nitro Shares on the Alludo Scheme Record Date will be entitled to receive the Alludo Scheme Consideration	14 February 2023
<b>Implementation Date</b> All Alludo Scheme Shareholders will be paid the Alludo Scheme Consideration to which they are entitled on this date and transfer of Alludo Scheme Shares to Alludo BidCo	22 February 2023
<b>If the Alludo Scheme is not approved by eligible Nitro Shareholders or the Court</b>	
<b>Alludo Takeover Offer Period closes (unless extended or withdrawn)</b>	3 March 2023

All dates are indicative only and, among other things, are subject to all necessary approvals from the Court and any other regulatory authority. In particular, the date of the Alludo Scheme Meeting and Second Court Date may be postponed or adjourned if any condition of the Alludo Scheme described in Section 4.3(a) is not satisfied before the date of the Alludo Scheme Meeting. As described in Section 4.3(b), it is possible that the Alludo Scheme Meeting may proceed even if one or more of the regulatory approval conditions are not satisfied at the time of the Alludo Scheme Meeting.

Any changes to the above timetable (which may include an earlier or later date for the Alludo Scheme Meeting or Second Court Date) will be notified on Nitro's Website at <https://ir.gonitro.com/Investor-Centre/>.

All references to time in this Transaction Booklet are references to AEDT, unless otherwise stated. Any obligation to do an act by a specified time in an Australian time zone must be done at the corresponding time in any other jurisdiction.

Nitro Shareholders who have elected to receive communications electronically will receive an email that contains instructions about how to view or download a copy of this Transaction Booklet, and to lodge their proxy online. This Transaction Booklet will also be available for viewing and downloading on Nitro's Website at <https://ir.gonitro.com/Investor-Centre/>.

# LETTER FROM THE CHAIRMAN OF NITRO

## VOTE IN FAVOUR OF THE ALLUDO SCHEME AND, AT THE SAME TIME, ACCEPT THE ALLUDO TAKEOVER OFFER

21 December 2022

Dear Nitro Shareholder,

On behalf of the Nitro Board, I present you with a proposal from Alludo to acquire all of your Nitro Shares at A\$2.15 cash per Nitro Share by way of a scheme of arrangement (**Alludo Scheme**) and a simultaneous takeover offer (**Alludo Takeover Offer**) (together the **Alludo Transaction**).

The Nitro Board unanimously recommends the Alludo Scheme and 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 the Alludo Takeover Offer is *'fair and reasonable'*.

With a view to maximising shareholder value in an increasingly challenging macroeconomic environment, the Nitro Board has evaluated all alternative proposals and expressions of interest received in respect of the acquisition of Nitro, alongside the status quo of remaining an ASX-listed company. To date, there have been several publicly disclosed takeover offers and proposals to acquire 100% of Nitro by two separate bidders – Potentia Capital, an Australian-based private equity firm, and Alludo, a global technology group controlled by leading investment firm KKR. Potentia Capital currently has a Relevant Interest in 19.31% of Nitro Shares. Alludo does not currently own any shares in Nitro.

The Alludo Transaction recommended to Nitro Shareholders is the result of key takeover-related events to date:

- **30 August 2022** – Potentia Capital submitted an unsolicited proposal to acquire 100% of Nitro Shares at A\$1.58 per Nitro Share (**Initial Potentia Proposal**);
- **28 October 2022** – Potentia Capital announced an unsolicited takeover offer at A\$1.80 cash per Nitro Share and such offer was made on 11 November 2022 (**Initial Potentia Takeover Offer**);
- **15 November 2022** – The Nitro Board agreed to a transaction with Alludo at A\$2.00 cash per Nitro Share (**Initial Alludo Transaction**);
- **8 December 2022** – the Initial Potentia Takeover Offer consideration offered by Potentia Capital was increased to A\$2.00 per Nitro Share with a potential scrip alternative (**Potentia Takeover Offer**); and
- **12 December 2022** – Alludo increased the consideration offered under the Initial Alludo Transaction to A\$2.15 cash per Nitro Share (**Alludo Transaction**).

### Nitro Board's unanimous recommendation and voting intention

The key reasons for the Nitro Board's recommendation to **both VOTE IN FAVOUR** of the Alludo Scheme **and ACCEPT** the Alludo Takeover Offer, include:

- the Independent Expert has concluded the Alludo Scheme is in the '*best interests*' of Nitro Shareholders and the Alludo Takeover Offer is '*fair and reasonable*';
- the cash consideration of A\$2.15 per Nitro Share under the Alludo Scheme and the Alludo Takeover Offer represents a significant premium of:
  - 90.3% to Nitro's undisturbed share price of A\$1.13 per Nitro Share (on 29 August 2022);
  - 82.1% to Nitro's 1-month VWAP to 29 August 2022 of A\$1.18 per Nitro Share; and
  - 69.2% to Nitro's 3-month VWAP to 29 August 2022 of A\$1.27 per Nitro Share;
- the Alludo Transaction also represents a premium of:
  - 7.5% to the Potentia Takeover Offer of A\$2.00; and
  - 36.1% to the Initial Potentia Proposal on 30 August 2022 of A\$1.58 per Nitro Share;
- the all-cash consideration being offered under the Alludo Transaction delivers certainty and immediate value for your Nitro Shares; and
- no Superior Proposal has emerged as at the date of this Transaction Booklet.

The Nitro Board strongly encourages every Nitro Shareholder to **both VOTE IN FAVOUR** of the 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 the Alludo Takeover Offer is fair and reasonable. Subject to those same qualifications, all Nitro Directors intend to vote (or procure the voting of) any Nitro Shares held or controlled by them at the time of the Scheme Meeting in favour of the Alludo Scheme Resolution and accept the Alludo Takeover Offer for those Nitro Shares. The Nitro Board collectively has a Relevant Interest in 12% of the Nitro Shares as at the date of this Transaction Booklet.

When considering the Nitro Board recommendation, Nitro Shareholders should note that if the Alludo Transaction is successful, Nitro's Chief Executive Officer and Executive Director, Sam Chandler, would receive an amount of A\$880,227 upon the vesting of any remaining unvested ESS Securities on implementation of the Alludo Transaction. The treatment of the ESS Securities under the Alludo Transaction is described in more detail in Section 6.8.

The Nitro Board (excluding Mr Chandler) considers that it is appropriate for Mr Chandler to make a recommendation on the Alludo Transaction given his detailed knowledge of the Nitro business, its key stakeholders, his leadership role in the management of Nitro's operations and his deep industry knowledge.

In order to be passed, the Alludo Scheme requires at least 75% of the total votes cast and more than 50% of Nitro Shareholders by number present and voting to be cast in favour of the Alludo Scheme Resolution. The Alludo Takeover Offer, has a different acceptance threshold given the minimum acceptance condition is 50.1%. Further, Alludo retains the discretion to waive the 50.1% minimum acceptance condition.



Potentia Capital has publicly indicated that it intends to vote against any competing scheme proposal and not accept into any competing takeover proposal in relation to all Nitro Shares that it owns or controls at the relevant time, which at the date of this Transaction Booklet includes the Alludo Scheme and the Alludo Takeover Offer respectively. It is therefore important that all Nitro Shareholders who support the Alludo Transaction vote in favour of the Alludo Scheme and, at the same time, accept the Alludo Takeover Offer. As Potentia Capital is a competing bidder that is seeking control of Nitro, you should not assume that its interests in opposing the Alludo Scheme and not accepting the Alludo Takeover Offer align with the interests of other Nitro Shareholders.

## Action required

The Nitro Board urges you to read this Transaction Booklet in full and to seek any independent financial, legal, taxation or other professional advice that you require before deciding as to whether to vote in favour of the Alludo Scheme and/or accept the Alludo Takeover Offer.

### 1. VOTE IN FAVOUR of the Alludo Scheme

The Alludo Scheme can only be implemented if approved by Nitro Shareholders at the Alludo Scheme Meeting, which is scheduled for 10:00am on 3 February 2023 at Allens, Deutsche Bank Place, Level 28, 126 Phillip Street, Sydney and virtually via <https://web.lumiagm.com/#/m/389401416>.

### 2. ACCEPT the Alludo Takeover Offer

The Alludo Takeover Offer is currently scheduled to close on 3 March 2023, unless extended or withdrawn. You may choose to wait until the outcome of the Alludo Scheme is known on 3 February 2023 before deciding whether to accept the Alludo Takeover Offer. However, the Nitro Board strongly encourages Nitro Shareholders who support the Alludo Transaction not to wait until the outcome of the Alludo Scheme is known and recommends all Nitro Shareholders **ACCEPT** the Alludo Takeover Offer prior to the Alludo Scheme Meeting. Unless withdrawal rights are available or the Alludo Takeover Offer lapses, Nitro Shareholders may give up their rights to sell their Nitro Shares on ASX or otherwise deal with their Nitro Shares (including to accept an offer from a competing bidder) from the time they accept the Alludo Takeover Offer.

### 3. REJECT the Potentia Takeover Offer

The Nitro Board has determined that the Alludo Transaction is superior to the Potentia Takeover Offer and, therefore, unanimously recommends that you **REJECT the Potentia Takeover**. To do this, simply **DO NOTHING** in respect of the Potentia Takeover Offer.

Although the Alludo Transaction is unanimously recommended by the Nitro Board and the Nitro Board's view is that the Alludo Transaction is in the best interests of Nitro Shareholders, factors which may lead you to consider voting against the Alludo Scheme or not accepting the Alludo Takeover Offer include the following:

- you may disagree with the Nitro Board's unanimous recommendation or with the Independent Expert's conclusion and consider that the Alludo Transaction is not in your best interests;
- you may believe that there is potential for a Superior Proposal to be made in the future;
- you may wish to remain a Nitro Shareholder and realise the potential value of your Nitro Shares over the longer term;

## LETTER FROM THE CHAIRMAN OF NITRO *(continued)*

- the tax consequences may not suit your current financial position; and
- you may want to sell your Nitro Shares on ASX if you expect the net proceeds to be higher or that you will be paid sooner.

If you sell your Nitro Shares on market, you will lose the ability to participate in the Alludo Transaction and any other Superior Proposal that may eventuate.

Further details on the Nitro Board's unanimous recommendation are contained in Sections 3.5 and 3.8.

### Further information

For any questions in relation to the Alludo Transaction as a Nitro Shareholder, please contact the Nitro Shareholder Information Line on 1300 381 572 (within Australia) or +61 2 9066 4082 (outside Australia) between 9:00am and 5:00pm Monday to Friday.

The Nitro Board will keep Nitro Shareholders informed of material developments. All announcements relating to the Alludo Transaction and Nitro can be found on Nitro's Website (<https://ir.gonitro.com/Investor-Centre/>) or on ASX's website (<https://www.asx.com.au/> – ASX code: NTO).

Yours sincerely,



**Kurt Johnson**  
*Chairman*

# 1. ACTION REQUIRED

## 1.1 Summary of the Alludo Transaction

The Alludo Transaction involves two alternative transaction structures that will run concurrently. The key features of the Alludo Transaction are summarised below.

Alludo Transaction	Cash Received per Nitro Share	Key Features	Nitro Board Recommendation
<b>Alludo Scheme</b>	A\$2.15	<p>Nitro Shareholders receive A\$2.15 cash per Nitro Share.</p> <p>The Alludo Scheme Conditions are set out in Section 4.3, and include that the Alludo Scheme is approved by the Requisite Majorities, being a vote in favour of the Alludo Scheme by:</p> <ul style="list-style-type: none"><li>• at least 75% of the total number of votes cast on the Alludo Scheme Resolution at the Alludo Scheme Meeting (in person or by proxy or corporate representative); and</li><li>• over 50% of Nitro Shareholders by number who vote (in person or by proxy or corporate representative) on the Alludo Scheme Resolution (unless the Court orders otherwise).</li></ul> <p>If the Alludo Scheme Resolution is approved by the Requisite Majorities and by the Court, Alludo BidCo will acquire all Nitro Shares.</p>	<p>The Nitro Board unanimously recommends that you vote <b>IN FAVOUR</b> of the Alludo Scheme Resolution, subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Alludo Scheme is in the best interests of Nitro Shareholders.<sup>1</sup></p>

1. In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.

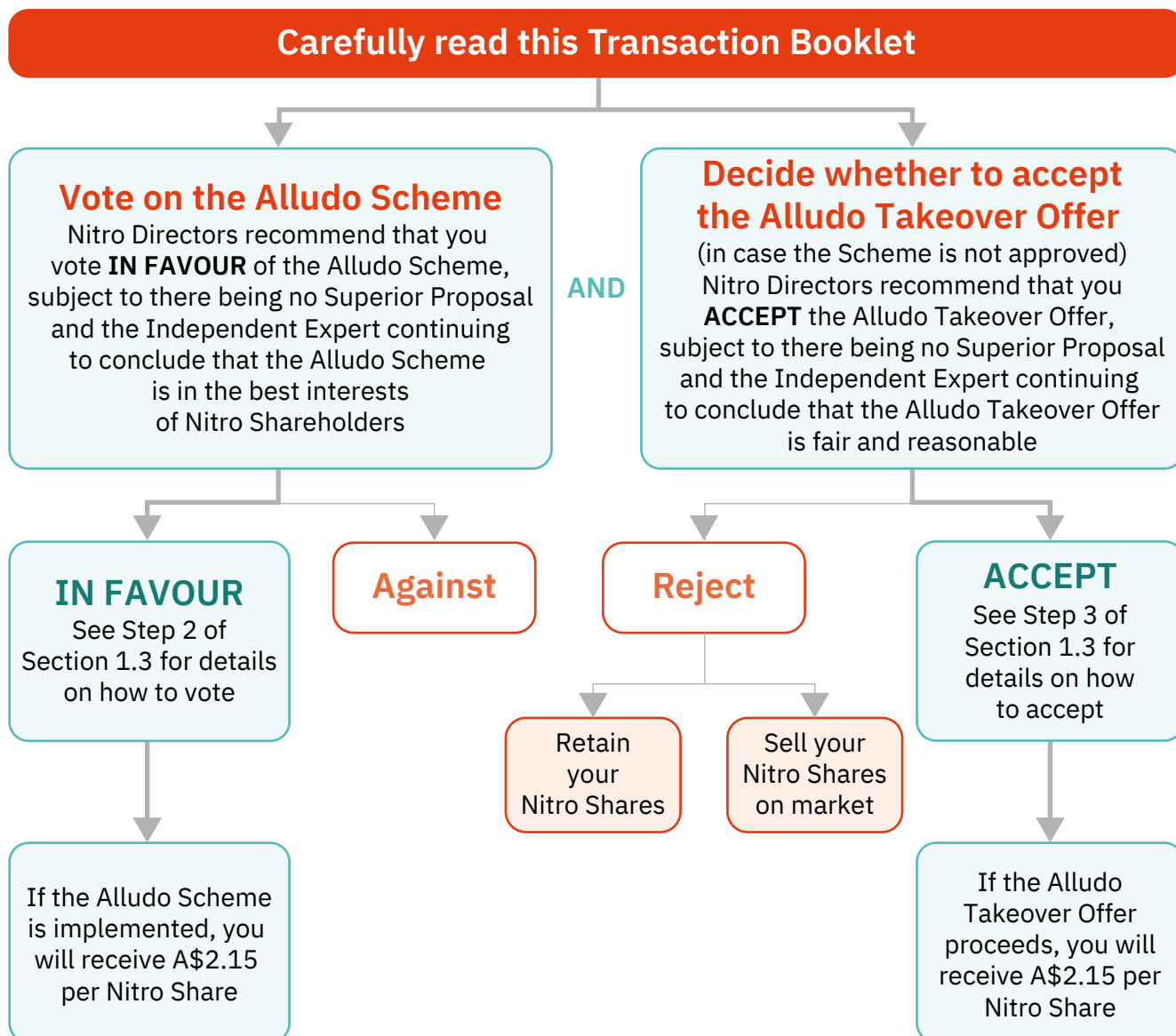
# 1. ACTION REQUIRED *(continued)*

Alludo Transaction	Cash Received per Nitro Share	Key Features	Nitro Board Recommendation
<b>Alludo Takeover Offer</b>	A\$2.15	<p>Accepting Nitro Shareholders receive A\$2.15 cash per Nitro Share.</p> <p>The Alludo Takeover Offer Conditions are set out in Section 5.8.</p> <p>The percentage of Nitro Shares acquired by Alludo will depend on the acceptances of Nitro Shareholders, namely:</p> <ul style="list-style-type: none"> <li>• 50.1% or more acceptance means that Alludo BidCo could acquire between 50.1% and 100% of Nitro Shares on issue. To achieve 100% ownership under the Alludo Takeover Offer, Alludo BidCo would need to receive acceptances for at least 90% of Nitro Shares on issue (and then proceed to compulsorily acquire the outstanding Nitro Shares); or</li> <li>• less than 50.1% acceptance means no Nitro Shares would be acquired unless Alludo waives the 50.1% minimum acceptance condition (as its discretion).</li> </ul> <p>If Alludo receives acceptances for less than 90% of Nitro Shares on issue, Alludo is not supportive of the continued listing of Nitro on ASX. While the decision to apply for removal of Nitro from ASX lies with the Nitro Board, Alludo will actively encourage Nitro to apply for removal of Nitro from ASX to the extent that it is able to do so consistently with ASX guidance. Those Nitro Shareholders who do not accept the Alludo Takeover Offer or sell their Nitro Shares before a Removal Date may face risks associated with the potential reduced liquidity of an unlisted Nitro Share if the conditions for delisting are met.</p>	The Nitro Board unanimously recommends that you <b>ACCEPT</b> the Alludo Takeover Offer, subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Alludo Takeover Offer is fair and reasonable. <sup>2</sup>

2. In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.

## 1.2 Your key decisions

As a Nitro Shareholder you have a number of decisions to make in relation to the Alludo Scheme and simultaneous Alludo Takeover Offer. The key decisions for you to make are outlined in the diagram below. The Nitro Board unanimously recommends that you follow the teal boxes and bold path in this diagram when making our decisions in relation to the Alludo Transaction. You should carefully read this Transaction Booklet in its entirety before making any decision in relation to the Alludo Scheme or the Alludo Takeover Offer.



# 1. ACTION REQUIRED *(continued)*

## 1.3 Next steps

### a. Step 1: Carefully read this Transaction Booklet and its Annexures

You should carefully read this Transaction Booklet in its entirety before making a decision on how to vote on the Alludo Scheme and whether to accept the Alludo Takeover Offer. The frequently asked questions in Section 2 may help answer some of your questions. If you are in any doubt about what you should do, you should consult with a financial, legal, taxation or other professional adviser.

### b. Step 2: Vote on the Alludo Scheme Resolution

#### Your vote is important

In order for the Alludo Scheme to be implemented, the Alludo Scheme Resolution must be approved by Nitro Shareholders by the Requisite Majorities at the Alludo Scheme Meeting. For this reason, the Nitro Board unanimously recommends that you vote in favour of the Alludo Scheme Resolution 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.<sup>3</sup>

The Alludo Scheme Meeting will be held as a hybrid meeting, which can be attended in person or virtually. Nitro Shareholders (or their proxies, attorneys or corporate representatives) will be able to attend and vote at the Alludo Scheme Meeting in person at Allens, Deutsche Bank Place, Level 28, 126 Phillip Street, Sydney and virtually through an online meeting platform available at <https://web.lumiagm.com/389401416>.

If you are unable to attend the Alludo Scheme Meeting, or even if you plan on attending the Alludo Scheme Meeting, the Nitro Board urges you to do the following (as applicable):

- if you have elected to receive communications from Nitro electronically, access your personalised link to lodge your online proxy votes by following instructions which Computershare will email to you; or
- if you have elected to receive communications from Nitro by pre-paid post, consider and complete the personalised Proxy Form which you will receive via post, and use the paid reply envelope which you will receive from Nitro to return the completed Proxy Form.

#### Who is entitled to vote at the Alludo Scheme Meeting?

If you are registered on the Nitro Share Register as a Nitro Shareholder at 7:00pm on 1 February 2023, then you will be entitled to attend and vote at the Alludo Scheme Meeting.

In the case of Nitro Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one Nitro Shareholder votes in respect of jointly held Nitro Shares, only the vote of the Nitro Shareholder whose name appears first in the Nitro Share Register will be counted.

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3. In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.

## Why should you vote?

As a Nitro Shareholder, you have a say in whether Alludo BidCo will acquire all of the issued shares in Nitro and have an opportunity to play a role in deciding the future of Nitro. The Alludo Scheme needs to be approved by the Requisite Majorities of Nitro Shareholders at the Alludo Scheme Meeting, which are:

- at least 75% of the total number of votes cast on the Alludo Scheme Resolution at the Alludo Scheme Meeting; and
- over 50% of Nitro Shareholders present and voting (in person or virtually), or by proxy, attorney or corporate representative. Voting is not compulsory, but you are encouraged to vote as every vote in favour of the Alludo Scheme will help to ensure that the Requisite Majorities for approval of the Alludo Scheme Resolution are achieved.

Your vote is also important as Potentia Capital (which as at the date of this Transaction Booklet has voting power in 19.31% of all Nitro Shares) has stated in the Potentia Bidder's Statement that it will vote all Nitro Shares that it owns or controls at the relevant time against a competing scheme proposal and not accept into any competing takeover proposal, which at the date of this Transaction Booklet includes the Alludo Scheme. Accordingly, to the extent that Potentia Capital continues to own or control 19.31% of Nitro Shares on the date of the Alludo Scheme Meeting, at least 19.31% of Nitro Shares will be voted against the Alludo Scheme. Given the 75% voting threshold noted above applies in respect of votes cast at the Alludo Scheme Meeting, it is important for all Nitro Shareholders who support the Alludo Scheme to cast a vote in its favour (either by proxy, in person or virtually).

Potentia Capital is a competing bidder seeking to secure control of Nitro at the lower price of A\$2.00 cash per Nitro Share. You should not assume that its interests in opposing the Alludo Scheme align with the interests of other Nitro Shareholders.

## Alludo Scheme Meeting

A copy of the Notice of Meeting is set out in Annexure D to this Transaction Booklet. Section 4.4(b) provides details of the Alludo Scheme Resolution and the Requisite Majorities that are required to pass the Alludo Scheme Resolution.

## How to vote?

You can vote:

- **in person or virtually**, by attending and voting at the Alludo Scheme Meeting in person or virtually;
- **by proxy**, by lodging a proxy online at [www.investorvote.com.au](http://www.investorvote.com.au) or by completing, signing and lodging a Proxy Form for the Alludo Scheme Meeting, in accordance with the instructions set out in Annexure D and on the form. To be valid, your online proxy or Proxy Form must be received by the Nitro Share Registry by no later than 10:00am on 1 February 2023;
- **by attorney**, by appointing an attorney to attend and vote at the Alludo Scheme Meeting in person or virtually on your behalf and providing a duly executed power of attorney to the Nitro Share Registry by no later than 10:00am on 1 February 2023; or
- **by corporate representative**, in the case of a body corporate which is a Nitro Shareholder, by appointing a corporate representative to attend and vote at the Alludo Scheme Meeting in person or virtually on behalf of that Nitro Shareholder and providing a duly executed certificate of appointment (in accordance with sections 250D and 253B of the Corporations Act) prior to the Alludo Scheme Meeting.

Further details on how to vote are contained in Annexure D.

# 1. ACTION REQUIRED *(continued)*

## c. Step 3: Decide whether to accept the Alludo Takeover Offer

The Nitro Board unanimously recommends that you accept the Alludo Takeover Offer, subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Alludo Takeover Offer is fair and reasonable.<sup>4</sup>

You should be aware that accepting the Alludo Takeover Offer will restrict your ability to sell your Nitro Shares to another person unless you are entitled to withdraw your acceptance or the Alludo Takeover Offer does not proceed.

In relation to the Alludo Takeover Offer you have three choices currently available to you:

- i. **Accept the Alludo Takeover Offer (recommended):** To accept the Alludo Takeover Offer, submit your acceptance in accordance with the instructions set out in Section 5.4 and on the Acceptance Form itself (or if you hold your Nitro Shares in a CHESS Holding, by instructing your Controlling Participant (usually your stockbroker) to initiate acceptance on your behalf).
- ii. **Sell your Nitro Shares on market:** If you have not accepted the Alludo Takeover Offer, you can sell your Nitro Shares on market. You may be able to obtain a higher price by selling your Nitro Shares on-market as compared to the consideration under the Alludo Scheme or Alludo Takeover Offer. The latest price for Nitro Shares may be obtained from ASX's website (<https://www.asx.com.au/>).
- iii. **Reject the Alludo Takeover Offer and retain your Nitro Shares:** If you do not wish to accept the Alludo Takeover Offer or sell your Nitro Shares, you should do nothing. There are a number of risks associated with retaining your Nitro Shares, as set out in Section 8.3. If the Alludo Takeover Offer is declared or becomes unconditional and control passes to Alludo, there will be additional risks as set out in Section 8.5. In that event, Nitro's share price is likely to fall immediately following the end of the Alludo Takeover Offer Period in the absence of a Superior Proposal, liquidity of Nitro Shares may be significantly lower than at present, Nitro may be removed from the official list of ASX and, if Alludo has a Relevant Interest in 90% or more of the Nitro Shares during or at the end of the Alludo Takeover Offer Period, Alludo BidCo will be entitled to compulsorily acquire any remaining Nitro Shares.

## d. Step 4: Seek further information

If you have any questions in relation to the Alludo Transaction, how to vote on the Alludo Scheme or accept the Alludo Takeover Offer or other questions about your Nitro shareholdings, please call the Nitro Shareholder Information Line on 1300 381 572 (within Australia) or +61 2 9066 4082 (outside Australia) between 9:00am and 5:00pm Monday to Friday or alternatively visit Nitro's Website at <https://ir.gonitro.com/Investor-Centre/>.

If you have any doubts as to the actions you should take or you have further questions, please contact your licensed financial adviser or other suitable professional adviser.

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4. In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.



## 2. FREQUENTLY ASKED QUESTIONS

This Transaction Booklet contains detailed information regarding the Alludo Transaction. This section provides summary answers to some questions you may have and will assist you to locate further detailed information in this Transaction Booklet. It is not intended to address all relevant issues for Nitro Shareholders. This section should be read together with the other parts of this Transaction Booklet.

An Overview of the Alludo Transaction		
Question	Answer	More Information
<b>Why have I received this Transaction Booklet?</b>	<p>This Transaction Booklet has been sent to you because you are a Nitro Shareholder.</p> <p>This Transaction Booklet is intended to help you to decide how to vote on the Alludo Scheme Resolution which will need to be passed by the Requisite Majorities at the Alludo Scheme Meeting. This Transaction Booklet is also intended to help you to decide whether to accept or reject the Alludo Takeover Offer.</p> <p>You should read this Transaction Booklet carefully and, if necessary, consult your legal, tax, financial or other independent professional adviser before making a decision in respect of the Alludo Transaction.</p>	N/A
<b>What is the Alludo Transaction?</b>	The Alludo Transaction is a proposal from Alludo BidCo to acquire all of your Nitro Shares by way of the Alludo Scheme and a simultaneous proposal to acquire all of your Nitro Shares under the Alludo Takeover Offer at a price of A\$2.15 cash per Nitro Share which is an increase of A\$0.15 (7.5%) from the Initial Alludo Transaction offer price of A\$2.00 cash per Nitro Share.	Sections 4 and 5
<b>Who is Alludo?</b>	Alludo is a global technology group, controlled by leading investment firm KKR, helping people work better and live better. Alludo's virtualisation, productivity, and professional-calibre graphics solutions are finely tuned for the digital remote workforce, delivering the freedom to work when, where, and how knowledge workers want.	Section 7
<b>Why is there an Alludo Scheme and a simultaneous Alludo Takeover Offer?</b>	<p>The Alludo Scheme can only proceed if, subject to satisfaction of the other Alludo Scheme Conditions, the Requisite Majorities of Nitro Shareholders (being more than 50% in number present and voting and at least 75% of votes cast) vote in favour of the Alludo Scheme.</p> <p>Potentia Capital has stated in the Potentia Bidder's Statement that it will vote all Nitro Shares that it owns or controls at the relevant time against a competing scheme proposal and not accept into any competing takeover proposal, which at the date of this Transaction Booklet includes the Alludo Scheme. Potentia Capital has voting power in 19.31% of all Nitro Shares. This results in a risk that the Alludo Scheme may not be approved.</p>	N/A

## 2. FREQUENTLY ASKED QUESTIONS *(continued)*

Question	Answer	More Information
<b>Why is there an Alludo Scheme and a simultaneous Alludo Takeover Offer?</b> <i>continued</i>	<p>The simultaneous Alludo Takeover Offer can proceed with acceptances from Nitro Shareholders holding at least 50.1% of the Nitro Shares (and the satisfaction or waiver of the other Alludo Takeover Offer Conditions), which is a lower threshold than the Alludo Scheme. Alludo BidCo may also waive the 50.1% minimum acceptance condition (in its discretion). The Alludo Takeover Offer enhances the possibility of delivering value to Nitro Shareholders by increasing the prospects of a successful Alludo BidCo acquisition of Nitro should the Alludo Scheme not be approved by the Requisite Majorities or by the Court.</p>	N/A
<b>How is Alludo funding the Alludo Scheme Consideration and the Alludo Takeover Offer Consideration?</b>	<p>Alludo BidCo currently intends to fund the Alludo Scheme Consideration or the Alludo Takeover Offer Consideration through a combination of equity and debt funding.</p> <p>KKR Americas Fund XII L.P. has provided an equity commitment pursuant to a binding equity commitment letter in favour of Alludo BidCo to fund all of the Alludo Scheme Consideration or the Alludo Takeover Offer Consideration (as relevant).</p> <p>Neither the Alludo Scheme nor Alludo Takeover Offer is conditional on Alludo BidCo obtaining debt financing.</p>	Section 7.6
<b>What is the opinion of the Independent Expert?</b>	<p>The Independent Expert has assessed the valuation range of Nitro to be A\$2.00 – A\$2.20 per Nitro Share, and concluded that the Alludo Scheme is in the best interests of Nitro Shareholders in the absence of a Superior Proposal. It also assessed the Alludo Takeover Offer to be fair and reasonable.</p>	Annexure A
<b>The Alludo Scheme</b>		
Question	Answer	More Information
<b>What is the Alludo Scheme?</b>	<p>A scheme of arrangement is a statutory procedure that is commonly used to enable one company to acquire another company.</p> <p>The Alludo Scheme is a scheme of arrangement between Nitro and its shareholders and involves Alludo BidCo acquiring your Nitro Shares in exchange for the Alludo Scheme Consideration of A\$2.15 cash per Nitro Share.</p> <p>The Alludo Scheme requires a vote in favour of the Alludo Scheme by the Requisite Majorities of Nitro Shareholders at the Alludo Scheme Meeting and Court approval of the Alludo Scheme at the Second Court Hearing.</p>	Section 4 and scheme of arrangement annexed as Annexure B
<b>When and where will the Alludo Scheme Meeting be held?</b>	<p>The Alludo Scheme Meeting will be held as a hybrid meeting, which can be attended in person or virtually on 3 February 2023 at 10:00am.</p> <p>You (or your proxy, attorney or, if you are a body corporate, your duly appointed corporate representative) may attend the Alludo Scheme Meeting in person at Allens, Deutsche Bank Place, Level 28, 126 Phillip Street, Sydney or virtually by using a web browser at <a href="https://web.lumiagm.com/389401416">https://web.lumiagm.com/389401416</a> on your smartphone, tablet or computer.</p>	Notice of Meeting contained at Annexure D

Question	Answer	More Information
<b>When and where will the Alludo Scheme Meeting be held?</b> <i>continued</i>	<p>If you choose to attend virtually, you will need the latest versions of Chrome, Safari, Edge, Internet Explorer or Firefox. Please ensure your browser is compatible.</p> <p>To participate and vote online, you will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your holding statement or Proxy Form) and your postcode (or country code if outside Australia). Proxyholders will need their proxy code, which will be emailed to them prior to the meeting.</p> <p>Please refer to the Hybrid Meeting Guide attached as Annexure E for further details. The online meeting platform enables participants to view the Alludo Scheme Meeting live, ask questions online and vote on the Alludo Scheme Resolution in real time.</p> <p>Nitro strongly encourages Nitro Shareholders to consider lodging a directed proxy in the event that they are not able to participate in the Alludo Scheme Meeting for an unexpected reason.</p> <p>Even if you plan to attend the Alludo Scheme Meeting in person or virtually, you are still encouraged to lodge a directed proxy in advance of the Alludo Scheme Meeting so that your votes can still be counted if for any reason you cannot attend (for example, if there is an issue with your internet connection on the day of the Alludo Scheme Meeting).</p>	<p>Notice of Meeting contained at Annexure D and Hybrid Meeting Guide at Annexure E</p>
<b>Am I entitled to vote?</b>	<p>You will be entitled to vote at the Alludo Scheme Meeting if you are registered as a Nitro Shareholder on the Nitro Share Register on the Alludo Scheme Meeting Record Date, being 7:00pm on 1 February 2023.</p>	<p>Notice of Meeting contained at Annexure D</p>
<b>How do I vote?</b>	<p>If you would like to vote but cannot attend the Alludo Scheme Meeting in person or virtually, you can vote by appointing a proxy, attorney or corporate representative (if applicable) to attend in person or virtually and vote on your behalf, including by lodging your proxy online at <a href="http://www.investorvote.com.au">www.investorvote.com.au</a>.</p>	<p>Notice of Meeting contained at Annexure D</p>
<b>When will the results of the Alludo Scheme Meeting be known?</b>	<p>The results of the Alludo Scheme Meeting will be available as soon as possible after the conclusion of the Alludo Scheme Meeting and will be announced to ASX (<a href="https://www.asx.com.au/">https://www.asx.com.au/</a>) once available.</p>	<p>Section 4.4(b)</p>
<b>What happens to my Nitro Shares if I do not vote, or if I vote against the Alludo Scheme, and the Alludo Scheme becomes Effective?</b>	<p>If you do not vote, or you vote against the Alludo Scheme, and the Alludo Scheme becomes Effective and is implemented, any Alludo Scheme Shares held by you on the Alludo Scheme Record Date (currently expected to be 7:00pm on 14 February 2023) will be transferred to Alludo BidCo and you will be provided with the Alludo Scheme Consideration, despite not having voted or having voted against the Alludo Scheme.</p>	<p>Section 4.5(b)</p>
<b>Do I have to give any warranties in relation to my Alludo Scheme Shares?</b>	<p>Yes. Each Alludo Scheme Shareholder will be deemed to have warranted to Alludo that all of their Alludo Scheme Shares will, at the Implementation Date, be fully paid and free from various encumbrances and interests of third parties of any kind, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Alludo Scheme Shares to the Alludo BidCo (together with the rights and entitlements attaching to such securities).</p>	<p>Section 10.6</p>

## 2. FREQUENTLY ASKED QUESTIONS *(continued)*

Question	Answer	More Information
<b>What is the Alludo Scheme Consideration?</b>	The Alludo Scheme Consideration is A\$2.15 cash per Nitro Share.	Section 4.2
<b>When and how will I receive my Alludo Scheme Consideration?</b>	<p>If the Alludo Scheme becomes Effective, the Alludo Scheme Consideration will be paid on the Implementation Date (currently expected to be 22 February 2023).</p> <p>If you have validly registered your bank account details with the Nitro Share Registry by 14 February 2023, the Alludo Scheme Consideration will be sent directly to your bank account by electronic funds transfer.</p> <p>If you have not registered your bank account details with the Nitro Share Registry, the Alludo Scheme Consideration will be sent by cheque to your address as shown on the Nitro Share Register as at the Alludo Scheme Record Date (as applicable).</p> <p>You can update your bank account details by visiting the Nitro Share Registry's website at <a href="http://www.computershare.com.au/easyupdate/NTO">www.computershare.com.au/easyupdate/NTO</a>. You will need to have your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) to login.</p>	Section 4.5
<b>Will I have to pay brokerage?</b>	<p>You will not incur any brokerage on the transfer of your Nitro Shares to Alludo BidCo under the Alludo Scheme.</p> <p>If you sell your Nitro Shares on ASX (rather than disposing of them as part of the Alludo Scheme), you may incur brokerage charges (and potentially GST on those charges).</p>	Section 4.9
<b>When will the Alludo Scheme become Effective and be implemented?</b>	Subject to the satisfaction or waiver (as applicable) of the Alludo Scheme Conditions, the Alludo Scheme will become Effective on the Effective Date (currently expected to be 7 February 2023) and will be implemented on the Implementation Date (currently expected to be 22 February 2023).	Section 4.4(e)
<b>What is required for the Alludo Scheme to become Effective?</b>	<p>The Alludo Scheme will only become Effective if:</p> <ul style="list-style-type: none"> <li>the Alludo Scheme is approved by the Requisite Majorities of Nitro Shareholders at the Alludo Scheme Meeting;</li> <li>the Court approves the Alludo Scheme at the Second Court Hearing; and</li> <li>all other Alludo Scheme Conditions are satisfied or waived (as applicable).</li> </ul>	Section 4.4(e)
<b>What will happen to Nitro if the Alludo Scheme becomes Effective and is implemented?</b>	If the Alludo Scheme becomes Effective and is implemented and subject to a detailed review of Nitro's business operations and organisational structure, Alludo intends to continue to support the strategic direction of Nitro as put in place by Nitro's executive team.	Section 7.5
<b>If the Alludo Scheme is implemented, when will Nitro Shares cease trading on ASX?</b>	Nitro intends to apply to ASX for Nitro Shares to be suspended from official quotation on ASX from the close of trading on the Effective Date. Following the Implementation Date, Nitro will apply for termination of the official quotation of Nitro Shares on ASX and for Nitro to be removed from the official list of ASX from the Removal Date.	Section 4.11

Question	Answer	More Information
<b>Are there any conditions to be satisfied or waived in order for the Alludo Scheme to be implemented?</b>	<p>Implementation of the Alludo Scheme is subject to the following Conditions:</p> <ul style="list-style-type: none"> <li>• FIRB approval being received before 8:00am on the Second Court Date;</li> <li>• receipt of all consents, waivers, relief or approvals as necessary from ASIC or ASX before 8:00am on the Second Court Date;</li> <li>• all approvals, authorisations, and/or expirations or terminations of applicable waiting periods required under Antitrust and Foreign Investment Laws in connection with the Alludo Scheme have been obtained or occurred before 8:00am on the Second Court Date;</li> <li>• approval of the Alludo Scheme by the Requisite Majorities of Nitro Shareholders at the Alludo Scheme Meeting;</li> <li>• approval of the Alludo Scheme by the Court at the Second Court Hearing;</li> <li>• no applicable law has been enacted and no order is in effect that prevents, makes illegal or prohibits the implementation of the Alludo Scheme at 8:00am on the Second Court Date;</li> <li>• no Nitro Prescribed Occurrence occurs before 8:00am on the Second Court Date;</li> <li>• no Material Adverse Change occurs before 8:00am on the Second Court Date;</li> <li>• the Independent Expert does not change or publicly withdraw the conclusion set out in the Independent Expert's Report before 8:00am on the Second Court Date that in its opinion the Alludo Scheme is in the best interests of Nitro Shareholders; and</li> <li>• arrangements have been put in place before 8:00am on the Second Court Date to deal with any ESS Securities in existence, such that no ESS Securities are in existence on the Alludo Scheme Record Date.</li> </ul> <p>As at the date of this Transaction Booklet the Nitro Board is not aware of any Material Adverse Change or Nitro Prescribed Occurrence having occurred.</p>	Section 4.3
<b>Can the Alludo Scheme become Effective if there are any conditions of the Alludo Scheme that have not been satisfied or waived?</b>	<p>If the Alludo Scheme Resolution is passed by Nitro Shareholders by the Requisite Majorities and any of the regulatory approval conditions (as described in Sections 4.3(a) and 4.3(b)) have not been satisfied prior to the Alludo Scheme Meeting or the Second Court Hearing, it is both Nitro's and Alludo BidCo's intention, to make submissions to the Court to allow for the Alludo Scheme to be amended to convert those approvals from a condition precedent to a condition subsequent such that the Alludo Scheme could become Effective notwithstanding those conditions were not yet satisfied. Nitro and Alludo BidCo would only make those submissions where they each have a reasonable expectation that the remaining regulatory approval conditions will be satisfied following their engagement with the relevant regulatory bodies.</p>	

## 2. FREQUENTLY ASKED QUESTIONS *(continued)*

Question	Answer	More Information
<b>Can the Alludo Scheme become Effective if there are any conditions of the Alludo Scheme that have not been satisfied or waived?</b> <i>continued</i>	<p>If the Alludo Scheme becomes Effective on the basis that any outstanding regulatory approval conditions have been converted from a condition precedent to a condition subsequent, the Alludo Scheme will only be implemented and Nitro Shareholders will only be paid the Alludo Scheme Consideration (and Nitro Shares transferred to Alludo BidCo) once all of the remaining conditions are satisfied or waived (if capable of being waived). Following satisfaction or waiver (as applicable) of any conditions subsequent, the Alludo Scheme would be implemented.</p> <p>If the Alludo Scheme is amended in this manner after the Alludo Scheme Meeting has been held, Nitro will notify Nitro Shareholders by releasing an announcement to ASX.</p>	Section 4.3(b)
<b>What happens if the Alludo Scheme does not proceed?</b>	<p>If the Alludo Scheme does not become Effective:</p> <ul style="list-style-type: none"> <li>• Nitro Shareholders will not receive the Alludo Scheme Consideration;</li> <li>• the Alludo Takeover Offer will become the relevant offer available to Nitro Shareholders from Alludo BidCo;</li> <li>• Nitro Shareholders will continue to hold Nitro Shares (unless they accept the Alludo Takeover Offer and the Alludo Takeover Offer is declared or becomes unconditional); and</li> <li>• in the absence of a party acquiring control of Nitro and seeking its delisting, Nitro will continue as an ASX-listed entity with management continuing to implement the business plan, and financial and operating strategies it had in place prior to the Potentia Takeover Offer and Alludo Transaction being announced.</li> </ul>	Sections 4 and 5
<b>What are the taxation implications of the Alludo Scheme?</b>	<p>A general outline of the Australian tax implications of the Alludo Scheme is set out in Section 9.</p> <p>As the outline is general in nature, you should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to vote in favour of the Alludo Scheme.</p>	Section 9
<b>The Alludo Takeover Offer</b>		
Question	Answer	More Information
<b>What is the Alludo Takeover Offer?</b>	<ul style="list-style-type: none"> <li>• Alludo BidCo is offering A\$2.15 cash for each Nitro Share if the Alludo Takeover Offer Conditions are satisfied or waived.</li> <li>• The Alludo Takeover Offer is subject to a 50.1% minimum acceptance condition (among other conditions) which may be waived by Alludo BidCo (in its discretion).</li> <li>• Alludo BidCo is making the Alludo Takeover Offer simultaneously with the Alludo Scheme so that you have the opportunity to sell your Nitro Shares to Alludo BidCo if the Alludo Scheme does not become Effective.</li> </ul>	Section 5
<b>What is the Alludo Takeover Offer Consideration?</b>	You will be entitled to receive A\$2.15 cash per Nitro Share held by you if you accept the Alludo Takeover Offer and the Alludo Takeover Offer Conditions are satisfied or waived.	Section 5.2

Question	Answer	More Information
<b>What choice do I have as a Nitro Shareholder in respect of the Alludo Takeover Offer?</b>	<p>As a Nitro Shareholder, you have the following choices in relation to your Nitro Shares in respect of the Alludo Takeover Offer:</p> <ul style="list-style-type: none"> <li>• accept the Alludo Takeover Offer (which is what the Nitro Board recommends you do in the absence of a Superior Proposal and subject to the Independent Expert continuing to recommend that the Alludo Takeover Offer is fair and reasonable);<sup>1</sup></li> <li>• sell your shares on ASX (unless you have previously accepted the Alludo Takeover Offer or the Potentia Takeover Offer and you have not validly withdrawn your acceptance); or</li> <li>• do nothing.</li> </ul> <p>There are several implications in relation to each of these choices.</p>	Section 5
<b>Can I accept the Alludo Takeover Offer now?</b>	<p>Yes. You may accept the Alludo Takeover at any time during the Alludo Takeover Offer Period, including before the Alludo Scheme Meeting.</p> <p>While you may vote in favour of the Alludo Scheme and accept the Alludo Takeover Offer at the same time, as the terms of the Alludo Transaction determine whether the Alludo Scheme will be implemented or whether the Alludo Takeover Offer will proceed, you should be aware that accepting the Alludo Takeover Offer now will restrict your ability to sell your Nitro Shares to another person unless you are entitled to withdraw your acceptance.</p> <p>However, even if you accept the Alludo Takeover Offer, please make sure you also vote in favour of the Alludo Scheme.</p>	N/A
<b>How do I accept the Alludo Takeover Offer?</b>	<p>You may accept the Alludo Takeover Offer in one of the following ways:</p> <ul style="list-style-type: none"> <li>• submit your acceptance online via <a href="http://www.alludotakeover.com.au">www.alludotakeover.com.au</a> by following the instructions at that website;</li> <li>• depending on whether you hold your Nitro Shares in a CHESS Holding or on the issuer sponsored sub-register, complete the enclosed Acceptance Form that is relevant to you in accordance with Section 1.3(c) of this Transaction Booklet (“Decide whether to accept the Alludo Takeover Offer”), and the instructions in Section 5.4 and on the Acceptance Form and return it by email to <a href="mailto:alludoacceptance@computershare.com.au">alludoacceptance@computershare.com.au</a> with the subject line “Alludo Takeover Offer of Nitro Acceptance” or post the hardcopy form to the address specified in the Acceptance Form using the enclosed pre-addressed envelope; or</li> <li>• if you hold your Nitro Shares in a CHESS Holding, you can instruct your Controlling Participant (usually your stockbroker) to initiate acceptance of the Alludo Takeover Offer on your behalf directly.</li> </ul>	

1. In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro’s Chief Executive Officer and Executive Director’s economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.



## 2. FREQUENTLY ASKED QUESTIONS *(continued)*

Question	Answer	More Information
<b>How do I accept the Alludo Takeover Offer?</b> <i>continued</i>	Your Acceptance Form must be received before the end of the Alludo Takeover Offer Period, or if you hold your Nitro Shares in a CHESS Holding, then it must be received in sufficient time the Computershare to give instructions to your Controlling Participant and for your Controlling Participant to carry out those instructions before the end of the Alludo Takeover Offer Period.	Sections 1.3(c) and 5.5
<b>What is the Institutional Acceptance Facility?</b>	Alludo BidCo has established the Institutional Acceptance Facility in relation to the Alludo Takeover Offer.  Nitro Shareholders who are Eligible Institutional Shareholders may demonstrate their intention to accept the Alludo Takeover Offer by lodging with the Institutional Acceptance Facility Operator acceptance instructions in accordance with the terms set out in Section 10.3.	Section 10.3
<b>Can I accept the Alludo Takeover Offer for part of my Shareholding?</b>	No. You can only accept the Alludo Takeover Offer for all of your Nitro Shares.	N/A
<b>What are the consequences of accepting the Alludo Takeover Offer?</b>	You will be entitled to payment of the Alludo Takeover Offer Consideration if you have accepted the Alludo Takeover Offer and the Alludo Takeover Offer becomes or is declared unconditional.  Nitro Shareholders will be notified when this occurs via an announcement to ASX. Unless withdrawal rights are available (see below), you will give up your right to sell your Nitro Shares on ASX or otherwise deal with your Nitro Shares.	Section 5.6
<b>If I accept the Alludo Takeover Offer, can I withdraw my acceptance?</b>	You may only withdraw your acceptance if the Alludo Takeover Offer remains subject to the Alludo Takeover Offer Conditions and Alludo BidCo varies the Alludo Takeover Offer in a way that postpones the time when Alludo BidCo is required to satisfy its obligations under the Alludo Takeover Offer by more than one month.	Section 5.6
<b>When does the Alludo Takeover Offer Period close?</b>	The Alludo Takeover Offer Period is currently scheduled to close at 7:00pm on 3 March 2023, but can be extended in certain circumstances.	Section 5.3
<b>What are the conditions to the Alludo Takeover Offer?</b>	The Alludo Takeover Offer conditions are: <ul style="list-style-type: none"> <li>• FIRB approval being received before the end of the Alludo Takeover Offer Period;</li> <li>• no court or Government Agency restrains or prevents implementation of the Alludo Takeover Offer before the end of the Alludo Takeover Offer Period;</li> <li>• all approvals, authorisations, and/or expirations or terminations of applicable waiting periods required under Antitrust and Foreign Investment Laws in connection with the Alludo Takeover Offer have been obtained or occurred before the end of the Alludo Takeover Offer Period;</li> <li>• Alludo BidCo has a Relevant Interest in at least 50.1% of Nitro's Shares (on a fully diluted basis);</li> </ul>	



Question	Answer	More Information
<b>What are the conditions to the Alludo Takeover Offer?</b> <i>continued</i>	<ul style="list-style-type: none"> <li>• either the Alludo Scheme is not approved at the Alludo Scheme Meeting by the Requisite Majorities or following approval at the Alludo Scheme Meeting by the Requisite Majorities the Court does not approve the Alludo Scheme;</li> <li>• no Nitro Prescribed Occurrence before the end of the Alludo Takeover Offer Period;</li> <li>• no Material Adverse Change occurs before the end of the Alludo Takeover Offer Period; and</li> <li>• the Implementation Deed is not terminated by Alludo before the end of the Alludo Takeover Offer Period.</li> </ul> <p>As at the date of this Transaction Booklet the Nitro Board is not aware of any Material Adverse Change or any Nitro Prescribed Occurrence having occurred.</p>	Section 5.8
<b>What happens if Alludo Takeover Offer Conditions are not satisfied or waived?</b>	<p>If the Alludo Takeover Offer Conditions are not satisfied or waived before the end of the Alludo Takeover Offer Period, the Alludo Takeover Offer will lapse and any acceptances into the Alludo Takeover Offer will be void. In those circumstances, Nitro Shareholders who have accepted the Alludo Takeover Offer will continue to hold their Nitro Shares and be free to deal with them as if the Alludo Takeover Offer had not been made.</p>	Section 5.9
<b>When will I receive payment under the Alludo Takeover Offer?</b>	<p>Subject to the Corporations Act and the terms of the Alludo Takeover Offer, if you accept your Nitro Shares into the Alludo Takeover Offer, you will be sent the Alludo Takeover Offer Consideration from Alludo BidCo on or before the earlier of:</p> <ul style="list-style-type: none"> <li>• one month after the date of your acceptance or, if the Alludo Takeover Offer is subject to a condition when you accept the Alludo Takeover Offer, within one month after the Alludo Takeover Offer is declared or becomes unconditional; and</li> <li>• if the Alludo Takeover Offer is declared or becomes unconditional, 21 days after the end of the Alludo Takeover Offer Period.</li> </ul>	Section 5.7
<b>What if the Alludo Scheme does not become Effective and I accept the Alludo Takeover Offer?</b>	<p>If the Alludo Scheme does not become Effective and the Alludo Takeover Offer is declared or becomes unconditional, you will receive the Alludo Takeover Offer Consideration for each Nitro Share that you accept into the Alludo Takeover Offer.</p>	N/A
<b>What if the Alludo Scheme does not become Effective and I do not accept the Alludo Takeover Offer?</b>	<p>You will continue to hold your Nitro Shares, unless they are compulsorily acquired or you sell them. Depending on the level of acceptances received this may result in you remaining a shareholder in an unlisted company.</p>	N/A
<b>What happens if Alludo receives acceptances under the Alludo Takeover Offer of 90% or more?</b>	<p>If Alludo BidCo receives acceptances under the Alludo Takeover Offer of 90% or more of the Nitro Shares, Alludo BidCo intends to compulsorily acquire your Nitro Shares and you may be forced to receive consideration under the Compulsory Acquisition provisions of the Corporations Act equal to the Alludo Takeover Offer Consideration, although you will receive the consideration later than if you had accepted the Alludo Takeover Offer.</p>	Section 7.5(b)

## 2. FREQUENTLY ASKED QUESTIONS *(continued)*

Question	Answer	More Information
<b>What happens if Alludo receives acceptances under the Alludo Takeover Offer for greater than 50% but less than 90%?</b>	<p>If Alludo BidCo becomes the holder of more than 50.1% but less than 90% of the Nitro Shares pursuant to the Alludo Takeover Offer, Alludo BidCo will acquire a majority shareholding in Nitro but will not be able to compulsorily acquire the Nitro Shares which have not been accepted into the Alludo Takeover Offer.</p> <p>In these circumstances, Alludo will nominate persons to be appointed to the Nitro Board such that a majority of the directors of Nitro are directors nominated by Alludo. Alludo will also implement the other intentions in Section 7.5(c) to the extent possible.</p> <p>Alludo is not supportive of Nitro's continued listing on ASX. While the decision to apply for removal of Nitro from ASX lies with the Nitro Board, Alludo will actively encourage Nitro to apply for removal of Nitro from ASX to the extent that it is able to do so consistently with ASX guidance.</p>	Section 7.5(c)
<b>What are the taxation implications of the Alludo Takeover Offer?</b>	<p>A general outline of the Australian tax implications of the Alludo Takeover Offer is set out in Section 9.</p> <p>As the outline is general in nature, you should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Alludo Takeover Offer.</p>	Section 9
<b>Recommendations and Intentions</b>		
Question	Answer	More Information
<b>What does the Nitro Board recommend in relation to voting on the Alludo Scheme?</b>	The Nitro Board unanimously recommends that you vote in favour of the Alludo Scheme Resolution to approve the Alludo Scheme, 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. <sup>2</sup>	Section 3.3
<b>What does the Nitro Board recommend in relation to accepting the Alludo Takeover Offer?</b>	The Nitro Board unanimously recommends that you accept the Alludo Takeover Offer, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Alludo Takeover Offer is fair and reasonable. <sup>3</sup>	Section 3.8
<b>What happens if a Competing Proposal is received?</b>	Under the Implementation Deed, Nitro is bound by certain exclusivity obligations, including in relation to a Competing Proposal. Subject to Nitro's exclusivity obligations under the Implementation Deed, the Nitro Board will carefully consider a Competing Proposal and advise you of their recommendation.	Section 10.1
<b>Is there a break fee or reverse break fee payable by Nitro?</b>	Nitro must pay Alludo a Break Fee, being A\$5 million (excluding GST) in certain circumstances. The Break Fee will not be payable as a result of the Alludo Scheme not receiving approval by the Requisite Majorities.	Section 10.1(b)

- In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.
- In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.

Question	Answer	More Information
<b>Can I sell my Nitro Shares now?</b>	<p>Provided you have not already accepted the Potentia Takeover Offer or Alludo Takeover Offer, you can sell your Nitro Shares on-market at any time before the close of trading on ASX on the Effective Date (assuming the Alludo Scheme is approved by Nitro Shareholders at the Alludo Scheme Meeting) at the prevailing on-market price at that time (which may vary from the Alludo Scheme Consideration and the Alludo Takeover Offer Consideration).</p> <p>If you do so, you will not receive the Alludo Scheme Consideration or the Alludo Takeover Offer Consideration (and you may incur brokerage costs).</p>	N/A
<b>Why have I received a Bidder's Statement from Potentia Capital?</b>	<p>Potentia Capital has made an unsolicited takeover offer for all of the Nitro Shares at A\$2.00 per Nitro Share, which is A\$0.15 cash per Nitro Share less than the Alludo Scheme Consideration and the Alludo Takeover Offer Consideration.</p> <p>Potentia's Bidder's Statement contains the terms of, and certain information from Potentia Capital in relation to that offer. It does not contain all information Nitro Shareholders require to make an informed decision on the Potentia Takeover Offer.</p> <p>The Nitro Board has determined that the Alludo Transaction is superior to the Potentia Takeover Offer and therefore <b>unanimously recommends that you reject the Potentia Takeover Offer and take no action in relation to the Potentia Takeover Offer</b>. Nitro Shareholders should review both this Transaction Booklet and Nitro's Target Statement in response to the Potentia Takeover Offer dated 23 November 2022 and Nitro's First Supplementary Target's Statement dated 12 December 2022, which sets out the Nitro Board's views and provides all material information on which to make an informed decision on the Potentia Takeover Offer.</p>	N/A
<b>Further Information</b>		
Question	Answer	More Information
<b>Where can I get further information?</b>	<p>If you have any questions in relation to the Alludo Transaction, the number of Nitro Shares you hold or other questions about your Nitro shareholdings or if you would like additional copies of this Transaction Booklet, please call the Nitro Shareholder Information Line on 1300 381 572 (within Australia) or +61 2 9066 4082 (outside Australia) between 9:00am and 5:00pm Monday to Friday.</p> <p>For information about your individual financial or taxation circumstances please consult your licensed financial adviser or other suitable professional adviser.</p>	N/A

# 3. KEY CONSIDERATIONS IN RELATION TO THE ALLUDO TRANSACTION

## 3.1 Background

### a. Initial Potentia Proposal, Initial Potentia Takeover Offer and subsequent Potentia Takeover Offer

On 30 August 2022, Nitro received the Initial Proposal from Potentia Capital (through TGC LL), together with HarbourVest, to acquire 100% of the issued capital of Nitro at A\$1.58 cash per Nitro Share. The closing Nitro Share price on 29 August 2022, being the undisturbed trading prices on the last trading day prior to the announcement of the Initial Potentia Proposal, was A\$1.13 per Nitro Share.

Nitro's key VWAPs to 29 August 2022 were:

- 1-month VWAP of A\$1.18 per Nitro Share; and
- 3-month VWAP of A\$1.27 per Nitro Share.

Following careful consideration, the Nitro Board concluded the Initial Potentia Proposal significantly undervalued Nitro and unanimously rejected the proposal as not being in the best interests of Nitro Shareholders.

On 28 October 2022, Nitro received notice of Potentia Capital's intention to make the Initial Potentia Takeover Offer at the offer price of A\$1.80 cash per Nitro Share. Nitro entered a trading halt on 28 October 2022, which was lifted on 31 October 2022. On 31 October 2022, Nitro announced that the Nitro Board had unanimously rejected the Initial Potentia Takeover Offer, and that Nitro received a non-binding competing proposal from Alludo to acquire 100% of the issued share capital in Nitro by way of a scheme of arrangement or a takeover offer with a minimum 50.1% acceptance condition at a price of A\$2.00 cash per Nitro Share.

On 15 November 2022, Nitro announced it had entered into a binding Implementation Deed in respect of the Initial Alludo Transaction, at an offer price of A\$2.00 cash per Nitro Share.

On 17 November 2022, Nitro received a further conditional and non-binding proposal from Potentia Capital stating that Potentia Capital would like to engage with Nitro in relation to a potential increase in the offer price of A\$1.80 cash per Nitro Share (**Revised Potentia Proposal**). The Revised Potentia Proposal stated that Potentia Capital believed access to Nitro due diligence information may enable it to meet or exceed the Initial Alludo Transaction offer price of A\$2.00 per Nitro Share and stated it was willing to vary the offer by offering scrip to Nitro Shareholders. It did not offer Nitro Shareholders any specific improved value for Nitro Shares, nor any detail as to the nature or terms of a potential scrip alternative and was therefore highly uncertain. Following receipt of advice from its external financial and legal advisers, the Nitro Board concluded that the Revised Potentia Proposal was not, and could not reasonably be considered to become, a Superior Proposal, as defined in the Implementation Deed.

On 8 December 2022, Potentia Capital increased its offer price to A\$2.00 per Nitro Share and referred to a potential new scrip alternative. The Potentia Takeover Offer Period was also extended to 8 January 2023. At the date of this Transaction Booklet, Potentia Capital has not provided any further details to Nitro on the potential scrip alternative. The Potentia Takeover Offer remains subject to the same conditions applicable to the Initial Potentia Takeover Offer, being a majority of the members of the Nitro Board recommending the Potentia Takeover Offer and there being no prescribed occurrences. Nitro announced on 12 December 2022 that Nitro had entered into a binding Amending Deed with Alludo in respect of the Implementation Deed, increasing the offer price under the Alludo Transaction to A\$2.15 cash per Nitro Share and that the Nitro Board has determined that the Alludo Transaction is superior to the Potentia Takeover Offer and therefore unanimously recommends that you **REJECT** the Potentia Takeover Offer.

The Nitro Share price at close of trading on 7 December 2022, being the last trading day prior to the announcement of the Potentia Takeover Offer, was A\$2.03 per Nitro Share.

## **b. Binding Implementation Deed with respect to the Alludo Transaction**

On 15 November 2022, Nitro entered into a binding implementation deed with Cascade Parent Limited trading as Alludo (**Implementation Deed**), with respect to the Initial Alludo Transaction to acquire 100% of Nitro Shares at A\$2.00 cash per Nitro Share. Cascade Parent Limited has nominated Alludo BidCo (a wholly owned Subsidiary) as the purchaser of Nitro Shares under the Alludo Transaction in accordance with the terms of the Implementation Deed. On 12 December 2022 the Implementation Deed was amended by the Amending Deed to reflect Alludo BidCo's improved consideration of A\$2.15 cash per Nitro Share. Under the Alludo Transaction, Alludo BidCo proposes to acquire 100% of the Nitro Shares by way of the Alludo Scheme, and if the Alludo Scheme is unsuccessful, at least 50.1% of Nitro Shares by way of the simultaneous Alludo Takeover Offer.

The purpose of this Transaction Booklet is to explain the terms of the proposed Alludo Transaction and provide you, as a Nitro Shareholder, with information on the Alludo Transaction to assist you in your voting decision in respect of the Alludo Scheme Resolution, and your decision as to whether to accept the Alludo Takeover Offer.

Voting will take place at the Alludo Scheme Meeting to be held on Friday, 3 February 2023 at 10:00am at Allens, Deutsche Bank Place, Level 28, 126 Phillip Street, Sydney. If you would like to vote but cannot attend the Alludo Scheme Meeting in person or virtually, you can vote by appointing a proxy, attorney or corporate representative (if applicable) to attend in person or virtually and vote on your behalf, including by lodging your proxy online at [www.investorvote.com.au](http://www.investorvote.com.au).

You should read this Transaction Booklet in full before deciding how to vote. The Alludo Transaction has several advantages, disadvantages and risks, which may affect Nitro Shareholders in different ways depending on their individual circumstances. Nitro Shareholders should seek professional advice on their particular circumstances, as appropriate.

## **3.2 Consideration under the Alludo Transaction**

Under the Implementation Deed:

- a. Nitro has agreed to propose the Alludo Scheme, under which Alludo BidCo would acquire all of the Nitro Shares for A\$2.15 cash per Nitro Share. This means that Nitro Shareholders on the Nitro Share Register on the Alludo Scheme Record Date will receive A\$2.15 cash per Nitro Share they hold if the Alludo Scheme proceeds to implementation.

### 3. KEY CONSIDERATIONS IN RELATION TO THE ALLUDO TRANSACTION *(continued)*

The Alludo Scheme is subject to the conditions set out in Section 4.3. Alludo may waive each Alludo Scheme Condition, other than the conditions that:

- i. FIRB approval be received before 8:00am on the Second Court Date;
  - ii. Nitro Shareholders approve the Alludo Scheme by the Requisite Majorities; and
  - iii. the Court approves the Alludo Scheme.
- b. Under the Alludo Takeover Offer, Alludo BidCo has agreed to make offers at A\$2.15 cash per Nitro Share, meaning Nitro Shareholders on the Nitro Share Register who accept the Alludo Takeover Offer will receive A\$2.15 cash per Nitro Share they hold if the Alludo Takeover Offer is declared or becomes unconditional.

The Alludo Takeover Offer is subject to a 50.1% minimum acceptance condition, and several other conditions, and is proposed in parallel with but not in substitution of the Alludo Scheme (i.e., it is a simultaneous but alternative proposal). Alludo retains the discretion to waive the 50.1% minimum acceptance condition, and each other Alludo Takeover Offer Condition (as set out in Section 5.9), other than the condition that FIRB approval be received before the end of the Alludo Takeover Offer Period.

#### 3.3 Overview of the Nitro Board's recommendations

Alludo Transaction	Recommendation	Context of Recommendation	Independent Expert's Opinion	Qualifications to Recommendation
<b>Alludo Scheme</b>	<p><b>The Nitro Board unanimously recommends that Nitro Shareholders vote in favour of the Alludo Scheme Resolution at the Alludo Scheme Meeting.<sup>1</sup></b></p> <p>The Nitro Board believes that the reasons for Nitro Shareholders to vote in favour of the Alludo Scheme outweigh the reasons to vote against the Alludo Scheme or not vote at all. The reasons and other relevant considerations are set out in Section 3.6.</p>	If the Alludo Scheme is approved by the Requisite Majorities and by the Court, the Alludo Scheme will be implemented and the Alludo Takeover Offer will lapse.	The Independent Expert has concluded that the Alludo Scheme is in the best interests of Nitro Shareholders.	The Nitro Board's unanimous recommendation is subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Alludo Scheme is in the best interests of Nitro Shareholders.
<b>Alludo Takeover Offer</b>	<p><b>The Nitro Board unanimously recommends that Nitro Shareholders accept the Alludo Takeover Offer.<sup>2</sup></b></p> <p>The Nitro Board believes that the reasons for Nitro Shareholders to accept the Alludo Takeover Offer outweigh the reasons not to accept the Alludo Takeover Offer. The reasons and other relevant considerations are set out in Section 3.9.</p>	The Alludo Takeover Offer will lapse if the Alludo Scheme is approved by the Requisite Majorities and by the Court.	The Independent Expert has concluded that the Alludo Takeover Offer is fair and reasonable.	The Nitro Board's unanimous recommendation is subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Alludo Takeover Offer is fair and reasonable.

1. In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.
2. In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.

### 3.4 Chief Executive Officer's recommendation

When considering this recommendation, Nitro Shareholders should note that Nitro's Chief Executive Officer and Executive Director, Sam Chandler, has previously been issued ESS Securities, which are summarised in the table at Section 6.9. If the Alludo Scheme is approved by Nitro Shareholders and the Court, or the Alludo Takeover Offer results in a change in control of Nitro, the Nitro Board has determined that, as is customary, the ESS Securities will all vest (including all unvested ESS Securities held by Mr Chandler). If the Alludo Transaction is successful, Mr Chandler would receive an amount of A\$880,227 upon the vesting of any remaining unvested ESS Securities on implementation of the Alludo Transaction.

In addition, Nitro's Chief Operating Officer, Gina O'Reilly is a related party of Mr Chandler. If the Alludo Transaction is successful, Ms O'Reilly would receive an amount of A\$165,043 upon the vesting of any remaining unvested ESS Securities on implementation of the Alludo Transaction.

Despite Mr Chandler's incremental economic interest in the outcome of the acquisition of Nitro, he considers that, given his role as Chief Executive Officer of Nitro, it is important and appropriate for him to provide a recommendation to Nitro Shareholders in relation to the Alludo Transaction. The Nitro Board (excluding Mr Chandler) also considers that it is appropriate for Mr Chandler to make a recommendation on the Alludo Transaction given his detailed knowledge of the Nitro business, its key stakeholders, his leadership role in the management of Nitro's operations and his deep industry knowledge.

### 3.5 Alludo Scheme recommendation

The Nitro Board unanimously recommends that Nitro Shareholders vote in favour of the Alludo Scheme Resolution at the Alludo Scheme Meeting 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.<sup>3</sup> Subject to the same qualification, all Nitro Directors intend to vote all Nitro Shares held or controlled by them, or on their behalf, in favour of the Alludo Scheme at the Alludo Scheme Meeting. The Relevant Interests of Nitro Directors in Nitro Shares as at the date of this Transaction Booklet are set out in Section 6.9.

Your vote is also important as Potentia Capital (which as at the date of this Transaction Booklet has voting power in 19.31% of all Nitro Shares) has stated in the Potentia Bidder's Statement that it will vote all Nitro Shares that it owns or controls at the relevant time against a competing scheme proposal and not accept into any competing takeover proposal, which at the date of this Transaction Booklet includes the Alludo Scheme. Accordingly, to the extent that Potentia Capital continues to own or control 19.31% of Nitro Shares on the date of the Alludo Scheme Meeting, at least 19.31% of Nitro Shares are expected to be voted against the Alludo Scheme. Given the 75% voting threshold noted above applies in respect of votes cast at the Alludo Scheme Meeting, it is important for as many Nitro Shareholders as possible who support the Alludo Scheme to cast a vote in its favour (either by proxy, in person or virtually). Potentia Capital is a competing bidder that is seeking to secure control of Nitro. You should not assume that its interests in opposing the Alludo Scheme aligns with the interests of other Nitro Shareholders.

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3. In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.



### 3. KEY CONSIDERATIONS IN RELATION TO THE ALLUDO TRANSACTION *(continued)*

#### 3.6 Reasons why you should vote in favour of the Alludo Scheme

1. The Nitro Board unanimously recommends that you vote in favour of the Alludo Scheme 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.<sup>4</sup>
2. The Independent Expert has concluded that the Alludo Scheme is fair and reasonable and therefore in the best interests of Nitro Shareholders in the absence of a Superior Proposal.
3. The Alludo Scheme Consideration of A\$2.15 per Nitro Share represents a significant premium to the trading levels of Nitro Shares on ASX prior to receipt of Potentia Capital's non-binding indicative proposal on 30 August 2022.
4. The Alludo Scheme Consideration of A\$2.15 per Nitro Share represents a meaningful premium relative to alternative proposals or takeover offers received by Nitro.
5. All cash consideration delivers certainty and immediate value for your Nitro Shares.
6. No Superior Proposal has been received by the Nitro Board as at the date of this Transaction Booklet.
7. If the Alludo Scheme does not proceed, and no Competing Proposal or Superior Proposal continues or emerges, Nitro's share price may fall.
8. If the Alludo Scheme does not proceed, Nitro Shareholders will continue to be exposed to risks associated with Nitro's business, rather than realising certain value for their Nitro Shares in a certain timeframe.
9. If the Alludo Scheme does not proceed, outcomes under the Alludo Takeover Offer may be less favourable to Nitro Shareholders.

4. In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.



**a. The Nitro Board unanimously recommends that you vote in favour of the Alludo Scheme 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<sup>5</sup>**

In reaching its conclusion that the Alludo Scheme is in the best interests of Nitro Shareholders, the Nitro Board has assessed the Alludo Scheme having regard to the reasons to vote in favour of, and against, the Alludo Scheme, as set out in this Transaction Booklet. The Nitro Board considers that the Alludo Scheme Consideration appropriately recognises the value and future growth potential of Nitro, when balanced against the prevailing macroeconomic conditions and execution risks in achieving these future growth plans.

The Nitro Board has undertaken an extensive process to reach this outcome, with the assistance of financial and legal advisers. This included an evaluation of Nitro's strategic plan as an independent company and the various operational and execution risks inherent in achieving this strategic plan.

The Nitro Board has also had regard to the circumstances which have played out since the Initial Potentia Proposal of A\$1.58 per Nitro Share. As part of this consideration, the Nitro Board also considered expressions of interest for Nitro from several industry participants and financial investors, including from Potentia Capital. Nitro engaged with some of those parties to ascertain whether it was possible to negotiate a transaction that could be attractive to and in the best interests of Nitro Shareholders. Based on this assessment, the Nitro Board concluded that the Alludo Transaction was superior to the other potential transactions, including the Potentia Takeover Offer.

The Nitro Board unanimously recommends that Nitro Shareholders vote in favour of the Alludo Scheme 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.<sup>6</sup> Subject to the same qualification, all Nitro Directors intend to vote all Nitro Shares controlled or held by them (being in aggregate 12% of Nitro Shares), or on their behalf, in favour of the Alludo Scheme. The Relevant Interests of Nitro Directors in Nitro Shares as at the date of this Transaction Booklet are set out in Section 6.9.

**b. The Independent Expert has concluded that the Alludo Scheme is fair and reasonable and therefore in the best interests of Nitro Shareholders in the absence of a Superior Proposal**

The Nitro Board appointed Kroll Australia Pty Ltd as the Independent Expert to assess the merits of the Alludo Transaction, and to provide an opinion as to whether the Alludo Scheme is in the best interests of Nitro Shareholders.

The Independent Expert has concluded that the Alludo Scheme is fair and reasonable and therefore in the best interests of Nitro Shareholders in the absence of a Superior Proposal.

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5. In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.

6. In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.

### 3. KEY CONSIDERATIONS IN RELATION TO THE ALLUDO TRANSACTION *(continued)*

The Independent Expert has assessed the value of Nitro Shares to be in the range of A\$2.00 to A\$2.20 per Nitro Share on a 100% controlling interest basis. The Alludo Scheme Consideration of A\$2.15 per Nitro Share is at the higher end of this valuation range.

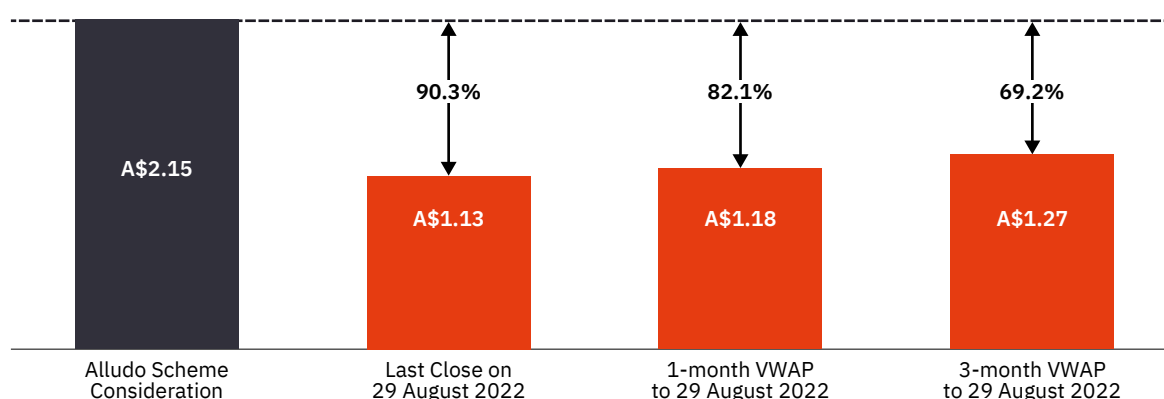
Additional reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, which is included at Annexure A. The Nitro Board encourages you to read the Independent Expert's Report in its entirety.

#### **c. The Alludo Scheme Consideration of A\$2.15 per Nitro Share represents a significant premium to the trading levels of Nitro Shares on ASX prior to receipt of Potentia Capital's non-binding indicative proposal on 30 August 2022**

The Alludo Scheme Consideration represents a significant premium of:

- i. 90.3% to Nitro's closing share price of A\$1.13 per Nitro Share (29 August 2022);
- ii. 82.1% to Nitro's 1-month VWAP to 29 August 2022 of A\$1.18 per Nitro Share; and
- iii. 69.2% to Nitro's 3-month VWAP to 29 August 2022 of A\$1.27 per Nitro Share.

The chart below shows the premium of the Alludo Scheme Consideration to the Nitro Share price, as well as the premium to the VWAPs of Nitro Shares, over the period prior to receipt of the Initial Potentia Proposal.



While the Alludo Scheme Consideration of A\$2.15 per Nitro Share remains below where Nitro Shares have traded in prior years, the Nitro Board has had regard to the change in market conditions, both from a macroeconomic and business outlook perspective, in addition to listed equity market valuations. Since the Nitro share price highs in November 2021, valuations of technology stocks have faced broad-based declines, largely as a result of the increased expectation of higher interest rates in the near future and global geopolitical and macroeconomic uncertainty. Over this period<sup>7</sup>, the ASX All-Tech Index has declined by approximately 35%, with other global document productivity and eSign peers also trading off materially, with Adobe and DocuSign declining approximately 51% and 79%, respectively.

7. From 17 November 2021 (the date Nitro recorded its highest daily closing price of A\$3.88 per Nitro Share) to the Last Practicable Trading Date.

#### **d. The Alludo Scheme Consideration of A\$2.15 per Nitro Share represents a meaningful premium relative to alternative proposals or takeover offers received by Nitro**

On 8 December 2022, Potentia Capital made a takeover offer at A\$2.00 per Nitro Share and referred to a potential scrip alternative. At the date of this Transaction Booklet, Potentia Capital has not provided any further details to Nitro on the potential scrip alternative. Potentia Capital is currently the largest shareholder of Nitro, with a Relevant Interest of 19.31%. The Nitro Board recommended in its Target's Statement that Nitro Shareholders reject the Potentia Takeover Offer.

Relative to the initial proposal and subsequent takeover offer from Potentia Capital, the cash consideration under the Alludo Transaction represents:

- i. a 7.5% premium to the Potentia Takeover Offer of A\$2.00 per Nitro Share;
- ii. a 19.4% premium to the Initial Potentia Takeover Offer of A\$1.80 per Nitro Share; and
- iii. a 36.1% premium to the Initial Potentia Proposal on 30 August 2022 of A\$1.58 per Nitro Share.

The Potentia Takeover Offer is currently scheduled to lapse on 8 January 2023.

#### **e. All cash consideration delivers certainty and immediate value for your Nitro Shares**

The Alludo Scheme Consideration of A\$2.15 per Nitro Share is 100% cash and therefore provides certainty of value for your Nitro Shares (subject to the Alludo Scheme becoming Effective) and the opportunity for you to realise certain value in the near term which may not be achieved if the Alludo Scheme does not proceed.

The Alludo Scheme also provides an opportunity for you to sell all your Nitro Shares at once, with no associated brokerage costs.

Specifically, if all the Alludo Scheme Conditions are satisfied or waived and the Alludo Scheme is implemented, you will receive A\$2.15 cash per Nitro Share held by you on the Alludo Scheme Record Date when the Alludo Scheme is implemented (implementation is expected to be on or about 22 February 2023).

In contrast, if the Alludo Scheme does not proceed and only the Alludo Takeover Offer is available, you will only have the opportunity to receive consideration under the Alludo Takeover Offer if it becomes unconditional.

#### **f. No Superior Proposal has been received by the Nitro Board as at the date of this Transaction Booklet**

On 8 December 2022, Potentia Capital increased its offer price under the Initial Potentia Takeover Offer to A\$2.00 per Nitro Share and referred to a potential scrip alternative. The Potentia Takeover Offer Period was also extended to 8 January 2023.

Nitro announced on 12 December 2022 that it had entered into the Amending Deed with Alludo in respect of the Implementation Deed, increasing the offer price under the Alludo Transaction to A\$2.15 cash per Nitro Share and that the Nitro Board has determined that the Alludo Transaction is superior to the Potentia Takeover Offer and therefore unanimously recommends that you **REJECT** the Potentia Takeover Offer.

### 3. KEY CONSIDERATIONS IN RELATION TO THE ALLUDO TRANSACTION *(continued)*

Since the announcement of the Alludo Transaction on 12 December 2022 (as described in this Transaction Booklet), no Superior Proposal has been received by the Nitro Board and the Nitro Board is not aware, as at the date of this Transaction Booklet, of any Superior Proposal that is likely to emerge.

While under the terms of the Implementation Deed, the Nitro Board is able to consider any other Competing Proposal (provided that the Nitro Board has determined in good faith, after consultation with its advisers, that the Competing Proposal is a Superior Proposal and, after having received legal advice, that failing to respond to such proposal would constitute or would be reasonably likely to be a breach of the fiduciary or statutory duties of the Nitro Directors and subject always to Alludo's right to match that Superior Proposal), there can be no assurance that any Competing Proposal will emerge at any time or that the Competing Proposal will be a Superior Proposal.

Prior to entering into the Implementation Deed with Alludo, Nitro also considered expressions of interest from other industry participants and financial investors, including the Initial Potentia Takeover Offer. Following a period of engagement with some of those parties, the Nitro Board concluded that the Alludo Transaction was materially superior to the other potential transactions.

#### **g. If the Alludo Scheme does not proceed, and no Competing Proposal or Superior Proposal continues or emerges, Nitro's share price may fall**

If the Alludo Scheme is not implemented and the Alludo Takeover Offer does not proceed (and in the absence of a Superior Proposal), Nitro Shares will remain quoted on ASX and will continue to be subject to market volatility, including general stock market movements, the impact of general economic conditions and the demand for listed securities.

On 30 August 2022, Nitro received the Initial Potentia Proposal at A\$1.58 cash per Nitro Share. The closing Nitro Share price on 29 August 2022, being the undisturbed trading prices on the last trading day prior to the announcement of the Initial Potentia Proposal, was A\$1.13 per Nitro Share. During the three months ended 29 August 2022:

- i. the 1-month VWAP was A\$1.18 per Nitro Share;
- ii. the 3-month VWAP was A\$1.27 per Nitro Share; and
- iii. the lowest recorded daily closing price was A\$1.11 per Nitro Share on 1 August 2022.

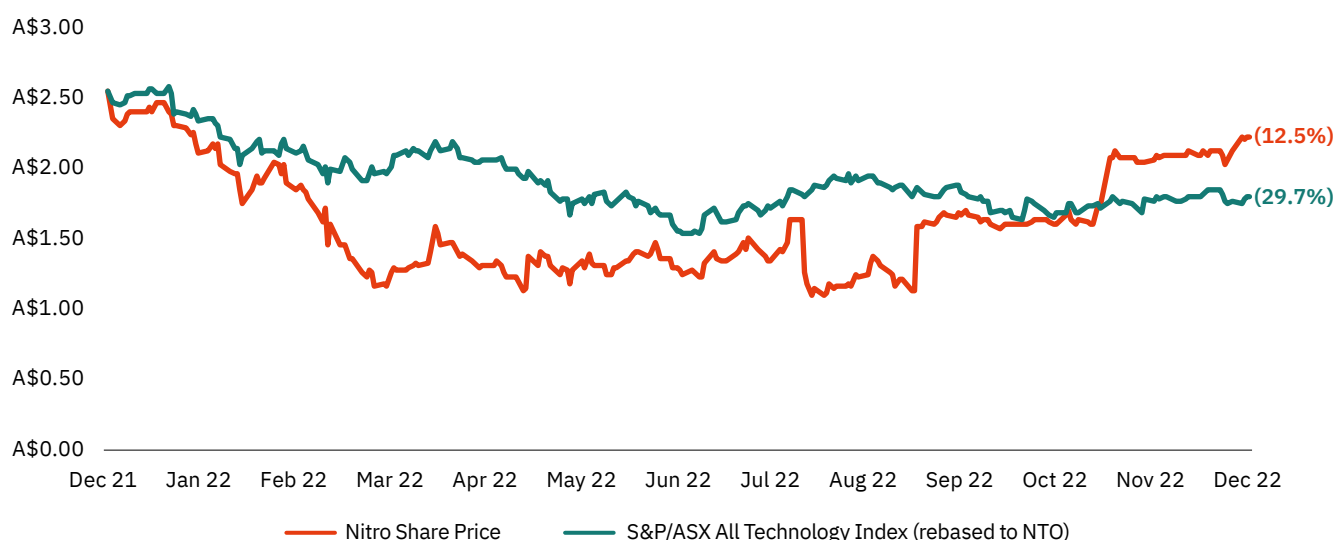
Since the Nitro share price highs in November 2021, valuations of technology stocks have faced broad-based declines, largely because of the increased expectation of higher interest rates in the near future and global geopolitical and macroeconomic uncertainty. Over this period<sup>8</sup>, ASX All-Tech Index has declined by approximately 35%.

Whilst Nitro cannot predict the price at which Nitro Shares will trade in the future, based on the above, if the Alludo Scheme is not implemented, and the Alludo Takeover Offer does not proceed (and in the absence of a Superior Proposal), the Nitro Share price is likely to fall below the Alludo Scheme Consideration of A\$2.15 cash per Nitro Share being offered by Alludo BidCo.

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8. From 17 November 2021 (the date Nitro recorded its highest daily closing price of A\$3.88 per Nitro Share) to the Last Practicable Trading Date.

The graph below shows the closing price of Nitro Shares in the last 12 months to the Last Practicable Trading Date. The Nitro Board acknowledges that the Nitro Share Price has recently traded at levels above the value of the Alludo Scheme Consideration Alludo Takeover Offer Consideration and notes this was likely driven by Nitro Shareholder anticipation that a bidding contest between Potentia Capital and Alludo BidCo may continue. As at the date of this Transaction Booklet, no Superior Proposal has been received by Nitro.



## h. If the Alludo Scheme does not proceed, Nitro Shareholders will continue to be exposed to risks associated with Nitro’s business, rather than realising certain value for their Nitro Shares in a certain timeframe

If the Alludo Scheme is not approved by Nitro Shareholders or by the Court, you will continue to be exposed to the risks of being a Nitro Shareholder and several other factors which may impact the trading price of Nitro Shares in the absence of the Alludo Transaction.

Among other things, those uncertainties and risks relate to the performance of Nitro’s business from time to time. There are uncertainties associated with Nitro’s cash balance given the requirement to utilise large amounts of cash to sustain its business and the requirement to fund significant one-off transaction costs related to the Alludo Transaction and Potentia Takeover Offer. Nitro’s cash balance at 30 September 2022 is US\$29.2 million.

This is in addition to general economic conditions and the prevailing volatility in the share prices of loss-making technology companies such as Nitro. Nitro may continue to be affected by this broader volatility in technology valuations, as the rise in interest rates drives an associated increase in the cost of capital, with the availability of capital becoming increasingly scarce.

The Alludo Scheme removes these risks and uncertainties for Nitro Shareholders and the Nitro Board considers that it allows Nitro Shareholders to realise their investment in Nitro at a certain price. If the Alludo Scheme is approved and implemented, these risks and uncertainties will be assumed by Alludo, as the sole shareholder of Nitro following implementation of the Alludo Scheme.

### 3. KEY CONSIDERATIONS IN RELATION TO THE ALLUDO TRANSACTION *(continued)*

#### **i. If the Alludo Scheme does not proceed, outcomes under the Alludo Takeover Offer may be less favourable to Nitro Shareholders**

If the Alludo Scheme does not proceed, the Alludo Takeover Offer may be implemented, subject to the Alludo Takeover Offer Conditions being satisfied or waived.

If you do not accept the Alludo Takeover Offer in circumstances where Alludo BidCo acquires control of Nitro under the Alludo Takeover Offer, but is unable to compulsorily acquire your Nitro Shares, you will be exposed to the consequences of minority ownership, including those set out in Section 8.5(a).

### **3.7 Reasons why you may choose to vote against the Alludo Scheme**

As outlined in Section 3.3, the Nitro Board unanimously recommends that you vote in favour of the Alludo Scheme Resolution 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.<sup>9</sup> This Section 3.7 outlines some factors which may lead Nitro Shareholders to vote against the Alludo Scheme.

The Nitro Board believes that the reasons you may want to vote in favour of the Alludo Scheme outweigh the reasons you want to vote against the Alludo Scheme, however the Nitro Board considers that you should consider the below factors when deciding whether to vote in favour of the Alludo Scheme.

#### **a. You may disagree with the Nitro Board's recommendation and the opinion of the Independent Expert and consider that the Alludo Scheme is not in your best interests**

Despite the unanimous recommendation of the Nitro Board, and the opinion of the Independent Expert that the Alludo Scheme is in the best interests of Nitro Shareholders in the absence of a Superior Proposal, you may believe that the Alludo Scheme is not in your best interests or that of Nitro Shareholders.

#### **b. You may prefer to realise the potential value of Nitro over the long term and may consider that the Alludo Scheme does not capture Nitro's long-term potential**

If the Alludo Scheme is approved and implemented, it is expected to complete on 22 February 2023. This timeframe may be inconsistent with your investment objectives. You may consider that Nitro has stronger long term growth potential and that following recent weakness in technology company valuations, the Alludo Scheme Consideration does not fully reflect your view on long term value. You may therefore prefer to retain your Nitro Shares and realise the value of your Nitro Shares over the longer term. However, you will continue to be subject to the risks associated with holding Nitro Shares, including those set out in Section 8 as well as the risks involved in becoming a minority shareholder in Nitro if Alludo BidCo acquires control of Nitro under the Alludo Takeover Offer, including those set out in Section 8.5(a).

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9. In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.

**c. You may believe it is in your best interests to maintain your current investment and risk profile**

You may wish to keep your Nitro Shares as you may want to preserve your investment in a publicly listed company with the specific characteristics of Nitro. You may consider that, despite the risks relevant to Nitro's potential future operations (including those set out in Section 8.3), Nitro may be able to return greater value from its assets by remaining independent or seeking alternative commercialisation strategies.

**d. The tax consequences of the Alludo Scheme may not suit your current financial position**

Implementation of the Alludo Scheme may trigger taxation consequences for Nitro Shareholders. A general guide to the taxation implications of the Alludo Scheme is set out in Section 9. This guide is expressed in general terms only and Nitro Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.

**e. You may believe that there is potential for a Superior Proposal to be made in the foreseeable future**

You may believe that there is a potential for a Superior Proposal to be made in the foreseeable future. You should be aware that the Implementation Deed contains a customary fiduciary out provision, which allows the Nitro Board to consider any Competing Proposals that are or may reasonably be expected to become a Superior Proposal. In addition, Nitro may terminate the Implementation Deed and not proceed with the Alludo Transaction in the event of a Superior Proposal is received and not matched by Alludo (see Section 10.1 for details). The Nitro Board notes however that as at the date of this Transaction Booklet, no Superior Proposal has been received by the Nitro Board.

**f. You may wish to sell your Nitro Shares on ASX should Nitro Shares trade at a price greater than the Alludo Scheme Consideration**

The Nitro Board acknowledges that the Nitro Share Price has recently traded at levels above the value of the Alludo Scheme Consideration, and continues to do so at the date of this Transaction Booklet. Whilst the Nitro Board cannot predict the price at which Nitro Shares will trade in the future, it is plausible that some market participants are assuming that a bidding contest between Potentia Capital and Alludo BidCo may eventuate to drive the price above the value of the Alludo Scheme Consideration. The Nitro Board notes that as at the date of this Transaction Booklet, no Superior Proposal has been received by Nitro.

If you do choose to sell your Nitro Shares on ASX, you will lose the ability to accept the Alludo Scheme Consideration or any other Superior Proposal which may eventuate and you may incur brokerage charges.

## 3. KEY CONSIDERATIONS IN RELATION TO THE ALLUDO TRANSACTION *(continued)*

### 3.8 Alludo Takeover Offer recommendation

The Nitro Board unanimously recommends that Nitro Shareholders accept the Alludo Takeover Offer, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Alludo Takeover Offer is fair and reasonable.<sup>10</sup> Subject to the same qualification, each Nitro Director intends to accept the Alludo Takeover Offer in respect of all Nitro Shares controlled or held by, or on behalf of, that Nitro Director. The Relevant Interests of Nitro Directors in Nitro Shares as at the date of this Transaction Booklet are set out in Section 6.9.

You should be aware that accepting the Alludo Takeover Offer will restrict your ability to sell your Nitro Shares to another person unless you are entitled to withdraw your acceptance.

### 3.9 Reasons why you should accept the Alludo Takeover Offer

If the Alludo Scheme is not approved by Nitro Shareholders or the Court, Alludo BidCo is making the simultaneous Alludo Takeover Offer.

The reasons why you should accept the Alludo Takeover Offer are similar to the reasons why you should vote in favour of the Alludo Scheme, as set out in Section 3.6. In particular:

- the Nitro Board unanimously recommends that you accept the Alludo Takeover Offer, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Alludo Takeover Offer is fair and reasonable;<sup>11</sup>
- all Nitro Directors intend to accept the Alludo Takeover Offer with respect to all the Nitro Shares they hold or control, subject to the above qualifications;
- the Independent Expert has concluded that the Alludo Takeover Offer is fair and reasonable to Nitro Shareholders;
- the cash consideration of A\$2.15 per Nitro Share under the Alludo Scheme and the Alludo Takeover Offer represents a significant premium of:
  - 90.3% to Nitro's closing share price of A\$1.13 per Nitro Share (29 August 2022);
  - 82.1% to Nitro's 1-month VWAP to 29 August 2022 of A\$1.18 per Nitro Share; and
  - 69.2% to Nitro's 3-month VWAP on 29 August 2022 of A\$1.27 per Nitro Share;
- relative to the Initial Potentia Proposal, the Initial Potentia Takeover Offer and subsequent Potentia Takeover Offer from Potentia Capital, the cash consideration under the Alludo Transaction represents a premium of:
  - 7.5% to the Potentia Takeover Offer of A\$2.00 per Nitro Share;
  - 19.4% to the Initial Potentia Takeover Offer of A\$1.80 per Nitro Share; and
  - 36.1% to the Initial Potentia Proposal on 30 August 2022 of A\$1.58 per Nitro Share;

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10. In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.

11. In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.



- all cash consideration delivers certainty and immediate value for your Nitro Shares;
- no Superior Proposal has emerged as at the date of this Transaction Booklet;
- if the Alludo Scheme is not implemented and Alludo BidCo does not receive sufficient acceptances under the Alludo Takeover Offer to achieve control of Nitro, then Nitro's share price may fall; and
- accepting the Alludo Takeover Offer removes your exposure to:
  - an uncertain future market price for your Nitro Shares;
  - the risk of remaining a shareholder in Nitro and being exposed to the market, strategic, financial and operational risks that Nitro is exposed to (refer to Section 8.3); and
  - the consequences of minority ownership in circumstances where Alludo BidCo acquires control of Nitro under the Alludo Takeover Offer but is unable to move to compulsorily acquire your Nitro Shares (and the Nitro Shares of any other Nitro Shareholder that does not accept the Alludo Takeover Offer), including those consequences set out in Section 8.5(a).

### 3.10 Reasons why you may choose to reject the Alludo Takeover Offer

The reasons why you may consider rejecting the Alludo Takeover Offer are similar to the reasons why you may consider voting against the Alludo Scheme, as set out in Section 3.7. In particular:

- you may disagree with the Nitro Board's unanimous recommendation or with the Independent Expert's conclusion;
- you may believe that there is potential for a Superior Proposal to be made in the future;
- you may wish to remain a Nitro Shareholder to be able to participate in the future financial performance of Nitro; and
- you may want to sell your Nitro Shares on ASX if you expect the net proceeds to be higher or that you will be paid sooner. If you sell your Nitro Shares on market, you:
  - will receive the price on market, which may be higher or lower than the Alludo Takeover Offer Consideration;
  - will lose the ability to accept the Alludo Takeover Offer or any other Superior Proposal which may eventuate;
  - will not be entitled to receive any increased consideration if Alludo BidCo subsequently increases the Alludo Takeover Offer Consideration; and
  - may incur brokerage charges.

## 4. KEY FEATURES OF THE ALLUDO SCHEME

### 4.1 Introduction

As part of the Alludo Transaction, Alludo BidCo intends to acquire 100% of the Nitro Shares on issue as at the Implementation Date by way of the Alludo Scheme.

The Alludo Scheme will only become Effective and be implemented if:

- a. the Alludo Scheme Resolution is passed by the Requisite Majorities of Nitro Shareholders at the Alludo Scheme Meeting to be held 10:00am on 3 February 2023; and
- b. approved by the Court on the Second Court Date.

The Alludo Scheme is also subject to FIRB approval being obtained and to certain other Alludo Scheme Conditions described in Section 4.3.

### 4.2 Alludo Scheme Consideration

The terms of the proposed Alludo Scheme provide that Nitro Shareholders will receive from Alludo BidCo A\$2.15 cash per Nitro Share if they are registered as a Nitro Shareholder on the Alludo Scheme Record Date.

For Nitro Shareholders, payments will be made by direct deposit into your nominated bank account, as advised to the Nitro Share Registry as at the Alludo Scheme Record Date. If you have not nominated a bank account, payment will be made by Australian dollar cheque.

Where a cheque is returned to Nitro or has not been presented for payment within six months after the date on which the cheque was sent, Nitro may cancel the cheque. The Unclaimed Money Act 1995 (NSW) will apply in relation to any Alludo Scheme Consideration which becomes 'unclaimed money' (as defined in Section 7 of the *Unclaimed Money Act 1995* (NSW)).

## 4.3 Alludo Scheme Conditions

### a. Alludo Scheme Conditions

Implementation of the Alludo Scheme is subject to the following Alludo Scheme Conditions:

i. **FIRB**

Before 8:00am on the Second Court Date, either:

- A. the Treasurer provides written notice to Alludo BidCo under the FATA stating that, or to the effect that, the Commonwealth Government has no objection to the Alludo Scheme, either unconditionally or subject only to certain conditions acceptable to Alludo BidCo (acting reasonably and in good faith);
- B. following Alludo BidCo giving notice under the FATA, the Treasurer becomes precluded by passage of time from making any order or decision under Division 2 of Part 3 of the FATA in respect of the Alludo Scheme; or
- C. where an interim order is made under the FATA in respect of the Alludo Scheme, the subsequent period for making a final order prohibiting that acquisition elapses without a final order being made.

ii. **Ex-Australian regulatory approvals**

All approvals, authorisations, and/or expirations or terminations of applicable waiting periods required under Antitrust and Foreign Investment Laws in connection with the acquisition of Nitro Shares contemplated by the Alludo Scheme have been obtained or occurred before 8:00am on the Second Court Date.

iii. **ASIC and ASX**

ASIC and ASX issuing or providing all consents, waivers, relief, or approvals as are necessary or desirable to implement the Alludo Scheme and such consents, approvals, waivers, relief, or approvals have not been withdrawn, cancelled, revoked or adversely amended, before 8:00am on the Second Court Date.

iv. **Shareholder approval**

Nitro Shareholders approve the Alludo Scheme at the Alludo Scheme Meeting by the Requisite Majorities.

v. **Independent Expert's Report**

The Independent Expert provides an Independent Expert's Report to Nitro, stating that in its opinion the Alludo Scheme is in the best interests of Nitro Shareholders, and the Independent Expert does not change or publicly withdraw this conclusion prior to 8:00am on the Second Court Date.

vi. **Court approval**

The Court approves the Alludo Scheme in accordance with section 411(4)(b) of the Corporations Act.

vii. **No restraints**

No restraining order, injunction or other order that would prevent or materially restrict the Alludo Scheme made by a court of competent jurisdiction or Government Agency is in effect at 8:00am on the Second Court Date.

viii. **No Material Adverse Change**

No Material Adverse Change between (and including) 15 November 2022 and 8:00am on the Second Court Date.

## 4. KEY FEATURES OF THE ALLUDO SCHEME *(continued)*

### ix. **No Nitro Prescribed Occurrence**

No Nitro Prescribed Occurrence occurs between (and including) 15 November 2022 and 8:00am on the Second Court Date.

### x. **ESS Securities**

Nitro and holders of ESS Securities have taken all necessary steps by 8:00am on the Second Court Date, including by executing all necessary documents, to ensure that the ESS Securities are dealt with in accordance with Clause 7 of the Implementation Deed and otherwise on terms acceptable to Alludo (acting reasonably).

The Alludo Scheme will not proceed unless all of the Alludo Scheme Conditions are satisfied or waived (as applicable) in accordance with the Implementation Deed.

As at the date of this Transaction Booklet, neither the Nitro Board nor Alludo are aware of any circumstances which would cause any Alludo Scheme Conditions not to be satisfied. Further, as at the date of this Transaction Booklet, the Nitro Board is not aware of any Material Adverse Change or any Nitro Prescribed Occurrences having occurred.

### **b. Implications for Alludo Scheme Meeting and Second Court Hearing if regulatory approval conditions are not satisfied**

There can be no certainty or assurance that the regulatory approval conditions referred to in Sections 4.3(a) and 4.3(b) will be satisfied prior to the Alludo Scheme Meeting or the Second Court Hearing, or at all.

If one or more of those regulatory approval conditions are not satisfied prior to the time of the Alludo Scheme Meeting, Nitro may, in consultation with Alludo BidCo, either elect to proceed with the Alludo Scheme Meeting at such time and date as contemplated in this Transaction Booklet, being 10:00am on 3 February 2023, or seek an order from the Court to defer the Alludo Scheme Meeting. Therefore, it is possible that the Alludo Scheme Meeting may proceed even if one or more of the regulatory approval conditions are not satisfied at the time of the Alludo Scheme Meeting.

If in that circumstance, the Alludo Scheme Resolution is passed by the Requisite Majorities but all of the remaining regulatory approval conditions have not been satisfied as at the time of the Second Court Hearing, it is both Nitro's and Alludo BidCo's intention to make submissions to the Court to allow for the Alludo Scheme to be amended to convert those approvals from a condition precedent to a condition subsequent such that the Alludo Scheme could become Effective notwithstanding those conditions were not yet satisfied. Nitro and Alludo BidCo would only make such submissions where they each have a reasonable expectation that the remaining regulatory approval conditions will be satisfied following their engagement with the relevant regulatory body.

In that circumstance, even if the Alludo Scheme becomes Effective, on the basis that any outstanding regulatory approval conditions have been converted from a condition precedent to a condition subsequent, the Alludo Scheme will only be implemented and Nitro Shareholders will only be paid the Alludo Scheme Consideration (and Nitro Shares will only be transferred to Alludo BidCo) once all of the conditions subsequent are satisfied or waived (as applicable) in accordance with the Implementation Deed. Following satisfaction or waiver (as applicable) of any conditions subsequent, the Alludo Scheme would be implemented.

If the Alludo Scheme is amended in this manner after the Alludo Scheme Meeting has been held, Nitro will notify Nitro Shareholders by releasing an announcement to ASX.

## 4.4 Key Steps for implementing the Alludo Scheme

### a. Preliminary steps

Nitro and Alludo entered into the Implementation Deed on 15 November 2022, pursuant to which, among other things, Nitro agreed to propose the Alludo Scheme.

Cascade Parent Limited and Alludo BidCo have executed the Deed Poll, pursuant to which Alludo BidCo, subject to the Alludo Scheme becoming Effective, agrees to provide the Alludo Scheme Consideration to which each Alludo Scheme Shareholder is entitled under the terms of the Alludo Scheme in consideration for the transfer of each Alludo Scheme Share.

A copy of the proposed Alludo Scheme is set out in Annexure B to this Transaction Booklet.

A copy of the Deed Poll is set out in Annexure C to this Transaction Booklet.

### b. Alludo Scheme Meeting

The Court has ordered that the Alludo Scheme Meeting be held at 10:00am on 3 February 2023 for the purposes of approving the Alludo Scheme Resolution. The Notice of Meeting for Nitro Shareholders which sets out the Alludo Scheme Resolution is included in Annexure D to this Transaction Booklet.

Each Nitro Shareholder who is registered on the Nitro Share Register at 7:00pm on the date which is two days before the Alludo Scheme Meeting (two days prior is currently expected to be 1 February 2023) is entitled to attend and vote at the Alludo Scheme Meeting, either in person, virtually or by proxy, by attorney or in the case of a body corporate, by its corporate representative appointed in accordance with section 250D of the Corporations Act.

Instructions on how to attend and vote at the Alludo Scheme Meeting in person or virtually, or to appoint a proxy to attend and vote on your behalf, are set out in Annexure D of this Transaction Booklet.

The Alludo Scheme Resolution must be approved by the Requisite Majorities, being:

- i. a majority in number (more than 50%) of Nitro Shareholders present and voting at the Alludo Scheme Meeting (whether in person, virtually, by proxy, by attorney or, in the case of corporate Nitro Shareholders, by a corporate representative) (the **Headcount Test**); and
- ii. at least 75% of the total number of votes cast on the Alludo Scheme Resolution at the Alludo Scheme Meeting.

It should be noted that the Court has the power to waive the Headcount Test.

The Nitro Board strongly encourages every Nitro Shareholder to vote at the Alludo Scheme Meeting because every vote in favour of the Alludo Scheme will increase the likelihood of the Requisite Majorities being met and the Alludo Scheme becoming Effective. This is important because Potentia Capital (which as at the date of this Transaction Booklet has voting power in 19.31% of all Nitro Shares) has stated in the Potentia Bidder's Statement that it will vote all Nitro Shares that it owns or controls at the relevant time against a competing scheme proposal and not accept into any competing takeover proposal, which at the date of this Transaction Booklet includes the Alludo Scheme. Accordingly, to the extent that Potentia Capital continues to own or control 19.31% of Nitro Shares on the date of the Alludo Scheme Meeting, at least 19.31% of Nitro Shares will be voted against the Alludo Scheme. Potentia Capital is a competing bidder that is seeking to secure control of Nitro. You should not assume that its interests in opposing the Alludo Scheme aligns with the interests of other Nitro Shareholders.

## 4. KEY FEATURES OF THE ALLUDO SCHEME *(continued)*

Voting is not compulsory. However, the Nitro Board unanimously recommends that Nitro Shareholders vote in favour of the Alludo Scheme 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.<sup>1</sup>

You should be aware that even if you do not vote, or vote against the Alludo Scheme, the Alludo Scheme may still be implemented if it is approved by the Requisite Majorities of Nitro Shareholders and the Court. If this occurs, your Nitro Shares will be transferred to Alludo BidCo and you will receive the Alludo Scheme Consideration in respect of Nitro Shares you hold on the Alludo Scheme Record Date even though you did not vote on, or voted against, the Alludo Scheme.

The results of the Alludo Scheme Meeting will be available as soon as possible after the conclusion of the Alludo Scheme Meeting and will be announced to ASX (<https://www.asx.com.au/>) once available.

### c. Regulatory Approvals

The Alludo Scheme is conditional on receipt of a no objection notification under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) in respect of the Alludo Scheme, as well as the receipt of other approvals and the expiration of certain waiting periods under various Antitrust and Foreign Investment Laws (as described in Section 4.3).

### d. Second Court Hearing

In the event that:

- i. the Alludo Scheme Resolution is approved by the Requisite Majorities of Nitro Shareholders at the Alludo Scheme Meeting; and
- ii. all Alludo Scheme Conditions have been satisfied or remain capable of being satisfied, or waived (if applicable),

Nitro will apply to the Court for orders approving the Alludo Scheme at the Second Court Hearing.

The Court has a broad discretion whether or not to approve the Alludo Scheme under section 411(4)(b) of the Corporations Act. The Second Court Hearing is scheduled to occur on the Second Court Date (currently expected to be 3:00pm on 6 February 2023). Each Nitro Shareholder has the right to appear and be heard at the Second Court Hearing and may oppose the approval of the Alludo Scheme at the Second Court Hearing. If you wish to oppose in this manner, you must file with the Court and serve on Nitro a notice of appearance in the prescribed form together with any affidavit that you propose to rely on.

### e. Effective Date

If the Court makes orders approving the Alludo Scheme and all other Alludo Scheme Conditions have been satisfied or waived (where capable of waiver), then Nitro will lodge with ASIC an office copy of the Court orders given under section 411(4)(b) of the Corporations Act approving the Alludo Scheme. As soon as copies of the Court orders approving the Alludo Scheme are lodged with ASIC, the Alludo Scheme will become Effective. It is anticipated that this will occur on the Business Day immediately following the Court Approval Date.

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1. In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.

If the Alludo Scheme becomes Effective:

- i. Alludo BidCo will become bound to pay the Alludo Scheme Consideration to the Alludo Scheme Shareholders on the Implementation Date; and
- ii. subject to payment of the Alludo Scheme Consideration by Alludo BidCo, Nitro will become bound to take the steps required for Alludo BidCo to become the holder of all Nitro Shares.

Nitro will, on the Alludo Scheme becoming Effective, give notice of that event on ASX. Nitro intends to apply to ASX for Nitro Shares to be suspended from the official quotation on ASX from the close of trading on the Effective Date.

## **f. Alludo Scheme Record Date**

Those Nitro Shareholders on the Nitro Share Register on the Alludo Scheme Record Date (currently expected to be 7:00pm on 14 February 2023) will be entitled to receive the Alludo Scheme Consideration in respect of the Nitro Shares they hold as at the Alludo Scheme Record Date.

### **i. Dealings on or before the Alludo Scheme Record Date**

For the purpose of determining which Nitro Shareholders are eligible to participate in the Alludo Scheme, dealings in Nitro Securities will be recognised only if:

- A. in the case of dealings of the type to be affected using CHES (Clearing House Electronic Sub-register System), the transferee is registered on the Nitro Share Register as the holder of the relevant Nitro Shares as at 7:00pm on the Alludo Scheme Record Date (currently expected to be 14 February 2023); and
- B. in all other cases, registrable transfer or transmission applications in respect of those dealings are received by the Nitro Share Registry on or before the Alludo Scheme Record Date.

For the purposes of determining entitlements under the Alludo Scheme, Nitro will not accept for registration or recognise any transfer or transmission applications in respect of Nitro Shares received after the Alludo Scheme Record Date.

### **ii. Dealings after the Alludo Scheme Record Date**

For the purpose of determining entitlements to the Alludo Scheme Consideration, Nitro must maintain the Nitro Share Register in its form as at the Alludo Scheme Record Date (currently expected to be 14 February 2023) until the Alludo Scheme Consideration has been provided to the Alludo Scheme Shareholders. The Nitro Share Register in this form and the terms of the Alludo Scheme will solely determine entitlements to the Alludo Scheme Consideration. After the Alludo Scheme Record Date:

- A. all statements of holding for Nitro Shares will cease to have effect as documents relating to title in respect of such Nitro Shares; and
- B. each entry on the Nitro Share Register will cease to have effect except as evidence of entitlement to the Alludo Scheme Consideration in respect of the Nitro Shares relating to that entry.

## 4. KEY FEATURES OF THE ALLUDO SCHEME *(continued)*

### 4.5 Payment of Alludo Scheme Consideration

On the Implementation Date (currently expected to be 22 February 2023), the Alludo Scheme will be implemented by Nitro and Alludo BidCo undertaking the following steps.

#### a. Deposit of aggregate Alludo Scheme Consideration by Alludo

Before midday on the Business Day before the Implementation Date, Alludo BidCo will deposit (or will procure the deposit of) the aggregate Alludo Scheme Consideration payable to all Alludo Scheme Shareholders in cleared funds to an account nominated by Nitro to be held on trust by Nitro for Alludo Scheme Shareholders.

#### b. Transfer of all Nitro Shares to Alludo

Subject to payment of the aggregate Alludo Scheme Consideration by Alludo BidCo as referred to in paragraph (a), all of the Nitro Shares will be transferred to Alludo BidCo by Nitro (on behalf of all Alludo Scheme Shareholders) and Nitro will enter the name of Alludo BidCo in the Nitro Share Register in respect of all Nitro Shares.

#### c. Payment of Alludo Scheme Consideration

The Alludo Scheme Consideration will be paid by Nitro by either:

- i. sending a cheque for the Alludo Scheme Consideration that you are entitled to receive under the Alludo Scheme to your address shown in the Nitro Share Register as at the Alludo Scheme Record Date; or
- ii. making a payment to your nominated bank account with the Nitro Share Registry as at the Alludo Scheme Record Date.

If a Alludo Scheme Shareholder has not nominated a bank account and their whereabouts are unknown as at the Alludo Scheme Record Date, the Alludo Scheme Consideration will be paid into a separate bank account and held by Nitro on trust for you until claimed or applied under laws dealing with unclaimed money. If you wish to confirm your current address details with the Nitro Share Registry, you may do so by contacting the Nitro Share Registry on [www.investorcentre.com/contact](http://www.investorcentre.com/contact).

If any amount (**Withholding Amount**) is required under any applicable law or by any Government Agency, to be:

- i. withheld from any consideration otherwise payable to you under the Alludo Scheme and paid to a Government Agency; or
- ii. retained by Alludo BidCo out of any consideration otherwise payable to you under the Alludo Scheme,

the payment or retention by Alludo BidCo of the Withholding Amount (as applicable) will constitute full discharge of Alludo's obligations to pay the consideration to you to the extent of the Withholding Amount.

### 4.6 Recommendation and voting intentions of Nitro Board

The Nitro Board unanimously recommends that Nitro Shareholders vote in favour of the Alludo Scheme in the absence of a Superior Proposal.<sup>2</sup> The Nitro Board intends to vote in favour of the Alludo Scheme in respect of all the Nitro Shares they control (being in aggregate 12% of Nitro Shares), in the absence of a Superior Proposal.

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2. In considering this recommendation of the Nitro Board, Nitro Shareholders should have regard to Nitro's Chief Executive Officer and Executive Director's economic interest in the outcome of the acquisition of Nitro under the Alludo Transaction which is set out in Section 3.4 of this Transaction Booklet.



## 4.7 Independent Expert's conclusion

The Independent Expert has concluded that the Alludo Scheme is fair and reasonable and therefore is in the best interests of Nitro Shareholders in the absence of a Superior Proposal. The Independent Expert has assessed the full underlying value of Nitro Shares at between A\$2.00 and A\$2.20 per Nitro Share on a 100% control basis. The Independent Expert's Report is included as Annexure A. The Nitro Board recommends that you read the Independent Expert's Report carefully and in its entirety.

## 4.8 Taxation

You should seek your own professional advice regarding the individual tax consequences applicable to you. A general outline of the tax implications for Australian residents is set out in Section 9.

## 4.9 No brokerage or stamp duty

No brokerage or stamp duty will be payable by Alludo Scheme Shareholders on the transfer of their Alludo Scheme Shares under the Alludo Scheme.

## 4.10 Deed Poll

Cascade Parent Limited and Alludo BidCo have executed the Deed Poll, under which Alludo BidCo has undertaken, in favour of each Alludo Scheme Shareholder to provide the Alludo Scheme Consideration to each Alludo Scheme Shareholder which is entitled to receive the Alludo Scheme Consideration under the Alludo Scheme, and to perform its obligations under the Alludo Scheme, subject to the Alludo Scheme becoming Effective.

A copy of the Deed Poll is contained in Annexure C to this Transaction Booklet.

## 4.11 Delisting of Nitro

Following the implementation of the Alludo Scheme, Nitro will apply for termination of the official quotation of Nitro Shares on ASX, and for Nitro to be removed from the official list of ASX.

## 4.12 End Date

If the Alludo Scheme has not become Effective on or before the End Date, either Nitro or Alludo is able to terminate the Implementation Deed. If the Implementation Deed is terminated, the Alludo Scheme will not proceed.

## 4.13 Further questions

If you have any questions in relation to the Alludo Scheme, the number of Nitro Shares you hold or other questions about your Nitro shareholdings, please call the Nitro Shareholder Information Line 1300 381 572 (within Australia) or +61 2 9066 4082 (outside Australia) between 9:00am and 5:00pm Monday to Friday.

# 5. KEY FEATURES OF THE ALLUDO TAKEOVER OFFER

## 5.1 Introduction

In addition to the Alludo Scheme, Alludo BidCo is making the simultaneous Alludo Takeover Offer. Under the Alludo Takeover Offer (which is conditional on a number of items, including the Alludo Scheme not becoming Effective), Alludo BidCo is offering to acquire your Alludo Takeover Shares on the terms and conditions set out in Sections 5.1 to 5.20 of this Section 5. This Section 5 has been prepared by, and is the responsibility of, Alludo BidCo.

Under the Alludo Takeover Offer, Alludo BidCo offers to acquire all (but not some only) of your Alludo Takeover Shares, on and subject to the terms and conditions set out in this Section 5.

The consideration per Nitro Share under the Alludo Takeover Offer is the Alludo Takeover Offer Consideration.

By accepting the Alludo Takeover Offer, you undertake to transfer to Alludo BidCo not only the Alludo Takeover Shares to which the Alludo Takeover Offer relates, but also all Rights attached to your Alludo Takeover Shares.

The offers under the Alludo Takeover Offer are made to each person registered as the holder of Nitro Shares in the Nitro Share Register on the Alludo Takeover Register Date.

The offers under the Alludo Takeover Offer also extend to:

- a. holders of Nitro Securities and derivatives that come to be Nitro Shareholders during the period from the Alludo Takeover Register Date to the end of the Alludo Takeover Offer Period (inclusive) due to the conversion of, or exercise of rights conferred by, such Nitro Securities and derivatives (including the exercise or vesting of ESS Securities) and which are on issue as at the Alludo Takeover Register Date;
- b. any person who becomes registered as the holder of Nitro Shares during the Alludo Takeover Offer Period; and
- c. any person referred to in Section 5.16.

The Alludo Takeover Offer is dated 21 December 2022.

## 5.2 Alludo Takeover Key Terms

### a. Alludo Takeover Offer Consideration

You will be entitled to receive A\$2.15 for each Nitro Share held by you that you accept into the Alludo Takeover Offer, if the Alludo Takeover Offer Conditions are satisfied or waived. To accept the Alludo Takeover Offer you must comply with the procedures set out in Section 5.4.

## **b. Alludo Takeover Offer Conditions**

The Alludo Takeover Offer Conditions are set out in full in Section 5.8. The Alludo Takeover Offer Conditions include:

- i. either the Alludo Scheme is not approved at the Alludo Scheme Meeting by the Requisite Majorities or following approval at the Alludo Scheme Meeting by the Requisite Majorities the Court does not approve the Alludo Scheme;
- ii. Alludo BidCo has a Relevant Interest in at least 50.1% of the Nitro Shares (on a fully diluted basis); and
- iii. a Material Adverse Change does not occur in relation to Nitro.

## **c. Key dates**

### **Date of Alludo Takeover Offer**

21 December 2022

### **Closing Date (unless extended or withdrawn)**

3 March 2023

## **d. Payment under Alludo Takeover Offer**

Subject to the Corporations Act and the terms of the Alludo Takeover Offer (see Section 5.7), if you accept your Nitro Shares into the Alludo Takeover Offer, you will be sent the Alludo Takeover Offer Consideration due to you from Alludo BidCo on or before the earlier of:

- i. one month after the date of your acceptance or, if the Alludo Takeover Offer is subject to an Alludo Takeover Offer Condition when you accept into the Alludo Takeover Offer, within one month after the Alludo Takeover Offer is declared or becomes unconditional; and
- ii. if the Alludo Takeover Offer is declared or becomes unconditional, 21 days after the end of the Alludo Takeover Offer Period.

## **5.3 Alludo Takeover Offer Period**

Unless withdrawn, the offers under the Alludo Takeover Offer will remain open for acceptance during the period commencing on the date of the Alludo Takeover Offer (21 December 2022) and ending at 7:00pm on the later of:

- a. the date that is 20 Business Days after the date of the Alludo Scheme Meeting (currently expected to be 3 February 2023); or
- b. any date to which the Alludo Takeover Offer Period is extended.

Alludo BidCo reserves the right, exercisable in its sole discretion, to extend the Alludo Takeover Offer Period in accordance with the Corporations Act.

If, within the last seven days of the Alludo Takeover Offer Period, either of the following events occur:

- a. the Alludo Takeover Offer is varied to improve the consideration offered; or
- b. Alludo BidCo's voting power in Nitro increases to more than 50%,

## 5. KEY FEATURES OF THE ALLUDO TAKEOVER OFFER *(continued)*

the Alludo Takeover Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act. Alludo BidCo must give Nitro and each Nitro Shareholder who has not accepted the Alludo Takeover Offer written notice that the extension has occurred within three days after that event.

Despite anything else in this Section 5.3, the Alludo Takeover Offer Period must not expire prior to the date that is 20 Business Days after the date of the Alludo Scheme Meeting.

### 5.4 How to accept the Alludo Takeover Offer

#### a. General

Subject to Sections 5.16(b) and 5.16(c), you may accept the Alludo Takeover Offer for all (and not some only) of your Alludo Takeover Shares. You may accept the Alludo Takeover Offer at any time during the Alludo Takeover Offer Period.

Alludo BidCo has established the Institutional Acceptance Facility to facilitate the acceptance of the Alludo Takeover Offer by institutional Nitro Shareholders. Only Nitro Shareholders that hold or beneficially own at least 232,559 Nitro Shares (A\$500,000 worth based on the Alludo Takeover Offer Consideration) are eligible to participate in the Institutional Acceptance Facility. See Section 10.3 for further details about the Institutional Acceptance Facility.

When accepting the Alludo Takeover Offer, you should also forward for inspection:

- i. if the relevant Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
- ii. if the relevant Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Nitro Shareholder, the relevant grant of probate or letters of administration.

If some of your Alludo Takeover Shares are in different holdings, your acceptance of the offers under the Alludo Takeover Offer will require action under Sections 5.4(b) to 5.4(d) (as applicable) in relation to each of your holdings.

#### b. Issuer sponsored holdings – Acceptance Form

To accept the Alludo Takeover Offer for the Alludo Takeover Shares held in your name on Nitro's issuer sponsored sub register (in which case your Shareholder Reference Number (SRN) will commence with an 'I'), you must:

- i. **accept online:** to accept the Alludo Takeover Offer online, you must log into [www.alludotakeover.com.au](http://www.alludotakeover.com.au) using your Shareholder Reference Number (SRN), follow the instructions, select the 'Accept' option and submit your acceptance before the end of the Alludo Takeover Offer Period; or
- ii. **complete and sign** the relevant Acceptance Form in accordance with the terms of the Alludo Takeover Offer and the instructions on the relevant Acceptance Form; and

- iii. **ensure** that the relevant Acceptance Form (including any documents required by the terms of the Alludo Takeover Offer and the instructions on the Acceptance Form) is sent:
- A. if by email, sent to [alludoacceptance@computershare.com.au](mailto:alludoacceptance@computershare.com.au) with the subject line “Alludo Takeover Offer of Nitro Acceptance” so that it is received before the end of the Alludo Takeover Offer Period; and
  - B. if by post, so that it is received before the end of the Alludo Takeover Offer Period, at the address shown on the Acceptance Form.

### c. CHESS Holdings – Acceptance Form

If your Alludo Takeover Shares are held in a CHESS Holding (in which case your Holder Identification Number (HIN) will commence with an “X”), to accept the Alludo Takeover Offer you must do one of the following:

- i. **instruct** your Controlling Participant (usually your stockbroker) to initiate acceptance of the offers under the Alludo Takeover Offer on your behalf, so as to be effective before the end of the Alludo Takeover Offer Period; or
- ii. **accept online:** to accept the Alludo Takeover Offer online, you must log into [www.alludotakeover.com.au](http://www.alludotakeover.com.au) using your Holder Identification Number (HIN), follow the instructions, select the “Accept” option and submit your acceptance before the end of the Alludo Takeover Offer Period. For your online acceptance to be an effective acceptance of the Alludo Takeover Offer, it must be received in time for Computershare to give instructions to your Controlling Participant and for your Controlling Participant to respond to and accept those instructions before the end of the Alludo Takeover Offer Period; or
- iii. **complete and sign** the relevant Acceptance Form in accordance with the instructions on it and return it together with all other documents required by those instructions on it, so that they are:
  - A. if sent by email, to [alludoacceptance@computershare.com.au](mailto:alludoacceptance@computershare.com.au) with the subject line “Alludo Takeover Offer of Nitro Acceptance”; and
  - B. if sent by post, to the address specified in the relevant Acceptance Form using the enclosed pre-addressed envelope,

in each case sent and received in sufficient time for Computershare to give instructions to your Controlling Participant and for your Controlling Participant to carry out those instructions before the end of the Alludo Takeover Offer Period. This will authorise Alludo BidCo to initiate, or alternatively to instruct your Controlling Participant to initiate, acceptance of the offers under the Alludo Takeover Offer on your behalf, so as to be effective before the end of the Alludo Takeover Offer Period. You must ensure that the relevant Acceptance Form (and the other required documents) are received in sufficient time for Alludo BidCo to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Alludo Takeover Offer Period.

If you do return your completed Acceptance Form to Computershare instead of your Controlling Participant, Computershare will endeavour to contact your Controlling Participant on your behalf and relay your instructions but makes no guarantee that it will do so. It is your Controlling Participant’s responsibility to acknowledge and accept these instructions so please ensure you allow sufficient time to do so. Neither Alludo BidCo nor Computershare will be responsible should your Controlling Participant not acknowledge and accept your instructions.

## 5. KEY FEATURES OF THE ALLUDO TAKEOVER OFFER *(continued)*

However, if you are the Controlling Participant in respect of your Alludo Takeover Shares, to accept the Alludo Takeover Offer you must initiate acceptance of the offers under the Alludo Takeover Offer before the end of the Alludo Takeover Offer Period.

In addition, Eligible Institutional Shareholders may also accept the Alludo Takeover Offer by providing acceptance instructions into the Institutional Acceptance Facility. See Section 10.3 for details.

### **d. Acceptance Forms and other documents**

The Acceptance Forms form part of the Alludo Takeover Offer. If your Acceptance Form (including any documents required by the terms of the Alludo Takeover Offer and the instructions on the Acceptance Form) is returned by email, it will be deemed to be received when the email is sent (unless you receive an automated message confirming that the email has not been sent) or if it is returned by post, it will be deemed to be received before the end of the Alludo Takeover Offer Period if the envelope in which it is sent is postmarked before the end of the Alludo Takeover Offer Period, even if it is received after that time.

When using the Acceptance Form to accept the Alludo Takeover Offer in respect of Alludo Takeover Shares in a CHESS Holding, you must ensure that the Acceptance Form (and any documents required by the terms of the Alludo Takeover Offer and the instruction on the Acceptance Form) are received (by email or by post) by the recipient specified on that Acceptance Form before the end of the Alludo Takeover Offer Period, in sufficient time for Alludo BidCo to give instructions to your Controlling Participant and for your Controlling Participant to carry out those instructions.

The email, postage and transmission of the Acceptance Forms and other documents are at your own risk. No acknowledgement of receipt of any such documents will be given to you by or on behalf of Alludo BidCo.

### **e. You may accept the Alludo Takeover Offer AND vote on the Alludo Scheme**

You may vote in favour of the Alludo Scheme and accept the Alludo Takeover Offer at the same time, as the terms of the Alludo Transaction determine whether the Alludo Scheme will be implemented or the Alludo Takeover Offer will proceed.

However, please make sure that you also vote on the Alludo Scheme Resolution and be aware that accepting the Alludo Takeover Offer early will restrict your ability to sell your Nitro Shares to another person unless you are entitled to withdraw your acceptance. You may only withdraw your acceptance if the Alludo Takeover Offer remains subject to the Alludo Takeover Offer Conditions and Alludo BidCo varies the Alludo Takeover Offer in a way that postpones the time when Alludo BidCo is required to satisfy its obligations under the Alludo Takeover Offer by more than one month.

## **5.5 Validity of acceptances**

Alludo BidCo may determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Alludo Takeover Offer and time of receipt of an acceptance of the Alludo Takeover Offer. The determination of Alludo BidCo will be final and binding on all parties.

Alludo BidCo may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of Alludo Takeover Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Alludo

Takeover Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Alludo BidCo.

Where you satisfy the requirement for acceptance in respect of only some of your Alludo Takeover Shares, Alludo BidCo will be entitled, in its sole discretion, to regard the Alludo Takeover Offer to be accepted in respect of those Alludo Takeover Shares but not the remainder.

If at any time during the Alludo Takeover Offer Period some of your Alludo Takeover Shares are subject to transfer restrictions imposed by Nitro (for example, if they are in escrow), then you may accept as if a separate offer in the form of the Alludo Takeover Offer had been made in relation to the balance of your Alludo Takeover Shares.

## 5.6 Effect of acceptance

Where you have accepted the Alludo Takeover Offer you will:

- a. not be able to revoke your acceptance of an offer under the Alludo Takeover Offer and the contract resulting from your acceptance will be binding on you; and
- b. not be able to withdraw your Alludo Takeover Shares from the Alludo Takeover Offer or otherwise dispose of your Alludo Takeover Shares, except as permitted under the Corporations Act as follows:
  - i. in circumstances where the Alludo Takeover Offer is deemed automatically void or acceptances under the Alludo Takeover Offer are rescinded as contemplated by Section 5.10; or
  - ii. if the Alludo Takeover Offer is subject to one or more of the Alludo Takeover Offer Conditions in Section 5.8 and Alludo BidCo varies the Alludo Takeover Offer in a way that postpones for more than one month the time when it is required to meet its obligations under the Alludo Takeover Offer, then you may be able to withdraw your acceptance in respect of your Alludo Takeover Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.

By signing and returning your Acceptance Form, or otherwise accepting the Alludo Takeover Offer pursuant to Section 5.4, you will be deemed to have:

- a. accepted the Alludo Takeover Offer (and any variation of it) in respect of and subject to all of the Alludo Takeover Offer Conditions in Section 5.8 being satisfied or waived, agreed to transfer (or consented to the transfer in accordance with the ASX Settlement Operating Rules) to Alludo BidCo, all your Alludo Takeover Shares (even if the number of Alludo Takeover Shares specified on the relevant Acceptance Form or online differs from the number of Alludo Takeover Shares) and all Rights attached to those Alludo Takeover Shares;
- b. represented and warranted to Alludo BidCo, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of your Alludo Takeover Shares (including any relevant Rights) to Alludo BidCo is registered, that your Alludo Takeover Shares are and will be fully paid and free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept the Alludo Takeover Offer and to sell and transfer the legal and beneficial ownership in your Alludo Takeover Shares (including any relevant Rights) to Alludo BidCo, and that you have paid to Nitro all amounts which at the time of acceptance have fallen due for payment to Nitro in respect of your Alludo Takeover Shares;

## 5. KEY FEATURES OF THE ALLUDO TAKEOVER OFFER *(continued)*

- c. irrevocably authorised Alludo BidCo (or any director, secretary or nominee of Alludo BidCo) to alter the relevant Acceptance Form on your behalf by inserting correct details of your Alludo Takeover Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Alludo BidCo to make it an effective acceptance of the Alludo Takeover Offer or to enable registration of your Alludo Takeover Shares in the name of Alludo BidCo;
- d. if you signed the relevant Acceptance Form in respect of Alludo Takeover Shares which are held in a CHESS Holding, irrevocably authorised Alludo BidCo (or any director, secretary, nominee or agent of Alludo BidCo) to:
  - i. initiate, or alternatively instruct your Controlling Participant to initiate, acceptance of the Alludo Takeover Offer in respect of your Alludo Takeover Shares in accordance with Rule 14.14 of ASX Settlement Operating Rules; and
  - ii. give any other instructions in relation to your Alludo Takeover Shares to your Controlling Participant, as determined by Alludo BidCo acting in its own interests as a beneficial owner and intended registered holder of those Alludo Takeover Shares;
- e. irrevocably authorised and directed Nitro to pay to Alludo BidCo, or to account to Alludo BidCo for, all Rights in respect of your Alludo Takeover Shares, subject to, if the Alludo Takeover Offer is withdrawn, Alludo BidCo accounting to you for any such Rights received by Alludo BidCo;
- f. irrevocably authorised Alludo BidCo to notify Nitro on your behalf that your place of address for the purpose of serving notices upon you in respect of your Alludo Takeover Shares is the address specified by Alludo BidCo in the notification;
- g. agreed to do all such acts, matters and things that Alludo BidCo may require to give effect to the matters the subject of this Section 5.6, (including the execution of a written form of proxy to the same effect as this Section 5.6, which complies in all respects with the requirements of the Nitro Constitution) if requested by Alludo BidCo;
- h. agreed to indemnify Alludo BidCo in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Shareholder Reference Number or in consequence of the transfer of your Alludo Takeover Shares to Alludo BidCo being registered by Nitro without production of your Holder Identification Number or your Shareholder Reference Number for your Alludo Takeover Shares;
- i. represented and warranted to Alludo BidCo that, unless you have notified it in accordance with Section 5.16(c), your Alludo Takeover Shares do not consist of separate parcels of Alludo Takeover Shares;
- j. irrevocably authorised Alludo (and any nominee) to transmit a message in accordance with Rule 14.17 of ASX Settlement Operating Rules to transfer your Alludo Takeover Shares to Alludo's Takeover Transferee Holding (as defined in ASX Settlement Operating Rules), regardless of whether it has paid the consideration due to you under the Alludo Takeover Offer;
- k. where, at that time, you have a right to be registered as a holder of the Alludo Takeover Shares the subject of your acceptance as the result of an on-market purchase (but are not a Nitro Shareholder):
  - i. agreed to use best endeavours to procure the delivery of the Alludo Takeover Shares the subject of your acceptance to Alludo BidCo in accordance with your acceptance (including giving Alludo BidCo all documents necessary to vest those Alludo Takeover Shares in Alludo BidCo or otherwise to give Alludo BidCo the benefit or value of those Alludo Takeover Shares);



- ii. agreed not to do or omit to do anything which may frustrate your acceptance of the Alludo Takeover Offer, or otherwise obstruct registration of the transfer of the Alludo Takeover Shares the subject of your acceptance to Alludo BidCo;
- iii. irrevocably assigned to Alludo BidCo all contractual rights and recourse against the vendor in respect of your on-market purchase which contractual rights and recourse may arise by reason of that person's failure to complete that trade;
- iv. agreed to assign to Alludo BidCo (without any further action being required) all rights in respect of your on-market purchase immediately on any failure by you to complete that trade, including irrevocably assigning to Alludo BidCo the right to (at Alludo BidCo's sole discretion) complete that trade on your behalf and agreed that Alludo BidCo may deduct from the consideration otherwise payable to you (pursuant to a valid acceptance of the Alludo Takeover Offer and the delivery of the Alludo Takeover Shares the subject of that acceptance) any amount paid by Alludo BidCo in order to settle that on-market purchase on your behalf. If Alludo does not, or cannot, make such a deduction, you must pay such amount to Alludo BidCo; and
- v. agreed that if you are unable to assign to Alludo BidCo any of the rights and recourse specified under Sections 5.6(k)(iii) and 5.6(k)(iv), you will assign such rights and recourse as soon as you are legally able to; and
- l. agreed, subject to the Alludo Takeover Offer Conditions in Section 5.8, being satisfied or waived, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Alludo BidCo may consider (acting reasonably) necessary or desirable to convey your Alludo Takeover Shares registered in your name and Rights to Alludo BidCo.

The representations, warranties, indemnity, undertakings and authorities referred to in this Section 5.6, will remain in force after you receive the consideration for your Alludo Takeover Shares and after Alludo becomes registered as the holder of your Alludo Takeover Shares.

By accepting the Alludo Takeover Offer, you will be deemed to have agreed to the matters set out in this Section 5.6, notwithstanding where the Alludo Takeover Offer has been caused to be accepted in accordance with ASX Settlement Operating Rules.

## 5.7 Payment of consideration

- a. Subject to this Section 5.7 and the Corporations Act, if you have accepted the Alludo Takeover Offer, Alludo BidCo will provide the Alludo Takeover Offer Consideration due to you for your Alludo Takeover Shares on or before the earlier of:
  - i. one month after the date of your acceptance or, if the Alludo Takeover Offer is subject to a Alludo Takeover Offer Condition when you accept the Alludo Takeover Offer, within one month after the Alludo Takeover Offer is declared or becomes unconditional; and
  - ii. if the Alludo Takeover Offer is declared or becomes unconditional, 21 days after the end of the Alludo Takeover Offer Period.

## 5. KEY FEATURES OF THE ALLUDO TAKEOVER OFFER *(continued)*

- b. Where an additional document is required by your Acceptance Form or otherwise to be delivered with your Acceptance Form (such as a power of attorney):
  - i. if that document is given with your Acceptance Form, Alludo BidCo will provide the consideration in accordance with Section 5.7(a);
  - ii. if that document is given after your Acceptance Form and before the end of the Alludo Takeover Offer Period while the Alludo Takeover Offer is subject to any Alludo Takeover Offer Condition, Alludo BidCo will provide the consideration due to you on or before the earlier of:
    - A. one month after the Alludo Takeover Offer is declared or becomes unconditional; and
    - B. 21 days after the end of the Alludo Takeover Offer Period;
  - iii. if that document is given after your Acceptance Form and before the end of the Alludo Takeover Offer Period while the Alludo Takeover Offer is not subject to any Alludo Takeover Offer Condition, Alludo BidCo will provide the consideration due to you on or before the earlier of:
    - A. one month after that document is given to Alludo BidCo; and
    - B. 21 days after the end of the Alludo Takeover Offer Period;
  - iv. if that document is given after your Acceptance Form and after the end of the Alludo Takeover Offer Period, and the Alludo Takeover Offer is not subject to any Alludo Takeover Offer Condition, Alludo BidCo will provide the consideration due to you within 21 days after that document is given to Alludo BidCo.
- c. Payment of any cash amount to which you are entitled under the Alludo Takeover Offer will be made by:
  - i. electronic funds transfer to the bank account validly registered with the Nitro Share Registry. You can verify and update any existing bank account details online at [www.computershare.com.au/easyupdate/NTO](http://www.computershare.com.au/easyupdate/NTO) prior to accepting the Alludo Takeover Offer. If you have not previously nominated bank account details to Nitro and you want to be paid electronically, you must provide these details via [www.computershare.com.au/easyupdate/NTO](http://www.computershare.com.au/easyupdate/NTO) prior to accepting the Alludo Takeover Offer; or
  - ii. cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or, if you are overseas, by airmail) to the address as shown on Alludo BidCo's copy of the register. For the purpose of compliance with any timing requirement of the Alludo Takeover Offer or the Corporations Act, payment of any cash amount to which you are entitled under the Alludo Takeover Offer will be deemed to be made once the cheque is posted to the address as shown on Alludo BidCo's copy of the register,
- d. If at the time you accept the Alludo Takeover Offer, any consent, authority or clearance is required for you to receive any consideration under the Alludo Takeover Offer including, but not limited to consent, authority or clearance of:
  - i. the Minister for Foreign Affairs (whether under the *Charter of the United Nations Act 1945* (Cth), the *Charter of United Nations (Dealing with Assets) Regulations 2008* (Cth) or any other regulations made under the above legislation, or otherwise);
  - ii. the Reserve Bank of Australia (whether under the *Banking (Foreign Exchange) Regulations 1959* (Cth) or otherwise);
  - iii. the Australian Taxation Office; or
  - iv. any other person required by any other law of Australia or regulation under the Charter of the United Nations that would make it unlawful for Alludo BidCo to provide any consideration for your Alludo Takeover Shares,

then acceptance of the Alludo Takeover Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration for your Alludo Takeover Shares until all requisite authorities, clearances or approvals have been received by Alludo BidCo.

- e. If any amount (**Withholding Amount**) is required under any applicable law or by any Government Agency, to be:
    - i. withheld from any consideration otherwise payable to you under the Alludo Takeover Offer and paid to a Government Agency; or
    - ii. retained by Alludo BidCo out of any consideration otherwise payable to you under the Alludo Takeover Offer,
- the payment or retention by Alludo BidCo of the Withholding Amount (as applicable) will constitute full discharge of Alludo BidCo's obligations to pay the consideration to you to the extent of the Withholding Amount. The aggregate sum payable to you will not be increased to reflect the Withholding Amount.
- f. If you are entitled to receive a fraction of a cent under the Alludo Takeover Offer, then the fractional entitlement will be rounded to the nearest whole cent, with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole cent, and any such fractional entitlement of 0.5 or more being rounded up to the nearest whole cent.
  - g. Under no circumstances will interest be paid on the consideration payable under the Alludo Takeover Offer, regardless of any delay in paying the consideration or any extension of the Alludo Takeover Offer.

## 5.8 Alludo Takeover Offer Conditions

Subject to Section 5.9, the completion of the Alludo Takeover Offer and any contract that results from the acceptance of the Alludo Takeover Offer will be subject to each of the following conditions (and no other defeating conditions):

### a. FIRB

Before the end of the Alludo Takeover Offer Period, one of the following has occurred:

- i. Alludo BidCo has received a written notice under FATA from the Treasurer stating that, or to the effect that, the Commonwealth Government does not object to the Alludo Takeover Offer, either without condition or on terms that are acceptable to Alludo BidCo (acting reasonably and in good faith);
- ii. following Alludo BidCo giving the Treasurer notice of the Alludo Takeover Offer under FATA, the Treasurer ceases to be empowered to make any order under Part 3 of FATA; or
- iii. where an interim order is made under FATA in respect of the Alludo Takeover Offer, the subsequent period for making a final order prohibiting the Alludo Takeover Offer elapses without a final order being made.

### b. Ex-Australian regulatory approvals

Before the end of the Alludo Takeover Offer Period, all approvals, authorisations, and/or expirations or terminations of applicable waiting periods required under Antitrust and Foreign Investment Laws in connection with the acquisition of the Alludo Takeover Shares contemplated by the Alludo Takeover Offer have been obtained or occurred.

## 5. KEY FEATURES OF THE ALLUDO TAKEOVER OFFER *(continued)*

### c. **No Nitro Prescribed Occurrence**

No Nitro Prescribed Occurrence occurring between 15 November 2022 and the end of the Alludo Takeover Offer Period.

### d. **Restraints**

No law, statute, ordinance, regulation, rule, temporary restraining order, preliminary or permanent injunction or other judgment, order or decree issued by any Court of competent jurisdiction or Government Agency or other legal restraint or prohibition preventing or materially restricting the Alludo Takeover Offer is in effect at the end of the Alludo Takeover Offer Period.

### e. **Alludo Scheme fails**

Either:

- i. the Alludo Scheme is not approved at the Alludo Scheme Meeting by the Requisite Majority of Nitro Shareholders under subparagraph 411(4)(a)(ii)(B) of the Corporations Act; or
- ii. following the approval of the Alludo Scheme at the Alludo Scheme Meeting by the Requisite Majority, the Court does not approve the Alludo Scheme in accordance with section 411(4)(b) of the Corporations Act.

### f. **Minimum acceptance**

Alludo BidCo has a Relevant Interest in at least 50.1% of the Nitro Shares (on a fully diluted basis).

### g. **Material Adverse Change**

No Material Adverse Change occurs between (and including) 15 November 2022 and the end of the Alludo Takeover Offer Period.

### h. **Termination of Implementation Deed**

The Implementation Deed is not terminated by Alludo BidCo under Clause 15.1(a) of the Implementation Deed before the end of the Alludo Takeover Offer Period.

## 5.9 Nature and waiver of Alludo Takeover Offer Conditions

- a. Each of the Alludo Takeover Offer Conditions, apart from the Condition in Section 5.8(a) (FIRB Takeover Condition), are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Alludo Takeover Offer Period (or in the case of the FIRB Takeover Condition until the end of the third Business Day after the end of the Alludo Takeover Offer Period), prevent a contract to sell Alludo Takeover Shares from arising, but will entitle Alludo BidCo, by written notice to Nitro Shareholders, to rescind the contract resulting from Nitro Shareholders' acceptance of the Alludo Takeover Offer.
- b. The FIRB Takeover Condition is a condition precedent to the acquisition of any interest in Nitro Shares and will prevent a contract to sell Nitro Shares from arising until it is satisfied or waived in accordance with the Implementation Deed and the Corporations Act. Despite the acceptance into the Alludo Takeover Offer by a Nitro Shareholder, unless and until the FIRB Takeover Condition is fulfilled:
  - i. no contract for the sale of Nitro Shares will come into force or be binding on the Nitro Shareholder or on Alludo BidCo; and
  - ii. Alludo BidCo will have no rights (conditional or otherwise) in relation to the Nitro Shares.

- c. Subject to the Corporations Act and Section 5.9(d) below, Alludo BidCo may declare the Alludo Takeover Offer to be free from any Alludo Takeover Offer Condition by giving written notice to Nitro declaring the Alludo Takeover Offer to be free from the relevant Alludo Takeover Offer Condition or Alludo Takeover Offer Conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given:
  - i. in the case of the Alludo Takeover Offer Condition in Section 5.8(c) (No Nitro Prescribed Occurrence), not later than three Business Days after the end of the Alludo Takeover Offer Period; and
  - ii. in the case of all the other Alludo Takeover Offer Conditions, not less than seven Business Days before the end of the Alludo Takeover Offer Period.
- d. The Alludo Takeover Offer Condition in Section 5.8(e) (Alludo Scheme fails) may only be waived by Alludo BidCo with the prior written consent of Nitro (in its absolute discretion).
- e. If, at the end of the Alludo Takeover Offer Period (or in the case of the Alludo Takeover Offer Condition in Section 5.8(c) (No Nitro Prescribed Occurrence), at the end of the third Business Day after the end of the Alludo Takeover Offer Period), the Alludo Takeover Offer Conditions have not been fulfilled and Alludo BidCo has not declared the Alludo Takeover Offer (or it has not become) free from those Alludo Takeover Offer Conditions, all contracts resulting from the acceptance of the Alludo Takeover Offer will be automatically void.

## 5.10 Withdrawal of Alludo Takeover Offer

- a. Alludo BidCo may withdraw the Alludo Takeover Offer with the consent of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Alludo BidCo will give notice of the withdrawal to ASX and to Nitro and will comply with any other conditions imposed by ASIC.
- b. If, at the time the Alludo Takeover Offer is withdrawn, all the Alludo Takeover Offer Conditions have been freed, all contracts arising from acceptance of the Alludo Takeover Offer before they were withdrawn will remain enforceable.
- c. If, at the time the Alludo Takeover Offer is withdrawn, the Alludo Takeover Offer remains subject to one or more of the Alludo Takeover Offer Conditions, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- d. A withdrawal pursuant to this Section 5.10 will be deemed to take effect:
  - i. if the withdrawal is not subject to conditions imposed by ASIC, on and after the date on which that written consent is given by ASIC; or
  - ii. if the withdrawal is subject to conditions imposed by ASIC, on and after the date on which those conditions are satisfied.

## 5.11 Notice of Status of Conditions

The date for giving the notice of status of the Alludo Takeover Offer Conditions as required by section 630(1) of the Corporations Act is 24 February 2023 (subject to extension in accordance with section 630(2) of the Corporations Act if the Alludo Takeover Offer Period is extended).

## 5.12 Variation of Alludo Takeover Offer

Alludo BidCo will be entitled to vary the Alludo Takeover Offer in accordance with the Corporations Act.

## 5. KEY FEATURES OF THE ALLUDO TAKEOVER OFFER *(continued)*

### 5.13 Power of attorney

- a. Immediately upon the Alludo Takeover Offer being declared or becoming unconditional and until Nitro registers Alludo BidCo as the holder of your Alludo Takeover Shares in the Nitro Share Register, where you have accepted the Alludo Takeover Offer, you:
  - i. are deemed to have appointed Alludo BidCo as your attorney and agent (and directed Alludo BidCo in each such capacity) to appoint any director, officer, secretary or agent nominated by Alludo BidCo as your sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to your Alludo Takeover Shares registered in your name and sign any shareholders' resolution or document on your behalf;
  - ii. must not vote at any of those meetings or sign any resolutions, whether in person, virtually, by proxy, or by corporate representative (other than pursuant to Section 5.13(a)(i));
  - iii. must take all other actions in the capacity of the registered holder of your Alludo Takeover Shares as Alludo BidCo reasonably directs; and
  - iv. acknowledge and agree that in exercising the powers referred to in Section 5.13(a)(i) Alludo BidCo and any director, officer, secretary or agent nominated by Alludo BidCo under Section 5.13(a)(i) may act in the best interests of Alludo BidCo as the intended registered holder of your Alludo Takeover Shares.
- b. Immediately upon Alludo BidCo obtaining a Relevant Interest in at least 50.1% of the Nitro Shares (on a fully diluted basis) and until Nitro registers Alludo BidCo as the holder of your Alludo Takeover Shares in the Nitro Share Register, where you have accepted the Alludo Takeover Offer, you:
  - i. are deemed to have appointed Alludo BidCo as your attorney and agent (and directed Alludo BidCo in each such capacity) to appoint any director, officer, secretary or agent nominated by Alludo BidCo as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to your Alludo Takeover Shares and sign any shareholders' resolution or other related document on your behalf;
  - ii. must not attend or vote at any of those meetings or sign any resolutions, whether in person, by direct vote, by proxy or by corporate representative (other than pursuant to Section 5.13(b)(i)); and
  - iii. acknowledge and agree that in exercising the powers referred to in Section 5.13(b)(i), Alludo BidCo and any director, officer, secretary or agent nominated by Alludo BidCo under Section 5.13(b)(i) may act in the best interests of Alludo BidCo.

If this Section 5.13(b) applies to you and Alludo BidCo is appointed to exercise voting rights as your proxy, it will no longer be entitled to do so on your behalf on receipt of a notice validly provided by you in accordance with section 650E of the Corporations Act.

### 5.14 Return of documents

If the Alludo Takeover Offer does not become unconditional or any contract arising from the Alludo Takeover Offer is rescinded by Alludo BidCo on the grounds of a breach of a condition of that contract, Alludo BidCo will, at its election, either return by post to you any Acceptance Form and any other documents sent with it by you, or destroy those documents and notify ASX of this.

## 5.15 Rights

If Alludo BidCo becomes entitled to any Rights as a result of your acceptance of the Alludo Takeover Offer, it may require you to give to Alludo all documents necessary to vest title to those Rights in Alludo BidCo.

If you do not provide those documents to Alludo BidCo, or if you have received or are entitled to receive (or any previous holder of the relevant Alludo Takeover Shares received or is entitled to receive) the benefit of those Rights, Alludo BidCo will be entitled to deduct the amount (or value as reasonably assessed by Alludo BidCo) of such Rights (excluding the value of any franking credit) from any consideration otherwise payable to you.

If Alludo BidCo does not, or cannot, make such a deduction, you (having accepted the Alludo Takeover Offer) will be required to pay that amount to Alludo BidCo.

## 5.16 Offerees

### a. Registered holders

The offers under the Alludo Takeover Offer are being made to those persons referenced in Section 5.1.

### b. Transferees

If at any time during the Alludo Takeover Offer Period another person is able to give good title to a parcel of your Nitro Shares and you have not already accepted the Alludo Takeover Offer for your Nitro Shares, then that person may accept the Alludo Takeover Offer as if they held your Nitro Shares on the Alludo Takeover Register Date and for this purpose:

- i. a corresponding offer on the same terms and conditions as the Alludo Takeover Offer will be deemed to have been made to that other person in respect of those Nitro Shares;
- ii. a corresponding offer on the same terms and conditions as the Alludo Takeover Offer will be deemed to have been made to you in respect of any other Nitro Shares (other than those referenced in Section 5.16(b)(i) above) that you hold to which the Alludo Takeover Offer relates; and
- iii. any offer under the Alludo Takeover Offer made to you (other than that referenced in Section 5.16(b)(ii) above) will be deemed to have been withdrawn immediately at that time.

### c. Trust and nominees

If you hold Nitro Shares in two or more separate parcels (within the meaning of section 653B of the Corporations Act, for example, because a person is a trustee or nominee for several distinct beneficial owners), in accordance with section 653B of the Corporations Act:

- i. Alludo BidCo will be taken to have made separate offers under the Alludo Takeover Offer for each separate parcel of Nitro Shares; and
- ii. to validly accept the Alludo Takeover Offer made to you for any distinct parcel of Nitro Shares you must:
  - A. give Alludo BidCo notice that the Nitro Shares consist of separate parcels (for Nitro Shares not in a CHESS Holding, in writing or for Nitro Shares in a CHESS Holding, in any form approved by ASX Settlement Operating Rules); and
  - B. specify in your Acceptance Form the number of Nitro Shares in each separate parcel to which the acceptance relates.

## 5. KEY FEATURES OF THE ALLUDO TAKEOVER OFFER *(continued)*

If, for the purposes of complying with that procedure, you require additional copies of this Transaction Booklet and/or your Acceptance Form, please call the Nitro Shareholder Information Line on 1300 381 572 (within Australia) or +61 2 9066 4082 (outside Australia) between 9:00am and 5:00pm Monday to Friday, or alternatively visit Nitro's Website at <https://ir.gonitro.com/Investor-Centre/>.

If your Nitro Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact that party for assistance in accepting into the Alludo Takeover Offer.

### 5.17 Foreign Laws

Alludo BidCo will not be required to register the Alludo Takeover Offer in any jurisdiction (unless an applicable foreign law treats it as registered as a result of this Transaction Booklet being lodged with ASIC).

It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept the Alludo Takeover Offer.

### 5.18 Stamp duty or brokerage

Alludo will pay any stamp duty on the transfer of the Alludo Takeover Shares. As long as those Alludo Takeover Shares are registered in your name and you deliver them directly to Alludo BidCo, you will not incur any brokerage in connection with your acceptance of the Alludo Takeover Offer.

If your Alludo Takeover Shares are registered in a CHESS Holding or you hold your Alludo Takeover Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker), or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Alludo Takeover Offer.

### 5.19 Notices

#### a. Service on Nitro

Alludo BidCo may give a notice to Nitro under the Alludo Takeover Offer by leaving it at, or sending it by prepaid ordinary post to, the registered office of Nitro.

#### b. Service on Alludo BidCo

You or Nitro may give a notice to Alludo BidCo under the Alludo Takeover Offer by leaving it at or sending it by prepaid ordinary post to Alludo BidCo at the address set out on your Acceptance Form.

#### c. Service on you

Alludo BidCo may give a notice to you under the Alludo Takeover Offer by email, by leaving it at or sending it by prepaid ordinary post or by airmail (if your address is outside Australia), to your address given to Alludo BidCo by Nitro under section 641 of the Corporations Act.

### 5.20 Governing law

The Alludo Takeover Offer, and any contract that results from an acceptance of the Alludo Takeover Offer, will be governed by the laws in force in New South Wales, Australia.



# 6. INFORMATION ON NITRO

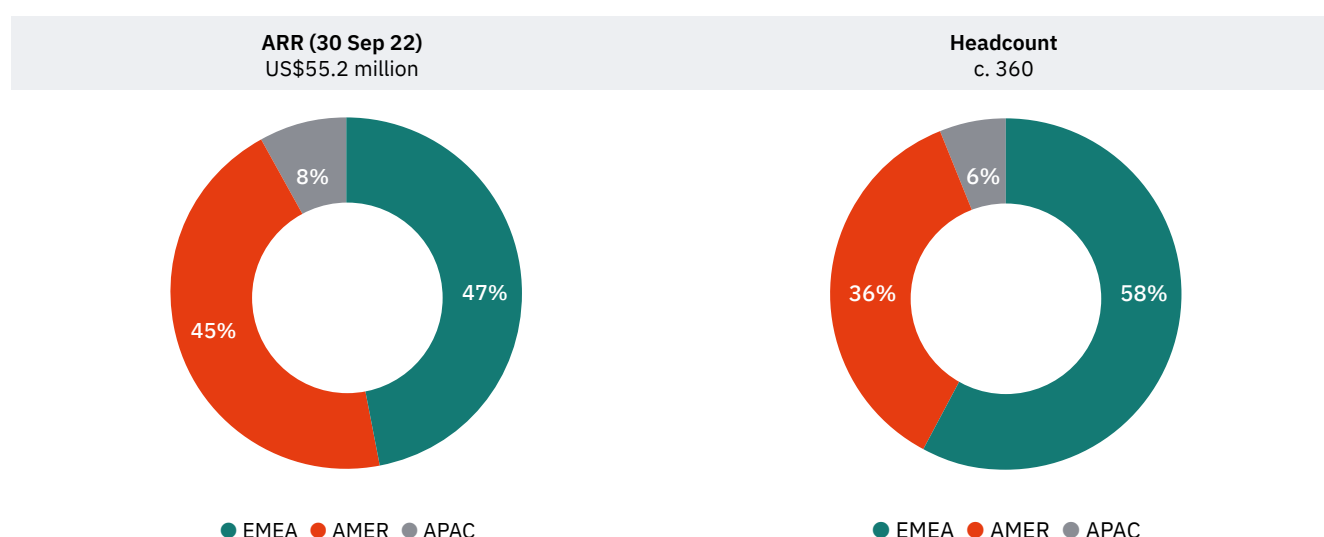
## 6.1 Introduction

Nitro is a global leader in document productivity and eSigning, offering comprehensive SaaS solutions to support the acceleration of digital transformation in organisations around the world. The Nitro Productivity Platform's suite of highly scalable business solutions includes powerful PDF tools, highly secure eSigning and electronic identity (**eID**) capabilities, as well as industry-leading business intelligence and analytics, for enhanced digital workflows.

Founded in Melbourne, Australia in 2005, Nitro is now headquartered in San Francisco, United States, and employs approximately 360 people across the US, Canada, Europe and Asia Pacific.

Listing on ASX in December 2019 (**ASX:NTO**), Nitro has a proven enterprise-grade SaaS PDF productivity and eSigning platform targeting a fast-growing global market worth US\$28 billion. This market is being driven by strong industry tailwinds, including the work-from-anywhere shift that accelerated digitisation and the ever-increasing demand for highly secure document handling.

As at 30 September 2022, Nitro generated Annual Recurring Revenue (**ARR**) of US\$55.2 million. With more than 1.2 million subscription licensed users and 13,000+ business customers<sup>1</sup> across 175 countries, Nitro's SaaS products have been deployed at scale throughout some of the world's largest and best-known organisations.



1. A business customer has 10 or more licensed users, and/or is a Nitro Sign Premium/Connective customer.

## 6. INFORMATION ON NITRO *(continued)*

### 6.2 Operational overview

#### a. Nitro Productivity Platform

The Nitro Productivity Platform enables organisations to drive better business outcomes through 100% digital document processes across virtually any device, anywhere. Nitro's solutions enable integrated and efficient document workflow and automation capabilities across organisations, as well as enterprise-grade, high-trust eSigning and eID for fully compliant digital document handling. Its business intelligence and analytics product improves workplace efficiency through the measurement of workflow optimisation, ROI and quantified sustainability efforts, and helps drive adoption of digital processes.

Together, Nitro's solutions empower knowledge workers and teams with a suite of tools that improve document productivity by making it more efficient and more secure to create, convert, share, sign, and collaborate. Nitro's customers are supported by a Customer Success team that helps users translate document insights, activate simplified administrative controls, eliminate the friction of onboarding, and promote employee buy-in. Nitro's intuitive administration controls allow users to quickly activate and easily assign licences across operating systems.

An overview of the core product suite within Nitro's Productivity Platform is set out below.

<b>Nitro PDF Pro</b>	PDF productivity application for Windows, Mac and mobile featuring editing, conversion, redaction and protection.
<b>Nitro Sign</b>	Enterprise-grade eSign capability, providing global high-trust capabilities with full Advanced and Qualified eSigning ( <b>AES</b> and <b>QES</b> ) functionality.
<b>Identity Hub</b>	Market-leading electronic identity ( <b>eID</b> ) verification and assurance services, allowing for Know Your Customer ( <b>KYC</b> ) capabilities and high-trust workflows.
<b>Smart Documents</b>	Document workflow and automation engine enabling dynamic document and email generation.
<b>Nitro Analytics</b>	Product usage and printing telemetry combined with reporting and analysis capabilities to create actionable insights that drive adoption, optimisation and quantifiable business ROI.

#### b. Strengths of the Nitro Productivity Platform

The Nitro Productivity Platform's competitive strengths include:

- **Single solution for both PDF productivity and eSigning:** Combining PDF productivity with high-trust eSigning capability to deliver a single, easy-to-use solution that accelerates digital transformation across organisations.
- **Multi-jurisdictional and industry-agnostic solution:** Nitro's software solutions have been designed to be scalable on an international basis with its multi-jurisdictional and industry agnostic platform. Nitro Sign Premium (formerly Connective) meets all government regulatory requirements for eSigning in key markets, including Europe and the US. Nitro's document productivity software solutions are used in 175 countries across 368 different industries.
- **Ease of use and fast adoption:** Intuitive user interface coupled with customer success to facilitate change management, accelerate user adoption and fast-track document productivity gains throughout the enterprise.

- **Implementation at scale:** A highly scalable solution that can be quickly and easily deployed without the need for complex integrations or significant IT resources.
- **Real-time analytics:** Analytics and reporting that provide deep business intelligence to enable organisations to quantify the impact of the solution, highlight opportunities to continuously optimise results, prove tangible ROI, and support customer retention.

### c. Product Development and Engineering

Nitro is focused on continuous product development and innovation to enhance its platform, products and experience. As new products, features and software enhancements are added to the platform, it delivers a differentiated way to deliver these products – both technically and economically – and helps drive real digital transformation, which in turn helps to support new customer acquisition and increased usage of Nitro’s products within its existing customer base. The SaaS and cloud-based infrastructure of Nitro’s solutions allows for new product features to be easily and quickly sold and implemented for both new and existing customers.

Nitro’s development of cloud-based software adopts overarching principles of speed, flexibility and quality. This framework includes the following elements:

- continuous integration and deployment to validate new code and to ensure that Nitro’s software is always in a working state;
- a full suite of automated tests should be executed as new code is integrated, in order to validate the new code and ensure existing code remains intact; and
- ease of deployment, particularly for minor updates, which should be developed, verified and deployed to the cloud within hours or days (rather than weeks or months).

As a result of these principles, Nitro can deliver innovation at a pace that provides customers a future-proofed and highly competitive product set.

### d. Connective NV

On 20 December 2021, Nitro completed the acquisition of Connective NV, a leading Belgian eSign SaaS business, with fast growing market position in France and customers in 11 other European countries. In addition to its expansive partner network of solutions integrators, resellers and lead generation partners, this acquisition significantly enhanced Nitro’s enterprise-grade eSign, eID and document workflow capabilities, and accelerated Nitro’s penetration into, and ability to serve, the global eSign market and PDF productivity market.

Connective’s business focuses on serving the needs of enterprise and government customers that require high levels of trust, security and regulatory compliance. Connective adds enterprise-grade eSigning, expansive eID support and a powerful document workflow automation solution to Nitro’s existing platform at a time when 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. Nitro is now successfully selling Nitro Sign Premium (formerly Connective) across all key regions, including to customers in North America and Australia, serving as key proof points beyond Connective’s core European markets.

The Connective business continues to perform well, exceeding expectations at the time of the acquisition, with the integration of Connective essentially complete and Nitro’s go-to-market (**GTM**) team focused on pursuing sales opportunities.

## 6. INFORMATION ON NITRO *(continued)*

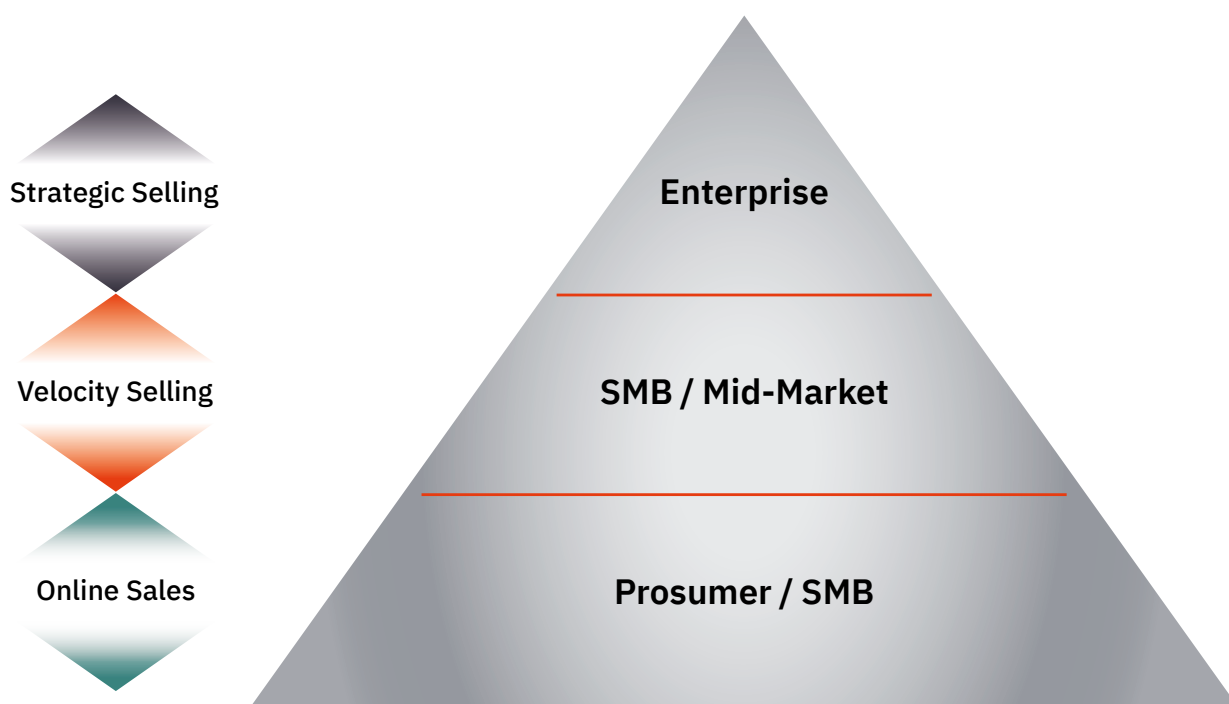
### e. Go-to-market strategy

Nitro's revenue growth is primarily underpinned by a range of sales and marketing strategies, focused on winning new customers, increasing penetration within existing customers and simultaneously expanding revenue contribution from existing customers.

Nitro's sales and marketing function utilises a targeted market segmentation strategy, which assigns sales resources and varies the approach based on the size of the potential customer, the complexity of their needs, and the revenue opportunity that exists within that customer.

Following the acquisition and integration of Connective, Nitro announced a restructure of its GTM function in July 2022 as part of a strategy to lower costs, increase efficiency and effectiveness, and improve unit economics. Following the restructure, Nitro's simplified customer segmentation is now supported by an aligned organisational model, which makes the distinction between velocity and strategic sales.

The restructure provides for a more appropriate cost structure through enhanced opportunity routing and sales and customer service processes.



## f. Key customers

Nitro now has more than 13,000 business customers across 175 countries, with the Nitro Productivity Platform used by many of the world's largest and best-known companies at scale. Nitro's software solution is highly scalable and has targeted offerings serving large multinational enterprises, as well as mid-market and SMB customers.

The acquisition of Connective delivered 1,000+ new direct and indirect customers to Nitro, including governments, agencies and financial institutions that rely on Connective's high-trust, highly secure eSigning and eID solutions.

Nitro's customer retention remains strong. As at 30 June 2022, Nitro's Gross Retention Rate (**GRR**) and Net Retention Rate (**NRR**) remained steady compared to the end of FY2021 at 94% and 113%, respectively.

Nitro's customer base includes 67% of the Fortune 500<sup>2</sup>. Nitro has a diversified customer and revenue mix across segments, industries and geographies, as summarised below:

FINANCIAL SERVICES					
					
PROFESSIONAL SERVICES					
					
MANUFACTURING					
					
ENERGY					
					
CONSTRUCTION & TRANSPORT					
					
HEALTHCARE					
					
OTHER					
					

2. As at 31 December 2019.

## 6. INFORMATION ON NITRO *(continued)*

### g. Nitro's growth strategy

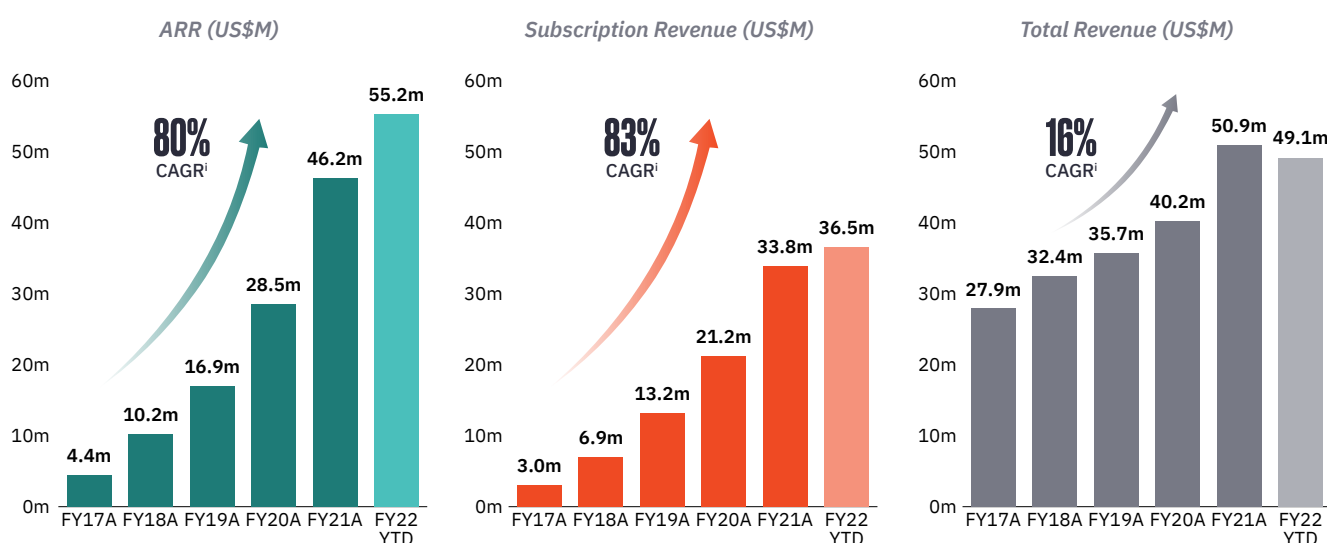
Nitro has a track record of strong growth, supported by its differentiated product offering. An overview of Nitro's growth strategy is provided below.

- **Expansion within existing customers:** Continued account development, upsell, new product adoption, licence and signature volume scaling.
- **Winning new enterprise customers:** Target account strategy to penetrate new accounts, regions and verticals; refreshed go-to-market strategy to drive product-led growth from SMB to enterprise.
- **Channel:** Scaling reach, power and value of partner ecosystem through the addition of Connective's expansive partner network, including solution integrators, and launch of Nitro's Next Gen Partner strategy.
- **Continued investment in product development:** Continued innovation across the entire Productivity Platform, adding new products and capabilities.
- **Acquisitions:** Strategic partnerships and acquisitions to accelerate product capabilities, roadmap and expand GTM reach. Nitro's two strategic acquisitions in 2021 – Connective and PDFpen – addressed known capability gaps in the Nitro Productivity Platform to ensure Nitro has a product and service to meet all critical customer requirements in eSigning and PDF productivity.

### 6.3 Summary financials

Historically, Nitro offered its productivity suite via a perpetual licensing model. In 2016, Nitro began offering a SaaS-based subscription licensing model. In addition to the sale of subscription licenses to new customers, Nitro also commenced the transition of legacy enterprise and SMB customers from perpetual licenses to subscription-based licensing. Since launching its first subscription product in 2016, Nitro has scaled to over US\$55.2 million in ARR as at 30 September 2022:

#### Track Record of Significant Growth

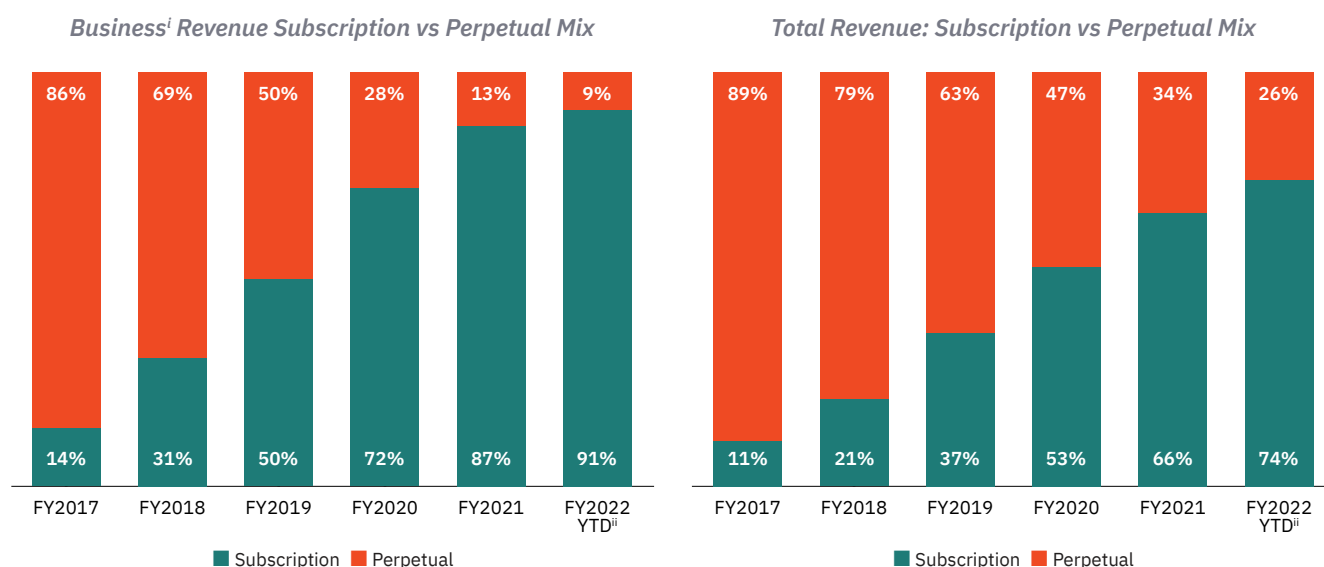


i. Represents FY2017–FY2021 CAGR.

The transition to a SaaS business model away from perpetual licenses has been successful to date, with subscription revenue in FY2022 YTD<sup>3</sup> approaching 75% of total revenue. The transition to subscription for Nitro's dominant business<sup>4</sup> sales channel is effectively complete, with over 90% of business revenue in FY2022 YTD generated from subscription contracts:

### Transition to Subscription

Total Revenue approaching 75% subscription; transition effectively complete for Business Revenue at >90%.



- i. Nitro's Business sales comprise sales executed by Nitro's sales team and excludes online/eCommerce sales via Nitro's website and Connective.
- ii. Represents data at the end of Q3 2022.

## 6.4 Trading Update

Despite challenging macroeconomic conditions, Nitro delivered a strong result for the three months to 30 September 2022, with ending ARR of US\$55.2 million, up 51% compared to 30 September 2021 (excluding Connective, up 30%). Added ARR for the third quarter was ahead of internal expectations at US\$3.7 million, supported by strong expansion sales and new customer wins.

Nitro achieved FY2022 YTD unaudited revenue of US\$49.1 million for the nine months to 30 September 2022, up 33% compared to the corresponding prior period (excluding Connective, up 20%), underpinned by momentum in subscription revenues, which were up 54% FY2022 YTD compared to the corresponding prior period (excluding Connective, up 36%).

The Connective business continues to perform well with a portion of Nitro's Q4 FY2022 sales pipeline representing strong customer interest in Nitro Sign Premium (previously known as Connective). Nitro remains on target to achieve its revised forecast of ARR synergies attributable to Connective of US\$1 million by 31 December 2022.

- 3. FY2022 YTD represents nine months to 30 September 2022.
- 4. Business sales exclude online/eCommerce sales via Nitro's website and Connective and represent approximately 82% of FY2022 YTD total revenue.

## 6. INFORMATION ON NITRO *(continued)*

Nitro continues to execute cost-saving measures, more recently through the go-to-market restructure (announced to ASX on 26 July 2022), as part of its strategy to accelerate the pathway to positive cash flow. Nitro remains on target to deliver on its forecast cost savings and positive operating cash flow in H2 FY2023.<sup>5</sup>

In Nitro's Q3 FY22 update (released to ASX on 27 October 2022), Nitro reaffirmed its FY2022 guidance (as provided on 26 July 2022):

- ending ARR between US\$57 million and US\$60 million;
- revenue between US\$65 million and US\$69 million; and
- Operating EBITDA<sup>6</sup> loss of between US\$10 million and US\$13 million.

Within the knowledge of the Nitro Board and other than as disclosed in this Transaction Booklet or announced to ASX (including the Appendix 4C and Q3 2022 Quarterly Activities Report as announced to ASX on 27 October 2022), the financial position of Nitro has not materially changed since 30 June 2022, being the date of Nitro's interim financial report for the half year ended 30 June 2022.

### 6.5 Recent Nitro Share price performance

Nitro Shares are listed on ASX under the ticker "NTO".

During the three months ended 27 October 2022:

- the highest recorded daily closing price was A\$1.73 per Nitro Share, on 27 October 2022;
- the lowest recorded daily closing price was A\$1.11 per Nitro Share, on 1 August 2022;
- the 1-month VWAP was A\$1.64 per Nitro Share; and
- the 3-month VWAP was A\$1.48 per Nitro Share.

On 15 November 2022, Nitro announced that it had entered into the Implementation Deed with Alludo. The closing price on 14 November 2022, being the last trading date prior to the announcement of the Implementation Deed was A\$2.06 per Nitro Share and reflective of earlier announcements on takeover proposals connected to Potentia and Alludo.

On 23 November 2022, Nitro lodged its Target's Statement on ASX and with ASIC in response to the Potentia Bidder's Statement. The closing price on 22 November 2022, being the last trading date prior to lodgement of the Target's Statement was A\$2.10 per Nitro Share.

On 8 December 2022, Potentia Capital increased its offer price to A\$2.00 per Nitro Share and referred to a potential scrip alternative. The Potentia Takeover Offer Period was also extended to 8 January 2023.

On 12 December 2022, Nitro announced that it had entered into an Amending Deed with Alludo and released its First Supplementary Target's Statement to ASX in response to the Second Supplementary Potentia Bidder's Statement. The closing price on 8 December 2022, being the last trading date prior to the date of lodgement of the Second Supplementary Potentia Bidder's Statement was A\$2.06 per Nitro Share.

5. Refers to cash flows from "operating activities" excluding implementation costs, transaction costs and other non-recurring items, less capital expenditure and AASB 16 lease repayment costs.

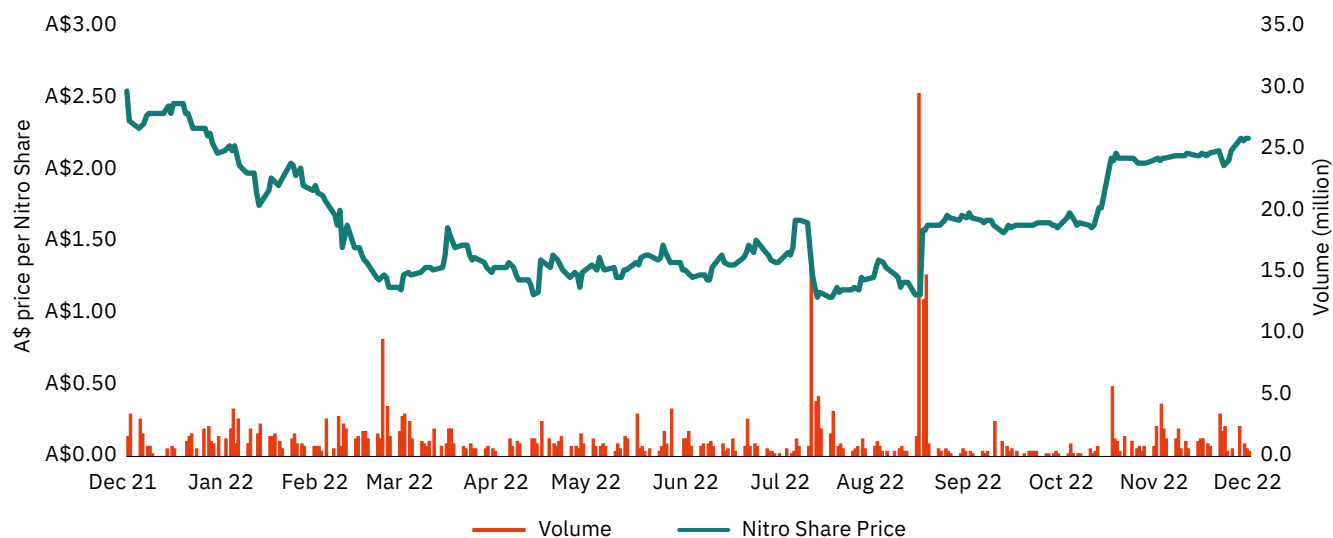
6. Operating EBITDA excludes stock-based charges, foreign exchange gains and losses, Connective integration costs, transaction costs and other non-recurring items.



The closing price of Nitro Shares on ASX on the Last Practicable Trading Date was A\$2.23 per Nitro Share. During the three months ended 15 December 2022:

- the highest recorded daily closing price was A\$2.23 per Nitro Share, on 15 December 2022; and
- the lowest recorded daily closing price was A\$1.57 per Nitro Share, on 26 September 2022.

The graph below shows the Nitro Share price performance over the last 12 months to 15 December 2022:



## 6.6 Board and senior management

### a. Nitro Directors

As at the date of this Transaction Booklet, the Nitro Board is comprised of the following Directors:

Name	Current Position
Kurt Johnson	Chairman
Sam Chandler	Chief Executive Officer & Executive Director
Michael Brown	Non-Executive Director
Lisa Hennessy	Independent Non-Executive Director
Sarah Morgan	Independent Non-Executive Director
Peter Navin	Independent Non-Executive Director
Craig Scroggie	Independent Non-Executive Director

Further information on the Nitro Directors can be found on Nitro's Website (<https://ir.gonitro.com/Investor-Centre/>).

## 6. INFORMATION ON NITRO *(continued)*

### b. Nitro senior management

As at the date of this Transaction Booklet, Nitro's senior management team is comprised of the following members:

Name	Current Position
Sam Chandler	Chief Executive Officer & Executive Director
Ana Sirbu	Chief Financial Officer
Gina O'Reilly	Chief Operating Officer
Sam Thorpe	Chief Product Officer
Mark Flanagan	Chief Revenue Officer
Stefan Gass	Chief Marketing Officer
Raphael Cohn	Interim Chief Technology Officer

## 6.7 Capital structure

The capital structure of Nitro as at the Last Practicable Trading Date is set out below.<sup>7</sup>

Type of security	Number of securities
<b>Target Shares</b>	
Nitro Shares (Quoted on ASX)	245,283,492
Unquoted Treasury Shares	6,283,923
<b>(A) Total Shares</b>	<b>251,567,415</b>
<b>ESS Securities</b>	
Nitro Options (gross)	9,054,868
Nitro NED Share Rights	172,475
Nitro Restricted Share Awards	7,620,276
Nitro Performance Rights	1,521,486
Nitro Performance Shares	682,606
<b>(B) Total ESS Securities</b>	<b>19,051,711</b>
<b>Treasury Shares</b>	
Quoted Treasury Shares	(3,185,461)
Unquoted Treasury Shares	(6,283,923)
<b>(C) Total Treasury Shares</b>	<b>(9,469,384)</b>
<b>Fully Diluted Nitro Shares Outstanding: (A) + (B) + (C)</b>	<b>261,149,742</b>

7. The capital structure in this table is prepared as at 15 December 2022.

## **a. Treasury Shares**

Nitro has on issue 251,567,415 Nitro Shares, which comprise of 245,283,492 ordinary shares in the capital of Nitro and 6,283,923 unquoted treasury shares (**Unquoted Treasury Shares**) and 3,185,461 quoted treasury shares (**Quoted Treasury Shares**). The Unquoted Treasury Shares and Quoted Treasury Shares are held by Solium Nominees (Australia) Pty Limited (**ESS Trustee**), a third-party trustee entity, under the terms of the Nitro Employee Share Trust (**ESS Trust Deed**), and are held on behalf of the holders of ESS Securities who are eligible to participate under the ESS Plan Rules (**ESS Participants**), being certain Nitro employees, managers, and Directors. Unquoted Treasury Shares and Quoted Treasury Shares are used to satisfy Nitro's obligations to issue Nitro Shares to ESS Participants following the vesting and/or exercise of their ESS Securities in accordance with their terms of issue under the relevant Plan Rules. The Unquoted Treasury Shares and Quoted Treasury Shares are voting shares as defined in section 9 of the Corporations Act.

Under the terms of the ESS Trust Deed, the ESS Trustee may exercise any voting rights at its own discretion in relation to the Unquoted Treasury Shares and the Quoted Treasury Shares.

## **b. Nitro Options**

As at the Last Practicable Trading Date, Nitro had on issue 9,054,868 Nitro Options. Nitro Options have various exercise prices and, under the terms of issue, may be exercised by their holder on a cash or cashless basis. Furthermore, some Nitro Options have vested, meaning that they can be exercised by the holder at their relevant exercise price and others have not vested, meaning that they cannot be exercised by the holder until their vesting conditions have either been satisfied or waived in accordance with their terms of issue.

The Nitro Board estimates that as at the time immediately before completion of the Alludo Scheme, Nitro will have on issue 257,650,651 Nitro Shares and no ESS Securities. The Nitro Board has made this estimation having regard to the Nitro Options that are "in the money" (i.e., have an exercise price of less than A\$2.15, being the Alludo Scheme Consideration and the Alludo Takeover Consideration) and are expected to be exercised by their holder prior to completion of the Alludo Transaction.

Following the Last Practicable Date until completion of the Alludo Transaction, the number of Nitro Options and Nitro Shares on issue may change depending on whether the holder of any Nitro Options elects to exercise their vested "in the money" Nitro Options on a cash or cashless basis.

## **c. Nitro NED Share Rights**

Following its 2022 Annual General Meeting, Nitro implemented a program whereby Non-Executive Directors were able to elect to receive a grant of equity in lieu of cash remuneration for their services as Directors of Nitro.

## **d. Nitro Restricted Share Awards, Nitro Performance Rights and Nitro Performance Shares (ESS Awards)**

Under the Employee Equity Incentive Plan dated 29 September 2019, Nitro implemented an incentive scheme by which Nitro may, subject to certain conditions, offer the Nitro management team incentive ESS Awards. Upon the satisfaction of certain time-based or performance-based conditions, the ESS Awards vest and the ESS Participant is issued or transferred a Nitro Share in respect of each ESS Award.

## **6.8 Impact of the Alludo Transaction on ESS Securities**

As at the Last Practicable Trading Date, Nitro had on issue the type and corresponding number of ESS Securities described in the table in Section 6.7. Nitro Options, Nitro Restricted Share Awards, Nitro Performance Rights and Nitro Performance Shares were issued to the management team and employees of Nitro. As summarised in Section 6.7, Nitro NED Share Rights were issued to Directors of Nitro in lieu of cash compensation.

## 6. INFORMATION ON NITRO *(continued)*

As at the Last Practicable Date, certain ESS Securities have vested and others remain unvested. In relation to ESS Securities which have not vested, the Nitro Board has discretions granted to it under the ESS Plan Rules to waive any vesting conditions that remain unsatisfied at the time of a change of control transaction. The Alludo Transaction constitutes a change of control transaction under the ESS Plan Rules.

Under the terms of the Implementation Deed, Nitro and Alludo have agreed that 100% of the ESS Securities on issue as at the Effective Date will vest and convert into Nitro Shares pursuant to their terms of issue subject to the Alludo Scheme becoming Effective (in the case of the Alludo Scheme) or Alludo BidCo acquiring a Relevant Interest in at least 50.1% of Nitro's Shares, and the Alludo Takeover Offer being declared or becoming unconditional (in the case of the Alludo Takeover Offer).

In order to satisfy the issuance and/or transfer of Nitro Shares to the ESS Participants as part the process described above, Nitro will as at 31 January 2023, and subject to the vesting and exercise of all "in the money" Nitro Options:

- a. cause the 9,469,384 Nitro Shares held by the ESS Trustee to be allocated to the relevant ESS Participants; and
- b. issue a further 6,083,236 Nitro Shares to the relevant ESS Participants.

In deciding to waive the vesting conditions that apply to ESS Securities which have not vested as at the date of this Transaction Booklet, the Nitro Board has had regard to a number of factors, including the following:

- c. the vesting of performance-linked securities in connection with a change of control transaction is customary market practice;
- d. no ESS Securities were issued to Nitro's senior management team in 2022; and
- e. the decision to waive the vesting conditions of any ESS Securities which were not vested as at the date of this Transaction Booklet was supported by Alludo, having regard to the similar treatment of the ESS Securities under the Potentia Takeover Offer.

### 6.9 Interests of Nitro Directors in Nitro Securities

The table below lists the Relevant Interests of Nitro Directors in Nitro Securities as at the date of this Transaction Booklet.

Name of Director	Nitro Shares <sup>i</sup>	Nitro Options	Nitro Performance Shares	Nitro Performance Rights	Nitro NED Share Rights <sup>ii</sup>
Kurt Johnson	1,299,521	—	—	—	67,953
Sam Chandler	12,183,224	2,352,391	409,408	267,000	—
Michael Brown	16,589,968	—	—	—	—
Lisa Hennessy	40,515	—	—	—	27,480
Sarah Morgan	40,545	—	—	—	36,641
Peter Navin	—	—	—	—	40,401
Craig Scroggie	—	—	—	—	—

Notes:

- i. Nitro Shares are held both directly and indirectly by Nitro Directors.
- ii. Nitro NED Share Rights were issued in lieu of Director fees and are held both directly and indirectly by Nitro Non-Executive Directors.

The Nitro Directors who hold Nitro Shares as at 1 February 2023 on the date which is two days before the Alludo Scheme Meeting (currently expected to be 3 February 2023), will be entitled to vote at the Alludo Scheme Meeting and receive the Alludo Scheme Consideration along with the other Alludo Scheme Shareholders.

All Nitro Directors intend to vote all Nitro Shares held or controlled by them, or on their behalf, in favour of the Alludo Scheme, in the absence of a Superior Proposal and the Independent Expert continuing to conclude that the Alludo Scheme is in the best interests of Nitro Shareholders.

All Nitro Directors also intend to accept the Alludo Takeover Offer in respect of all Nitro Shares controlled or held by, or on behalf of, that Nitro Director in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Alludo Takeover Offer is fair and reasonable.

## 6.10 Interests in Alludo Group held by Nitro Directors

No Nitro Director holds any interest in an Alludo Group member.

No Nitro Director acquired or disposed of a Relevant Interest in any shares in an Alludo Group member in the four-month period ending on the date of this Transaction Booklet.

## 6.11 Substantial shareholders

The substantial shareholders of Nitro as at 15 December 2022<sup>8</sup> are:

Substantial shareholder	Number of Nitro Shares	Percentage of issued capital <sup>i</sup>
Potentia Capital Management Pty Ltd	48,586,139	19.8%
Battery Ventures X LP	16,589,968	6.8%
Spheria Asset Management Pty Ltd	16,081,956	6.6%
AustralianSuper Pty Ltd	14,557,062	5.9%
Samson Rock Event Driven Master Fund Limited	13,259,689	5.4%
TIGA Trading Pty Ltd	12,468,142	5.1%
Sam Chandler	12,183,224	5.0%

Notes:

- i. Issued capital excludes 6,283,923 Unquoted Treasury Shares on issue by Nitro. Further information on the Unquoted Treasury Shares is set out in Section 6.7(a).

Any changes to the substantial shareholdings after the date noted above or in respect of which the relevant announcement is not available on ASX's website, is not included above.

8. The table has been prepared on the basis of the NASDAQ Nitro Shareholder List dated 8 December 2022 and the substantial shareholder notice filings to ASX.

## 6. INFORMATION ON NITRO *(continued)*

As at the date of this Transaction Booklet, Nitro understands that Potentia Capital and HarbourVest have a Relevant Interest in 19.31% of the Nitro Shares. Potentia Capital and HarbourVest are required to notify ASX and Nitro before 9:30am on the next trading day during the Potentia Takeover Offer Period where there is a movement of at least 1% in their voting power in Nitro Shares (being the Relevant Interests in Nitro Shares held by them and their Associates) as compared with their last substantial shareholder notice.

### 6.12 Effect of the Alludo Transaction on Nitro's material contracts

Nitro is not, after due inquiry, aware of any financing arrangement or other contract that has been entered into by Nitro or any of its subsidiaries, that Nitro considers to be material in the context of Nitro or the Nitro Group taken as a whole, that contains a change of control provision that may be triggered if Alludo BidCo acquires Nitro Shares as a result of the Alludo Transaction.

### 6.13 Publicly available information

Nitro is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on ASX, Nitro is subject to ASX Listing Rules, which require (subject to certain exceptions) continuous disclosure of any information Nitro has that a reasonable person would expect to have a material effect on the price or value of Nitro Shares.

ASX maintains files containing publicly disclosed information about all companies listed on ASX. Information disclosed to ASX by Nitro is available on ASX's website (<https://www.asx.com.au/>).

In addition, Nitro is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Nitro may be obtained from an ASIC office. Nitro's half yearly results are available in electronic form free of charge on Nitro's Website (<https://ir.gonitro.com/Investor-Centre/>) or on ASX's website (<https://www.asx.com.au/>).

A substantial amount of information about Nitro, including financial information and releases to ASX, is available in electronic form on Nitro's Website (<https://ir.gonitro.com/investor-centre/>).

As required by ASIC Class Order 13/521, any Nitro Shareholder who would like to receive a copy of any of those documents (or relevant extracts from those documents) may obtain a copy free of charge by contacting the Nitro Shareholder Information Line on 1300 381 572 (within Australia) or +61 2 9066 4082 (outside Australia) between 9:00am and 5:00pm Monday to Friday.

# 7. INFORMATION ON ALLUDO

## 7.1 Introduction

This Section 7 has been prepared by, and is the responsibility of, Alludo BidCo (being, Rocket BidCo Pty Ltd).

This Section 7 contains information relating to Alludo and outlines how Alludo BidCo is funding both the Alludo Scheme Consideration and the Alludo Takeover Offer Consideration (as relevant). It also includes an explanation of Alludo BidCo's intentions regarding the business of Nitro under the Alludo Transaction.

Although Alludo BidCo believes that the statements regarding its intentions concerning future events reflected in this Section 7 have been made on a reasonable basis, no assurance can be given that such intentions will not change in the future.

The Nitro Group and its Directors and officers do not assume any responsibility for the accuracy or completeness of this information.

## 7.2 Overview of Alludo

Alludo is a global technology group helping people work better and live better. Alludo has a 35+ year history and is headquartered in North America. Alludo's virtualisation, productivity, and professional-calibre graphics solutions are finely tuned for the digital remote workforce, delivering the freedom to work when, where, and how knowledge workers want. Alludo offers award-winning, globally recognisable brands including Parallels, CorelDRAW, MindManager and WinZip.

Alludo has millions of paying customer relationships in more than 180 countries across diverse industries. Alludo's major markets include the United States, Germany, Japan, the United Kingdom and Canada. Alludo has offices in the United States, Belgium, Canada, Germany, Estonia, Japan, Malta, Mauritius, Switzerland and Taiwan.

## 7.3 Overview of Alludo ownership structure

Alludo BidCo is a special purpose Australian proprietary company limited by shares incorporated specifically for the purpose of holding Nitro Shares pursuant to the Alludo Scheme or Alludo Takeover Offer (as applicable).

Alludo and its subsidiaries (including Alludo BidCo) are controlled by KKR Americas Fund XII L.P. (together with certain side by side vehicles and co-investment funds, the **KKR Funds**), being funds and/or investment vehicles managed and/or advised by Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, **KKR**).

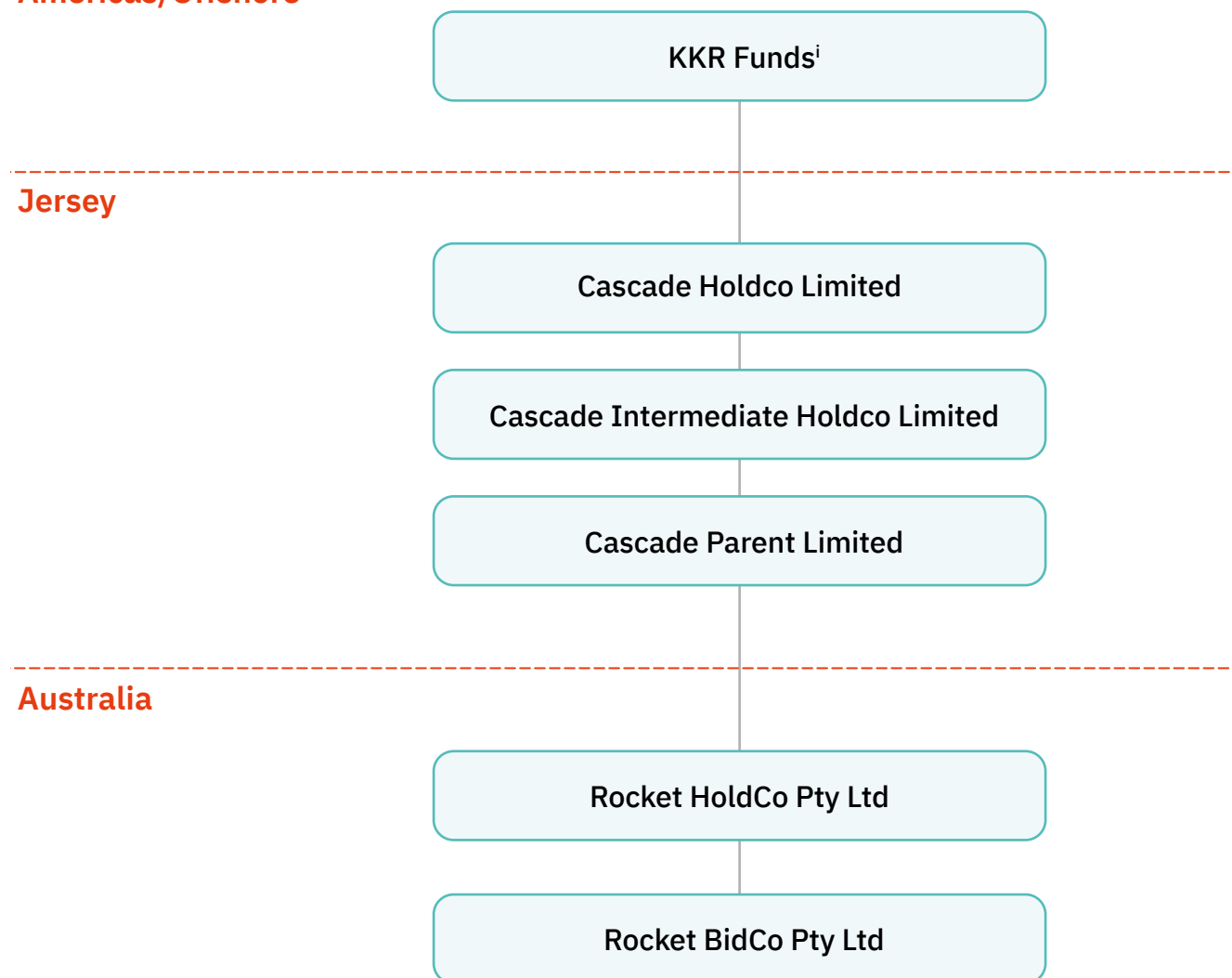
KKR is a global investment firm that offers alternative asset management as well as capital markets and insurance solutions. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and

## 7. INFORMATION ON ALLUDO *(continued)*

communities. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of The Global Atlantic Financial Group. References to KKR's investments may include the activities of its sponsored funds and insurance subsidiaries. As at 30 September 2022, KKR had approximately US\$496 billion of assets under management worldwide. For additional information about KKR & Co. Inc. (NYSE: KKR), please visit KKR's Website at [www.kkr.com](http://www.kkr.com).

Below is a chart showing the ownership structure of Alludo BidCo.

### Americas/Offshore



i. Certain third parties hold approximately 3.5% of the issued capital of Cascade Holdco Limited.



## 7.4 Director profiles

As at the date of this Transaction Booklet, the Alludo BidCo directors are Christa Quarles, Dana Dingman and Anthony McCartin. The profiles of these directors are set out below:

Name	Profile
<b>Christa Quarles</b>	<p>Christa Quarles serves as Authorised Manager of Alludo. Joining Alludo in 2020, Christa is a seasoned executive with over two decades of experience leading companies and spearheading financial and operational initiatives.</p> <p>Prior to joining Alludo, Christa served as the Chief Executive Officer of OpenTable, Inc., an online restaurant reservation service, from 2015 to 2018. Before OpenTable, Christa served as the Chief Business Officer of NextDoor, Inc., a social networking company, from 2014 to 2015. Leading up to NextDoor, Christa held positions of increasing responsibility with The Walt Disney Company, including Senior Vice President and General Manager as well as Chief Financial Officer and Head of Business Operations for their Mobile and Social Games division. She came to Disney via its acquisition of Playdom Inc., where she had served as Chief Financial Officer. Christa also currently serves on the boards of directors of Affirm Holdings, Inc. and Kimberly-Clark Corporation.</p> <p>Christa received a BS in Economics and German from Carnegie Mellon University and an MBA from Harvard Business School.</p>
<b>Dana Dingman</b>	<p>Dana has been a practising lawyer for over 12 years, having practiced both in law firms and in-house, and is called to the bar in Ontario, Canada and in Massachusetts. Having joined Alludo in January 2019, Dana is Vice President, Legal and is the second most-senior individual in the Alludo legal organisation, acting as a Director on four Alludo entities and an acting Officer on three others. In her off time, Dana has been a member of the board of directors of numerous not-for-profit organisations in healthcare, education, and for charitable organisations.</p>
<b>Anthony McCartin</b>	<p>Anthony McCartin is an Associate Director of Attune Advisory, a firm located in Sydney, Australia that provides a range of tax, business and accounting advice. Anthony serves as Alludo BidCo's Australian resident director.</p>

## 7.5 Alludo's intentions following implementation of the Alludo Scheme or conclusion of the Alludo Takeover Offer Period

The following references to Alludo in this Section 7.5 should be read as a reference to include Alludo BidCo as the purchaser of Nitro Shares under the Alludo Takeover Offer or Alludo Scheme, as the context requires.

### a. Introduction

This Section 7.5 sets out the present intentions of Alludo BidCo in relation to the following:

- the continuation of the business of Nitro;
- any major changes to be made to the business of Nitro, including any redeployment of fixed assets of Nitro; and
- the future employment or engagement of Nitro's present employees.

## 7. INFORMATION ON ALLUDO *(continued)*

These intentions have been formed on the basis of facts and information concerning Nitro and the general business and economic environment that are known to Alludo BidCo at the date of this Transaction Booklet. Any final decisions about any major changes to the future commercial operating plan and management organisation of Nitro will only be made by Alludo BidCo in light of all material facts and circumstances at the relevant time. Accordingly, statements set out in this Section 7.5 are statements of current intention only and may change if and as any new information becomes available or circumstances change.

### **b. Intentions upon the Alludo Scheme becoming Effective or Alludo BidCo holding a Relevant Interest in 90% or more of the Nitro Shares under the Alludo Takeover Offer**

Alludo BidCo's current intentions, if the Alludo Scheme becomes Effective or if Alludo BidCo acquires a Relevant Interest in 90% or more of Nitro Shares pursuant to the Alludo Takeover Offer, are set out below.

#### **Compulsory Acquisition**

The Alludo Takeover Offer will only proceed if the Alludo Scheme does not become Effective. If the Alludo Takeover Offer proceeds and Alludo BidCo becomes entitled to do so under the Corporations Act, it intends to give notices to Nitro Shareholders to compulsorily acquire any outstanding Nitro Shares (including any new Nitro Shares which are issued as a result of the vesting and/or exercise of the ESS Securities) in accordance with Part 6A.1 of the Corporations Act. If Alludo BidCo compulsorily acquires the remaining Nitro Shares under this procedure, the applicable Nitro Shareholders will receive the Alludo Takeover Offer Consideration.

#### **ASX Listing**

Alludo currently intends for Nitro to be removed from the official list of ASX after the implementation of the Alludo Scheme or completion of the Alludo Takeover Offer and for Nitro to be subsequently converted into a proprietary company limited by shares.

#### **Board composition**

If the Alludo Scheme becomes Effective and subject to Alludo BidCo having paid the Alludo Scheme Consideration in accordance with the Alludo Scheme, Alludo will nominate persons to be appointed to the Nitro Board and to the board of any Nitro Group member on the Implementation Date (or thereafter). Alludo will also nominate Nitro Directors and directors of the board of any Nitro Group member to resign effective on the Implementation Date.

Similarly, if Alludo BidCo becomes entitled to proceed to Compulsory Acquisition of any outstanding Nitro Shares following close of the Alludo Takeover Offer, Alludo will nominate persons to be appointed to the Nitro Board and the board of any Nitro Group member and will nominate Nitro Directors and the directors of the board of any Nitro Group member to resign.

See also Alludo's intentions in relation to the composition of the Nitro Board where it has acquired a Relevant Interest in at least 50.1% of the Nitro Shares prior to this time at Section 7.5(c).

#### **Nitro's business, assets and employees**

Following implementation of the Alludo Scheme, or during or at the end of the Alludo Takeover Offer Period, if Alludo BidCo is entitled to compulsorily acquire outstanding Nitro Shares (including any new Nitro Shares which are issued as a result of the vesting and/or exercise of the ESS Securities), Alludo intends to continue to support the strategic direction of Nitro as put in place by Nitro's executive team.

Both Alludo and Nitro share a passion for serving knowledge workers with productivity solutions. Taking advantage of Alludo's access to capital, strong ecommerce platform and knowledge of the global software markets, combined with the strength of Nitro's business and its respective ecommerce platform, Alludo intends to accelerate the next stage of Nitro's growth.

In that regard, Alludo intends to work with Nitro's senior management to review Nitro's business operations and organisational structure to:

- evaluate the relative performance, profitability and prospects of Nitro and its respective business units/sites/regions;
- identify opportunities for operational improvement and areas of investment for growth; and
- review the compensation and incentive plans of employees to ensure Nitro has the appropriate mix and level of employees and skills, as well as an appropriate compensation structure to enhance the business going forward.

Decisions in relation to existing Nitro resources and staff will be made once Alludo has had the opportunity to review Nitro's business in more detail. Alludo anticipates that combining Nitro and Alludo's businesses will result in duplication across a number of areas of Nitro's business, including employee roles. Alludo intends to remove any duplications with the aim of delivering synergies.

Alludo intends to manage the duplication of roles on a case-by-case basis through merit-based selection, direct appointment, re-assignment and/or natural attrition. Where any redundancies occur across the combined business, Alludo will recognise and comply with the severance and redundancy terms of all relevant employment contracts and industrial agreements or awards or statutory requirements. In instances where existing roles are declared vacant or new roles are created across the combined business, Alludo will use a merit-based selection process to fill the roles.

Alludo also intends to undertake an internal reorganisation pursuant to which certain foreign subsidiaries currently owned by Nitro would be transferred to existing foreign subsidiaries currently owned by Alludo in order to streamline Nitro's operations.

### **c. Intentions upon Alludo BidCo becoming the holder of less than 90% of the Nitro Shares under the Alludo Takeover Offer**

If after the Alludo Takeover Offer Period, Alludo BidCo becomes the holder of less than 90% of the Nitro Shares then Alludo BidCo cannot compulsorily acquire the Nitro Shares of Nitro Shareholders that have not accepted into the Alludo Takeover Offer.

In these circumstances, and where the Alludo Takeover Offer becomes or is declared unconditional, Alludo will implement the intentions outlined in Section 7.5(b) above to the extent possible, and as modified by the current intentions of Alludo described below.

#### **ASX Listing**

Alludo will not be supportive of the continued listing of Nitro on ASX. While the decision to apply for removal of Nitro from ASX lies with the Nitro Board, Alludo will actively encourage Nitro to apply for removal of Nitro from ASX to the extent that it is able to do so consistently with ASX guidance. ASX Guidance Note 33 sets out ASX's policy in relation to a request for removal from the official list of ASX. ASX Guidance Note 33 indicates that Nitro

## 7. INFORMATION ON ALLUDO *(continued)*

Shareholder approval would not usually be required for the removal of Nitro from the official list of ASX if the following factors are satisfied:

- Alludo and its Related Bodies Corporate own or control at least 75% of Nitro Shares but do not meet the conditions for Compulsory Acquisition under the Corporations Act;
- excluding Alludo and its Related Bodies Corporate, the number of Nitro Shareholders having holdings with a value of at least A\$500 (being a marketable parcel) is fewer than 150;
- Alludo has foreshadowed in this Transaction Booklet that it intends, if it secures control of Nitro, to cause Nitro to apply for removal from the official list;
- the Alludo Takeover Offer remains open for at least two weeks following Alludo and its Related Bodies Corporate having attained ownership or control of at least 75% of Nitro Shares; and
- Nitro applies for removal from ASX no later than one month after the end of the Alludo Takeover Offer Period.

If these factors are satisfied and Nitro Shareholder approval for the delisting of Nitro is not required, Alludo intends to procure Nitro to send a written or electronic communication to all remaining Nitro Shareholders advising them of the nominated time and date at which Nitro would be removed from the official list of ASX (**Removal Date**), being a date not earlier than three months after the date the notice was given to Nitro Shareholders.

The notice to the remaining Nitro Shareholders would also state that:

- if they wish to sell their Nitro Shares on ASX, they will need to do so before the Removal Date; and
- if they do not sell their Nitro Shares before the Removal Date, thereafter, they will only be able to sell their Nitro Shares off-market.

Those remaining Nitro Shareholders who do not sell their Nitro Shares on ASX before the Removal Date would face risks associated with the reduced liquidity of an unlisted Nitro Share.

If the factors in ASX Guidance Note 33 are not satisfied, Alludo may still request that ASX remove Nitro from the official list of ASX. Guidance Note 33 indicates that ASX's decision to act on Alludo's request may be subject to the satisfaction of certain conditions. The ASX imposed conditions ensure that the interests of the remaining Nitro Shareholders are not unduly prejudiced by the removal and that trading in Nitro Shares takes place in an orderly manner up to the date of its removal from the official list.

ASX Guidance Note 33 indicates that (in some cases), these conditions may include, if Nitro Shareholder approval is sought within 12 months of the end of the Alludo Takeover Offer Period, the approval of Nitro Shareholders to the proposed removal and Alludo and its Associates may be excluded from voting. Where more than 12 months have lapsed since the Alludo Takeover Offer Period, ASX Guidance Note 33 indicates that ASX would generally permit Alludo and its Associates to vote on a resolution approving Nitro's removal from the official list.

Any decision by Alludo to apply to ASX for removal from the official list would need to be made by the Nitro Board, not Alludo. The Nitro Board, including any of Alludo's nominees on the Nitro Board, could only decide to seek a delisting if it is in the interest of Nitro to do so at the relevant time.

## **Board composition**

If the Alludo Takeover Offer is declared or becomes unconditional (see Section 5.8 for further information on the Alludo Takeover Offer Conditions) and Alludo BidCo has a Relevant Interest in at least 50.1% of Nitro Shares, Alludo will nominate persons to be appointed to the Nitro Board such that a majority of the Directors of Nitro are Directors nominated by Alludo. It is intended that these appointments to the Nitro Board will occur no later than 2 Business Days after the Alludo Takeover Offer is declared or becomes unconditional and Alludo has a Relevant Interest in at least 50.1% of Nitro Shares.

Alludo expects that its nominees on the Nitro Board will include Christa Quarles.

## **Further acquisitions of Nitro Shares**

Alludo may acquire additional Nitro Shares under the ‘creep’ provisions of the Corporations Act. These provisions permit Alludo and its Associates to acquire up to 3% of Nitro Shares every six months provided certain criteria are met. The price at which Nitro Shares are acquired may not be the same price as the Alludo Scheme Consideration or the Alludo Takeover Offer Consideration.

## **Dividends**

The payment of any dividends will be at the sole discretion of the Nitro Board after its reconstitution as described above and subject to legal requirements.

Having regard to Nitro’s historical and current performance, Alludo considers it would not be likely that dividends would be paid in the immediate future.

## **Continuation of Nitro’s business and assets**

Other than as set out in this Section 7.5, it is the present intention of Alludo that the Nitro business will be conducted in substantially the same manner in which it currently operates. Overall, Alludo continues to support the current strategic direction of Nitro, subject to the matters described above in this Section 7.5.

Subject to all applicable laws and the ASX Listing Rules, Alludo BidCo also intends to actively encourage Nitro to pursue strategies which allow Nitro to benefit from the relationship with Alludo, for example combining administrative functions and sales and marketing initiatives, in each case where this is in the best interests of Nitro.

## **Limitation on intentions**

Alludo’s ability to implement the intentions set out in this Section 7.5 will be subject to and limited by:

- the law (including the Corporations Act and ASX Listing Rules), including (but not limited to) in relation to conflicts of interests and related party transactions; and
- the legal obligations of the Nitro Board at the relevant point in time, including any nominees of Alludo, to act in good faith in the best interests of Nitro Shareholders, for proper purposes and to have regard to the interests of all Nitro Shareholders.

This Section 7.5 must be read and understood on the basis that these obligations and requirements may restrict Alludo’s ability to implement any of the intentions set out in this Section 7.5, or may require the approval of Nitro Shareholders (other than Alludo) in order to implement these intentions.

## 7. INFORMATION ON ALLUDO *(continued)*

### 7.6 Funding of the Alludo Scheme Consideration and the Alludo Takeover Offer Consideration

Alludo BidCo currently intends to fund the Alludo Scheme Consideration or the Alludo Takeover Offer Consideration (as relevant) through a combination of equity and debt funding, as described in Sections 7.6(b) and 7.6(c). Neither the Alludo Scheme nor the Alludo Takeover Offer is conditional on obtaining any debt financing.

#### a. Maximum Alludo Scheme Consideration and Alludo Takeover Offer Consideration payable by Alludo BidCo

If the Alludo Scheme is implemented, the maximum amount of Alludo Scheme Consideration that Alludo BidCo may be required to pay to Alludo Scheme Shareholders under the Alludo Scheme is A\$553,948,900. This figure is based on there being 257,650,651 Nitro Shares on issue on a fully diluted basis as described in Section 6.7(b), and includes Alludo Scheme Consideration payable in respect of all Nitro Shares that are issued or transferred to ESS Participants as a result of the vesting and/or exercise of the ESS Securities prior to the Alludo Scheme Record Date (see Sections 6.7 and 6.8 for further details).

The maximum amount of Alludo Takeover Offer Consideration that Alludo BidCo may be required to pay under the Alludo Takeover Offer is A\$553,948,900. This figure is based on there being 257,650,651 Nitro Shares on issue on a fully diluted basis as described in Section 6.7(b), and includes Alludo Takeover Offer Consideration payable in respect of all Nitro Shares that are issued or transferred to ESS Participants as a result of the vesting and/or exercise of the ESS Securities prior to the end of the Alludo Takeover Offer Period (see Sections 6.7 and 6.8 for further details).

#### b. Equity commitments

KKR Americas Fund XII L.P. has executed a legally binding equity commitment letter in favour of Alludo BidCo pursuant to which it undertakes to, among other things, have available, commit and provide to Alludo BidCo:

- if all conditions of the Alludo Scheme are satisfied or waived, an amount of A\$553,948,900 (being the maximum amount of the Scheme Consideration that Alludo BidCo may be required to pay to Alludo Scheme Shareholders under the Alludo Scheme as described in Section 7.6(a)); and
- if the Alludo Takeover Offer becomes free of Alludo Takeover Offer Conditions, an amount of up to A\$553,948,900 (being the maximum amount of the Alludo Takeover Offer Consideration that Alludo BidCo may be required to pay under the Alludo Takeover Offer as described in Section 7.6(a)),

(the **Equity Commitment**). The Equity Commitment may only be used by Alludo BidCo for the purpose of funding the Alludo Scheme Consideration or the Alludo Takeover Offer Consideration (as applicable).

#### c. Third party debt financing

Alludo BidCo may ultimately use third party debt financing to fund part of the Alludo Scheme Consideration or Alludo Takeover Offer Consideration (as relevant). Neither the Alludo Scheme nor the Alludo Takeover Offer is conditional on obtaining any third party financing. As stated in Section 7.6(b), Alludo BidCo will be able to satisfy its obligations to fund the Alludo Scheme Consideration or Alludo Takeover Offer Consideration (as relevant) as and when it is due and payable solely from the funds available to it under the Equity Commitment.

## **7.7 Additional information concerning Alludo and Alludo BidCo**

### **a. Interest in Nitro Shares**

As at the date of the offers made under the Alludo Takeover Offer:

- the voting power of Alludo BidCo and its Associates in Nitro is 0%; and
- Alludo BidCo and its Associates have no Relevant Interest in any Nitro Shares or any other class of Nitro Securities.

### **b. Dealings in Nitro Shares in previous four months**

None of Alludo BidCo nor any of its Associates has provided, or agreed to provide, consideration for Nitro Shares under a purchase or agreement during the period of four months before the date of the offers made under the Alludo Takeover Offer except for the Alludo Scheme Consideration which Alludo BidCo has agreed to provide under the Alludo Scheme (as reflected in the Implementation Deed and the Deed Poll) or the Alludo Takeover Offer Consideration which Alludo BidCo has agreed to provide under the Alludo Takeover Offer.

### **c. No inducing benefits given in previous four months**

In the view of Alludo BidCo, none of Alludo BidCo nor any of its Associates, during the period of four months before the date of the offers made under the Alludo Takeover Offer, gave, or offered to give or agreed to give, a benefit to another person which was likely to induce the other person, or an Associate, to:

- vote in favour of the Alludo Scheme;
- accept the Alludo Takeover Offer; or
- dispose of Nitro Shares,

and which benefit was not offered to all Nitro Shareholders under the Alludo Scheme or the Alludo Takeover Offer (as applicable).

### **d. No escalation agreements**

None of Alludo BidCo nor any of its Associates have entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

### **e. Benefits to Nitro Directors**

Except as set out in this Transaction Booklet at Section 3.4, Alludo BidCo will not be making any payment or giving any benefit to any current Nitro Director as compensation or consideration for, or otherwise in connection with, their resignation from the Nitro Board where the Alludo Scheme becomes Effective or the Alludo Takeover Offer is declared or becomes unconditional and the Nitro Board is accordingly reconstituted, other than as required under the relevant person's employment contract with Nitro.

### **f. No interest of Alludo BidCo in Nitro Shares**

As at the date of this Transaction Booklet, none of Alludo BidCo nor any of its directors have a Relevant Interest in any Nitro Securities.

### **g. No other agreements or inducements**

Except as set out in this Transaction Booklet, none of Alludo BidCo nor any of its Associates has made any agreement or arrangement with a Nitro Director in connection with or conditional on the outcome of the Alludo Scheme or the Alludo Takeover Offer.

# 8. RISKS

## 8.1 Introduction

There are a number of potential risks that Nitro Shareholders should be aware of when considering the Alludo Transaction and deciding how to vote on the Alludo Scheme and whether to accept the Alludo Takeover Offer.

This Section 8 outlines:

- general risks as well as specific risks related to Nitro, each of which could have a materially adverse effect on the future business and operational performance of Nitro (see Sections 8.2 and 8.3); and
- risks related to the Alludo Takeover Offer becoming unconditional (see Section 8.5).

The risks outlined in this Section 8 will only continue to be relevant to you if you retain your Nitro Shares, either because:

- the Alludo Scheme is **NOT** implemented and the Alludo Takeover Offer **DOES NOT** become unconditional;
- the Alludo Scheme is **NOT** implemented and you have **NOT ACCEPTED** the Alludo Takeover Offer and Alludo BidCo is unable to compulsorily acquire your Nitro Shares; or
- you choose not to sell your Nitro Shares.

This Section 8 is not intended to provide a list of every risk that may be related to the Alludo Transaction or an investment in Nitro at any time. This Section 8 only provides a brief summary of the risks that may be applicable to Nitro Shareholders, and should not be considered exhaustive. These risks do not take into account your individual circumstances including your investment objectives, financial situation or taxation position.

You should carefully consider the risks mentioned in this Section 8, as well as the other information contained in this Transaction Booklet before voting on the Alludo Scheme or deciding to accept the Alludo Takeover Offer. You should also consult a licenced financial adviser or other suitable professional adviser if you are uncertain about any matters in this Transaction Booklet.

## 8.2 General investment risks

Nitro Shares carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. If you retain your Nitro Shares, the market price of Nitro Shares (assuming Nitro remains listed on ASX) and future distributions made to Nitro Shareholders will be influenced by a number of factors beyond the control of the Nitro Board and management, including:

- changes in investor sentiment and overall performance of the Australian and international stock markets;
- changes in the supply and demand of software and technology securities;
- changes in general economic conditions (both domestically and internationally) including inflation (including wage inflation), interest rates, exchange rates and consumer demand;



- failure to make or integrate any future acquisitions or business combinations (including the realisation of synergies), significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities;
- changes in government and to fiscal, monetary and regulatory policies;
- changes in accounting standards which affect the financial performance and position reported by Nitro;
- changes in taxation laws (or their interpretation by relevant courts or authorities);
- geopolitical events such as an outbreak or exacerbation of hostilities, acts of terrorism, conflict and declaration of war (including the current war in Ukraine); and
- natural disasters such as fires, floods and catastrophes, whether on a global, regional or local scale.

### 8.3 Risks associated with your current investment in Nitro Shares

A number of the risks specifically relevant to Nitro and which could result in a materially adverse effect on Nitro's future operating and financial performance have been listed below. You will only continue to be exposed to these risks if the Alludo Scheme is not implemented and either the Alludo Takeover Offer does not become unconditional, or you do not accept the Alludo Takeover Offer and you retain your Nitro Shares and Alludo BidCo is unable to compulsorily acquire your Nitro Shares.

#### a. Failure to retain existing customers or attract new customers

Nitro's business depends on its ability to retain its existing customers, and Nitro's growth depends on its ability to attract further business from existing customers and to attract new customers. If customers do not continue to use Nitro's software or increase their use over time, and if new customers do not choose to use Nitro's software, the growth in revenue may slow, or revenue may decline.

Nitro's business is partly dependent on the conversion of customer sales resulting from investment in sales and marketing campaigns and initiatives, which is expected to continue to increase as the business grows. Failure to realise the intended benefits from sales and marketing investment could negatively impact Nitro's ability to attract new customers and may adversely impact Nitro's operating and financial performance.

#### b. Nitro operates in a competitive industry

Nitro competes against other international document productivity and electronic signature software providers, as well as with internally developed or manual paper-based systems. The global document productivity industry is rapidly evolving and becoming increasingly competitive. The market leaders have significantly more financial and operational resources than Nitro. As such, there is a risk that at any time Nitro may compete less effectively against its competitors, causing it to lose market share and the ability to develop or secure new customers.

#### c. Reliance on uptake of SaaS-based document productivity and electronic signature software

Nitro's future growth in revenues depends on the increasing adoption of SaaS-based document productivity and electronic signature software solutions. It may be difficult for Nitro to persuade potential customers to change existing on premise, perpetual licence or manual paper-based solutions to adopt Nitro's SaaS-based software product. If Nitro's software is not accepted and used by more organisations, or if the market for such solutions fails to grow as expected, Nitro's platform could be adversely affected, and revenue growth may slow.

## **8. RISKS** *(continued)*

### **d. Loss-making operations**

Like many start up technology companies, Nitro has incurred regular operating losses since inception. As a result, Nitro utilises large amounts of cash to sustain its business operations.

Nitro may not be able to achieve or maintain profitability or positive free cash flow in the near term if at all and as such the business will likely require ongoing funding from Nitro's cash reserves or from new equity issuances.

In addition, as outlined in Section 10.8, Nitro will incur external transaction costs in connection with the Alludo Scheme and Alludo Takeover Offer (certain of these costs are conditional on the completion of the Alludo Transaction).

### **e. Foreign exchange and foreign regulations**

A significant proportion of Nitro's revenues and expenses are transactions incurred in foreign currencies or cash balances held in foreign currencies, whereas Nitro reports in US\$. As such, Nitro is subject to foreign currency fluctuations, which may materially affect its consolidated financial position and operating results.

Nitro is also subject to the laws of the foreign jurisdictions in which it operates and could be adversely impacted by changes to laws or regulations in those jurisdictions in the future.

### **f. Failure to adequately maintain and develop Nitro's software platform**

Nitro's business model depends on Nitro's ability to continue to ensure that customers are satisfied with the products that Nitro offers. There is a risk that Nitro may fail to maintain its software platform adequately, or that updates may introduce errors and performance issues, causing customer satisfaction in Nitro's software to fall. Additionally, the failure to successfully develop new product features and modules may have a materially adverse impact on Nitro's future operations and financial performance.

### **g. Cyber security incidents or breaches of data privacy rules and regulations**

The use of information technology is critical to Nitro's ability to deliver products and services to customers and the growth of its business. It is possible that measures taken by Nitro to prevent technology breaches may prove to be inadequate. Any accidental or deliberate security breaches or other unauthorised access to Nitro's information technology systems or customer data may subject Nitro to reputational damage, a loss of confidence in the services provided, a disruption of services to customers, claims by customers, loss of customers, theft and misappropriation of funds, legal action and regulatory scrutiny. Nitro may also be required to incur costs to rectify system vulnerabilities or introduce additional safeguards to minimise the risk of future security breaches.

### **h. Disruption or failure of technology systems and software**

Nitro and its customers are dependent on the performance, reliability and availability of Nitro's technology platforms, third party data centres and global communications systems. There is a risk that these systems may be adversely affected by disruption, failure, service outages or data corruption that could occur as a result of computer viruses, malware, internal or external misuse by websites, or other disruptions including natural disasters, power outages or other similar events. This could potentially lead to a loss of customers, legal claims by customers, and an inability to attract new customers.

### **i. Inability to attract or retain key personnel**

The success of Nitro is dependent upon the ongoing retention of key personnel, in particular, the senior management team. The loss of such personnel, or any delay in their replacement, could have a materially adverse impact on management's ability to operate the business and achieve its growth strategies and prospects, including through the development and commercialisation of new solutions or modules. The loss of key personnel could also have an adverse impact on operations, with the potential loss of key customer relationships, potential loss of business process knowledge and an adverse impact on financial performance.

### **j. Failure to realise benefits from research and development**

Historically, Nitro has invested significantly in research and development, and it expects to continue to do so in the future in order to further expand and improve its product capabilities and to maintain its competitive position. Software development is expensive and often involves an extended period of time to achieve a return on investment, or Nitro may receive no economic benefit at all from such investment.

### **k. Reliance on third party information technology suppliers**

Nitro relies on certain contracts with third party suppliers to maintain and support its hosting infrastructure. Any failure or disruption to the services provided from or termination of contracts for any reason with third party service providers could negatively impact operating and financial performance. It could also expose Nitro to claims for loss and damage from customers that may exceed the amounts that Nitro is entitled to recover from the third party service providers.

### **l. Disputes, claims and associated costs**

Nitro may be involved from time to time in disputes or claims and litigation with current or former employees, customers, supplier or other stakeholders. These disputes may lead to legal and other proceedings, and may cause Nitro to suffer additional costs to the extent that the claim is not covered by insurance. Further, if such matters are successfully disposed of without direct adverse financial effect, they may have an adverse effect on Nitro's reputation and divert resources and management's attention.

## **8.4 Risk from Potentia Capital not voting against of the Alludo Scheme**

Potentia Capital (which as at the date of this Transaction Booklet has voting power in 19.31% of all Nitro Shares) has stated in the Potentia Bidder's Statement that it will vote all Nitro Shares that it owns or controls at the relevant time against a competing scheme proposal and not accept into any competing takeover proposal, which at the date of this Transaction Booklet includes the Alludo Scheme.

The Alludo Scheme needs to be approved by the Requisite Majorities of Nitro Shareholders at the Alludo Scheme Meeting, which are:

- a majority in number (more than 50%) of Nitro Shareholders present and voting (in person, virtually or by proxy, attorney or corporate representative); and
- at least 75% of the total number of votes cast on the Alludo Scheme Resolution.

## 8. RISKS *(continued)*

Accordingly, to the extent that Potentia Capital continues to own or control 19.31% of Nitro Shares on the date of the Alludo Scheme Meeting, at least 19.31% of Nitro Shares will be voted against the Alludo Scheme.

However, despite Potentia Capital's 19.31% interest in Nitro, the Alludo Scheme can still be approved, so it is important for as many Nitro Shareholders as possible who support the Alludo Scheme to cast a vote favour of the Alludo Scheme (either by proxy, in person or virtually).

### 8.5 Risks to Nitro Shareholders associated with the Alludo Takeover Offer becoming unconditional

This Section 8.5 outlines some of the risks to Nitro Shareholders associated with the Alludo Takeover Offer being or becoming unconditional. The Alludo Takeover Offer will only become unconditional if the Alludo Scheme is not implemented and the other Alludo Takeover Offer Conditions have been satisfied or waived.

#### a. Alludo BidCo acquires at least 50.1% but less than 90% of Nitro Shares

If Alludo BidCo acquires at least 50.1% but less than 90% of the Nitro Shares then Alludo will acquire a majority shareholding in Nitro but will not be able to compulsorily acquire the remaining Nitro Shares. In this situation, Nitro Shareholders who do not accept the Alludo Takeover Offer will become minority shareholders in Nitro. This has a number of possible implications, including:

- i. Nitro Shareholders who do not accept the Alludo Takeover Offer will continue to hold Nitro Shares, unless sold on-market (provided Nitro remains an ASX-listed entity), and will remain exposed to the general risks set out in Section 8.2 and the specific risks relating to Nitro's business and operations set out in Section 8.3;
- ii. Alludo BidCo will be in a position to cast the majority of votes at a general meeting of Nitro. This will enable it to control the composition of the Nitro Board and senior management, which would allow its nominees on the Nitro Board to determine strategic direction of the business and capital management;
- iii. Nitro's share price is likely to fall immediately following the end of the Alludo Takeover Offer Period in the absence of a further takeover offer from Alludo BidCo, Potentia, or a third party and it is unlikely that the price of Nitro Shares will retain any takeover premium;
- iv. the Nitro business will remain subject to a number of listing and other compliance costs associated with Nitro remaining an ASX-listed company, assuming that Nitro remains an ASX-listed entity;
- v. Nitro may be required to raise capital to sustain its loss-making business operations and to fund the one-off transaction costs that may be incurred;
- vi. liquidity of Nitro Shares may be lower than at present and there is a risk that Nitro could be fully or partially removed from certain S&P/ASX market indices due to a lack of free float and/or liquidity; and
- vii. if the number of Nitro Shareholders is less than that required by ASX Listing Rules to maintain an ASX listing then Alludo has stated that it intends to seek to have Nitro removed from the official list of ASX. If this occurs, Nitro Shares will not be able to be bought or sold on ASX.

### **b. Alludo BidCo acquires at least 75% but less than 90% of Nitro Shares**

If Alludo BidCo acquires at least 75% but less than 90% of Nitro Shares, then all of the risks outlined in Section 8.5(a) will apply. In addition, if Alludo BidCo acquires at least 75% of the Nitro Shares, then it will be able to pass a special resolution of Nitro. This will enable Alludo BidCo to, among other things, change the Nitro Constitution. Nitro may also be removed from the official list of ASX.

### **c. If Alludo BidCo acquires at least 90% of the Nitro Shares**

If Alludo BidCo acquires at least 90% of the Nitro Shares, then Alludo BidCo will be able to compulsorily acquire any Nitro Shares in respect of which it has not received an acceptance of its Alludo Takeover Offer on the same terms as the Alludo Takeover Offer. In this situation, regardless of whether Nitro Shareholders have accepted the Alludo Takeover Offer, it is possible that their Nitro Shares may be compulsorily acquired in accordance with the Corporations Act and they will be forced to receive the Alludo Takeover Offer Consideration.

# 9. TAXATION IMPLICATIONS

## 9.1 Overview

This Section 9 provides a summary of the general Australian income tax consequences for Nitro Shareholders in relation to the Alludo Scheme and the Alludo Takeover Offer and should be considered in conjunction with the rest of this Transaction Booklet.

The information contained in this Section 9 is only a general guide and is not intended to be an authoritative or complete statement of the tax law applicable to the specific circumstances of any Nitro Shareholder and should not be relied upon by Nitro Shareholders as tax advice. Nitro Shareholders are strongly advised to seek their own professional advice with respect to the tax implications of the Alludo Scheme and Alludo Takeover Offer.

The following is a general summary of the Australian income tax implications for Nitro Shareholders, who hold their Nitro Shares on capital account, of participating in the Alludo Scheme (where the Alludo Scheme is implemented) or accepting the Alludo Takeover Offer (where the Alludo Takeover Offer is declared or becomes unconditional).

This summary does not apply to all Nitro Shareholders, including those who:

- acquired their Nitro Shares pursuant to an employee share plan;
- hold their Nitro Shares as revenue assets, as trading stock, or are subject to the Taxation of Financial Arrangements provisions in Division 230 of the *Income Tax Assessment Act 1997* or other special taxation rules;
- are financial institutions, insurance companies, partnerships, tax exempt organisations or dealers in securities;
- are shareholders who changed their tax residency while holding their Nitro Shares; or
- are foreign shareholders who own their Nitro Shares through a permanent establishment in Australia.

This summary has been prepared on the basis of Australian income tax law and administrative practice as at the date of this Transaction Booklet, including the Australian Taxation Office's practices in previous, comparable transactions. References to Australian resident Nitro Shareholders are to Nitro Shareholders who are residents of Australia for income tax purposes and are not tax resident in any other jurisdiction.

## 9.2 Australian income tax implication of the Alludo Scheme

### a. Australian capital gains tax

The disposal of Nitro Shares by a Nitro Shareholder under the Alludo Scheme should constitute a capital gains tax (CGT) event for Australian income tax purposes on the Implementation Date.

Nitro Shareholders should:

- make a capital gain if the capital proceeds from the disposal of their Nitro Shares are greater than the cost base of their Nitro Shares; or
- make a capital loss if the capital proceeds from the disposal of their Nitro Shares are less than the reduced cost base of their Nitro Shares.

### Capital proceeds

The capital proceeds from the disposal of Nitro Shares under the Alludo Scheme should be the Alludo Scheme Consideration. The capital proceeds should be equal to A\$2.00 per Nitro Share under the Alludo Scheme.

### Cost base

The cost base and reduced cost base of Nitro Shares should generally include the amount paid to acquire the Nitro Shares and the market value of any property given to acquire the Nitro Shares, plus any incidental costs of acquisition (for example, brokerage fees).

### CGT discount

Generally, Australian resident Nitro Shareholders who are individuals, trusts, or complying superannuation entities that have held their Nitro Shares for at least 12 months (excluding the dates of acquisition and disposal) at the time of their CGT event should be entitled to the CGT discount in calculating the amount of capital gain on disposal of their Nitro Shares.

The CGT discount is applied after available capital losses have been used to reduce the capital gain.

The applicable CGT discount which should reduce a capital gain arising from the disposal of Nitro Shares is as follows:

- 50% for individuals and trusts; and
- 33.33% for a complying superannuation entity.

The CGT discount is not available for Australian resident Nitro Shareholders who are companies.

## **b. Australian resident Nitro Shareholders**

Australian resident Nitro Shareholders who make a capital gain on disposal of their Nitro Shares will be required to aggregate the capital gain with any other capital gains the Nitro Shareholder may have in that income year. Any resulting net capital gain (after applying any available capital losses from the current income year or brought forward from prior income years) should be reduced by any applicable CGT discount and any remaining discounted net capital gain for the income year should be included in the Nitro Shareholder's assessable income and should be subject to tax at the Nitro Shareholder's applicable rate of tax.

Australian resident Nitro Shareholders who make a capital loss on the disposal of their Nitro Shares can only apply the capital loss to reduce capital gains realised in the same income year. Any resulting net capital loss may be carried forward and offset against taxable capital gains in subsequent income years. Specific loss recoupment rules apply to companies and trusts, and may restrict their ability to utilise any such capital losses in a future period.

## 9. TAXATION IMPLICATIONS *(continued)*

### c. Non-resident Nitro Shareholders

Non-resident Nitro Shareholders should be entitled to disregard any capital gain made on the disposal of their Nitro Shares as the Nitro Shares should not be considered to be “indirect Australian real property interests” as the value of Nitro’s interest in Australian land is not more than the value of Nitro’s other assets.

### 9.3 Australian income tax implications of the disposal of Nitro Shares under the Alludo Takeover Offer

The disposal of Nitro Shares by a Nitro Shareholder will constitute a CGT event for Australian income tax purposes.

The CGT event should occur:

- for a Nitro Shareholder who has agreed to sell their Nitro Shares by accepting the Alludo Takeover Offer prior to the Alludo Takeover Offer becoming unconditional, when the Alludo Takeover Offer becomes or is declared unconditional;
- for a Nitro Shareholder who subsequently sells their Nitro Shares as part of the Alludo Takeover Offer upon the Alludo Takeover Offer being or becoming unconditional, when the Nitro Shareholder accepts the Alludo Takeover Offer from Alludo BidCo to acquire their Nitro Shares; or
- for a Nitro Shareholder whose Nitro Shares are compulsorily acquired when the Nitro Shareholder ceases to be the registered shareholder of those Nitro Shares.

The capital proceeds for the CGT event arising from the disposal of Nitro Shares under the Alludo Takeover Offer should be the Alludo Takeover Offer Consideration.

In other respects, the Australian income tax implications described in Section 9.2 above apply in the same way.

### 9.4 Foreign resident capital gains withholding (FRCGW)

Rules can apply to the disposal of certain taxable Australian property, whereby, a 12.5% non-final withholding tax may be applied. Where applicable, the withholding obligation would generally be with Alludo BidCo. The Nitro Shares should not be considered to be “indirect Australian real property interests” as the value of Nitro’s interest in Australian real property is not more than the value of Nitro’s other assets. Therefore, the FRCGW rules should not apply to the disposal of the Nitro Shares. Alludo BidCo has confirmed that it will not deduct FRCGW from the payment of the Alludo Scheme Consideration or the Alludo Takeover Offer Consideration (as applicable).

### 9.5 GST

Nitro Shareholders should not be liable to Australian GST in respect of a disposal of the Nitro Shares, regardless of whether the Nitro Shareholder is registered for GST or not.

### 9.6 Stamp duty

Nitro Shareholders should not be liable to Australia stamp duty in respect of the Alludo Scheme or Alludo Takeover Offer.



# 10. ADDITIONAL INFORMATION

## 10.1 Summary of Implementation Deed

A summary of the key elements of the Implementation Deed is set out below. A full copy of the Implementation Deed was released to ASX on 15 November 2022, with the Amending Deed released to ASX on 12 December 2022. Each of these documents can be obtained from <https://www.asx.com.au> or <https://ir.gonitro.com/Investor-Centre/>.

- a. **Exclusivity:** Under the Implementation Deed, Nitro is subject to exclusivity arrangements in favour of Alludo, which include:
  - i. a no-shop restriction preventing Nitro from soliciting alternative transactions;
  - ii. a no-talk restriction preventing Nitro from participating in negotiations or discussions with any person in relation to a Competing Proposal, subject to a fiduciary out;
  - iii. a no-due diligence restriction preventing Nitro from allowing any third party to conduct due diligence on Nitro, subject to a fiduciary out;
  - iv. a notification obligation requiring Nitro to notify Alludo of any Competing Proposal received and pass on details of the Competing Proposal received (including the person making the proposal and its material terms and conditions) to Alludo; and
  - v. a five day right for Alludo to match any Competing Proposal that the Nitro Board considers is superior to the Alludo Transaction before the Nitro Board can recommend that alternative proposal and terminate the Implementation Deed.
- b. **Break fee payable by Nitro:** Nitro has agreed to pay Alludo a break fee of A\$5 million (excluding GST) if:
  - i. the Nitro Board changes its recommendation of the Alludo Transaction other than where:
    - A. in case of the Alludo Scheme, the Independent Expert concludes that the Alludo Scheme is not in the best interests of Nitro Shareholders; or
    - B. in case of the Alludo Takeover Offer, the Independent Expert concludes that the Alludo Takeover is not fair and reasonable,other than where the reason for that conclusion is a result of a Competing Proposal;
  - ii. a Competing Proposal is announced before 15 August 2023 and, within 12 months of that occurring, a person or persons obtain a Relevant Interest in at least 50% of the Nitro Shares, or control of Nitro, or acquires an interest in all or a substantial part of the business or assets of the Nitro Group; or
  - iii. Alludo terminates the Implementation Deed due to a material breach by Nitro and the Alludo Transaction does not complete or proceed.

## 10. ADDITIONAL INFORMATION *(continued)*

- c. **Unanimous recommendation:** The Nitro Board unanimously recommends the Alludo Transaction subject to there being no Superior Proposal and the Independent Expert concluding and continuing to conclude that, in respect of the Alludo Scheme, it is in the best interests of the Nitro Shareholders and that, in respect of the Alludo Takeover, it is fair and reasonable.
- d. **Termination rights:** Either party may terminate the Implementation Deed if:
  - i. the other party is in material breach of the Implementation Deed (including breach of a representation and warranty where such breach is material in the context of the Alludo Transaction as a whole) and the relevant circumstances continue to exist for five Business Days from the time the non-breaching party's notice of intention to terminate is given;
  - ii. an Alludo Scheme Condition is not, or becomes incapable of being, satisfied and is not waived and, after consulting in good faith, the parties are unable to reach an agreement on the basis on which they will proceed with the Alludo Transaction by alternative means; or
  - iii. the Effective Date for the Alludo Scheme has not occurred on or before 15 August 2023 and the Alludo Takeover is withdrawn or lapses.

Nitro may terminate the Implementation Deed if a majority of the Nitro Board changes their recommendation of the Alludo Transaction on the basis that Nitro receives a Competing Proposal and determines that, after all of Alludo's matching rights have been exhausted, the Competing Proposal constitutes a Superior Proposal, or the Independent Expert opines that the Alludo Scheme is not in the best interests of Nitro Shareholders or the Alludo Takeover is not fair and not reasonable to Nitro Shareholders.

Alludo may terminate the Implementation Deed if the Nitro Board recommends or supports a Competing Proposal or the Nitro Board or any Nitro Director fails to make, withdraws or adversely modifies, their recommendation that the Nitro Shareholders vote in favour of the Alludo Scheme or accept the Alludo Takeover.

### 10.2 Suspension of trading of Nitro Shares

If the Court approves the Alludo Scheme, Nitro will immediately notify ASX. It is expected that suspension of trading in Nitro Shares on ASX will occur at the close of business on the Effective Date.

### 10.3 Institutional acceptance facility

#### a. General

Alludo BidCo has established an institutional acceptance facility open to professional investors (as defined in section 9 of the Corporations Act) that hold or beneficially own at least 232,559 Nitro Shares (**Eligible Institutional Shareholders**) (approximately A\$500,000 worth based on the Alludo Takeover Offer Consideration) in order to facilitate receipt of acceptances of the Alludo Takeover Offer (**Institutional Acceptance Facility**). Nitro Shareholders who are not Eligible Institutional Shareholders cannot participate in the Institutional Acceptance Facility.

The Institutional Acceptance Facility has been established to enable Eligible Institutional Shareholders to indicate their intentions to accept the Alludo Takeover Offer, as Alludo BidCo recognises that some of these shareholders may be unwilling or unable to accept the Alludo Takeover Offer, for example, by reason of their investment mandates, until the Alludo Takeover Offer becomes or is declared unconditional.

The operator of the Institutional Acceptance Facility is Computershare Clearing Pty Limited (ACN 063 826 228) (**Institutional Acceptance Facility Operator**).

To ensure that Alludo BidCo is able to fulfil the Alludo Takeover Offer Conditions (including the 50.1% minimum acceptance condition), put itself in a position to declare the Alludo Takeover Offer unconditional and therefore pay the cash consideration available under the Alludo Takeover Offer, Alludo BidCo encourages you to accept the Alludo Takeover Offer or, if you are an Eligible Institutional Shareholder, provide your acceptance instructions into the Institutional Acceptance Facility as soon as possible.

Before making a decision whether or not to participate in the Institutional Acceptance Facility, Eligible Institutional Shareholders are encouraged to consult with their financial or other professional adviser.

## **b. Operation of the Institutional Acceptance Facility**

The Institutional Acceptance Facility will operate as follows:

- Eligible Institutional Shareholders may demonstrate their intention to accept the Alludo Takeover Offer by lodging with the Institutional Acceptance Facility Operator acceptance instructions in the form of:
  - where the Eligible Institutional Shareholder is recorded as the holder of Nitro Shares, a duly completed and executed Acceptance Form; and/or
  - where the Eligible Institutional Shareholder is a beneficial holder whose securities are held by a custodian on the person's behalf, directions to its custodian (the form of which will be made available to Eligible Institutional Shareholders on request by the Institutional Acceptance Facility Operator) (**Nominee Directions**) to accept the Alludo Takeover Offer (referred to as **Acceptance Instructions**),thereby demonstrating their intention to accept the Alludo Takeover Offer.
- The Institutional Acceptance Facility Operator will hold the Acceptance Instructions as acceptance facility collection agent only and subject to a bare trust.
- Under ASIC Class Order 13/520 and under the terms of appointment of the Institutional Acceptance Facility Operator contained in the Acceptance Instructions, Alludo BidCo will not acquire a Relevant Interest in any Nitro Shares through the receipt by the Institutional Acceptance Facility Operator of an Acceptance Instruction, because the Institutional Acceptance Facility has been established on the basis that it fulfils the requirements of subsection 609(8A) of the Corporations Act as inserted by ASIC Class Order 13/520.
- The Institutional Acceptance Facility Operator must deliver:
  - the Acceptance Forms in accordance with the instructions on the relevant Acceptance Forms; and
  - the Nominee Directions to the relevant custodians,

immediately after the Institutional Acceptance Facility Operator receives written notice from Alludo BidCo (**Confirmation Notice**) that:

- Alludo BidCo declares the Alludo Takeover Offer free from all conditions;
- Alludo BidCo will declare the Alludo Takeover Offer free from all conditions no later than the time that all Acceptance Instructions lodged with the Institutional Acceptance Facility Operator are processed; or
- Alludo BidCo will declare the Alludo Takeover Offer free from all conditions that have not been fulfilled or previously freed once all Acceptance Instructions lodged with the Facility Operator are processed.

## 10. ADDITIONAL INFORMATION *(continued)*

- Alludo BidCo reserves the right to free the Alludo Takeover Offer from all conditions and deliver the Confirmation Notice to the Institutional Acceptance Facility Operator at any time before the end of the Alludo Takeover Offer Period (subject to the Corporations Act, the terms of the Implementation Deed, or in the case of the condition set out in Section 5.8(c) (no Nitro Prescribed Occurrence) until the end of the Alludo Takeover Offer Period), irrespective of the number of acceptances held by Alludo BidCo or the number of Acceptance Instructions held by the Institutional Acceptance Facility Operator.
- Eligible Institutional Shareholders are able to withdraw their Acceptance Instructions at any time prior to the Institutional Acceptance Facility Operator receiving the Confirmation Notice from Alludo BidCo. Until the Institutional Acceptance Facility Agent receives the Confirmation Notice from Alludo BidCo, Nitro Shareholders will retain all Rights in relation to their Nitro Shares.
- A copy of the appointment of the Institutional Acceptance Facility Operator (including the terms of the appointment and the form of the Nominee Direction) will be provided to Eligible Institutional Shareholders and may also be requested from the Institutional Acceptance Facility Operator by email to [custodians@computershare.com.au](mailto:custodians@computershare.com.au) or phone on 1300 381 572 (within Australia) and +61 2 9066 4082 (outside Australia).

### c. Disclosure of Acceptance Instructions

The Institutional Acceptance Facility Operator will inform Alludo BidCo of the number of Nitro Shares in respect of which Acceptance Instructions have been received on a regular basis during the Alludo Takeover Offer Period. Following receipt of this information from the Institutional Acceptance Facility Operator, pursuant to ASIC Class Order 13/520, for every movement of at least 1% in the aggregate level of Alludo's voting power during the Alludo Takeover Offer Period, Alludo will announce to ASX by 9.30am on the next trading day after the movement a notice setting out the aggregate number and percentage of Nitro Shares:

- in which Alludo BidCo and its associates have a Relevant Interest; and
- which are the subject of Acceptance Instructions,

and a breakdown between the two categories above and any other information required by subsection 609(8A) of the Corporations Act as inserted by ASIC Class Order 13/520.

## 10.4 Regulatory conditions and relief

### a. Alludo BidCo ASIC relief

- i. Section 617(2) (as extended by ASIC Class Order 13/521) of the Corporations Act permits the Alludo Takeover Offer to extend to Nitro Shares that come to be in the bid class during the period from the Alludo Takeover Register Date and the end of the Alludo Takeover Offer Period due to the conversion or exercise of rights attached to other securities, where those securities exist or will exist as at the Alludo Takeover Register Date. Based on Alludo BidCo's review of the ESS Securities, it formed the view that some of the ESS Securities could be considered to constitute 'derivatives' (as defined by section 761D of the Corporations Act), and therefore may not be considered 'securities' which attract the operation of section 617(2). On this basis, Alludo BidCo applied to ASIC for relief to permit the Alludo Takeover Offer to extend to Nitro Shares that come into existence between the Alludo Takeover Register date and the end of the Alludo Takeover Offer period, in accordance with the terms of, or otherwise in connection with, 'derivatives' or rights that exist as at the Alludo Takeover Register Date that will convert, or may be converted, to Nitro Shares, or which confer an entitlement of any kind to be issued Nitro Shares.

- ii. Alludo BidCo sought from ASIC a declaration to amend the application of section 648C of the Corporations Act to allow Nitro to send the disclosure documents related to the Alludo Takeover Offer to those Nitro Shareholders who have nominated to receive shareholder communications by electronic mail or who elect to receive documents by electronic mail.

On 19 December 2022, ASIC made in-principle decisions to grant the relief requested by Alludo BidCo as described in this Section 10.4(a).

## **b. Nitro ASIC relief**

Nitro sought from ASIC:

- i. a declaration to amend the application of section 648C of the Corporations Act to allow Nitro to send the disclosure documents related to the Alludo Takeover Offer to those Nitro Shareholders who have nominated to receive shareholder communications by electronic mail or who elect to receive documents by electronic mail; and
- ii. relief under sub-regulation 5.1.01(1) of the *Corporations Regulations 2001* (Cth) (**Corporations Regulations**) from paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations to allow the Transaction Booklet to set out the material changes to the financial position of Nitro since 30 June 2022 (being the date of its most recent half-year financial report, which was not laid before Nitro in a general meeting or sent to Nitro Shareholders), rather than since 31 December 2021 (being the date of its last full-year financial report laid before Nitro in a general meeting).

On 19 December 2022, ASIC made an in-principle decision to grant the relief requested by Nitro in relation to section 648C of the Corporations Act and paragraph 8302(h) of Schedule 8 of the Corporations Regulations as set out in Section 10.4(b)(ii) above.

## **c. FIRB approval**

The Alludo Transaction is subject to receipt of a no objection notification under the FATA in respect of the Transaction.

## **d. Ex-Australian regulatory approvals**

The Alludo Transaction is subject to other approvals, authorisations, and/or expirations or terminations of applicable waiting periods, insofar as required under various Antitrust and Foreign Investment Laws in the United States, Cyprus, Serbia, Turkey, Morocco and Trinidad and Tobago.

## **10.5 Deed Poll**

On 15 December 2022, Cascade Parent Limited and Alludo BidCo executed the Deed Poll, pursuant to which Alludo BidCo has agreed to do all things necessary to give full effect to the Alludo Scheme, including the obligation to provide Alludo Scheme Consideration to each Alludo Scheme Shareholder if the Alludo Scheme becomes Effective.

A copy of the Deed Poll is attached as Annexure C to this Transaction Booklet.

## 10. ADDITIONAL INFORMATION *(continued)*

### 10.6 Warranties by Alludo Scheme Shareholders

The effect of Clause 9.4 of the Alludo Scheme is that all Alludo Scheme Shareholders, including those who vote against the Alludo Scheme and those who do not vote, will be deemed to have warranted to Alludo that their Nitro Shares are fully paid and not subject to any of the encumbrances specified in that Clause, and that they have full power and capacity to sell and transfer their Nitro Shares to Alludo together with any Rights attaching to those Nitro Shares. The Alludo Scheme is annexed as Annexure B to this Transaction Booklet.

### 10.7 Consents and disclosures

This Transaction Booklet contains statements made by, or statements said to be based on statements made by:

- Nitro, in respect of the Nitro Information only;
- Alludo BidCo, in respect of the Alludo Information only; and
- Kroll Australia Pty Ltd, as the Independent Expert.

Each of those persons named above has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent as at the date of this Transaction Booklet.

The following parties have given and have not, before the time of registration of this Transaction Booklet with ASIC, withdrawn their consent to be named in this Transaction Booklet in the form and context which they are named:

- UBS Securities Australia Limited and Cadence Advisory as financial advisers to Nitro;
- Allens as legal adviser to Nitro; and
- Computershare as manager of the Nitro Share Registry.

Each person named in this Section 10.7:

- has not authorised or caused the issue of any part of this Transaction Booklet, other than as specified in this Section 10.7;
- does not make, or purport to make, any statement in this Transaction Booklet or any statement on which a statement in this Transaction Booklet is based, other than as specified in this Section 10.7; and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Transaction Booklet, other than a reference to its name and the statement (if any) included in this Transaction Booklet with the consent of that party as specified in this Section 10.7.

## 10.8 Transaction costs

Nitro will incur external transaction costs in connection with the Alludo Scheme, Alludo Takeover Offer and the Potentia Takeover Offer. These transaction costs are primarily payable to Nitro's financial, legal, D&O insurance the Independent Expert, staff retention bonuses and Share Registry costs.

In aggregate, if the Alludo Scheme is implemented, Nitro expects to pay approximately US\$11 million (excluding GST) in transaction costs. In aggregate, if the Alludo Scheme is not implemented but the Alludo Takeover Offer becomes unconditional, Nitro expects to pay approximately US\$11 million (excluding GST) in transaction costs.

In aggregate, if the Alludo Scheme is not implemented and the Alludo Takeover Offer does not become unconditional, Nitro expects to pay approximately US\$6 million (excluding GST) in transaction costs.

## 10.9 No unacceptable circumstances

Nitro believes that the Alludo Transaction does not involve any circumstances in relation to the affairs of Nitro that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

## 10.10 Registration of the Transaction Booklet with ASIC

This Transaction Booklet was registered with ASIC on 5 December 2022 in accordance with:

- section 411(2)(b) of the Corporations Act;
- section 633(1), Item 2 of the Corporations Act; and
- section 633(1), Item 13 of the Corporations Act.

## 10.11 Documents available

An electronic version of this Transaction Booklet including the Independent Expert's Report and the Implementation Deed are available for viewing and downloading online at Nitro's Website at <https://ir.gonitro.com/Investor-Centre/>.

## 10.12 Supplementary information

If Nitro becomes aware of any of the following between the date of lodgment of this Transaction Booklet for registration with ASIC and the Court Approval Date:

- a material statement in this Transaction Booklet is false or misleading;
- a material omission from this Transaction Booklet;
- a significant change affecting a matter in this Transaction Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Transaction Booklet if known about at the date of lodgment with ASIC,

## 10. ADDITIONAL INFORMATION *(continued)*

depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Nitro may circulate and publish any supplementary document by:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Nitro Shareholders at their registered address as shown in the Nitro Register; or
- posting a statement on Nitro's Website,

as Nitro in its absolute discretion considers appropriate.

### **10.13 No other information material to the making of a decision in relation to the Alludo Scheme**

Otherwise than as contained or referred to in this Transaction Booklet, including the Independent Expert's Report and the information that is contained in the Annexures to this Transaction Booklet, there is no other information that is material to the making of a decision by an Nitro Shareholder whether or not to vote in favour of the Alludo Scheme Resolution to approve the Alludo Scheme or accept the Alludo Takeover Offer, being information that is known to any Nitro Director and which has not previously been disclosed to Nitro Shareholders.



# 11. ALLUDO BIDCO APPROVAL

This Transaction Booklet (to the extent it comprises a bidder's statement) has been approved by a resolution of the directors of Rocket BidCo Pty Ltd (ACN 664 004 773) in accordance with section 637(1)(a)(i) of the Corporations Act.



**Christa Quarles**  
*Chief Executive Officer*

On behalf of Rocket BidCo Pty Ltd (ACN 664 004 773)  
Dated: 21 December 2022

## 12. NITRO APPROVAL

The Nitro Information in this Transaction Booklet has been approved by a resolution of the Directors of Nitro Software Limited (ACN 079 215 419) in accordance with section 639(1)(a) of the Corporations Act.



**Kurt Johnson**

*Chairman*

on behalf of the Board of Nitro Software Limited (ACN 079 215 419)

Dated 21 December 2022

# 13. GLOSSARY AND INTERPRETATION

## 13.1 Glossary

The meanings of the terms used in this Transaction Booklet are set out below.

Term	Meaning
<b>ACCC</b>	Australian Competition and Consumer Commission.
<b>Acceptance Form</b>	The relevant acceptance form enclosed with this Transaction Booklet (or the online acceptance form accessible via <a href="http://www.alludotakeover.com.au">www.alludotakeover.com.au</a> ), as the context requires.
<b>Acceptance Instructions</b>	Has the meaning given in Section 10.3(b).
<b>Accounting Standards</b>	The requirements of the Corporations Act about the preparation and contents of financial reports, the accounting standards and any authoritative interpretations issued by the Australian Accounting Standards Board.
<b>Adviser</b>	In relation to an entity, a financial, corporate, legal, or other expert adviser or consultant, who provides advisory or consultancy services in a professional capacity in the ordinary course of its business and has been engaged in that capacity in connection with the Transaction by the entity.
<b>AEDT</b>	Australian Eastern Daylight Time.
<b>Alludo</b>	Cascade HoldCo Limited and its Subsidiaries, which operate the business trading as Alludo. See Section 7.3.
<b>Alludo BidCo</b>	Rocket Bidco Pty Ltd (ACN 664 004 773).
<b>Alludo Group</b>	Alludo and each of its Related Bodies Corporate (excluding, at any time, Nitro and its Subsidiaries to the extent that Nitro and its Subsidiaries are subsidiaries of Alludo at that time). A reference to a member of the Alludo Group is a reference to Alludo or any such Related Bodies Corporate.
<b>Alludo Information</b>	<p>Information about the Alludo Group provided or approved by Alludo BidCo in writing for inclusion in this Transaction Booklet, being the following:</p> <ul style="list-style-type: none"><li>• Section 5 (Key features of the Alludo Takeover Offer);</li><li>• Section 7 (Information on Alludo);</li><li>• the following questions in Section 2 (Frequently Asked Questions):<ul style="list-style-type: none"><li>– Who is Alludo?</li><li>– How is Alludo funding the Alludo Scheme Consideration and the Alludo Takeover Offer Consideration?</li><li>– What will happen to Nitro if the Alludo Scheme becomes Effective and is implemented?</li><li>– Can I accept the Alludo Takeover Offer now?</li><li>– What happens if Alludo receives acceptances under the Alludo Takeover Offer for greater than 50% but less than 90%?</li></ul></li></ul>

## 13. GLOSSARY AND INTERPRETATION *(continued)*

Term	Meaning
<b>Alludo Information</b> <i>continued</i>	<ul style="list-style-type: none"> <li>• Section 10.3 (Institutional acceptance facility);</li> <li>• Section 10.4(a) (Alludo Bidco ASIC relief);</li> <li>• Section 10.4(c) (FIRB approval);</li> <li>• Section 10.4(d) (Ex-Australian regulatory approvals); and</li> <li>• Section 11 (Alludo BidCo approval).</li> </ul>
<b>Alludo Scheme</b>	The scheme of arrangement under Part 5.1 of the Corporations Act between Nitro and the Alludo Scheme Shareholders in the form of Annexure B (or such other form agreed to in writing between Nitro and Alludo BidCo).
<b>Alludo Scheme Conditions</b>	The conditions to the Alludo Scheme set out in Section 4.3.
<b>Alludo Scheme Consideration</b>	A\$2.15 cash per Alludo Scheme Share held by an Alludo Scheme Shareholder.
<b>Alludo Scheme Meeting</b>	The meeting of Nitro Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act. The Alludo Scheme Meeting will be a hybrid meeting which can be attended in person or virtually, details of which are set out in the Notice of Meeting in Annexure D.
<b>Alludo Scheme Meeting Record Date</b>	7:00pm on 1 February 2023.
<b>Alludo Scheme Record Date</b>	7:00pm on the fifth Business Day after the Effective Date or such other time and date agreed to in writing between Nitro and Alludo.
<b>Alludo Scheme Resolution</b>	A resolution of eligible Nitro Shareholders to approve the Alludo Scheme, the form of which is set out in the Notice of Meeting in Annexure D of this Transaction Booklet.
<b>Alludo Scheme Shareholder</b>	A person registered in the Nitro Share Register as the holder of one or more Alludo Scheme Shares at the Alludo Scheme Record Date.
<b>Alludo Scheme Shares</b>	The Nitro Shares on issue as at the Alludo Scheme Record Date.
<b>Alludo Takeover Offer</b>	The off-market takeover offer under Chapter 6 of the Corporations Act.
<b>Alludo Takeover Offer Conditions</b>	The conditions of the Alludo Takeover Offer set out in Section 5.8.
<b>Alludo Takeover Offer Consideration</b>	A\$2.15 cash per Alludo Takeover Share.
<b>Alludo Takeover Offer Period</b>	The period within which the Alludo Takeover Offer is open for acceptance in accordance with this Transaction Booklet and the Corporations Act.
<b>Alludo Takeover Register Date</b>	Means the date set by Alludo BidCo under section 633(2) of the Corporations Act, being 14 December 2022.
<b>Alludo Takeover Shares</b>	<p>A Nitro Share:</p> <ul style="list-style-type: none"> <li>• held by a Nitro Shareholder as at the Alludo Takeover Register Date; and</li> <li>• held by a person who is able to give good title at the time of acceptance of the Alludo Takeover Offer during the Alludo Takeover Offer Period.</li> </ul>
<b>Alludo Transaction</b>	Means the Alludo Scheme and the Alludo Takeover Offer, and either the Alludo Scheme or the Alludo Takeover (as the context requires).

Term	Meaning
<b>Amending Deed</b>	The amending deed dated 12 December 2022 amending the Implementation Deed.
<b>Antitrust and Foreign Investment Laws</b>	<p>Means:</p> <ul style="list-style-type: none"> <li>the Sherman Act, 15 U.S.C. §§ 1-7, as amended; the Clayton Act, 15 U.S.C. §§12-27, 29 U.S.C. §§ 52-53, as amended;</li> <li>the Federal Trade Commission Act, 15 U.S.C. §§ 41-58, as amended; and</li> <li>all other applicable foreign or domestic laws issued by a Government Agency as listed below: <ul style="list-style-type: none"> <li>the Cypriot Commission for the Protection of Competition pursuant to the Control of Concentrations between Undertakings Law (83(I)/2014) and The Protection of Competition Law of 2022;</li> <li>the Serbian Commission for the Protection of Competition pursuant to the Law on the Protection of Competition (51/2009 and 95/2013);</li> <li>the Turkish Competition Authority pursuant to the Act 4054 on the Protection of Competition (1994);</li> <li>the Moroccan Council for Competition pursuant to Law No 104-12 of 30 June 2014, Decree No 2-14-652 of 1 December 2014, Law No 20-13 of 30 June 2014 and Decree No 2-15-109 4 June 2015; and</li> <li>the Trinidad and Tobago Fair Trading Commission pursuant to the Fair Trading Act, 2006 (Chap 81:13),</li> </ul> </li> </ul> <p>that are designed or intended to:</p> <ul style="list-style-type: none"> <li>prohibit, restrict or regulate actions having the purpose or effect of monopolisation or restraint of trade or lessening of competition through merger or acquisition; or</li> <li>restrict, govern or regulate the acquisition of control or influence over persons licensed by any Governmental Authority, including through foreign investment control.</li> </ul>
<b>ARR</b>	Annual recurring revenue, which 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.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASIC Class Order</b>	An instrument issued by ASIC to exempt a class of persons from certain provisions of the Corporations Act.
<b>Associate</b>	Has the meaning set out in sections 12(2) and 16 of the Corporations Act on the basis that each reference to “designated body” is read as a reference to “Nitro” or “Alludo” (as applicable). For the avoidance of doubt, this term does not include a reference to “associates” for the purposes of, or as defined in, the tax law including the ITAA 1936 and the ITAA 1997.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as “ASX” operated by it.
<b>ASX Listing Rules</b>	The listing rules of ASX.
<b>ASX Settlement</b>	ASX Settlement Pty Ltd (ACN 008 504 532) or the clearing and settlement facility operated it, as the context requires.

## 13. GLOSSARY AND INTERPRETATION *(continued)*

Term	Meaning
<b>ASX Settlement Operating Rules</b>	The operating rules of ASX Settlement or of any relevant organisation which is an alternative or successor to or replacement of, ASX Settlement or of any applicable CS Facility Licensee.
<b>Break Fee</b>	A\$5 million.
<b>Business Day</b>	Any day that is each of the following: (a) a Business Day within the meaning given in the ASX Listing Rules; and (b) a day that banks are open for business in Sydney, Australia and New York, United States of America.
<b>CHESS</b>	The Clearing House Electronic Sub-register System, which provides for electronic security transfer in Australia.
<b>CHESS Holding</b>	A holding of Nitro Shares on the CHESS sub-register of Nitro (usually a CHESS Holding will be through a Controlling Participant).
<b>Competing Proposal</b>	<p>Means any transaction, arrangement, proposal, offer or expression of interest in relation to a transaction or arrangement, whether existing before, on or after 15 November 2022 (including for the avoidance of doubt any transaction, arrangement, or any proposal, offer or expression of interest out of or in connection with the Potentia Takeover Offer) but excluding any Nitro Shares that Potentia Capital acquired or agreed to acquire before 15 November 2022, while that shareholding is less than 20%), which if entered into or completed, would mean that a person other than Alludo or its Associates would:</p> <ol style="list-style-type: none"> <li>acquire (whether directly or indirectly) or become the holder of a legal, beneficial and/or economic interest in, all or a substantial part of the business or assets of the Nitro Group taken as a whole;</li> <li>acquire a Relevant Interest in, or otherwise acquire or have a right to acquire a legal, beneficial and/or economic interest in, 20% or more of the shares or other securities of Nitro or any other member of the Nitro Group;</li> <li>acquire control of Nitro or any other member of the Nitro Group within the meaning of section 50AA of the Corporations Act or otherwise acquire or merge with Nitro or any other member of the Nitro Group; or</li> <li>cause Nitro or Alludo not to proceed with the Alludo Transaction or as a result of which the Alludo Transaction otherwise would not proceed,</li> </ol> <p>whether by way of the Alludo Scheme, the Alludo Takeover Offer, shareholder approved transaction, capital reduction or buy-back, sale or purchase of shares or assets, joint venture, dual-listed company structure (or other synthetic merger), or other transaction or arrangement.</p>
<b>Compulsory Acquisition</b>	Means the compulsory acquisition by Alludo of Nitro Shares pursuant to Chapter 6A of the Corporations Act.
<b>Computershare</b>	Computershare Investor Services Pty Limited (ACN 078 279 277).
<b>Conditions</b>	The Alludo Scheme Conditions and the Alludo Takeover Offer Conditions, and <b>Condition</b> means any one of them, as set out in Sections 4.3 and 5.9 and Clause 3.1 and Item 7 of Schedule 1 of the Implementation Deed.
<b>Confirmation Notice</b>	Has the meaning given in Section 10.3(b).
<b>Control</b>	Has the meaning given in section 50AA of the Corporations Act.

Term	Meaning
<b>Controlling Participant</b>	In relation to your Nitro Shares has the same meaning as in the ASX Settlement Operating Rules. Usually your Controlling Participant is a person, such as a stockbroker, with whom you have a sponsorship agreement (within the meaning of the ASX Settlement Operating Rules).
<b>Corporations Act</b>	The <i>Corporations Act 2001</i> (Cth), as modified or varied by any applicable ASIC Class Order, ASIC legislative instrument or ASIC relief.
<b>Court</b>	The Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing between Nitro and Alludo BidCo.
<b>Court Approval Date</b>	The date when the Court grants its approval to the Alludo Scheme under section 411(4) of the Corporations Act.
<b>CS Facility Licensee</b>	A person who holds a license under the Corporations Act that authorises the person to operate a clearing and settlement facility.
<b>Data Room</b>	The electronic data room which was established on behalf of Nitro at <a href="http://www.ansarada.com">www.ansarada.com</a> as at 5:00pm on 14 November 2022 and which has the contents set out in an electronic index provided to Alludo's legal Advisor on the date of the Implementation Deed.
<b>Deed Poll</b>	The deed poll provided by Alludo attached as Annexure C.
<b>Director or Nitro Director</b>	A director of Nitro.
<b>Disclosure Letter</b>	The letter identified as such provided by Nitro to Cascade Parent Limited and countersigned by or on behalf of Cascade Parent Limited on or prior to the date of the Implementation Deed and any document identified in that letter as having been disclosed to Cascade Parent Limited, subject to such document having been Fairly Disclosed in the Due Diligence Material.
<b>Due Diligence Material</b>	The information disclosed by or on behalf of the Nitro Group (including in response to requests for information) to Alludo or its Associates through the Data Room.
<b>Effective</b>	The coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Alludo Scheme.
<b>Effective Date</b>	The date on which the Alludo Scheme becomes Effective.
<b>eID</b>	Electronic identification.
<b>Eligible Institutional Shareholder</b>	Nitro Shareholders who are professional investors (as defined in section 9 of the Corporations Act) that hold or beneficially own at least 250,000 Nitro Shares (approximately A\$500,000 worth), as described in Section 10.3.
<b>End Date</b>	The later of: <ul style="list-style-type: none"> <li>a. the date that is nine months after the date of the Implementation Deed, which is 15 August 2023; and</li> <li>b. such other date and time agreed in writing between Alludo and Nitro.</li> </ul>
<b>Equity Commitment</b>	The meaning given to that term in Section 7.6(b).

## 13. GLOSSARY AND INTERPRETATION *(continued)*

Term	Meaning
<b>ESS Awards</b>	Has the meaning given in Section 6.7(d).
<b>ESS Securities</b>	All the following securities in the capital of Nitro: <ol style="list-style-type: none"> <li>performance rights;</li> <li>performance shares;</li> <li>restricted share awards;</li> <li>non-executive director share rights; and</li> <li>options,</li> </ol> issued under the ESS Plan Rules, the terms of which have been Fairly Disclosed in the Due Diligence Material, as described in Section 6.7.
<b>ESS Participants</b>	Nitro employees, managers and directors who are eligible to participate under the ESS Plan Rules and to receive ESS Securities.
<b>ESS Plan Rules</b>	In relation to: <ol style="list-style-type: none"> <li>Nitro Options, the Employee Share Option Plan;</li> <li>Nitro Restricted Share Awards, Nitro Performance Rights and Nitro Performance Shares, the Employee Equity Incentive Plan; and</li> <li>Nitro NED Share Rights, the Non-Executive Director Share Rights Plan.</li> </ol>
<b>ESS Trust</b>	The Nitro Employee Share Trust, being the trust in which Unquoted Treasury Shares are held by the ESS Trustee for ESS Participants.
<b>ESS Trustee</b>	Solium Nominees (Australia) Pty Limited (ACN 600 142 541).
<b>Fairly Disclosed</b>	Disclosed in sufficient detail to enable a reasonable and sophisticated person experienced in the industries in which the Nitro Group operates or transactions similar to the Alludo Transaction to identify the nature and scope of the relevant matter.
<b>FATA</b>	The <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth).
<b>FIRB</b>	The Australian Foreign Investment Review Board.
<b>First Court Date</b>	The first day on which an application made to the Court for orders under section 411(1) of the Corporations Act that the Alludo Scheme Meeting be convened is heard or, if the application is adjourned for any reason, the day on which the adjourned application is heard.
<b>First Supplementary Target's Statement</b>	The first supplementary target's statement to the Target's Statement lodged by Nitro on 12 December 2022.
<b>FY2020</b>	The financial year ending 31 December 2020.
<b>FY2021</b>	The financial year ending 31 December 2021.
<b>FY2022</b>	The financial year ending 31 December 2022.
<b>Government Agency</b>	Any Australian or foreign government or governmental, semi-governmental or judicial entity or authority. It also includes any government minister (and his or her delegate), any self-regulatory organisation established under statute or any securities exchange and, for the avoidance of doubt, includes ASIC, FIRB, ACCC and equivalent bodies in jurisdictions outside Australia.



Term	Meaning
<b>GRR</b>	Gross retention rate.
<b>GST</b>	Goods and services tax or similar value added tax levied or imposed under the GST Law.
<b>GST Law</b>	Has the meaning given to it in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>GTM</b>	Go-to-market.
<b>H1 FY22</b>	The first half of the financial year ending 31 December 2022.
<b>H2 FY23</b>	The second half of the financial year ending 31 December 2023.
<b>HarbourVest</b>	HarbourVest Partners Co-Investment VI Aggregator L.P.
<b>Headcount Test</b>	Has the meaning given in Section 4.4 of this Transaction Booklet.
<b>Implementation Date</b>	The fifth Business Day after the Alludo Scheme Record Date or such other date agreed to in writing between Nitro and Alludo.
<b>Implementation Deed</b>	The implementation deed dated 15 November 2022 between Nitro and Cascade Parent Limited and as released to ASX on 15 November 2022, as amended by the Amending Deed.
<b>Independent Expert</b>	Kroll Australia Pty Ltd (ACN 116 738 535).
<b>Independent Expert's Report</b>	The report and related financial services guide prepared by the Independent Expert, as set out in Annexure A.
<b>Initial Potentia Proposal</b>	An unsolicited, conditional, and non-binding indicative proposal from Potentia Capital (through TGC LL), together with HarbourVest, to acquire 100% of the issued capital of Nitro at A\$1.58 cash per Nitro Share dated 30 August 2022.
<b>Initial Potentia Takeover Offer</b>	On 28 October 2022, through Technology Growth Capital LLC (a special purpose vehicle controlled by Potentia Capital), Potentia Capital announced its intention to make a conditional takeover offer at A\$1.80 cash per Nitro Share which offer was made to Nitro Shareholders on 11 November 2022.
<b>Institutional Acceptance Facility</b>	The facility described in Section 10.3.
<b>Institutional Acceptance Facility Operator</b>	Computershare Clearing Pty Limited (ACN 063 826 228).
<b>KYC</b>	Know Your Customer.
<b>Last Practicable Trading Date</b>	15 December 2022, being the last practicable trading date before the date of this Transaction Booklet.

## 13. GLOSSARY AND INTERPRETATION *(continued)*

Term	Meaning
<b>Material Adverse Change</b>	<p>Any event, occurrence or matter (whenever occurring or arising) which has resulted in, or is reasonably likely to result in, either individually or when aggregated with all such events, occurrences or matters (whenever occurring or arising):</p> <ol style="list-style-type: none"> <li>a reduction in the annual recurring revenue (measured on a consistent basis) of the Nitro Group at the end of any given month to a level that is less than US\$52,500,000 measured on a consistent basis in accordance with the methodology adopted by the Nitro Group as at the date of the Implementation Deed; or</li> <li>the cash balance of the Nitro Group decreasing to less than US\$12,000,000, other than as a direct result of an event, occurrence, or matter:</li> <li>required or expressly permitted by the Implementation Deed or the Alludo Scheme;</li> <li>which Alludo BidCo has previously approved or requested in writing;</li> <li>relating to up to US\$10,000,000 of third party costs and expenses incurred by Nitro associated with the Alludo Transaction, including fees payable to external advisers of Nitro, to the extent such amounts or comparable estimates of such amounts are Fairly Disclosed in the Due Diligence Materials or the Disclosure Letter (with, for the avoidance of doubt, the lesser of such amounts and US\$10,000,000 to be excluded when calculating any decrease in Nitro's cash balance for the purpose of limb (b) of this definition);</li> <li>to the extent that it was Fairly Disclosed in the Due Diligence Material or the Disclosure Letter;</li> <li>arising from any change in any law or change in the Accounting Standards after the date of the Implementation Deed;</li> <li>arising from general economic, industry or political conditions or changes in those conditions (including financial market fluctuations, changes in interest rates or changes in foreign currency exchange rates) after the date of the Implementation Deed in the markets and jurisdictions in which Nitro operates, other than where such conditions or changes have a materially disproportionate effect on the Nitro Group as compared to other participants in the industry in which the Nitro Group operates; or</li> <li>arising from an act of terrorism, war (whether declared), natural disaster or the like after the date of the Implementation Deed.</li> </ol>
<b>NED</b>	Non-Executive Director.
<b>Nitro or Target</b>	Nitro Software Limited (ACN 079 215 419).
<b>Nitro Board or Board</b>	The board of directors of Nitro from time to time.
<b>Nitro Constitution</b>	The constitution of Nitro, as amended from time to time.
<b>Nitro Group</b>	Nitro and each of its Related Bodies Corporate. A reference to a member of the Nitro Group is a reference to Nitro or any such Related Bodies Corporate.
<b>Nitro Information</b>	The information contained in this Transaction Booklet, other than the Alludo Information and the Independent Expert's Report (excluding the information provided by Nitro to the Independent Expert).

Term	Meaning
<b>Nitro NED Share Rights</b>	The share rights granted to certain Non-Executive Directors of Nitro under the ESS Plan Rules.
<b>Nitro Performance Rights</b>	Each performance right issued to certain eligible Nitro employees under the ESS Plan Rules.
<b>Nitro Performance Shares</b>	Each performance share issued to certain eligible Nitro employees under the ESS Plan Rules.
<b>Nitro Prescribed Occurrence</b>	Any of the occurrences set out in Schedule 4 of the Implementation Deed other than an occurrence: <ul style="list-style-type: none"> <li>a. required or expressly permitted by the Implementation Deed or the Alludo Scheme;</li> <li>b. to the extent that it was Fairly Disclosed in the Due Diligence Material or the Disclosure Letter;</li> <li>c. required by law or by an order of a court or Government Agency; or</li> <li>d. consented to in writing by Alludo.</li> </ul>
<b>Nitro Productivity Platform</b>	As described in Section 6.2(a).
<b>Nitro Options</b>	Means each option issued to certain eligible Nitro employees under the ESS Plan Rules.
<b>Nitro Restricted Share Awards</b>	Each restricted share award issued to certain eligible Nitro employees under the ESS Plan Rules.
<b>Nitro Securities</b>	Nitro Shares and ESS Securities.
<b>Nitro Shares or Share</b>	A fully paid ordinary share in Nitro.
<b>Nitro Shareholder</b>	A person who is registered as the holder of a Nitro Share in the Nitro Share Register.
<b>Nitro Shareholder Information Line</b>	1300 381 572 (within Australia) or +61 2 9066 4082 (outside Australia) between 9:00am and 5:00pm Monday to Friday.
<b>Nitro Share Register</b>	The register of Nitro Shareholders kept by Nitro maintained in accordance with the Corporations Act.
<b>Nitro Share Registry</b>	Means the manager from time to time of the Nitro Share Register (currently Computershare).
<b>Nitro's Website</b>	<a href="https://ir.gonitro.com/Investor-Centre/">https://ir.gonitro.com/Investor-Centre/</a>
<b>Nominee Directions</b>	Has the meaning given in Section 10.3(b).
<b>Notice of Meeting</b>	The Notice of Meeting contained in Annexure D.
<b>Notice of Status of Conditions</b>	Alludo's notice disclosing the status of the conditions of the Alludo Takeover Offer, which is required to be given under section 630(3) of the Corporations Act.
<b>Operating EBITDA</b>	Means 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 Nitro without the non-cash impact of depreciation and amortisation, and before share-based compensation, interest and taxation.

## 13. GLOSSARY AND INTERPRETATION *(continued)*

Term	Meaning
<b>Potentia Capital</b>	Potentia Capital Management Pty Ltd (ACN 630 264 210).
<b>Potentia Bidder's Statement</b>	The bidder's statement dated 28 October 2022 lodged by Potentia Capital with ASIC in relation to the Potentia Takeover Offer together with the first supplementary bidder's statement dated 11 November 2022 and the Second Supplementary Potentia Bidder's Statement dated 8 December 2022.
<b>Potentia Takeover Offer</b>	The takeover offer by Potentia Capital (through TGC LLC) to acquire all of the Nitro Shares on the terms and conditions set out in the Potentia Bidder's Statement, as subsequently varied in accordance with the Corporations Act.
<b>Potentia Takeover Offer Period</b>	The period within which the Potentia Takeover Offer is open for acceptance in accordance with the Potentia Bidder's Statement and the Corporations Act.
<b>Proxy Form</b>	The Proxy Form which accompanies this Transaction Booklet.
<b>Q3 FY21</b>	The third quarter of the financial year ended 31 December 2021.
<b>Q3 FY22</b>	The third quarter of the financial year ending 31 December 2022.
<b>Q4 FY22</b>	The fourth quarter of the financial year ending 31 December 2022.
<b>Related Bodies Corporate</b>	Has the meaning set out in section 50 of the Corporations Act.
<b>Relevant Interest</b>	Has the meaning given in sections 608 and 609 of the Corporations Act.
<b>Removal Date</b>	Has the meaning given in Section 7.5(c).
<b>Requisite Majority</b>	In relation to the Alludo Scheme Resolution, a resolution passed by: <ul style="list-style-type: none"> <li>• unless the Court orders otherwise, a majority in number (more than 50%) of eligible Nitro Shareholders present and voting at the Alludo Scheme Meeting (whether in person or by duly appointed proxy, attorney or corporate representative); and</li> <li>• at least 75% of the total number of votes cast on the Alludo Scheme Resolution at the Alludo Scheme Meeting by eligible Nitro Shareholders present and voting (whether in person or by duly appointed proxy, attorney or corporate representative).</li> </ul>
<b>Rights</b>	All rights or benefits attaching or arising from Nitro Shares directly or indirectly after 15 November 2022, including but not limited to, all dividends or other distributions, other than voting rights attaching to Nitro Shares during the period expiring at the later of the end of the Alludo Scheme Meeting and on the day after the date on which all of the Alludo Takeover Offer Conditions have been satisfied or waived.
<b>SaaS</b>	Software-as-a-Service.
<b>Second Court Hearing or Second Court Date</b>	The first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Alludo Scheme is heard or, if the application is adjourned for any reason, the day on which the adjourned application is heard.
<b>Second Supplementary Potentia Bidder's Statement</b>	The second supplementary bidder's statement to the Potentia Bidder's Statement dated 8 December 2022.

Term	Meaning
<b>Subsidiary</b>	<p>Has the meaning given in the Corporations Act, provided that an entity will also be taken to be a Subsidiary of another entity if it is controlled by that entity (as 'control' is defined in section 50AA of the Corporations Act) and, without limitation:</p> <ul style="list-style-type: none"> <li>• a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share;</li> <li>• an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation; and</li> <li>• an entity will also be deemed to be a Subsidiary of an entity if that entity is required by the Accounting Standards to be consolidated with that entity.</li> </ul>
<b>Superior Proposal</b>	<p>A bona fide, written Competing Proposal in relation to the acquisition of more than 50% of the issued securities of Nitro which is received by Nitro and which the Nitro Board determines, acting in good faith and in order to satisfy what the Nitro Board considers to be its fiduciary or statutory duties (and after having obtained written advice from Nitro's external legal and financial Advisers):</p> <ol style="list-style-type: none"> <li>is reasonably capable of being valued and implemented, taking into account all aspects of the Competing Proposal, including its conditions, the identity, reputation and financial condition of the person making such proposal, and all other relevant legal, regulatory and financial matters; and</li> <li>would, if completed in accordance with its terms, be more favourable to Nitro Shareholders than the latest proposal provided by Alludo or any other member of the Alludo Group, taking into account all aspects of the Competing Proposal and the latest proposal provided by Alludo or any other member of the Alludo Group to Nitro, including, in relation to each proposal, its conditions, the identity, reputation and financial condition of the person making the proposal, and all other relevant legal, regulatory and financial matters.</li> </ol>
<b>Target's Statement</b>	The target's statement lodged by Nitro with ASIC on 23 November 2022 in response to the Potentia Bidder's Statement together with the First Supplementary Target's Statement.
<b>TGC LLC</b>	Technology Growth Capital, LLC, a special purpose vehicle managed by Potentia Capital.
<b>Transaction Booklet</b>	This transaction booklet in relation to the Alludo Transaction.
<b>Treasurer</b>	The Treasurer of the Commonwealth of Australia.
<b>YTD</b>	Year to date.

## 13. GLOSSARY AND INTERPRETATION *(continued)*

### 13.2 Interpretation

In this Transaction Booklet:

- a. words of any gender include all genders;
- b. words importing the singular include the plural and vice versa;
- c. an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- d. a reference to a section or annexure, is a reference to a section of or annexure of, this Transaction Booklet as relevant;
- e. a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re enactments of any of them;
- f. headings and bold type are for convenience only and do not affect the interpretation of this Transaction Booklet;
- g. a reference to time is a reference to Australian Eastern Daylight Time (AEDT) time unless otherwise specified;
- h. a reference to dollars, \$ and US\$ is to US currency;
- i. a reference to A\$ is a reference to Australian currency;
- j. an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia; and
- k. the words 'include', 'including', 'for example' or 'such as' when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.



# **ANNEXURE A. INDEPENDENT EXPERT'S REPORT**

# ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*

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The Directors  
Nitro Software Limited  
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21 December 2022

Dear Directors

## Part One – Independent Expert's Report

### 1 Introduction

On 15 November 2022, Nitro Software Limited (**Nitro**) entered into a binding implementation deed (**Implementation Deed**) with Cascade Parent Limited (trading as Alludo), an entity controlled by Kohlberg Kravis Roberts & Co. L.P. (**KKR**), and nominated Rocket BidCo Pty Ltd to acquire 100% of Nitro Shares at A\$2.00 cash per Nitro Share.

On 12 December 2022, the Implementation Deed was amended to reflect Alludo's improved proposal of A\$2.15 per Nitro Share. Alludo proposes to:

- acquire 100% of the Nitro Shares by way of a scheme of arrangement (**Alludo Scheme**) at A\$2.15 cash per Nitro Share (**Alludo Scheme Consideration**); and
- make a simultaneous off market takeover offer (**Alludo Takeover Offer**) at A\$2.15 cash per Nitro Share (**Alludo Takeover Offer Consideration**), conditional on (among other things) the Alludo Scheme not proceeding and 50.1% minimum acceptance condition<sup>1</sup>

(together, the **Alludo Transaction**).

An overview of the Alludo Scheme is provided in Section 5.1 of this report and Section 4 of the Transaction Booklet and an overview of the Alludo Takeover Offer is provided in Section 5.1 of this report and Section 5 of the Transaction Booklet. The Alludo Scheme and Alludo Takeover Offer are subject to certain conditions as set out in Section 5.3 of this report and Sections 4.3 and 5.9 of the Transaction Booklet, respectively.

The Alludo Transaction is the result of a process that commenced on 31 August 2022, when Nitro announced that Potentia Capital Management Pty Ltd (**Potentia Capital**), an Australian-based private equity firm, had acquired an interest in Nitro of 17.0%<sup>2</sup> and submitted an unsolicited, highly conditional, and non-binding proposal to acquire 100% of Nitro Shares at A\$1.58 per Nitro Share (**Initial Potentia Proposal**). The Nitro Board unanimously rejected the Initial Potentia Proposal as not being in the best interests of Nitro Shareholders.

On 28 October 2022, Potentia Capital through Technology Growth Capital LLC (**TGC**), announced its intention to make a conditional takeover offer at A\$1.80 cash per Nitro Share (**Initial Potentia Takeover Offer**).

<sup>1</sup> Unless waived.

<sup>2</sup> On 31 August 2022, Potentia Capital announced a combined economic and Relevant Interest of 16.95% in Nitro. As at the date of this report, Potentia Capital has a Relevant Interest of 19.31% in Nitro.





On 31 October 2022, the Nitro Board agreed to a transaction with Alludo at A\$2.00 per Nitro Share (**Initial Alludo Transaction**) and unanimously rejected the Initial Potentia Takeover Offer as not being in the best interests of Nitro Shareholders.

On 18 November 2022, Nitro announced that it had received a confidential, conditional and non-binding proposal from Potentia Capital on 17 November 2022 (**Revised Potentia Proposal**). Nitro advised that the Revised Potentia Proposal was not, and could not have been reasonably considered to become, a Superior Proposal to the Alludo Transaction, as defined in the Implementation Deed. In particular, the Revised Potentia Proposal did not offer Nitro Shareholders any specific improved value for their shares, nor did it provide any detail as to the nature or terms of the potential scrip offer and it would remain subject to the uncertainties of due diligence to the satisfaction of Potentia Capital. The Nitro Board continued to recommend that Nitro Shareholders reject and take no action in relation to the Initial Potentia Takeover Offer.

Kroll prepared an independent expert's report dated 23 November 2022 evaluating the Initial Potentia Takeover Offer. A copy of the independent expert's report was included in the target's statement lodged by Nitro with ASIC on 23 November 2022. In our report, we concluded that the Initial Potentia Takeover Offer was neither fair nor reasonable to Nitro Shareholders.

On 8 December 2022, Potentia Capital lodged a second supplementary bidder's statement, increasing its offer price to A\$2.00 per Nitro Share and introducing a potential new scrip alternative. The Potentia Takeover Offer Period was also extended to 8 January 2023 (**Potentia Takeover Offer**). As at the date of this report, Potentia Capital has not provided any further details to Nitro on the potential scrip alternative. The Potentia Takeover Offer is subject to the same conditions applicable to the Initial Potentia Takeover Offer.

Nitro announced on 12 December 2022 that Nitro had entered into a binding Amendment Deed with Alludo in respect of the Implementation Deed, increasing the offer price under the Alludo Transaction to A\$2.15 cash per Nitro Share and that the Nitro Board has determined that the Alludo Transaction is superior to the Potentia Takeover Offer and therefore unanimously recommends that Nitro Shareholders reject the Potentia Takeover Offer.

An overview of the various offers from Potentia Capital is provided in Section 5.2 of this report and full details were included in the Potentia Bidder's Statement<sup>3</sup> and Target's Statement.<sup>4</sup>

Potentia Capital and its associates (including TGC) have a relevant interest in 19.81% of the quoted Nitro Shares on issue<sup>5</sup> and Potentia Capital has stated in the Potentia Bidder's Statement that it will vote all Nitro Shares against a competing scheme proposal and not accept any of those Nitro Shares into any competing takeover proposal. The Alludo Transaction structure has been designed to provide the best chance of success.

Nitro is a global software company focused on document productivity, workflow and digital transformation. It provides comprehensive Software-as-a-Service (**SaaS**) solutions in PDF software, document management and electronic signatures to more than 1.1 million subscription licensed users and 13,000+ business customers across 175 countries. Nitro is listed on the Australian Securities Exchange (**ASX**), and as at 29 August 2022, the last undisturbed trading day prior to the announcement of the Initial Potentia Proposal, Nitro had a market capitalisation of A\$276.0 million.<sup>6</sup>

Alludo is a North American-headquartered provider of virtualisation, productivity and professional-calibre graphic solutions for digital remote workforces. Alludo's portfolio of software solutions, including Parallels, CorelDRAW, MindManager and WinZip, enables individuals and teams to ideate, create and share on any device, anywhere. The ultimate parent company of Alludo is KKR, a private equity and real estate investment firm listed on the New York Stock Exchange (**NYSE**) with approximately US\$496 billion in assets under management as at 30 September 2022.

<sup>3</sup> Bidder's statement dated 28 October 2022 lodged with the Australian Securities and Investments Commission (**ASIC**) together with the first supplementary bidder's statement dated 11 November 2022 and second supplementary bidder's statement dated 8 December 2022.

<sup>4</sup> Target's statement lodged by Nitro with ASIC on 23 November 2022 in response to the Potentia Bidder's Statement together with the first supplementary target's statement lodged by Nitro on 12 December 2022.

<sup>5</sup> Potentia's Relevant Interest excludes the 6,283,923 Unquoted Treasury Shares on issue by Nitro. As per the Transaction Booklet, unquoted Treasury Shares are voting shares as defined in Section 9 of the Corporations Act meaning that Potentia's adjusted Relevant Interest in Nitro is 19.31% as the date of the Transaction Booklet and this report. Further information on the unquoted Treasury Shares is set out in section 8.8 of this report.

<sup>6</sup> Calculated as the closing share price of A\$1.13 multiplied by 244,274,872 quoted Nitro Shares outstanding as per the ASX Notification of Cessation of Securities on 22 August 2022.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



The Alludo Scheme is subject to approval by Nitro Shareholders at a meeting (**Alludo Scheme Meeting**) to be held on 3 February 2023, as well as approval by the Court. Nitro Shareholders registered on 1 February 2023 will be entitled to attend and vote on the Alludo Scheme Resolution. For the Alludo Scheme to proceed, the resolution must be approved by at least 75% of the total number of votes cast by eligible Nitro Shareholders and more than 50% by number of eligible Nitro Shareholders present and voting (in person or by proxy) at the Alludo Scheme Meeting.

If the Alludo Scheme is not approved by Nitro Shareholders or the Court, the Alludo Takeover Offer, which is subject to a 50.1% minimum acceptance condition (among other conditions),<sup>7</sup> will be relevant. The Alludo Takeover Offer opens on 21 December 2022 and closes on 3 March 2022 unless extended or withdrawn.

The Nitro Board unanimously recommends that Nitro Shareholders vote in favour of the 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.

The directors of Nitro (**Nitro Directors**), have appointed Kroll Australia Pty Ltd (**Kroll**), to prepare an independent expert's report setting out whether, in our opinion:

- the Alludo Scheme is in the best interests of Nitro Shareholders in the absence of a Superior Proposal; and
- the Alludo Takeover Offer is fair and reasonable to Nitro Shareholders in the absence of a Superior Proposal.

This report sets out Kroll's opinion as to the merits or otherwise of the Alludo Scheme and Alludo Takeover Offer and will be included in the Transaction Booklet prepared by Nitro to be sent to Nitro Shareholders.

Further information regarding Kroll, as it pertains to the preparation of this report, is set out in Appendix 1.

Kroll's Financial Services Guide is contained in Part Two of this report.

## 2 Scope of report

The Alludo Transaction is to be implemented by way of a scheme of arrangement under Section 411 of the Corporations Act 2001 (Cth) (**Corporations Act**) or a takeover offer under the Alludo Takeover Offer.

A scheme of arrangement requires approval of Nitro Shareholders. Section 412(1) of the Corporations Act requires that an explanatory statement issued in relation to a proposed scheme of arrangement includes information that is material to the making of a decision by a creditor or member as to whether or not to approve the scheme (being information which is within the knowledge of the directors and has not previously been disclosed to the members).

Part 3 Schedule 8 of the Corporations Regulations specifies that the information to be lodged with ASIC must include a report prepared by an expert:

- if the other party to a reconstruction in a scheme of arrangement holds at least 30% of the company; or
- where the parties to the reconstruction have common Directors.

Similarly, Section 640 of the Corporations Act states that a target's statement made in response to a takeover offer for shares in an Australian listed entity must be accompanied by an independent expert's report if:

- the bidder's voting power in the target is 30% or more; or
- where the parties to the transaction have common Directors.

In this case, a statutory requirement for an independent expert's report does not apply since:

- Alludo's shareholding in Nitro is less than 30%; and
- the directors of Alludo are not directors of Nitro.

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<sup>7</sup> Unless waived.



In undertaking our work, we have referred to guidance provided by ASIC in its Regulatory Guides in particular, Regulatory Guide 111 'Content of expert reports' (**RG 111**) which outlines the principles and matters which it expects a person preparing an independent expert report to consider.

Further details of the relevant technical requirements and the basis of assessment in forming our opinion are set out in Section 6 of this report.

### 3 Opinion

#### 3.1 Background

Nitro is a global provider of digital transformation SaaS solutions with more than 1.1 million subscription licensed users and over 13,000 business customers across 175 countries. Nitro's Productivity Platform includes Portable Document Format (**PDF**) productivity tools, secure eSigning and digital identity capabilities, and analytics.

In 2016, a strategic decision was made to pivot Nitro to a B2B SaaS model resulting in a shift from lower margin perpetual licenses to higher margin enterprise subscription-based contracts. This has led to an increase in annual recurring revenue (**ARR**)<sup>8</sup> reducing volatility in revenue. Subsequent to this change in strategy, Nitro has continued to develop its software platform and extended capabilities through strategic acquisitions, accelerating growth in both revenue and ARR.

In addition, the global document productivity software industry is growing in response to COVID-19 pandemic-driven digitisation. The COVID-19 pandemic forced businesses to re-arrange operations to enable productivity during restrictive containment measures including social distancing, remote working and the closure of commercial activities. The industry continues to experience tailwinds following the pandemic as organisations continue to prioritise digital engagement and Information Technology (**IT**) budgets increase.

Structural industry tailwinds of remote work, digitisation transformation and the shift to high-trust eSignatures, are expected to provide continued and improved opportunities for Nitro going forward.

Notwithstanding the success of Nitro's transition to subscription-based revenue and structural industry tailwinds, Nitro continues to incur operating losses and negative cash flows as it invests in scale and capabilities. In addition, while the FY22 guidance indicates continued strong growth in ARR and notwithstanding the continued and improved opportunities for Nitro, there is uncertainty that historical growth rates will continue to be achieved.

Furthermore, Nitro operates in a rapidly evolving and increasingly competitive industry. Nitro is of a smaller scale relative to the dominant incumbents Adobe Inc. (**Adobe**) and DocuSign Inc. (**DocuSign**), and the current market environment of higher interest rates, inflation and fears of a recession may impact the profitability of competitors differently.

As competitors are continually striving to provide new and improved technologies, solutions and innovative offerings in a bid to capture market share, there is a risk this could lead to Nitro's existing product and service offerings being superseded, substantially impacting Nitro's performance and requiring additional investment to remain competitive.

From late November 2021 until the announcement of the Initial Potentia Proposal on 31 August 2022, there was a downward market re-rating of negative cash flow technology stocks, particularly in the eSigning segment and general share market volatility. The Nitro share price declined by 70.9% from A\$3.88 to A\$1.13 over this period.

Despite generating negative cash flows and experiencing a significant decline in its share price, Nitro continues to achieve significant revenue growth and has provided guidance that it expects free cash flow to achieve breakeven in the second half of FY23. These factors combine to make it an attractive asset as reflected in the offers from both Potentia Capital and Alludo.

<sup>8</sup> 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.



### 3.2 Summary of opinion

**In our opinion, in the absence of a Superior Proposal, the Alludo Scheme is in the best interests of Nitro Shareholders and the Alludo Takeover Offer is fair and reasonable to Nitro Shareholders.**

In arriving at this opinion, we have assessed whether the Alludo Transaction is:

- **fair**, by comparing the Alludo Scheme Consideration and Alludo Takeover Offer Consideration to our assessed value of a Nitro Share on a controlling interest basis. This approach is in accordance with the guidance set out in RG 111. Our assessment of fairness includes the consideration available under the Potentia Takeover Offer; and
- **reasonable**, by assessing the implications of the Alludo Scheme and Alludo Takeover Offer for Nitro Shareholders, the alternatives to the Alludo Transaction that are available to Nitro, and the consequences for Nitro Shareholders of not approving the Alludo Scheme or accepting the Alludo Takeover Offer.

**We have assessed the value of a Nitro Share on a controlling interest basis to be in the range A\$2.00 to A\$2.20. As the Alludo Scheme Consideration and Alludo Takeover Offer Consideration of A\$2.15 fall within our assessed value range for a Nitro Share, the Alludo Scheme and Alludo Takeover Offer are fair to Nitro Shareholders.**

The Alludo Transaction is the outcome of events that commenced on 31 August 2022, when Nitro announced that Potentia Capital had acquired an interest in Nitro of 17.0%<sup>9</sup> and submitted the Initial Potentia Proposal and culminated in Nitro and Alludo entering into the Implementation Deed on 15 November 2022 and Implementation Deed - Amending Deed on 12 December 2022. The process undertaken by Nitro and the existence of multiple competing proposals from Potentia Capital and Alludo is such that it is reasonable to conclude that the consideration under the Alludo Transaction reflects the full underlying value of Nitro. On this basis, even before a fundamental valuation of Nitro, in our view, it is likely that the Alludo Transaction represents fair value.

The most reliable evidence as to the value of a business or asset is the price at which that business or asset has been bought and sold in an arm's length transaction. RG111.86 (e) indicates that it is appropriate for an expert to consider using as a methodology "any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets." Consequently, Kroll has considered the A\$2.00 consideration under the Potentia Takeover Offer as a primary indication of the amount that Nitro could achieve in an arm's length transaction.

In addition, in assessing a value of a Nitro Share, Kroll has had regard to a range of valuation methodologies, including a Market Approach (multiples of forward revenue and historical ARR) and an Income Approach (discounted cash flow (DCF) analysis).

In forming our view as to the value of Nitro Shares, we have considered a range of factors including Nitro's market position in the provision of PDF productivity and eSigning software, the transitioning of the company to target enterprise and mid-market businesses which generates recurring revenue, the recent and expected strong growth in revenue and ARR, as well as strong industry tailwinds and high barriers to entry. We have balanced these factors by taking into consideration that Nitro is currently loss making and generates significant cash outflows, it is of relatively small scale, and there is considerable uncertainty as to whether Nitro will continue to achieve high growth rates.

Our valuation range assumes that Nitro continues to deliver on its go-to-market strategy, achieving strong revenue and ARR growth rates. Kroll assumes that Nitro will require approximately US\$15.0 million of cash to support the operations of the business prior to it becoming cash flow positive.

Our analysis of the fairness of the Alludo Scheme and Alludo Takeover Offer is detailed further in Section 3.3 of this report.

In accordance with RG 111, an offer is reasonable if it is fair. As we have assessed the Alludo Scheme and Alludo Takeover Offer to be fair, they are also reasonable. Regardless of this requirement, we have considered a range of other factors that are relevant to an assessment of the reasonableness of the Alludo Scheme and Alludo Takeover Offer, including:

<sup>9</sup> On 31 August 2022, Potentia Capital announced a combined economic and Relevant Interest of 16.95% in Nitro. As at the date of this report, Potentia Capital has a Relevant Interest of 19.31% in Nitro.



- the Alludo Scheme Consideration and Alludo Takeover Offer Consideration represent a significant premium to trading in Nitro Shares prior to the announcement of the Initial Potentia Proposal;
- the consideration under the Alludo Transaction provides certainty as to the pre-tax amount that Nitro Shareholders will receive;
- Nitro Shareholders have been able to sell their shares on market at a price that is greater than the consideration under the Alludo Transaction reflecting market speculation that a Superior Proposal will emerge;
- the Nitro share price is likely to fall in the absence of the Alludo Transaction, a Competing Proposal<sup>10</sup> (including from Potentia Capital) or speculation regarding a Competing Proposal;
- Potentia Capital has indicated it will vote all Nitro Shares against a competing proposal and not accept any of those Nitro Shares into a competing takeover proposal. Given Potentia Capital's existing 19.81% shareholding and the voting thresholds required to approve the Alludo Scheme and Alludo Takeover Offer, there is a possibility that these thresholds will not be met;<sup>11</sup>
- if the Alludo Transaction is successful, Nitro Shareholders will not participate in any future growth in the value of Nitro;
- the likelihood of a Superior Proposal emerging from Potentia Capital is uncertain. The likelihood of a Superior Proposal emerging from a party other than Potentia Capital and Alludo is considered low;
- there will be implications for shareholders who do not accept the Alludo Takeover Offer if Alludo acquires 50.1% or more but less than 90% of Nitro Shares under the Alludo Takeover Offer; and
- in the event that the Alludo Transaction is not successful, Nitro will continue to operate in its current form and as discussed, its share price is likely to fall.

Other matters which Nitro Shareholders should consider in assessing the Alludo Scheme and Alludo Takeover Offer include:

- the Alludo Takeover Offer has a 50.1% minimum acceptance condition and only limited other conditions. Under the Alludo Transaction, if the conditions precedent are not satisfied the transaction will not be implemented; and
- the tax implications of the Alludo Transaction.

Our analysis of the reasonableness of the Alludo Transaction is detailed further in Section 3.4 of this report. The decision to accept the Alludo Transaction is a matter for individual Nitro Shareholders based on their views as to value, expectations about future market conditions and their particular circumstances, including investment strategy and portfolio, risk profile and tax position. If in doubt, Nitro Shareholders should consult their own professional adviser regarding the action they should take in relation to the Alludo Transaction.

### **3.3 The Alludo Scheme and Alludo Takeover Offer are fair**

#### **3.3.1 Valuation of Nitro**

Kroll has assessed the value of Nitro in the range of A\$2.00 to A\$2.20 per Nitro Share on a fully diluted basis.<sup>12</sup> Our range of assessed values reflects 100% ownership of Nitro and, therefore, incorporates a control premium. As our valuation includes a control premium, our range of assessed values per share exceeds the price at which we expect Nitro's shares would trade on the ASX in the absence of the Alludo Transaction, a Superior Proposal or speculation regarding a Superior Proposal.

The most reliable evidence as to the value of a business or asset is the price at which that business or asset has been bought and sold in an arm's length transaction. RG111.86 (e) indicates that it is appropriate for an expert to consider using as a methodology "any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets." Consequently, Kroll has considered the A\$2.00 consideration under the Potentia Takeover Offer as a primary indication of the amount that Nitro could achieve in an arm's length transaction.

<sup>10</sup> As defined in the Transaction Booklet.

<sup>11</sup> Potentia's Relevant Interest excludes the 6,283,923 Unquoted Treasury Shares on issue by Nitro.

<sup>12</sup> This includes all of the 251,567,415 fully paid shares on issue, plus 13,520,965 shares issued to ESS Participants, less 9,469,384 Treasury Shares currently held in the NEST.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



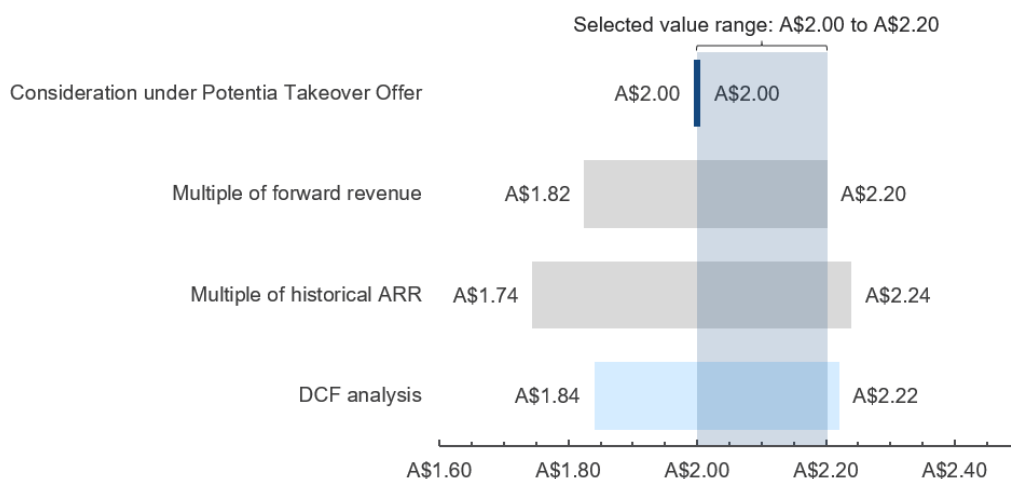
In assessing a value of a Nitro Share, Kroll has had regard to the following valuation methodologies:

- Market Approach: multiples of forward revenue and multiples of historical ARR (Section 9.3 of this report); and
- Income Approach: DCF analysis (used as a cross-check) (Section 9.5).

The value of a Nitro Share has been determined by estimating the market value of Nitro's operating business together with surplus cash to determine the value of equity in US dollars. The US dollar equity value has been divided by the diluted number of Nitro Shares and the resulting value per Nitro Share has been converted into Australian dollars at an exchange rate in the range of A\$1=US\$0.65 to A\$1=US\$0.70 to allow for the movement in the spot rate.

The valuation outcomes and Kroll's selected value range are summarised in the following chart.

### Valuation Summary (per Nitro Share)



Source: Kroll analysis.

Our selected value range of A\$2.00 to A\$2.20 per Nitro Share reflects a premium over the closing price of Nitro Shares immediately prior to the announcement of the Initial Potentia Proposal of between 77.0% and 94.7%, and a premium to the six-month volume weighted average price (VWAP) prior to the Initial Potentia Proposal in the range of 55.0% to 70.5%. A portion of this premium reflects that our valuation of Nitro includes a control premium, rather than a valuation of a minority interest in the company as traded on the ASX. The premium is above the premiums observed in completed transactions, which are broadly in the range of 25% to 40%, depending on the individual circumstances.<sup>13</sup> In this regard, we note that synergies available to strategic buyers of Nitro are potentially material, with the ability to integrate Nitro's products into an existing suite of productivity software solutions, delivering higher revenue growth through immediate scale, access to a wider customer base, and cross-selling opportunities. A strategic buyer may also be able to save a portion of marketing costs and other corporate overheads and any acquirer would potentially save public company costs.

However, in our opinion, the premium is also likely to reflect the negative re-rating of cash flow negative technology stocks, particularly in the eSigning segment, since late 2021. From 17 November 2021 until 29 August 2022, the last undisturbed trading day before the Initial Potentia Proposal, the DocuSign closing share price declined by 78.3% from US\$267.12 to US\$58.00 and the Nitro closing share price declined by 70.9% from A\$3.88 to A\$1.13. Therefore, it is likely that the Nitro share price was depressed in the lead up to the announcement of the Initial Potentia Proposal.

<sup>13</sup> 2022 Mergerstat Review. Range represents median premium from 2012 to 2021. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.





In forming our view as to the value of Nitro Shares we have considered a series of factors including:

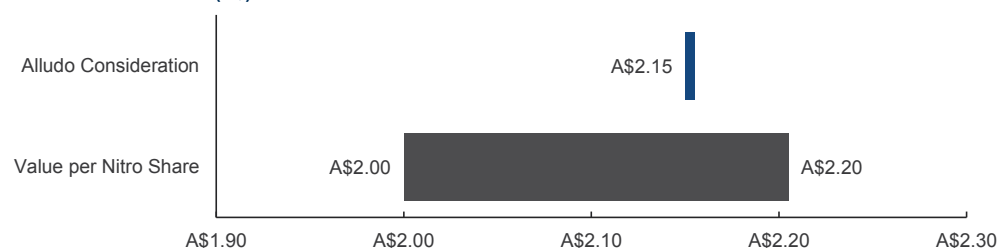
- strong industry tailwinds, with a large addressable market that is growing due to the continued trend of remote working, shifting organisation IT priorities and budgets towards digital transformation and high-trust eSigning;
- Nitro's growth in revenue and ARR, as a result of these industry tailwinds, the transition to a subscription based model, and recent restructure of its go-to-market strategy;
- Nitro's operating losses and cash outflows. There is no certainty that the recent strong revenue growth will continue to be achieved;
- the valuation assumes that Nitro does not require additional capital to execute its strategy in the short term but that it will require the use of a portion of its existing cash of US\$29.2 million as at 30 September 2022 to support operations until Nitro becomes operating cash flow positive; and
- Nitro's substantial carried forward income tax losses, however, recognising that the ability to utilise them is uncertain and it is unlikely that an acquirer would attribute significant value to them.

It should also be noted that a valuation of Nitro in the current macroeconomic and geopolitical environment is complex and requires judgement as to the outlook for markets and the global economy.

### 3.3.2 Assessment of fairness

A comparison of our assessed value of a Nitro Share, on a control basis, to the Alludo Scheme Consideration and Alludo Takeover Offer Consideration is illustrated as follows.

#### Fairness Assessment (A\$)



Source: Kroll analysis

Note: Alludo Consideration refers to both the Alludo Scheme Consideration and Alludo Takeover Offer Consideration.

As the Alludo Scheme Consideration and Alludo Takeover Offer Consideration fall within our range of values for a Nitro Share, **the Alludo Scheme and Alludo Takeover Offer are fair.**

### 3.4 The Alludo Scheme and Alludo Takeover Offer are reasonable

In accordance with RG 111, an offer is reasonable if it is fair. **As we have assessed the Alludo Scheme and Alludo Takeover Offer to be fair, they are also reasonable.** However, irrespective of the requirement to conclude that they are reasonable, we have also considered a range of other factors that are relevant to an assessment of the reasonableness of the Alludo Scheme and Alludo Takeover Offer.

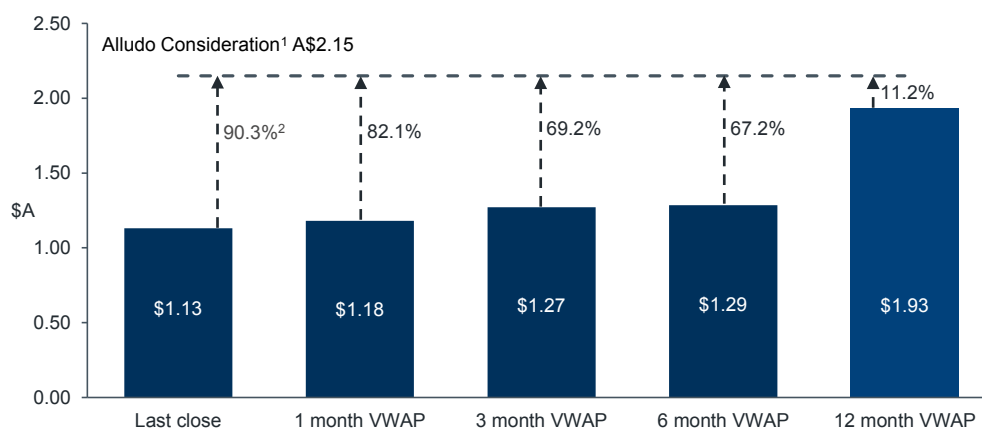
#### 3.4.1 The Alludo Scheme Consideration and Alludo Takeover Offer Consideration represent a substantial premium to pre-proposal trading in Nitro Shares

The A\$2.15 Alludo Scheme Consideration and Alludo Takeover Offer Consideration represent a substantial premium to Nitro's closing price and VWAP calculated over a range of periods up until 29 August 2022, the last undisturbed trading day prior to the announcement of the Initial Potentia Proposal.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



### Premium of Alludo Scheme Consideration and Alludo Takeover Offer Consideration over Nitro Share Price



Source: Kroll analysis

Notes:

1. Alludo Consideration refers to both the Alludo Scheme Consideration and Alludo Takeover Offer Consideration.
2. The premiums illustrated above have been calculated based on the closing price and VWAP of Nitro Shares up until 29 August 2022, being the last undisturbed trading day prior to the announcement of the Initial Potentia Proposal.

The premiums to trading prices over a one month, three month and six month period are at the high end of or above the range of premiums typically observed. We note that:

- observations from transaction evidence indicates that control premiums are broadly in the range of 25% to 40% for completed transactions depending on the individual circumstances.<sup>14</sup> However, in transactions where it was estimated the combined entity would be able to achieve significant synergies, the premium was frequently estimated to be in excess of this range. It is expected that Alludo could achieve significant synergies if it were to acquire 100% of Nitro;
- the premium likely reflects the competitive tension between Potentia Capital and Alludo; and
- the Alludo Scheme Consideration and Alludo Takeover Offer Consideration are 44.6% lower than the highest closing price within the 12 months preceding the Initial Potentia Proposal, of A\$3.88 on 17 November 2021 and are also materially below the A\$3.43 price at which Nitro raised equity in November 2021. We note that from then until 29 August 2022, the last undisturbed trading day before the Initial Potentia Proposal, Nitro's share price declined steeply, consistent with the negative re-rating of negative cash flow technology stocks, particularly in the eSigning segment. During this period, the DocuSign share price declined by 78.3% and the Nitro share price declined by 70.9%. Therefore, it is likely that the Nitro share price was depressed in the lead up to the announcement of the Initial Potentia Proposal.

### 3.4.2 Certainty of value

The Alludo Transaction provides Nitro Shareholders with an opportunity to exit their investment in Nitro at a price that is certain, without incurring transaction costs and which, as noted above, incorporates a substantial premium to trading prices prior to the Initial Potentia Proposal.

Whilst trading of Nitro Shares is sufficient to give Nitro Shareholders confidence that they would be able to exit their investment at a time of their choosing, there is no certainty as to the price at which Nitro Shareholders would realise their investment at that time.

Any future on-market sale by Nitro Shareholders would likely incur transaction costs, which would be avoided if the Alludo Transaction is accepted.

<sup>14</sup> 2022 Mergerstat Review. Range represents median premium from 2012 to 2021. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.



### 3.4.3 Nitro Shareholders will receive the consideration under the Alludo Scheme earlier than under the Alludo Takeover Offer

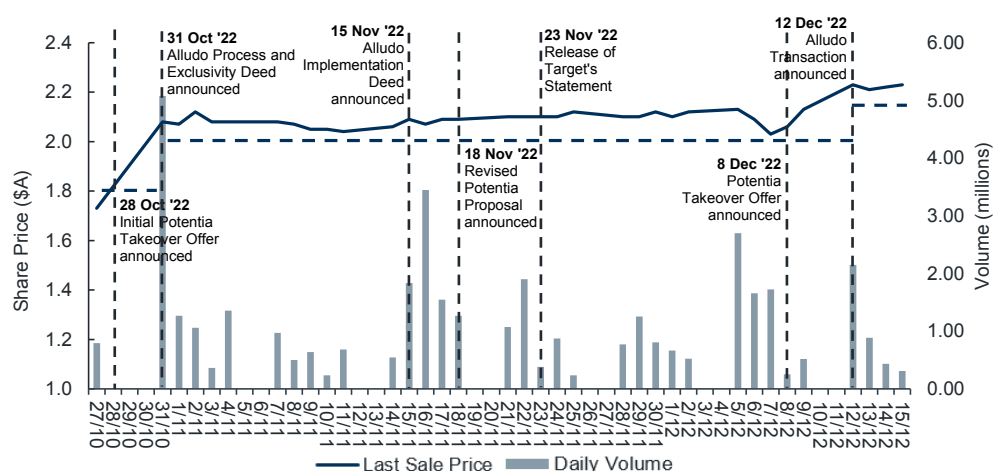
Currently, there is a difference in the timing of the payment of the Alludo Scheme Consideration and Alludo Takeover Offer Consideration under the different offers:

- based on the timetable in the Transaction Booklet, Nitro Shareholders would be paid the Alludo Scheme Consideration on the Implementation Date under the Alludo Scheme (being late February 2023); and
- if the Alludo Scheme is not approved, based on the timetable in the Transaction Booklet, Nitro Shareholders who accept the Alludo Takeover Offer would be paid the Alludo Takeover Offer Consideration in late March 2023 in accordance with the timing required under the Corporations Act (being the earlier of one month after the offer is accepted and 21 days after the end of the offer period).

### 3.4.4 Nitro Shareholders have been able to sell their Nitro Shares on market at a price that is greater than the consideration under the Alludo Transaction, reflecting market speculation that a Superior Proposal will emerge

From the announcement of the Alludo Transaction on 12 December 2022 until 15 December 2022, Nitro Shares traded above the Alludo Scheme Consideration and Alludo Takeover Offer Consideration of A\$2.15, reflecting continued market speculation that a Superior Proposal will emerge.

#### Trading in Nitro Shares since 27 October 2022



Source: S&P Capital IQ, Kroll analysis.

As a consequence, it has been possible for Nitro Shareholders to sell their Nitro Shares on market for a price that is higher than the consideration under the Alludo Transaction, however, this may not continue.

### 3.4.5 The Nitro share price will likely fall in the absence of the Alludo Transaction, a Competing Proposal<sup>15</sup> (including from Potentia Capital) or speculation regarding a Competing Proposal

Nitro Shares have been trading above the consideration offered under the Initial Alludo Transaction (A\$2.00 per Nitro Share) since 31 October 2022, and above the consideration under the Alludo Transaction (A\$2.15 per Nitro Share) since 12 December 2022. This likely reflects market expectation that a Superior Proposal will emerge.

Should the Alludo Transaction not proceed or a Competing Proposal (including from Potentia Capital) or speculation concerning a Competing Proposal not arise, the Nitro share price is likely to fall to levels consistent with trading prior to the announcement of the Initial Potentia Proposal, with an allowance for:

- subsequent announcements in relation to company specific initiatives or financial performance which the market may assess as value enhancing;

<sup>15</sup> As defined in the Transaction Booklet.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



- any industry developments, for example, concerning competition or regulation; and
- the impact of trends in broader equity markets. In this regard, from 29 August 2022 (the last undisturbed trading day prior to the announcement of the Initial Potentia Proposal) until 15 December 2022, the S&P/ASX All Ordinaries Index increased by 2.7% and the S&P/ASX All Technology Index decreased by 0.5%.

### 3.4.6 Potentia Capital has indicated it will vote against a competing proposal

Potentia Capital, which at the time of this report holds a relevant interest in 19.81% of the shares in Nitro,<sup>16</sup> has made a public statement that it will vote all Nitro Shares that it owns or controls at the relevant time against a competing scheme proposal and not accept any of those Nitro Shares into any competing takeover proposal.

Given the shareholding of Potentia Capital, and given the requirement for a Scheme to be passed by at least 75% of the total number of votes cast at the Alludo Scheme Meeting, there is a significant risk that the Alludo Scheme will not be approved.

However, at that point, Nitro Shareholders will still have an opportunity to sell their shares into the Alludo Takeover Offer, which is subject to the 50.1% minimum acceptance condition. Since Potentia Capital has stated that it will not accept the Alludo Takeover Offer, this means that other shareholders owning more than 60% of the remaining shares not owned by Potentia Capital would need to accept the Alludo Takeover Offer unless Alludo waives this minimum acceptance condition.

This risk that the minimum acceptance condition is not satisfied or Alludo does not waive this condition should be considered.

### 3.4.7 There will be implications for shareholders who do not accept the Alludo Takeover Offer if Alludo acquires 50.1% or more but less than 90% of Nitro Shares under the Alludo Takeover Offer

If the Alludo Scheme is not successful, then the Alludo Takeover Offer will be relevant. The Alludo Takeover Offer requires minimum acceptance of Nitro Shareholders who own at least 50.1% of Nitro Shares (Alludo has reserved the right to waive this condition). Given Potentia Capital's 19.81% interest in Nitro, there is a likelihood that Alludo will not be able to achieve compulsory acquisition (which requires a 90% shareholding threshold). Therefore, it is possible that Alludo could own between 50.1% and less than 90.0% of the Nitro Shares.

If this occurs, Alludo will have control of Nitro and is likely to exercise its rights over control of Nitro by implementing a number of changes. Alludo's intentions should it acquire less than 90% of Nitro Shares are set out in Section 7.5 (c) of the Transaction Booklet and summarised as follows:

- Alludo will not be supportive of the continued listing of Nitro on the ASX and while the decision to remove Nitro from the ASX lies with the Nitro Board, Alludo will actively encourage Nitro to apply for removal from the ASX to the extent it is able to do so consistently with ASX guidance;
- Alludo will nominate a majority of Directors to the Nitro Board;
- Alludo may acquire additional Nitro Shares under the 'creep' provisions of the Corporations Act (3% every six months);
- dividends will be at the sole discretion of the Nitro Board; and
- Nitro's business will be conducted in substantially the same manner in which it currently operates.

Nitro Shareholders who decide not to accept the Alludo Takeover Offer and, therefore, retain their Nitro Shares should be aware of the following key considerations:

- they will remain exposed to the risks to which Nitro is exposed, including risks associated with the future growth and profitability;
- Alludo will be in a position to cast the majority of votes at a general meeting of Nitro. This will enable it to control the composition of the Nitro Board and senior management, which would allow its nominees on the Nitro Board to determine strategic direction of the business, capital management and dividend policy;

<sup>16</sup> Potentia's Relevant Interest excludes the 6,283,923 Unquoted Treasury Shares on issue by Nitro.



- Nitro's share price is likely to fall immediately following the end of the Alludo Takeover Offer Period in the absence of a Superior Proposal or speculation regarding a Superior Proposal and will no longer include a control premium;
- the Nitro business will remain subject to a number of listing and other compliance costs associated with Nitro remaining an ASX-listed company, assuming that Nitro remains an ASX-listed entity;
- Nitro may be required to raise capital to sustain its loss-making business operations and to fund the one-off transaction costs that may be incurred;
- liquidity of Nitro Shares may be lower than at present and there is a risk that Nitro could be fully or partially removed from certain S&P/ASX market indices due to a lack of free float and/or liquidity;
- if the number of Nitro Shareholders is less than that required by ASX Listing Rules to maintain an ASX listing then Alludo has stated that it intends to seek to have Nitro removed from the official list of ASX. If this occurs, Nitro Shares will not be able to be bought or sold on ASX;
- Nitro will incur approximately US\$10 million in transaction costs in relation to the Alludo Takeover Offer; and
- the prospects of receiving a fully priced offer in the future for their investment in Nitro would be greatly reduced.

If Alludo does succeed in acquiring 50.1% or more of Nitro Shares and declares the Alludo Takeover Offer unconditional, any remaining Nitro Shareholders who have not accepted the Alludo Takeover Offer should carefully consider their position prior to the Alludo Takeover Offer closing.

If Alludo acquires at least 75% but less than 90% of Nitro Shares, it will be able to pass a special resolution of Nitro. This will enable Alludo to, among other things, change the Nitro Constitution and remove Nitro from the official list of the ASX.

If Alludo acquires at least 90% of Nitro Shares, it will be able to compulsorily acquire any Nitro Shares for which it has not received acceptances under the Alludo Takeover Offer on the same terms as the Alludo Takeover Offer.

#### **3.4.8 By exiting their investment in Nitro, Nitro Shareholders will not participate in any future growth in the value of Nitro**

By exiting their investment in Nitro, Shareholders will not participate in any other takeover bid or Superior Proposal that may be made for Nitro Shares, or in the future growth in the value of Nitro, should a transaction not proceed. However, Nitro Shareholders will no longer be exposed to the risks associated with Nitro.

#### **3.4.9 The likelihood of a Superior Proposal emerging from Potentia Capital is uncertain. The likelihood of a Superior Proposal emerging from a party other than Potentia Capital and Alludo is considered low**

As discussed, the market is currently speculating that a Superior Proposal will emerge as indicated by Nitro Shares trading above A\$2.15. Whilst there will continue to be an opportunity for a Superior Proposal (i.e. superior to the Alludo Transaction), we consider the likelihood of a Superior Proposal to be impacted by the following:

- Potentia Capital has already increased its offer price a number of times, from A\$1.58 to A\$2.00 (by 26.6%) in aggregate. The likelihood of a Superior Proposal emerging in future from Potentia Capital is uncertain;
- Potentia Capital currently has a relevant interest in Nitro Shares of approximately 19.81%.<sup>17</sup> This may deter other potential bidders (other than Alludo) as the interest is large enough to be a blocking stake to compulsory acquisition;<sup>18</sup> and
- the Alludo Transaction represents a significant premium to recent trading prices immediately preceding the announcement of the Initial Potentia Proposal. This is likely to limit the range of potential acquirers, given the need for a competing bid to exceed these offer prices.

It is likely to be influential for an alternative bidder that under the Implementation Deed, Nitro is restricted from either soliciting or entering into discussions with third parties in relation to competing proposals (subject

<sup>17</sup> Potentia's Relevant Interest excludes the 6,283,923 Unquoted Treasury Shares on issue by Nitro.

<sup>18</sup> The compulsory acquisition threshold is 90% ownership.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



to customary fiduciary carve out exceptions). Nitro is also required to notify Alludo should it become aware of any competing proposal and Alludo has a right to match a competing proposal.<sup>19</sup> Further, in certain circumstances, Nitro is required to pay a break fee to Alludo of A\$5.0 million. Although the likelihood of a Superior Proposal is impacted by these terms, it does not preclude a competing proposal from being made. We note that the Nitro Board retains a carve-out in relation to its fiduciary duty to consider the merits of a competing proposal should it arise.

### 3.4.10 Other considerations

In forming our opinion, we have also considered a number of other factors. Whilst we do not necessarily consider these factors to impact our assessment of the reasonableness of the Alludo Transaction, we have addressed them as follows.

#### The Alludo Transaction is subject to the satisfaction of certain conditions

There are certain conditions which, if not satisfied, will result in the Alludo Transaction not being implemented. A comparison of the relevant conditions are as follows:

Alludo Scheme	Alludo Takeover Offer
<ul style="list-style-type: none"><li>Nitro Shareholder Approval: 75% shareholder vote with more than 50% of shareholders voting;</li><li>Court approval;</li><li>Australian Foreign Investment Review Board (FIRB) and other regulatory approvals;</li><li>ASIC/ ASX waivers;</li><li>No restraints, material adverse change or prescribed occurrence;</li><li>The independent expert concluding (and continuing to conclude) that the Alludo Scheme is in the best interests of Nitro Shareholders; and</li><li>the treatment of Nitro Employee Share Scheme (ESS) Securities in accordance with terms of the Implementation Deed and otherwise on terms acceptable to Alludo (acting reasonably).</li></ul>	<ul style="list-style-type: none"><li>Alludo achieving acceptances from Nitro Shareholders representing at least 50.1% of the Nitro Shares on issue (on a fully diluted basis);</li><li>the Alludo Scheme is not approved by Nitro Shareholders or the Court;</li><li>FIRB and other regulatory approvals;</li><li>no material adverse change or prescribed occurrence;</li><li>the treatment of ESS Securities in accordance with terms of the Implementation Deed and otherwise on terms acceptable to Alludo (acting reasonably); and</li><li>the Implementation Deed not being terminated by Alludo due to material breach of the Implementation Deed by Nitro.</li></ul>

#### Taxation implications for Nitro Shareholders

General tax implications for Australian tax resident and non-resident shareholders who hold their Nitro Shares on capital account are outlined in Section 9 of the Transaction Booklet.

Section 9 of the Transaction Booklet considers the implications of accepting the Alludo Scheme and Alludo Takeover Offer for both resident and non-resident Nitro Shareholders who hold their shares on capital account. In particular, the disposal of Nitro Shares will be a capital gains tax event for resident Nitro Shareholders. This means that resident Nitro Shareholders will need to determine whether a capital gain or a capital loss arises in respect of their disposal of Nitro Shares. Non-resident Nitro Shareholders will need to determine their own tax outcomes but depending on their circumstances may not be subject to any capital gains tax from the disposal of their Nitro Shares.

We note that Nitro Shareholders should consider their individual taxation circumstances and review Section 9 of the Transaction Booklet for further information where it applies to their circumstances. Nitro Shareholders should obtain their own independent professional advice on the tax consequences of disposing of their Nitro Shares under the Alludo Scheme and Alludo Takeover Offer.

<sup>19</sup> Refer to the Implementation Deed, Section 13.7.

#### 3.4.11 Consequences if the Alludo Scheme and Alludo Takeover Offer do not proceed

In the event that the Alludo Scheme and Alludo Takeover Offer are not successful or any conditions precedent prevent them from being implemented:

- Nitro Shareholders will continue to be exposed to the risks and benefits associated with an investment in Nitro, including risks associated with the future growth and profitability;
- the Nitro share price will likely fall (refer to Section 3.4.7); and
- Nitro will incur approximately US\$6 million in transaction costs in relation to the Alludo Transaction.

## 4 Other matters

Our report has also been prepared in accordance with the relevant provisions of the *Corporations Act 2001* (Cth) (the **Corporations Act**) and other applicable Australian regulatory requirements and has been prepared solely for the purpose of assisting Nitro Shareholders in considering the Alludo Transaction. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

This report constitutes general financial product advice and has been prepared without taking into consideration the individual circumstances of Nitro Shareholders. This advice, therefore, does not consider the financial situation, objectives or needs of individual Nitro Shareholders.

The decision of Nitro Shareholders as to whether or not to approve the Alludo Scheme or accept the Alludo Takeover Offer is a matter for individual shareholders who should, therefore, consider the appropriateness of our opinion to their specific circumstances. As an individual's decision to approve the Alludo Scheme or accept the Alludo Takeover Offer may be influenced by their particular circumstances, we recommend that individual Nitro Shareholders, including residents of foreign jurisdictions, seek their own independent professional advice.

The report presents financial data predominantly in US dollars (**US\$**), Nitro's reporting currency, unless otherwise stated. Share prices are denominated in Australian dollars (**A\$**). References to a financial year have been abbreviated to FY. For Nitro, this represents the 12 months to 31 December.

Our opinion is based solely on information available as at the date of this report. This information, and our limitations and reliance on information section, are set out in Appendix 2. We have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

Kroll has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is included at the end of this report.

The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this report, including the appendices.

Yours faithfully



Ian Jedlin  
Authorised Representative



Celeste Oakley  
Managing Director

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



Independent Expert's Report  
and  
Financial Services Guide  
in relation to the proposed acquisition of Nitro Software Limited



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## 5 The Proposals

### 5.1 The Alludo Transaction

On 31 October 2022, Nitro announced that Cascade Parent Limited, trading as Alludo, had made a proposal through one of its subsidiaries to acquire 100% of the Nitro Shares by way of a scheme of arrangement at A\$2.00 cash per Nitro Share. Alludo indicated it was also willing to proceed with an off-market takeover bid with a 50.1% minimum acceptance condition, offering A\$2.00 per Nitro Share. Also on 31 October 2022, Nitro and Alludo entered into a Process Deed, pursuant to which Nitro granted Alludo a 21-day period of exclusivity (subject to customary fiduciary carve-outs) for confirmatory due diligence and negotiation of definitive agreements.

On 15 November 2022, Nitro announced that it had entered into the Implementation Deed with Alludo, and nominated Rocket BidCo Pty Ltd to acquire 100% of Nitro Shares at A\$2.00 cash per Nitro Share.

In response to the Potentia Takeover Offer, on 12 December 2022, the Implementation Deed was amended to reflect Alludo's improved proposal of A\$2.15 per Nitro Share. Under the Alludo Transaction, Alludo proposes to:

- acquire 100% of the Nitro Shares by way of the Alludo Scheme at A\$2.15 cash per Nitro Share; and
- simultaneously, make the Alludo Takeover Offer at A\$2.15 cash per Nitro Share, conditional on (among other things) the Alludo Scheme not proceeding and 50.1% minimum acceptance condition.

An overview of the Alludo Scheme is provided in Section 4 of the Transaction Booklet and an overview of the Alludo Takeover Offer is provided in Section 5 of the Transaction Booklet. The Alludo Transaction is subject to limited conditions as set out in Section 5.3 of this report and Sections 4.3 and 5.9 of the Transaction Booklet, respectively.

The Nitro Board has determined the Alludo Transaction to be superior to the Potentia Takeover Offer of A\$2.00 per Nitro Share and unanimously recommends that Nitro Shareholders vote in favour of the 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.

### 5.2 The Potentia proposals

On 31 August 2022, Nitro announced that it had received the Initial Potentia Proposal, an unsolicited, highly conditional and non-binding indicative proposal from the Potentia Capital to acquire 100% of the Nitro Shares<sup>20</sup> at A\$1.58 cash per Nitro Share. The proposal was unanimously rejected by the Nitro Board as not being in the best interests of Nitro Shareholders.

On 28 October 2022, Potentia Capital made a statement that it was intending to make an off-market takeover bid through TGC to acquire all the Nitro Shares that it does not already own at A\$1.80 cash per Nitro Share (Initial Potentia Takeover Offer). Potentia Capital stated that the offer price is final except where a competing proposal emerges or Potentia Capital is provided with access to full customary legal and financial due diligence analysis of the business and assets of Nitro. Potentia Capital disclosed that together with its co-investor HarbourVest Partners, LLC and associates (including TGC) it had relevant interests in 19.8% of the quoted Nitro Shares on issue as at 2 September 2022.

Full details of the Initial Potentia Takeover Offer are included in the bidder's statement lodged with ASIC on 28 October 2022, and the target's statement issued by Nitro dated 23 November 2022.

Kroll prepared an independent expert's report dated 23 November 2022 evaluating the Initial Potentia Takeover Offer. A copy of the independent expert's report was included in the target's statement lodged by Nitro with ASIC on 23 November 2022. In our report, we concluded that the Initial Potentia Takeover Offer was neither fair nor reasonable to Nitro Shareholders.

On 31 October 2022, the Nitro Board agreed to a transaction with Alludo at A\$2.00 per Nitro Share (Initial Alludo Transaction) and unanimously rejected the Initial Potentia Takeover Offer as not being in the best interests of Nitro Shareholders.

On 18 November 2022, Nitro announced that it had received the Revised Potentia Proposal, a confidential, conditional and non-binding proposal from Potentia Capital on 17 November 2022. The Revised Potentia

<sup>20</sup> The Initial Potentia Takeover Offer extends to Nitro Shares on issue and Nitro Shares that are issued on exercise of the Nitro Equity Securities between the Register Date and the end of the Offer Period.





Proposal stated that Potentia Capital would like to engage with Nitro in relation to a potential increase in the cash offer price under the Initial Potentia Takeover Offer and that Potentia Capital believed that access to Nitro due diligence information may have enabled it to meet or exceed the cash offer price under the Alludo Transaction of A\$2.00 cash per Nitro Share. Potentia Capital stated that it was also willing to vary its offer by offering scrip in an Australian public company that was part of Potentia Capital's bidding group to Nitro Shareholders.

Nitro advised that the Revised Potentia Proposal was not, and could not have reasonably been considered to become, a Superior Proposal to the Alludo Transaction, as defined in the Implementation Deed. In particular, the Revised Potentia Proposal did not offer Nitro Shareholders any specific improved value for their shares, nor did it provide any detail as to the nature or terms of the potential scrip offer and it would remain subject to the uncertainties of due diligence to the satisfaction of Potentia Capital. The Nitro Board continued to recommend that Nitro Shareholders reject and take no action in relation to the Initial Potentia Takeover Offer.

On 8 December 2022, Potentia Capital lodged a second supplementary bidder's statement. It increased its offer price to A\$2.00 per Nitro Share and introduced a potential new scrip alternative. The Potentia Takeover Offer Period was also extended to 8 January 2023 (**Potentia Takeover Offer**). As at the date of this report, Potentia Capital has not provided any further details to Nitro on the potential scrip alternative. The Potentia Takeover Offer is subject to the same conditions applicable to the Initial Potentia Takeover Offer.

Nitro announced on 12 December 2022 that Nitro had entered into a binding Amendment Deed with Alludo in respect of the Implementation Deed, increasing the offer price under the Alludo Transaction to A\$2.15 cash per Nitro Share and that the Nitro Board has determined that the Alludo Transaction is superior to the Potentia Takeover Offer and therefore unanimously recommends that Nitro Shareholders reject the Potentia Takeover Offer.

## **5.3 Conditions precedent to the Alludo Transaction**

### **5.3.1 Alludo Scheme Conditions**

The Alludo Scheme is subject to the following key conditions:

- Nitro Shareholder Approval;
- Court approval;
- FIRB and other regulatory approvals;
- ASIC/ASX waivers;
- no restraints, material adverse change or prescribed occurrence;
- the independent expert concluding (and continuing to conclude) that the Alludo Scheme is in the best interests of Nitro Shareholders; and
- the treatment (extinguishing) of ESS Securities on terms acceptable to Alludo.

### **5.3.2 Alludo Takeover Offer Conditions**

The Alludo Takeover Offer is subject to the following key conditions:

- Alludo achieving acceptances from Nitro Shareholders representing at least 50.1% of the Nitro Shares on issue (on a fully diluted basis);
- the Alludo Scheme is not approved by Nitro Shareholders or the Court;
- FIRB and other regulatory approvals;
- no material adverse change or prescribed occurrence;
- the treatment (extinguishing) of Nitro Employee Share Scheme Securities on terms acceptable to Alludo; and
- the Implementation Deed not being terminated by Alludo due to material breach of the Implementation Deed by Nitro.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



### 5.3.3 Exclusivity provisions

The Implementation Deed contains customary exclusivity obligations that apply during the Exclusivity Period,<sup>21</sup> including 'no shop', 'no talk' (subject to customary fiduciary out exceptions) and notification obligations. There is a matching right regime in respect of any competing proposal received by Nitro. A A\$5.0 million break fee is payable to Alludo by Nitro in certain circumstances.

### 5.4 Transaction costs

Nitro will incur external transaction costs in connection with the Potentia Takeover Offer, Alludo Scheme and Alludo Takeover Offer. These transaction costs are primarily payable to Nitro's financial, legal and tax advisers, the independent expert and the Nitro Share Registry.

If the Alludo Scheme is implemented, Nitro expects to pay approximately US\$10 million (excluding GST) in transaction costs. In aggregate, if the Alludo Scheme is not implemented but the Alludo Takeover Offer becomes unconditional, Nitro expects to pay approximately US\$10 million (excluding GST) in transaction costs.

If the Alludo Scheme is not implemented and the Alludo Takeover Offer does not become unconditional, Nitro expects to pay approximately US\$6 million (excluding GST) in transaction costs.

## 6 Scope of the report

### 6.1 Purpose

The Alludo Scheme will be implemented under Section 411 of the Corporations Act and requires approval of Nitro Shareholders. Section 412(1) of the Corporations Act requires that an explanatory statement issued in relation to a proposed scheme of arrangement includes information that is material to the making of a decision by a creditor or member as to whether or not to approve the scheme.

Part 3 Schedule 8 of the Corporations Regulations specifies that the information to be lodged with the ASIC must include a report prepared by an expert:

- if the other party to a reconstruction in a scheme of arrangement holds at least 30% of the company; or
- where the parties to the reconstruction have common Directors.

The report prepared by the expert must state whether, in the expert's opinion, the proposed scheme of arrangement is in the best interests of the members of the body as a whole and set out the expert's reason(s) for forming that opinion.

Similarly, Section 640 of the Corporations Act states that a target's statement made in response to a takeover offer for shares in an Australian listed entity must be accompanied by an independent expert's report if:

- the bidder's voting power in the target is 30% or more; or
- where the parties to the transaction have common directors.

The report prepared by the expert must state whether, in the expert's opinion, the takeover offer is fair and reasonable, and give the reasons for forming that opinion.

In this case, a statutory requirement for an independent expert's report does not apply since:

- Alludo's shareholding in Nitro is less than 30%; and
- the directors of Alludo are not directors of Nitro.

Even where an independent expert's report is not strictly required by the law, it is not uncommon for directors to commission one to ensure they are providing the information that is material to the making of a decision by a creditor or member. Although not required by law, the Nitro Directors have requested Kroll prepare an independent expert's report for the Alludo Transaction.

<sup>21</sup> The Exclusivity Period means the period from and including the date of the Implementation Deed, being 15 November 2022, to the earlier of the termination of the Implementation Deed or nine months after the date of the Implementation Deed, being 15 August 2023, or such other date as may be agreed in writing between the parties.

## 6.2 Basis of assessment

We have referred to guidance provided by ASIC in its Regulatory Guides in particular, RG 111, which outlines the principles and matters which it expects a person preparing an independent expert's report to consider when providing an opinion on whether a takeover bid is fair and reasonable to shareholders or a scheme of arrangement is in the best interests of shareholders.

RG 111 distinguishes between the analysis required for control transactions and other transactions. RG 111.18 states that where a scheme of arrangement is used as an alternative to a takeover bid, the form of analysis undertaken by the expert should be substantially the same as for a takeover bid. That form of analysis considers whether the transaction is 'fair and reasonable' and, as such, incorporates issues as to value. In relation to control transactions, RG 111.10-12 states:

- 'fair and reasonable' is not regarded as a compound phrase;
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer;
- the comparison should be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash;
- the expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison; and
- an offer is 'reasonable' if it is 'fair'. An offer might be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111.13 sets out the factors an expert might consider in assessing whether an offer is reasonable:

- the bidder's pre-existing voting power in securities in the target;
- other significant shareholding blocks in the target;
- the liquidity of the market in the target's securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
- any special value of the target to the bidder, such as particular technology, etc;
- the likely market price if the offer is unsuccessful; and
- the value to an alternative bidder and likelihood of an alternative offer being made.

RG 111.20 states that if an expert would conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the scheme is 'in the best interests' of members.

RG 111.21 states that if an expert would conclude that a proposal was 'not fair but reasonable' if it was in the form of a takeover bid, it is still open to the expert to also conclude that the scheme is 'in the best interests' of the members of the company.

RG 111.11 provides that an offer is fair if the value of the consideration is equal to or greater than the value of the securities subject to the offer. This comparison can be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash and without regard to the percentage holding of the bidder or its associates in the target entity. That is, RG 111.11 requires the value of the target to be assessed as if the bidder was acquiring 100% of the issued equity (i.e. on a controlling interest basis). In addition, any special value of the 'target' to a particular 'bidder' (e.g. synergies that are not available to other bidders) should not be taken into account under the comparison.

Accordingly, when assessing the full underlying value of Nitro, we have considered those synergies and benefits which would be available to more than one potential purchaser (or a pool of potential purchasers) of Nitro. As such, we have not included the value of special benefits that may be unique to any particular acquirer.

## 7 Industry

Nitro specialises in document productivity and electronic signature software, and provides its multi-segment product platform as 'Digital-Transformation-as-a-Service'. This section provides an overview of the broader software industry and the SaaS delivery model, and more specifically, the document productivity and eSigning software markets in which Nitro operates.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



Prior to the COVID-19 pandemic, digital transformation was an emerging business priority. 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. Adoption of, and investment in productivity-enhancing digital technologies increased worldwide.<sup>22</sup> The COVID-19 pandemic and enduring hybrid work environments have led to structural change in the software industry, as software tools, workflows and analytics shift from paper to cloud, increasing the adoption of remote collaboration, productivity and workflow and eSigning software. Companies are increasingly prioritising and expediting their digital transformation efforts with digital technologies also being considered critical elements of overall business success.

### 7.1 Digital transformation

Digital transformation is a broader concept than digitisation and digitalisation. Together these three concepts broadly cover the spectrum of changing analogue processes to end-to-end, intelligent digital processes:

- **Digitisation** – describes the process of converting non-digital or analogue, paper-based workflows into a digital form;
- **Digitalisation** – refers to the process of adopting digitalised products and leveraging business intelligence to drive more business outcomes from increasingly digital workflows; and
- **Digital transformation** – involves both technological implementation and a shift in organisational culture, as business processes and models evolve to take advantage of opportunities offered by digital technology.<sup>23</sup>

Software and other new digital technologies have become important enablers of digital transformation and can change some or all aspects of existing operations to create a more efficient and effective organisation. Broad adoption and increasing demand for digital transformation has been seen across industries and sectors.

### 7.2 Software industry

The increasing popularity and need for digitisation has resulted in continued growth in the software industry, as providers seek to design and develop digital solutions to replace and advance existing tasks.

The global business software and services had an estimated market size of US\$429.6 billion in 2021 and is expected to expand at a compound annual growth rate (**CAGR**) of 11.7% from 2022 to 2030.<sup>24</sup> As noted earlier in Section 3.1 of this report, the industry continues to experience tailwinds following the COVID-19 pandemic as the trend for digitisation ramps up.

SaaS is a software licensing and distribution model of cloud computing, in which the software is centrally hosted and delivered to licenced users on a subscription basis over the internet. It has become a common delivery model for software applications across many industries as it removes the need for organisations to install, maintain and upgrade software and hardware, eliminating or significantly reducing the costs and complexities associated with proprietary, on-premise systems. SaaS models also provide superior connectivity amongst users when working in various locations as the internet is the main requirement for access. This not only helps businesses with an increasingly geographically distributed workforce but also improves the efficiency of their processes.

Other related industry terms such as Platform-as-a-Service, Infrastructure-as-a-Service, Everything/Anything-as-a-Service, and for Nitro, Digital-Transformation-as-a-Service, are being used as organisations leverage 'servitisation' by combining products and services into a single package.<sup>25</sup>

<sup>22</sup> Nitro 2021 Annual Report, page 9. Nitro's research indicated that in the first six months of the COVID-19 pandemic alone, the use of electronic signatures rose by 60% as printing decreased by 25%. Further research by Nitro, however, found that 83% of surveyed workers stated that the way their company handled digital documents had not improved significantly during the pandemic and 95% still see continued room for improvement.

<sup>23</sup> See for example: Oracle website, "What is Digital Transformation?"; Agility CMS website Article, "Digitization, Digitalization, and Digital Transformation Explained", Andre Oentoro, 11 April 2022; MoreThanDigital website, "Digitalization vs. Digital Transformation – Difference and Definition", Benjamin Talin, June 15, 2021; Nitro Prospectus page 28; Nitro FY21 Annual report page 11.

<sup>24</sup> Grand View Research, "Business Software and Services Market Size, Share & Trends Analysis Report By Software, By Service, By Deployment, By Enterprise Size, By End Use, By Region, And Segment Forecasts, 2022 – 2030", Report Overview, 2021.

<sup>25</sup> See for example: BMC blogs, The Business of IT Blog, "What is XaaS? Everything as a Service Explained", Stephen Watts, 24 November 2020.

## 7.3 Document productivity software industry

### 7.3.1 Overview

Document productivity software is application software used for producing documents, and is concerned with enhancing the productivity of document workflows by maximising the output achieved relative to user input and interaction.

The increasing necessity for remote collaboration on documents has prompted the document productivity software industry to evolve from traditional simple word processing products such as creating, editing, tracking, and printing documents, to comprehensive software suites addressing multiple document productivity needs. As technology has improved and new file formats including PDF have become standardised, document productivity products have also pivoted into more niche lines of service.

Typical user requirements vary depending on the size of the organisation, and range in breadth from creating, editing, collating, signing and sharing documents through to more advanced capabilities including collaboration, analytics, enterprise integration, security and control. Users include individuals and Small Office/Home Offices (**SOHO**) or professional consumers (**Prosumers**), small-to-medium businesses (**SMBs**), medium sized businesses (**Mid-Market**), and large, multinational enterprises and government agencies (**Enterprises**).

Two of the larger market segments within the document productivity software industry are:

- **PDF productivity** – which refers to software tools designed to enhance PDF document productivity. A PDF is a file format that allows documents to be shared, viewed and printed in a consistent format, independent of the software, hardware or operating system upon which they are viewed. PDF was first developed in the 1990s by Adobe Inc. (then Adobe Systems) and released as an open specification in 1993, allowing other software developers to create applications using the PDF format. As at July 2021, the CommonCrawl database recorded PDF as the third most popular file-format on the web (after HTML and XHTML); more popular than JPEG, PNG or GIF files;<sup>26</sup> and
- **eSigning** – which refers to software enabling the use of a legally binding electronic signature (**eSignature**) as a digital alternative to a handwritten signature. eSignature software uses data and electronic identification (**eID**) to provide secure and accurate verification. An eSignature is typically attached to an electronic document (such as a PDF file) and can benefit document productivity by reducing time spent and paper usage on manually printing, signing, and scanning documents.

Document productivity technologies have become important enablers of digital transformation by replacing legacy business processes and information flows, boosting worker productivity by providing digital collaboration tools and enabling secure transmission and dissemination of content. Benefits to increasing document productivity include lower operational and environmental costs, time savings, less compliance risk, and general streamlining of processes.<sup>27</sup>

### 7.3.2 Competitive Landscape

The global document productivity software industry and particularly the PDF productivity and eSigning market segments are serviced by two large incumbent companies, Adobe and DocuSign, and a large number of smaller players.

Market size and growth will be influenced by continued product development and redevelopment, the ability for market players to displace incumbent providers or consolidate, and 'white space' expansion with greater integration with adjacent market offerings.

An overview of the PDF productivity and eSigning markets and competitive landscapes is provided as follows.

#### PDF productivity market

The PDF productivity market has historically been dominated by Adobe and its Adobe Acrobat product. Current key competitors include Nitro, Foxit and Kofax Limited (**Kofax**), however there are also many other smaller PDF solution providers. Key points of product differentiation between market players include platform functionality and integrated features, customer service and support, and price.

<sup>26</sup> PDF Association Article, "PDF's popularity online", Duff Johnson, 10 September 2021.

<sup>27</sup> Nitro Prospectus 2019.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



- **Adobe** is the market leader and mainly focuses on enterprise customers, providing solutions for large entities with many end users. In FY21, Adobe generated US\$15.8 billion in revenue across its three product suites: Adobe Creative Cloud; Adobe Document Cloud; and Adobe Experience Cloud.<sup>28</sup>
- **Nitro** entered the PDF productivity space in 2005 and has since evolved to address the broader digital transformation market by digitising and accelerating key document workflows across a platform that includes PDF, high-trust eSign and differentiating analytics capabilities targeting Enterprise, Mid-Market and SMB customers. In FY21, generated US\$50.9 million in revenue from all Nitro products.
- **Foxit** provides PDF desktop and basic eSign products following a series of technology acquisitions between 2014 and 2017. Whilst it does not compete on price or features, offering less capability than Nitro for a higher price, Foxit's brand is recognised having been in the industry for two decades and by way of technology licensing relationships. In FY21, Foxit generated US\$83.6 million in revenue across all Foxit products.<sup>29</sup>
- **Kofax** is a private company that acquired its Power PDF product from Nuance in 2018 for US\$400 million. Kofax Power PDF Advanced offers similar features to Nitro's PDF product however it is not an integrated digital transformation platform or subscription service, and is alternatively purchased perpetually for a one-off payment. Current revenue data is not publicly available.<sup>30</sup>
- **airSlate** is a private company that operates a subsidiary called pdfFiller responsible for offering airSlate's PDF productivity software, which is web-based only. It has since acquired SignNow (2018) and offers a broad range of solutions to cover the entire document lifecycle primarily in SMB segments. In July 2022, airSlate acquired DocHub, an online PDF editor and document signing platform. airSlate's revenue data is not publicly available.

### eSigning market

Key competitors in the eSigning market include DocuSign, Adobe and Nitro. Companies such as Dropbox, airSlate and PandaDoc are also challenging for a share of the market. Key differentiation between competitors in this market include the levels of eSignatures provided,<sup>31</sup> functionality and integration with other tools and platforms, product bundling and price, and compliance tailored to specific jurisdictions.

- **DocuSign** has been the leader in eSignatures for the past two decades and focuses on enterprise support and global compliance. Features such as DocuSign's Trust Centre, ensure compliance with ESIGN, UETA and eIDAS amongst others.<sup>32</sup> DocuSign has three eSignature products: Personal, Standard; and Business Pro. In FY21, DocuSign generated US\$2.1 billion in revenue.
- **Adobe's** Acrobat Sign product benefits from leveraging other Adobe products, particularly Adobe Document Cloud, and provides document functionality and compliant public-key encryption (ESIGN, eIDAS). As noted above, Adobe generated US\$15.8 billion in FY21 in revenue from all Adobe products.
- **Nitro's** Nitro Sign product is integrated with the Nitro Productivity Platform and includes Identity Hub and Smart Docs products for ID verification and workflow. Nitro Sign supports highly local solutions that integrate with central government authentication services and adheres to general requirements across ESIGN, UETA and eIDAS regulations and offers analytics. As noted above, Nitro generated US\$50.9 million in total revenue from all products in FY21.
- **Dropbox** has Dropbox Sign (previously HelloSign) which offers an unlimited eSignature volume solution for SMBs. Dropbox Inc generated US\$2.2 billion in revenue in FY21.
- **airSlate** has its signNow product. signNow offers a broad range of eSignature features that can be integrated across many different applications.
- **PandaDoc** is a well-rounded eSignature solution that caters to common document use cases and supports both enterprise and SMB adoption. PandaDoc's revenue data is not publicly available.

In order to maintain and grow market share, market players in both PDF productivity and eSigning are integrating products with, and/or acquiring, third-party solutions and are moving into adjacent sub-markets to provide more bundled solutions for customers. Recent acquisitions include Nitro's acquisition of

<sup>28</sup> S&P Capital IQ.

<sup>29</sup> S&P Capital IQ.

<sup>30</sup> S&P Capital IQ.

<sup>31</sup> According to the Electronic Identification and Trust Services for Electronic Transactions (**eIDAS**) there are three levels of eSignature, each associated with different legal values: Simple, Advanced and Qualified.

<sup>32</sup> Refer to Section 7.3.4 for definitions of these eSigning regulation abbreviations.





Connective NV (**Connective**) and its eSigning capabilities in 2021, Adobe's acquisition of Workfront and its project management capabilities in 2020, and Dropbox Inc's acquisition of HelloSign in 2019. While Adobe and Nitro provide electronic signatures, DocuSign does not provide PDF productivity products. DocuSign has instead moved into contract lifecycle management,<sup>33</sup> and document generation through the acquisition of SpringCM Inc. (**SpringCM**) in 2018.

### 7.3.3 Barriers to entry

Existing software providers benefit from several barriers to entry, including:

- **Product development investment** – entering the software market and competing with incumbent providers requires a significant investment in time and capital: initially to design, develop, test, launch and market competitive applications and a platform; as well as ongoing investment in maintenance and enhancement of products;
- **Industry regulation** – market entrants must comply with various global industry standards regarding data security, privacy and eSignature regulation. As discussed in Section 7.3.4 of this report, eSigning regulation is more complicated and prescriptive in the European Union (**EU**) than other regions;
- **Change management costs** – customers may be reluctant to switch critical day-to-day company-wide software applications and services due to the associated cost and time investment required for IT management, training and enablement; and
- **Large incumbent market players** – Adobe and DocuSign are well-established and hold significant market share. Their strong brands create an advantage in terms of customer loyalty.

### 7.3.4 Industry regulations and standards

Multiple layers of security may be required to protect, manage and control PDF documents, and particularly eSignatures. Specific software product features such as metadata controls, digital signatures,<sup>34</sup> encryption and redaction may be required by customers for their operational needs, or by regulators to comply with various legislation and industry standards that may differ across regions. The General Data Protection Regulation (**GDPR**) in the EU in particular is considered to be the toughest privacy and security law in the world. Though it was drafted and passed in the EU, it imposes obligations on organisations anywhere they target or collect data related to people in the EU.<sup>35</sup> The failure to process personal data in accordance with the GDPR could result in significant reputational damage and additional costs relating to customer compensation.

Examples of key regulations and standards that impact the document productivity software market are outlined in the following table.

Regulation/ Standard	
eSigning	Examples of legislation providing legality to eSignatures.
US	<ul style="list-style-type: none"><li>▪ Electronic Signature in Global and National Commerce (<b>ESIGN</b>) Act 2000</li><li>▪ Uniform Electronic Signatures Transactions Act (<b>UETA</b>) 1999</li></ul>
EU	<ul style="list-style-type: none"><li>▪ Electronic Identification and Authentication and Trust Services (<b>eIDAS</b>) 2014</li></ul>
China, Hong Kong	<ul style="list-style-type: none"><li>▪ PRC Electronic Signature Law 2004</li><li>▪ Electronic Ordinance Act 2000</li></ul>
India	<ul style="list-style-type: none"><li>▪ Information Technology Act (<b>IT Act</b>) 2000</li></ul>
Australia	<ul style="list-style-type: none"><li>▪ Electronic Transactions Act (<b>ETA</b>) 1999</li><li>▪ Electronic Transactions Regulations (<b>ETR</b>)</li></ul>

<sup>33</sup> Contract Lifecycle Management (CLM) refers to software used for managing contracts from generation through ongoing management and eventual renewal or termination (<https://www.docusign.com/blog/how-does-docusign-clm-work>).

<sup>34</sup> Whilst digital signatures are a form of electronic signature, they differ from eSignatures in that they are a specific technology that uses a standard accepted format called Public Key Infrastructure (**PKI**) to encrypt and/or decrypt information to secure the document while eSignatures verify the document.

<sup>35</sup> GDPR.EU website.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



Privacy	Examples of regulation for general data privacy and protection.
EU + US	<ul style="list-style-type: none"> <li>The Trans-Atlantic Data Privacy Framework exists to regulate how data is transferred from the EU and Switzerland and the US, and vice versa.</li> </ul>
EU	<ul style="list-style-type: none"> <li>General Data Protection Regulation (GDPR) 2018</li> </ul>
Asia	<ul style="list-style-type: none"> <li>Across Asia the regulations in place are often not as strict as the rest of the world. Japan, Australia, South Korea, Taiwan and Singapore have signed up to voluntary APEC Cross Border Privacy Rules 2011.</li> </ul>
Australia	<ul style="list-style-type: none"> <li>Privacy Act (1988)</li> <li>Privacy Regulation 2013 (Cth)</li> <li>Privacy Amendment (Notifiable Data Breaches) Act 2017</li> </ul>
Industry standards	Examples of industry standards and compliance initiatives for data privacy and security.
US Medical	<ul style="list-style-type: none"> <li>Health Insurance Portability and Accountability Act 1996</li> </ul>
US Audit	<ul style="list-style-type: none"> <li>The American Institute of Certified Practicing Accountants controls the Service Organisation Control standards.</li> </ul>
Cloud-based software	<ul style="list-style-type: none"> <li>Centre for Internet Security</li> <li>Cloud Security Alliance</li> </ul>

Source: Nitro Prospectus 2019, ImmuniWeb India Information Technology Act Compliance and Cybersecurity

### 7.3.5 Industry outlook and drivers

Market commentators expect both the PDF productivity and eSigning markets to continue to experience accelerated growth at least in the short term, if not longer, boosted by three key structural industry changes:

- the continued trend of remote working following the COVID-19 pandemic;
- digital transformation, in response to shifting organisation IT priorities; and
- the shift to high-trust eSigning as customers demand better security, compliance and higher levels of legal assurance.

Nitro management noted in its Results Presentation for the first half year of 2022 financial year (1H22) that key IT priorities for enterprises in 2022 are:<sup>36</sup>

- security, identity and privacy;
- creating digital capability;
- building the modern workplace;
- modernising legacy systems; and
- adopting cloud services.

Estimates of total addressable market and growth forecasts specifically for the PDF productivity market and eSigning market segment vary between market commentators, however, most consider the market to be large enough to support further growth for all players, despite the strong market share held by incumbents.

As an indication of potential market growth, WallStreet Zen, a provider of sharemarket research, forecasts Adobe's core industry, being the US software infrastructure industry, to grow at a CAGR 10.0% calculated based on two years of revenue as forecast by analysts. For DocuSign, WallStreet Zen notes its core industry as being the US software application industry, with a CAGR of 14.2% calculated based on three years of revenue as forecast by analysts.<sup>37</sup> These CAGRs are broadly consistent with the 11.7% CAGR forecast for the global software industry as noted in Section 7.2 of this report. Nitro noted in its 1H22 Results presentation that spending on eSigning solutions globally is expected to grow at a 29% CAGR over the next decade and eID adoption in particular is forecast to grow at a 44% CAGR through 2024 making high trust signing one of the fastest-growing forms of eSigning. Prescient & Strategic Intelligence, a global market

<sup>36</sup> Nitro 1H22 Results Presentation, page 25.

<sup>37</sup> Wall Street Zen stock forecast for Adobe and DocuSign as at 30 November 2022.  
<https://www.wallstreetzen.com/stocks/us/nasdaq/adbe/stock-forecast>;  
<https://www.wallstreetzen.com/stocks/us/nasdaq/docu/stock-forecast>.





research and consulting company, in June 2021 estimated the market size for digital signatures to be US\$1.9 billion in 2020 and forecast this figure growing to US\$25 billion by 2030.<sup>38</sup>

Key drivers and trends supporting digital transformation and growth in the document productivity software industry include:

- **Cost reduction** – historically, investment in technology has been driven by a focus on cost reductions, as software has enabled productivity improvements and streamlining of workflows across organisations. Costs continue to be a key driver of the adoption of software and digital transformation as software capabilities expand;
- **Enduring hybrid work environment** – the COVID-19 pandemic has been a catalyst for digital transformation. The demand for remote collaboration, productivity and authorisation tools across a range of devices is expected to continue to grow as remote work continues to be the norm;
- **Increasing complexity of document lifecycles** – document management has become increasingly complex as multiple users interact with a document from different locations on different platforms and devices, for disparate objectives and processes. This complexity is driving the demand for integrated document productivity and eSignature solutions that enable users to collaborate efficiently;
- **Security, identity, privacy and compliance** – the introduction of the GDPR that governs data protection for all individual citizens of the EU and the European Economic Area paved the way for more stringent data protection and privacy laws by imposing obligations on organisations anywhere so long as they involve EU citizens data. Data security and privacy is becoming a higher priority for customers and may be a driver for the adoption of compliant software with advanced protective security features;
- **Cloud-based SaaS solutions gaining traction** – SaaS based solutions are becoming increasingly popular for customers and software providers as a delivery model. Cloud-based SaaS solutions can be more efficient to deploy and maintain than proprietary on-premise applications, with lower hardware IT and support costs and the ability for upgrades to be rolled out with minimal disruption;
- **Increasing functionality of software solutions** – software adoption momentum continues as products expand to include business intelligence and analytics, greater workflow automation and integration capabilities, and meet a broader range of customer productivity needs;
- **Modernising of workplaces and legacy systems, sustainability considerations** – enterprises are increasingly seeing investment in digitisation as an opportunity to consolidate legacy manual processes, modernise core systems, and to differentiate from competitors. Digital transformation is also increasingly improving employee and customer experiences, particularly given enduring hybrid work environments; and
- **Increasing IT spending** – IT budgets are expected to increase as organisations prioritise digital transformation and digital engagement. The 2023 Gartner CIO and Technology Executive Survey found that CIOs expected IT budgets to grow by 5.1% on average globally in 2023 (3.6% in 2022, then considered as the fastest year-on-year growth rate in over a decade).<sup>39</sup> The Gartner survey revealed that CIO's future technology plans remain focused on optimisation rather than growth, with the top areas for increased investment in 2023 including cyber and information security, business intelligence/ data analytics, and cloud platforms.<sup>40</sup>

The current inflationary environment, with higher interest rates and concerns of a recession, may however impact digitisation trends. Weaker guidance has been observed across technology company outlook statements with companies addressing headcount growth and costs to manage slowing growth.<sup>41</sup> The broader technology industry has seen a string of layoffs and hiring freezes during 2022 in the face of uncertain economic conditions. Subscription based SaaS models are relatively insulated to inflation and periods of economic downturn, as contracted revenue is spread evenly over extended periods. In contrast,

<sup>38</sup> Prescient & Strategic Intelligence: Global Digital Signature Market Report, June 2021.

<sup>39</sup> Gartner Press Release, "Gartner Survey of Over 2,000 CIOs Reveals the Need to Accelerate Time to Value from Digital Investments, Orlando, Fla., 18 October 2022; Gartner Article, "IT Budgets Are Growing. Here's Where the Money's Going", Kasey Panetta, 21 October 2021.

<sup>40</sup> Gartner Press Release, "Gartner Survey of Over 2,000 CIOs Reveals the Need to Accelerate Time to Value from Digital Investments, Orlando, Fla., 18 October 2022.

<sup>41</sup> AFR "US tech wreck poses threat to investor portfolios", Emma Rapaport, 28 October 2022.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



license revenue growth may be more heavily impacted if the economy slows, as evidenced in the US recession of 2008 and 2009.<sup>42</sup>

## 8 Profile of Nitro

### 8.1 Background

Nitro is a global SaaS company focused on PDF document management and electronic signature software. Its solutions aim to support the acceleration of digital transformation and drive better business outcomes for organisations around the world across multiple industries through fast and efficient digital workflows. Nitro's core solution, the Nitro Productivity Platform, enables customers to receive PDF productivity tools, secure eSignature and digital identity capabilities, and usage and Return on Investment (ROI) analytics through an integrated desktop and cloud-based solution. Nitro is primarily focused on documents utilising PDF, however, the software also offers compatibility with certain Microsoft Office document formats.

Nitro was founded in Melbourne in 2005, offering the Nitro Pro product as an alternative to Adobe Acrobat for desktop PDF productivity. In 2016, Nitro began transitioning from a perpetual or "one-time" licensing model to a SaaS-based subscription licensing model and started focusing on Enterprise customers. In 2018, Nitro introduced the Nitro Productivity Platform, which comprised Nitro Pro, Nitro Cloud and Nitro Analytics. Nitro was publicly listed in December 2019 at A\$1.72 per share.

In June 2020, Nitro launched its initial basic eSignature software, Nitro Sign, as a standalone solution (replacing Nitro Cloud). In order to help organisations of all sizes and industries navigate the disruption caused by the COVID-19 pandemic, Nitro Sign was made available free of charge for the remainder of 2020.<sup>43</sup>

Throughout the COVID-19 pandemic, usage of Nitro's productivity tools soared with more than 2 billion documents opened in Nitro PDF Pro during 2020. More than 1 million Nitro Sign eSignature requests were made in the first six months of 2021, equalling the number of eSignature requests for the entirety of 2020.<sup>44</sup>

In order to address known capability gaps in the Nitro Productivity Platform, Nitro made two strategic acquisitions in 2021:

- **PDFpen** – in July 2021, Nitro completed the acquisition of PDFpen technology, a suite of Mac, iPad and iPhone PDF productivity applications for Apple desktop and mobile devices for US\$6 million in cash. The acquisition provided Nitro customers with productivity solutions for a broader range of devices and operating systems; and
- **Connective** – in December 2021, Nitro completed the acquisition of Connective, a Belgian eSign SaaS business with customers in 12 European countries. The acquisition of Connective cemented Nitro's position as a global eSign and document productivity platform.<sup>45</sup> The acquisition provides Nitro with cross-selling opportunities to sell eSignature products to its PDF customers. The cash consideration of €70 million was funded using proceeds from a A\$140 million equity raising. Refer to Section 8.9.1 of this report for further details.

Nitro's first and second Quarterly Activities Reports in April and July 2022 noted that in response to macroeconomic and market conditions, and following the acquisition of Connective, Nitro had made changes to its operating plan for FY22, reducing its cost structure, increasing efficiencies through the business and accelerating its return to breakeven cash flows in 2H23.

Nitro introduced several cost savings and efficiency initiatives including a restructure of Nitro's go-to-market sales and marketing function, reduced hiring and general overhead costs against its FY22 plan (although overall costs continued to increase). As at 3Q22, Nitro announced that it was on track to achieve forecast cost savings of approximately US\$5.0 million against its 2H22 internal cost plan. Total savings are expected to come from sales and marketing (54%), general and administrative and overheads (28%) and research and development (18%).<sup>46</sup>

The restructure of Nitro's go-to-market function involved simplifying and aligning Nitro's customer and cost segmentation model to a new and more efficient organisational model, better suited to the new product

<sup>42</sup> The Real Economy Blog, "Lessons for software companies from the Great Recession", Kurt Shenk, 24 July 2019.

<sup>43</sup> Nitro 2020 Annual Report.

<sup>44</sup> ASX Announcement, Nitro Launches Unlimited eSigning, Integration with Salesforce, 21 July 2021.

<sup>45</sup> Nitro 2021 Annual Report, page 13.

<sup>46</sup> Nitro 3Q22 Quarterly Activities Report and Trading Update.



offering following the acquisition of Connective. The revised segmentation focuses on the Enterprise and SMB and Mid-Market segments and pursuing cross-sell and upsell opportunities.

Nitro has more than 1.1 million subscription licensed users and over 13,000 business customers across 175 countries, and serves 67% of Fortune 500 companies. According to GigaOm, Nitro became a top three vendor in the global eSigning market following the acquisition of Connective.<sup>47</sup> As at 29 August 2022, the last undisturbed trading day prior to the announcement of the Initial Potentia Proposal, Nitro had a market capitalisation of A\$276.0 million.<sup>48</sup>

### 8.1.1 Strategy

Nitro's stated mission is to accelerate digital transformation in organisations around the globe, empowering everyone to work smarter with the most critical and prevalent documents in their enterprise.<sup>49</sup>

With growing demand for digital transformation and changing work practices accelerated by the COVID-19 pandemic, Nitro management sees a great opportunity for growth with its comprehensive product platform.<sup>50</sup>

Nitro's growth strategy is founded on five primary levers:<sup>51</sup>

- winning new customers, leveraging the portfolio of customers and products to penetrate new accounts, regions and adjacent markets;
- expansion of existing customer accounts, upselling and cross-selling in a growing eSigning market;
- new product development;
- mergers, acquisitions and strategic partnerships to accelerate product and marketing capabilities; and
- new markets and channels.

Nitro is making measured investments given the scale of the potential market opportunity, sector tailwinds, and Nitro's growth levers, but is considerate of the current macro environment. Nitro will continue to focus on delivering its platform product strategy, and driving increased adoption of its PDF productivity, eSigning and analytics solutions across new and existing customers particularly in the Enterprise and Mid-Market segments. Nitro will also continue to explore other targeted investments, build capability and scale and further cement its position in global document productivity and workflow.<sup>52</sup>

## 8.2 Operations

### 8.2.1 Overview

The corporate structure of Nitro is comprised of Nitro Software Limited and several controlled entities (together the **Group**). Whilst Nitro's head office and global ultimate parent entity is based in Melbourne, Australia, the Group's corporate office is headquartered in San Francisco, the United States. Other wholly owned Nitro and Connective entities are located across Canada, Ireland, the United Kingdom, Hungary, Belgium, France and Spain. Nitro employs approximately 350 people.

### 8.2.2 Business model

Nitro has targeted software offerings for Prosumers, SMBs, Mid-Market and Enterprise customers, and operates primarily under a SaaS-based subscription licencing model. Nitro's multi-year subscription contracts increase Nitro's ARR and reduce volatility in revenue.

As previously outlined, Nitro made a strategic decision to transition from a perpetual or "one-time" licensing model to a subscription licensing model in 2016, when it began offering its Nitro Pro product for enterprises

<sup>47</sup> Nitro 1Q22 Quarterly Activities Report and Appendix 4C, 29 April 2022. The source of the ranking was GigaOm Radar for E-Signature Solutions, March 2022 which was based on Nitro being the only eSigning vendor to offer enterprise grade and high-trust comprehensive eSigning solutions globally alongside Adobe and DocuSign.

<sup>48</sup> Calculated as the closing share price of A\$1.13 multiplied by 244,274,872 quoted Nitro Shares outstanding as per the ASX Notification of Cessation of Securities on 22 August 2022.

<sup>49</sup> Nitro 2021 Annual Report.

<sup>50</sup> Nitro 1H22 Results Announcement, 29 August 2022. Nitro estimated the total addressable market for Nitro Productivity Platform and Nitro Sign to be US\$28 billion 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.

<sup>51</sup> Nitro 1H22 Results Presentation, page 26, Nitro 1H22 Half Year Report.

<sup>52</sup> Nitro 1H22 Results Release 29 August 2022.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



and SMBs via subscription-based licensing agreements and transitioning legacy Enterprise and SMB customers from perpetual licenses to subscription-based licensing.

Nitro's subscription agreements for fully hosted subscription services (SaaS) grant customers a 'right to access' the software without taking possession of the software. Support and maintenance arrangements are built into all subscription agreements and are billed annually in advance. Most customers subscribe for a three year contract term, and contracts generally have an automatic renewal period of 36 months. One year contracts became more common since the COVID-19 pandemic. The contracts allow for a price increase at the end of the initial 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.<sup>53</sup>

Nitro's Perpetual licences for on-device or desktop software confer a 'right to use'. Customers obtain control of the software upon delivery of the software licence key, and delivery of the 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 delivery of the initial software licence key through issuance of an order. This is treated as an amendment to the contract and invoiced accordingly.<sup>54</sup>

The transition of business sales<sup>55</sup> to a subscription model is effectively complete, with subscription revenue representing approximately 91% of total business sales channel revenue, and approximately 74% of total revenue.<sup>56</sup> Prosumers and SMBs are still able to purchase perpetual licenses via Nitro's e-commerce offering, and perpetual licenses can be sold with an ongoing maintenance and support contract. There are also legacy perpetual licence arrangements following the Connective and PDFpen acquisitions in 2021. Connective operates on a subscription revenue model similar to Nitro. Nitro plans to convert online business to subscriptions over time.

Nitro's business model is highly scalable due to the straightforward nature of its multi-jurisdictional and industry agnostic software and ease of deployment into organisations. This scalability is enhanced by the organic growth of licensed users via continued expansion from within its existing customer base, and the roll-out of the platform across multiple sites and geographies within large multi-national companies.

Nitro continues to focus on expanding revenue contribution from Mid-Market and Enterprise customers to drive greater revenue per customer, increase the profile of Nitro's solutions and enhance the network benefits of using Nitro's products between organisations.

### 8.2.3 Overview of the Nitro Productivity Platform

The Nitro Productivity Platform is a multi-segment platform has been developed to mirror Nitro customers' journey towards digital transformation. The platform provides integrated software solutions across document productivity, workflow, identity and analytics, across every device and workflow.

<sup>53</sup> Nitro 2021 Annual Report, page 72.

<sup>54</sup> Nitro 2021 Annual Report, page 72.

<sup>55</sup> Nitro's business sales include sales executed by Nitro's sales teams and exclude online/ eCommerce sales via Nitro's website and Connective.

<sup>56</sup> Nitro 3Q22 Trading Update.



The components of the Nitro Productivity Platform are outlined in the following table.

Product	Description
<b>Nitro PDF Pro &amp; Nitro PDF Pro for Mac</b>	<ul style="list-style-type: none"> <li>PDF productivity application for Windows, Mac, Mobile and Web</li> <li>PDF documents can be created, scanned and edited or converted into Microsoft Office formats using Optical Character Recognition (<b>OCR</b>) technology</li> <li>Integrates with cloud-based storage products such as Zapier, Power Automate and SharePoint, and cloud providers Dropbox, Google Drive, Microsoft OneDrive.</li> <li>Available as a standalone product</li> </ul>
<b>Nitro Sign Essentials</b>	<ul style="list-style-type: none"> <li>eSignature software</li> <li>Unlimited eSigning capability on any device with a web browser (including mobile devices)</li> <li>Available as a standalone product</li> </ul>
<b>Nitro Sign Premium</b>	<ul style="list-style-type: none"> <li>Previously Connective</li> <li>Supports high-trust eSign standards based on eIDAS for Advanced (<b>AES</b>) and Qualified (<b>QES</b>) Electronic Signatures</li> <li>Identity Verification (<b>eID</b>) support</li> <li>The Connective eSign product integrates with Salesforce, Microsoft, SAP, M-Files, Talentsoft and Pega and via public Application Programming Interface (<b>API</b>) with CRM, ERP, online forms and eCommerce systems</li> <li>Available as a standalone product</li> </ul>
<b>Identity Hub</b>	<ul style="list-style-type: none"> <li>Enables eID integration for eSigning with digital identity and smart card integrations</li> <li>Facilitates online Know Your Client (<b>KYC</b>) onboarding</li> <li>Web storage, enterprise, document and workflow integration</li> <li>Part of Nitro Sign and the Nitro Productivity Platform</li> </ul>
<b>Smart Docs</b>	<ul style="list-style-type: none"> <li>Workflow automation software</li> <li>Enables design of document and email templates</li> <li>Integrates directly with the PDF Software Development Kit (<b>SDK</b>), eSign, Identify Hub and Smart Doc via public API and other CRM, ERP, online forms and eCommerce systems</li> <li>Part of Nitro Sign and the Nitro Productivity Platform</li> </ul>
<b>Nitro Analytics</b>	<ul style="list-style-type: none"> <li>Insights and ROI</li> <li>PDF, printing and eSign analytics</li> <li>Part of the Nitro Productivity Platform, Nitro PDF and Nitro Sign</li> </ul>

Source: Nitro.

Nitro also supports customer adoption and implementation of Nitro's solutions through its Customer Success team, which provides 24/7 web-based customer support, live and on-demand training, and resources.

#### 8.2.4 Product development and innovation

Nitro is focused on continuous product development and innovation to enhance its product functionality and flexibility, and has a product management and engineering team located in Budapest and Dublin. Nitro is also able to utilise and integrate data collected by the Nitro Analytics platform into the product development process.

Investment in research and development has increased from US\$7.2 million in FY19 to US\$13.5 million in FY21, increasing from approximately 20% to 27% of total revenue.

#### 8.2.5 Sales model

Nitro leverages both direct and indirect sales channels, and traditional enterprise go-to-market and self-serve models, to generate new business and expand revenue contribution from existing customers across its target segments by pursuing cross-selling and upselling opportunities. Nitro has a dedicated sales and marketing team, and utilises indirect channel partners including distributors and resellers.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



Nitro's market strategy is summarised as follows.

	Prosumer/ SMB	SMB/ Mid-Market	Enterprise
Focus products	Nitro PDF Pro Nitro Sign	Nitro Productivity Platform Nitro Sign Premium	Nitro Productivity Platform Nitro Sign Premium
Market focus	1 – 20 licenses	21 – 1,000 employees	Over 1,000 employees
Sales model	Online sales	Business sales	Business sales
Pricing model	Perpetual	Subscription	Subscription
Marketing approach	'Freemium' <sup>57</sup> and digital strategy driving eCommerce sales	Inbound 'high velocity' deals, and field marketing	Inbound and field marketing. Outbound strategic solutions deals for enterprise customers
Sales approach <sup>1</sup>	Online self-service only	Inside sales	Inside and field sales
Channel partners	N/A	Reseller and implementation partners	Reseller and implementation partners
Sales cycle	Less than 30 days	60 to 90 days	90 to 180 days, and up to 12 months for the larger enterprises

Source: Nitro

Note: Inside sales refers to sales made by Nitro's corporate sales team located in Nitro's various offices worldwide. Field sales refer to sales made by field-based sales representatives located in regions where Nitro operates.

As part of the restructure of Nitro's go-to-market strategy in July 2022, the sales structure and marketing approach were adjusted to focus on Enterprise and Mid-Market segments. Account Executives are segmented into two groups: Enterprise and Mid-Market.

The subscription pricing model varies between the Nitro products. NitroSign Essentials and Advanced packages offer unlimited signatures per user per year, whilst the Nitro Sign Premium plan is a consumption based pricing model.

Sales cycles currently range from three months and 12 months, depending on the size of the customer, as noted in the table above, and product being sold. Single product sales times for the PDF productivity products have remained relatively constant in recent quarters. Longer sales times have, however, been observed where customers are interested in Nitro's eSigning product on its own or the PDF productivity and Nitro Sign Premium together, however, these sales tend to generate higher value orders.<sup>58</sup>

### 8.2.6 Customers

Nitro provides its software solutions to over 13,000 business customers with 1.1 million subscription licensed users of all sizes across its core Prosumer/SMB, Mid-Market and Enterprise markets. Nitro's ARR is sourced mainly from North America, the UK and Europe. Over 1,000 business customers in Europe were acquired with Connective.

High-profile Enterprise customers include UnitedHealth Group, Deutsche Bank, ICON, BNY Mellon, and Lloyds Bank. Major contract expansions signed in the third quarter of 2022 (3Q22) included General Electric (GE), Petrofac, Universal Health and Swisscom, and new customer wins in 3Q22 included Zurich Insurance, Verisys and Equiniti.

Nitro has a broad client base, with the top 10 clients representing only approximately 6% to 8% of total revenue.<sup>59</sup>

### 8.3 Revenue segmentation

The Nitro Group derives revenue from the sale of subscription contracts and perpetual licenses (including associated software maintenance and support plans, consulting services, training and technical support).

<sup>57</sup> A "freemium" approach offers a free trial period to a limited feature set of products and services.

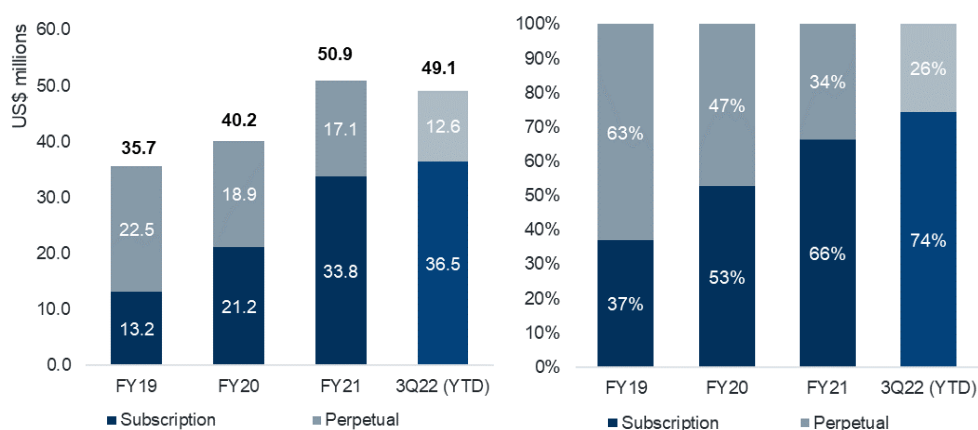
<sup>58</sup> Nitro 3Q22 Webinar commentary.

<sup>59</sup> Nitro.



The following chart shows the total revenue and share of revenue by type since FY19 up to 3Q22.

#### Revenue by Type



Source: Nitro Annual Reports and 3Q22 Trading Update, Kroll analysis.

Note: FY20 revenue figures in the chart do not sum to the total of US\$40.2 million due to rounding. 3Q22 reflects only year to date (YTD) data to 30 September 2022.

Nitro's strong revenue growth since FY19 has been driven by the increasing adoption of productivity software following the onset of the COVID-19 pandemic (particularly in FY21 following Nitro's release of its Nitro Sign eSignature product), and revenue from Connective from December 2021.

Growth in subscription revenue has primarily been driven by new customers, expansion from existing customers, transitioning maintenance and support customers, and the inclusion of subscription revenue from Connective.

Perpetual license revenue continues to reduce as a percentage of total revenue due to the growth in subscription sales and success of the Nitro Productivity Platform. The slight increase in perpetual licence revenue is primarily attributable to revenue from 'right to use' arrangements that are recognised at the point in time when the performance obligations are satisfied. Nitro's perpetual revenue represents a predictable revenue stream which has remained consistent in recent years.

Maintenance and support revenue is included with Perpetual license revenue and relates to Nitro's Software Assurance product offering and renewals associated with perpetual license sales, and has declined as it has been transferred to subscription revenue.

Key performance metrics for Nitro include:

- ARR, which reflects the total value of subscription revenue contracts that are in effect at the end of a reporting period, expressed on an annualised basis. Nitro measures its growth through new ARR added;
- gross revenue retention rate (GRR), which provides an indication of customer churn. Nitro's GRR has remained between 94% and 98% over the last three years; and
- net revenue retention (NRR), which measures the incremental recurring revenue Nitro generates from its existing subscription customers as they expand their usage of Nitro's solutions (net of churn), which may result from additional licences being added within their organisation or by expanding usage into new areas of their organisation. An NRR of greater than 100% implies that customers are expanding their use of the Nitro's software solutions over time.

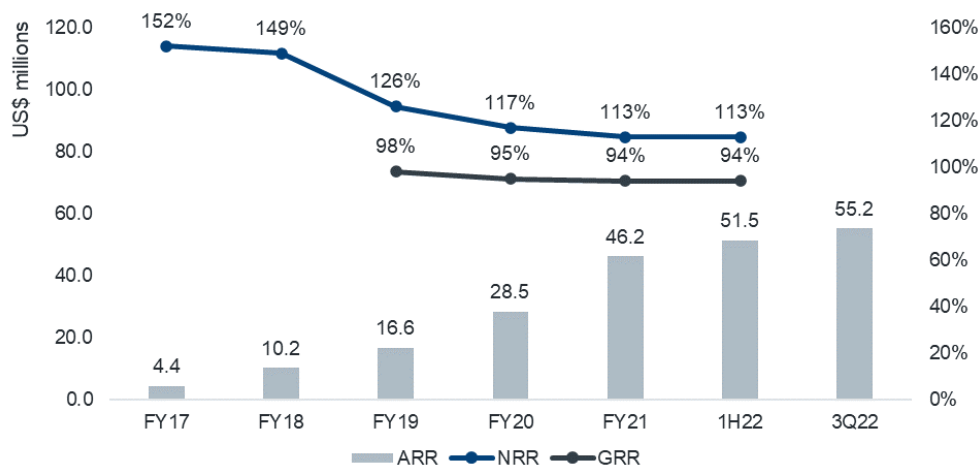


## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



Movement in Nitro's ARR, GRR and NRR since 2017 are illustrated in the following chart.

### ARR, GRR and NRR



Source: Nitro 2019, 2020 and 2021 Annual Reports, 3Q22 Trading Update, Nitro management, Kroll analysis.

Note: Based on Nitro's reported ARR and NRR. NRR data was not provided in the 3Q22 Trading Update.

The NRR to date has been driven primarily by upselling of existing products. It has declined over time mainly as the starting ARR base has grown. NRR was also impacted by the changing customer segment mix as Nitro has progressively rolled out marketing to Enterprise, then Mid-Market and SMB markets. Nitro expects NRR to increase with cross selling initiatives, and the eSign consumption based pricing model.

Nitro's ARR at 30 September 2022 included Connective ARR, and increased to US\$55.2 million (51% annual growth since the end of 3Q21). Nitro's FY22 guidance is an ending ARR of US\$57 to 60 million as noted in Section 8.4.2 of this report.

Other factors that influence annual revenue include:

- **Seasonality** – historical trends have indicated stronger growth in the second half of the year driven by year-end buying cycles of business customers after North American and European summer holidays; and
- **Foreign exchange rates** – Nitro transacts in various currencies other than its reporting currency (the US dollar), including the Euro, Australian dollar, British Pound and Canadian dollar.



## 8.4 Financial performance

### 8.4.1 Historical financial performance

Nitro's consolidated financial performance for FY19 to 1H22 is summarised as follows.

#### Nitro Financial Performance (US\$ million)

	FY19 Audited	FY20 Audited	FY21 Audited	1H22 Reviewed
Subscription revenue	13.2	21.2	33.8	23.5
Perpetual licence, maintenance and support revenue	22.5	18.9	17.1	9.2
<b>Total revenue</b>	<b>35.7</b>	<b>40.2</b>	<b>50.9</b>	<b>32.7</b>
<b>Total cost of revenues</b>	<b>(3.7)</b>	<b>(3.8)</b>	<b>(4.0)</b>	<b>(3.3)</b>
Subscription gross profit	12.0	19.8	31.9	21.2
Perpetual licence, maintenance and support gross profit	20.0	16.6	14.9	8.2
<b>Total gross profit</b>	<b>32.0</b>	<b>36.4</b>	<b>46.9</b>	<b>29.4</b>
Sales and marketing	(18.9)	(20.2)	(29.4)	(19.0)
Research and development	(7.2)	(9.4)	(13.5)	(9.2)
General and administrative	(7.0)	(9.2)	(11.6)	(7.5)
<b>Operating EBITDA<sup>1</sup></b>	<b>(1.1)</b>	<b>(2.4)</b>	<b>(7.6)</b>	<b>(6.3)</b>
Share-based payment expense	(0.8)	(3.0)	(7.6)	(3.2)
<b>Adjusted Operating EBITDA<sup>2</sup></b>	<b>(1.9)</b>	<b>(5.4)</b>	<b>(15.2)</b>	<b>(9.5)</b>
Depreciation and amortisation expense	(2.0)	(1.7)	(2.4)	(3.3)
Finance costs	(1.8)	(0.0)	(0.1)	(0.1)
Significant and non-recurring items and other income <sup>3</sup>	(1.9)	(0.6)	(3.4)	(4.1)
<b>(Loss) before income tax</b>	<b>(7.6)</b>	<b>(7.7)</b>	<b>(21.1)</b>	<b>(17.0)</b>
Income tax (expense)/benefit	(0.4)	0.1	(0.6)	(0.3)
<b>(Loss) for the year</b>	<b>(7.9)</b>	<b>(7.5)</b>	<b>(21.7)</b>	<b>(17.3)</b>
<b>Performance Metrics<sup>4</sup></b>				
Subscription revenue as a % of total revenue	37%	53%	66%	72%
Perpetual licence, maintenance and support as a % of total revenue	63%	47%	34%	28%
Total revenue growth	10%	13%	27%	36%
Annual Recurring Revenue (ARR) (US\$ million)	16.6	28.5	46.2	51.5
Added ARR (US\$ million) <sup>5</sup>	6.4	11.9	17.7	5.3
Gross Revenue Retention (GRR) <sup>6</sup>	98%	95%	94%	94%
Net Revenue Retention (NRR) <sup>7</sup>	126%	117%	113%	113%
Lifetime Value/ Customers Acquisition Cost ratio (LTV/CAC) <sup>8</sup>	2.8x	3.1x	4.7x	4.2x
<b>Operating Margins</b>				
Subscription gross margin <sup>9</sup>	91%	93%	95%	90%
Perpetual licence, maintenance and support gross margin <sup>10</sup>	89%	88%	87%	89%
Total gross margin <sup>11</sup>	90%	91%	92%	90%
Operating EBITDA margin <sup>12</sup>	(3%)	(6%)	(15%)	(19%)
Adjusted Operating EBITDA margin <sup>13</sup>	(5%)	(13%)	(30%)	(29%)
<b>Per Share Data</b>				
EPS US cents per share (basic)	(10.8)	(4.0)	(11.0)	(7.2)
EPS US cents per share (diluted)	(10.8)	(4.0)	(11.0)	(7.2)

Source: Summary of Financial Results as per the Nitro 2019, 2020 and 2021 Annual Reports, 1H22 Half Year Report, 2Q21 Quarterly Activities Report, FY20 Results Presentation, and Kroll analysis. We note that there are discrepancies between the allocation of expenses below gross profit in the Summary of Financial Results and Statement of Comprehensive Income and accompanying notes. As per the Summary of Financial Results, totals may not add due to figures being rounded to the nearest tenth of million dollars.

Notes:

- Operating EBITDA is earnings before share-based payments, significant and non-recurring items and other income, interest, taxation and depreciation and amortisation. Nitro uses EBITDA before share-based payments to evaluate the operating performance of Nitro without the non-cash impact of depreciation and amortisation, and before share-based compensation, interest and taxation.
- Adjusted Operating EBITDA is Operating EBITDA after share-based payment expenses.
- Significant and non-recurring items and other income includes one time/non-recurring M&A expenses, FX gains and losses and other identifiable non-operating expenses such as IPO costs.

# ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



## Nitro Significant and Non-Recurring Items and Other Income (US\$ million)

	FY19 Audited	FY20 Audited	FY21 Audited	1H22 Reviewed
IPO costs	(3.0)	-	-	-
M&A integration expenses	-	-	(1.9)	(1.6)
Foreign currency gain/ (loss)	1.1	(0.6)	(1.5)	(1.4)
Other non-recurring items	-	-	-	(1.1)
<b>Significant and non-recurring items and other income</b>	<b>(1.9)</b>	<b>(0.6)</b>	<b>(3.4)</b>	<b>(4.1)</b>

4. Metrics in FY20 were restated in the FY21 Annual Report following changes to revenue recognition in accordance with AASB15 Revenue.
5. Added ARR is the growth in subscription licence revenue during the period as a result of sales or subscription licenses to new customers, additional subscription licence sales to existing subscription customers, and the conversion of maintenance and support contracts to subscription licensing.
6. GRR has been calculated by Nitro 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. GRR in FY21 exclude the impact of the acquisition of Connective NV on 20 December 2021.
7. As noted in Section 8.3 of this report, NRR has been calculated by Nitro 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 in FY21 excludes the impact of the acquisition of Connective NV on 20 December 2021.
8. LTV/ CAC compares the value of a customer over their lifetime compared to the cost of acquiring them. Nitro have calculated the ratios as follows: LTV = (new bookings/number of new customers)/(1-customer retention rate); CAC = (selling expense + direct marketing expense + marketing personnel expense)/number of new customers. The LTV/CAC in FY21 and 1H22 do not include the impact of the acquisition of Connective NV on 20 December 2021.
9. Subscription gross margin is subscription gross profit expressed as a percentage of subscription revenue.
10. Perpetual licence, maintenance and support gross profit expressed as a percentage of perpetual license, maintenance and support revenue.
11. Gross margin is gross profit expressed as a percentage of total revenue.
12. Operating EBITDA margin is operating EBITDA expressed as a percentage of total revenue.
13. Adjusted Operating EBITDA margin is adjusted operating EBITDA expressed as a percentage of total revenue.

With regard to the financial performance summarised above, we note the following:

- whilst Nitro manages its operations as a single business operation with no separate operating segments, the Group's performance is assessed internally by contracting method. Nitro has provided a split of revenue and gross profit by subscription sales and perpetual and maintenance sales;
- consistent with its strategic transition to a subscription-based business model, Nitro's subscription revenue increased by 156.1% between FY19 and FY21, from US\$13.2 million to US\$33.8 million. Growth of 55.6% was achieved in the 12 months to 1H22. As a proportion of total revenue, subscription revenue has increased from 37% to 72% of total revenue. Growth has been driven by new customer wins, including many large enterprise customers, and expansions from existing subscription customers;
- conversely, perpetual revenue decreased by 24% between FY19 and FY21 from US\$22.5 million to US\$17.1 million. As a proportion of total revenue, perpetual and maintenance revenue has decreased from 63% to 28% of total revenue;
- the trend in subscription and perpetual revenue, and growth in the revenue metrics of ARR and Added ARR, reflects Nitro's strategic transition to a subscription-based business model. As noted in Section 8.3, while perpetual revenue continues to reduce as a percentage of total revenue given the rapid growth in subscription sales, perpetual revenue increased slightly in the 12 months to 1H22 due to delayed revenue recognition for these licenses;
- GRR has remained between 94% and 98% from FY19 to 1H22, indicating a relatively steady churn rate. NRR has remained above 100% indicating that existing customers are expanding their use of Nitro's products over time, albeit to a slightly reduced degree each year as the NRR has decreased from 126% to 113% since FY19;
- cost of revenues includes the cost of third-party technologies that are used to host Nitro's cloud-based products and embedded in Nitro's products, third-party hosting and transaction services for Nitro's online storefront, and employee and other operating costs associated with Nitro's customer support services. These costs have decreased marginally, increasing gross profit between FY19 and FY21 from 90% to 92% due to the growth of the subscription licensing products which have a lower cost-of-

sale and higher gross margin than perpetual licensing. Costs relative to revenue in 1H22 were impacted by the acquisition of Connective;

- total sales and marketing expenses have steadily increased from FY19 to FY21 due to an increase in head count, reflecting significant investments in Nitro's go-to-market function initiatives as ARR and subscription revenue scale up. Nitro measures efficiency of sales and marketing by monitoring LTV/CAC ratios. The ratio improved from 2.8x to 4.7x in FY21 indicating growth in value per customer. Nitro's LTV/CAC ratio was 4.2x (excluding Connective) for 1H22 prior to the restructure of Nitro's go-to-market strategy and marketing organisation in July 2022;
- unlike many SaaS businesses, Nitro fully expenses and does not capitalise research and development costs. Total research and development costs has increased from FY19 to FY21 due to the increased personnel cost and contracting services required for the development of the Productivity Platform, launch of Nitro Sign and other new product integrations and enhancements including the integration of PDFpen. Additional personnel were added to the product and engineering teams as a result of the Connective acquisition in 2021;
- general and administration costs have remained relatively constant at approximately 23% of revenue since FY20 and are expected to decrease over time as operations become more efficient;<sup>60</sup>
- employee costs have been included within the sales and marketing, research and development, and general and administration costs, however, in total have grown from US\$29.0 million in FY19 to US\$45.0 million in FY21 as the number of staff has grown from 130 to over 300. The cost per full time employee has reduced over the last two years as a result of a shift in additional hiring to lower cost locations such as Canada and Hungary. Employee benefits include share based payments which have increased from 3.8% to 16.9% of total employee benefit expenses between FY19 to FY21;
- Nitro's 1H20 Results Presentation and FY20 results announcement noted that some operational savings were realised as a result of COVID-adjusted spending, partially offset by increased advertising expenses and other incremental investments;
- Nitro continues to generate operating EBITDA losses as the Group establishes its product platform and customer base. The loss increased from US\$1.1 million in FY19 to US\$7.6 million in FY21, impacted by elevated sales and marketing and research and development costs which also remained elevated during 1H22;
- finance costs relate to interest on lease liabilities; and
- the Nitro Group has generated a loss over the historical period after deducting further costs for IPO, acquisition integration, other non-recurring items. Foreign exchange differences result from the translation of trade receivable and payable amounts denominated in non-US\$ denominated functional currencies, being Australian dollars, Euro and British Pound. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

#### 8.4.2 FY22 Guidance

On 27 October 2022, Nitro reaffirmed its FY22 guidance (**FY22 Guidance**) provided on 26 July 2022.

##### Nitro FY22 Guidance

	FY22
Ending Annual Recurring Revenue (ARR)	US\$57 – 60 million
Revenue	US\$65 – 69 million
<b>Operating EBITDA<sup>1</sup> (loss)</b>	<b>US\$(10 – 13) million</b>
Cash flow breakeven <sup>2</sup>	2H 2023

Source: Nitro 3Q22 Quarterly Activities Report, Nitro 1H22 Results Presentation. "YOY gr" = Year on year growth.  
Notes:

1. Operating EBITDA excludes stock-based charges, foreign exchange gains and losses, Connective integration costs, transaction costs and other non-recurring items.
2. Refers to cash flows from 'operating activities' excluding Connective integration costs, transaction costs and other non-recurring items, less capital expenditure and AASB 16 lease repayment costs.

<sup>60</sup> Source: Nitro 2021 Annual Report, page 32.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



In addition, the Transaction Booklet notes that Nitro remains on target to achieve its forecast of ARR synergies attributable to Connective of US\$1.0 million by 31 December 2022, as a significant proportion of Nitro's 4Q22 sales pipeline represents customer interest in Nitro Sign Premium (previously Connective).

### 8.4.3 Outlook

As far as Kroll is aware, Nitro is followed by eight brokers, of which six published reports following the release of Nitro's 3Q22 Trading update on 27 October 2022. Two brokers released reports following the update on takeover proposals from Potentia Capital and Alludo on 31 October 2022, however no forecasts were updated in these reports. Kroll has considered the latest forecasts of five brokers (excluding those firms advising on the Potentia Takeover Offer and Alludo Transaction) directly following the release of Nitro's 3Q22 results to provide an indication of the brokers' expected future financial performance of Nitro. Further detail is provided in Appendix 3.

#### Nitro Broker Consensus (US\$ million)

	Actual	Broker consensus		
	FY21	FY22	FY23	FY24
<b>Total revenue</b>	<b>50.9</b>	<b>67.5</b>	<b>78.6</b>	<b>93.4</b>
Cost of revenues <sup>1</sup>	(4.0)	(6.7)	(7.0)	(7.8)
<b>Total gross profit<sup>2</sup></b>	<b>46.9</b>	<b>60.9</b>	<b>71.6</b>	<b>85.7</b>
Operating expenses <sup>1</sup>	(54.5)	(71.6)	(77.0)	(86.1)
<b>Operating EBITDA<sup>3</sup></b>	<b>(7.6)</b>	<b>(10.7)</b>	<b>(5.4)</b>	<b>(0.4)</b>
Share-based payments expense <sup>4</sup>	(7.6)	(9.0)	(9.7)	(10.2)
<b>Adjusted Operating EBITDA<sup>5</sup></b>	<b>(15.2)</b>	<b>(19.7)</b>	<b>(15.1)</b>	<b>(10.6)</b>
<b>(Loss) for the year</b>	<b>(21.7)</b>	<b>(29.7)</b>	<b>(21.1)</b>	<b>(11.9)</b>
<b>Revenue</b>				
Subscription revenue	33.8	50.8	63.2	78.4
Perpetual revenue	17.1	16.7	14.2	12.0
<b>Cash</b>				
Operating cash flow <sup>6</sup>	(9.6)	(15.6)	(4.1)	4.8
Cash balance	48.2	27.6	21.7	29.1
<b>Key Metrics</b>				
<b>Revenue growth</b>	<b>27%</b>	<b>33%</b>	<b>16%</b>	<b>19%</b>
Annual Recurring Revenue (ARR) (US\$ million) <sup>7</sup>	46.2	58.3	72.5	89.7
Added ARR	17.7	12.1	14.3	17.2
Gross margin	92%	90%	91%	92%
Operating EBITDA margin	(15%)	(16%)	(7%)	(0%)
Adjusted Operating EBITDA margin	(30%)	(29%)	(19%)	(11%)

Source: Nitro broker reports

Notes:

1. Cost of revenues and Operating expenses are estimated as the difference between median brokers forecasts for Total revenue and Total gross profit, and Total gross profit and Operating EBITDA.
2. Only two brokers provided gross profit forecasts.
3. Operating EBITDA reflects broker forecasts for Operating or Underlying EBITDA.
4. Share-based payments expense is based upon the forecasts of one broker.
5. Adjusted Operating EBITDA is Operating EBITDA after deducting share-based payments expense. This is not a figure reported by Nitro or the brokers.
6. Only three brokers provided forecasts for subscription and perpetual revenue.
7. Operating cash flow or Cash flow from operations as forecast by brokers.
8. The median of ARR estimates from four brokers in FY22 reducing to two brokers in FY23 and FY24.

With regard to the Nitro broker consensus summarised above, we note:

- of the five brokers to recently report on Nitro's 3Q22 financial results update, three have not revised their earnings forecasts since the 1H22 financial results were released at the end of August. At that time, the brokers generally downgraded forecast revenue from FY22 given the ongoing challenging macroeconomic conditions, and as Nitro had reduced its sales and marketing budgets. The 1H22 forecasts of these three brokers are included in the above consensus;
- the remaining two brokers modestly increased ARR, revenue and earnings estimates noting that the stronger than expected ARR growth in 3Q22 indicated improving execution;

- brokers note that the market may need further convincing regarding Nitro's ARR performance and the Q3 run-rate, to ease concerns over execution challenges and Nitro's ability to deliver long run growth given the challenging macro environment, particularly in Europe, and recent restructure of the sales team;
- Nitro is expected to meet its guidance given the ARR growth in 3Q22 and as the fourth quarter has historically had been a seasonally strong quarter. All five brokers forecast ARR for FY22 within Nitro's guidance range, albeit towards the lower end of the range;
- of the five brokers, two forecast a positive Operating EBITDA from FY24. One broker noted in an earlier report that if Nitro adopted the same accounting practices as peers and capitalised 50% of research and development costs, Nitro would be operating EBITDA positive in 1H23;
- one broker is forecasting positive operating cash flow from FY23, and the remaining four brokers are forecasting positive operating cash flow from FY24; and
- brokers noted the lower cash balance announced at 3Q22, acknowledging the impact of one-off Connective integration costs, restructuring costs and the impact of rising US dollar against the Euro. One broker reduced their forecast year end cash balance, assuming a moderation in the level of quarterly cash burn for 4Q22.

## 8.5 Financial position

Nitro's consolidated financial position as at 31 December 2019, 2020, 2021 and 30 June 2022 is summarised as follows.

### Nitro Financial Position (US\$ million)

	As at 31 December		As at 30 June	
	FY19 Audited <sup>1</sup>	FY20 Audited	FY21 Audited	1H22 Reviewed
Receivables and other current assets	6.8	9.6	15.5	15.4
Payables and other current liabilities	(5.6)	(6.8)	(12.4)	(10.8)
Deferred revenue	(18.4)	(22.2)	(26.9)	(28.5)
<b>Net working capital</b>	<b>(17.3)</b>	<b>(19.4)</b>	<b>(23.9)</b>	<b>(24.0)</b>
Property, plant and equipment	0.6	0.5	0.7	0.8
Intangible assets and goodwill	0.1	-	89.6	80.6
Deferred tax assets	0.2	-	-	-
Right of use assets	3.1	1.8	2.5	2.3
Other non-current assets	3.0	4.3	6.2	7.4
Deferred tax liabilities	(0.3)	-	(6.6)	(6.1)
<b>Total funds employed</b>	<b>(10.7)</b>	<b>(12.8)</b>	<b>68.6</b>	<b>61.1</b>
Cash and cash equivalents	47.0	43.7	48.2	35.2
Lease liabilities	(2.9)	(1.7)	(2.5)	(2.4)
<b>Net cash (including lease liabilities)</b>	<b>44.1</b>	<b>42.1</b>	<b>45.7</b>	<b>32.8</b>
<b>Net assets</b>	<b>33.4</b>	<b>29.3</b>	<b>114.3</b>	<b>93.9</b>
<b>Total equity</b>	<b>33.4</b>	<b>29.3</b>	<b>114.3</b>	<b>93.9</b>
<b>Statistics</b>				
Quoted Nitro Shares at period end, including Treasury Shares (million)	188.9	193.1	246.2	246.9
Quoted Nitro Shares at period end, excluding Treasury Shares (million)	188.9	190.0	238.2	240.9
Net assets per share	\$1.77	\$1.54	\$4.80	\$3.90

Source: Nitro 2019, 2020 and 2021 Annual Reports, 1H22 Half Year Report, and Kroll analysis.

Note:

1. FY19 comparative expenses were restated in the FY20 Annual Report to reflect a change in the treatment of unbilled receivables and corresponding deferred revenue liabilities following the adoption of AASB 15 Revenue from Contracts with Customers.

With regard to the consolidated financial position summarised above, we note the following:

- working capital requirements are increasingly negative as the Nitro business grows. Deferred revenue reflects the amounts billed for services yet to be provided under existing contracts. Deferred revenue has grown by approximately 20% per annum since FY19. As at 30 June 2022, 30.6% of remaining performance obligations are to be met in 2H22, 41.6% in FY23, 20.3% in FY24 and the remaining portion by FY26. Trade receivables from advanced billings have been a modest source of cash;

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



- property, plant and equipment as at 31 December 2021 was primarily comprised of plant and equipment (US\$0.4 million) and leasehold improvements (US\$0.2 million).<sup>61</sup> The remaining balance was comprised of furniture and fittings and equipment and construction in progress;
- the intangibles balance as at 30 June 2022 was comprised of goodwill (US\$53.8 million), commercialised software (US\$17.9 million), customer lists (US\$8.2 million) and backlog and trademarks (US\$0.8 million). Of the total US\$89.6 million intangibles recognised as at 31 December 2021, US\$84.3 million relates to intangible assets acquired from Connective, and US\$6.1 million reflects the addition of PDFpen software. The reduction in the balance at 30 June 2022 was attributable to amortisation and unfavourable exchange rate movements. As noted earlier in Section 8.4.1, all associated research and development costs have been expensed;
- as at 30 June 2022, Nitro has not recognised any deferred tax assets. The deferred tax liability US\$6.1 million relates to intangible assets acquired from Connective. Nitro's deferred tax losses are discussed in the following section;
- right of use assets primarily relate to Nitro's and Connective's office leases and equipment recognised under AASB 16/IFRS 16 'Leases';
- of the lease liability balance as at 31 December 2021, 46.8% has a maturity of less than one year, with the remainder maturing between one and five years;
- other non-current assets include contract assets and capitalised contract acquisition costs, recognised where the benefit of the work and acquisition costs are expected to be longer than 12 months, and measured net of a loss allowance. Contract assets typically relate to subscription and maintenance and support contracts where the transaction price allocated exceeds the value of billings to date. Contract acquisition costs include capitalised costs of certain sales incentive programs such as sales commissions paid and associated compensation costs. Capitalised costs to obtain a contract are amortised over the expected period of benefit which Nitro estimates to be one to three years;
- As at 31 December 2021, Nitro had a cash balance of US\$48.2 million. The decline in cash in the six months to 30 June 2022 was attributable to an increase in non-recurring post acquisition integration costs for the Connective business and other advisory and consulting costs, together with payments for computer and office equipment, leases, and transaction costs relating to the capital raise at the end of FY21; and
- as at 30 June 2022, Nitro has no borrowings other than those related to leases under AASB 16.

### 8.6 Taxation

As at 31 December 2021, Nitro had unused tax losses of US\$81.9 million that were incurred by Nitro's United States operations and US\$19.5 million in unused tax losses arising from the acquisition of Connective. None of these tax losses were recognised in the statement of financial position as a deferred tax asset, as it was not considered probable that sufficient taxable profits would be generated in the relevant jurisdictions to utilise the losses.

As at 31 December 2021, Nitro had a franking credit balance of A\$1.9 million.

<sup>61</sup> A breakdown of property, plant and equipment was not available in the 1H22 report.



## 8.7 Cash flows

Nitro's statement of cash flows for FY19 to 1H22 is summarised as follows.

### Nitro Cash Flow (US\$ million)

	FY19 Audited	FY20 Audited	FY21 Audited	1H22 Reviewed
<b>Operating EBITDA<sup>1</sup></b>	(1.1)	(2.4)	(7.6)	(6.3)
Tax paid	(0.1)	(0.2)	(0.4)	(0.3)
Working capital and other adjustments <sup>2</sup>	1.6	1.1	(1.7)	(2.8)
<b>Net cash used in operating activities<sup>3</sup></b>	<b>0.4</b>	<b>(1.4)</b>	<b>(9.6)</b>	<b>(9.4)</b>
Payments for property, plant and equipment	(0.7)	(0.2)	(0.4)	(0.3)
Payment for intangible assets	-	-	(6.1)	-
Payments for acquisition of Connective	-	-	(75.7)	-
Premiums paid for currency derivatives	-	(0.2)	-	-
Receipt of loans from shareholders	0.0	-	-	-
<b>Free cash flow</b>	<b>(0.3)</b>	<b>(1.8)</b>	<b>(91.8)</b>	<b>(9.7)</b>
Proceeds from the issue of ordinary shares	44.8	-	101.4	-
Proceeds from the issue/ repayment of convertible notes	5.0	(0.0)	-	-
Proceeds from the issue of preference shares	1.8	-	-	-
Proceeds from exercise of share options	0.1	0.4	1.2	0.2
Transaction costs related to the issue of shares	(3.4)	(0.2)	(2.9)	(0.8)
Finance cost paid	(0.5)	(0.2)	(0.1)	(0.1)
Payment for leases	(1.2)	(1.4)	(1.3)	(0.7)
Purchase of shares by the employee share trust	-	(0.1)	-	-
Withholding taxes paid	-	-	(0.0)	-
<b>Net cash generated/ (used)</b>	<b>46.3</b>	<b>(3.3)</b>	<b>6.4</b>	<b>(11.2)</b>
Opening net cash and cash equivalents	(0.4)	47.0	43.8	48.2
FX impact on cash held	1.2	0.1	(1.9)	(1.9)
Net cash generated/ (used)	46.3	(3.3)	6.4	(11.2)
<b>Closing net cash and cash equivalents</b>	<b>47.0</b>	<b>43.8</b>	<b>48.2</b>	<b>35.2</b>

Source: Nitro 2019, 2020 and 2021 Annual Reports, 1H22 Half Year Report, and Kroll analysis.

Notes:

1. Operating EBITDA is earnings before share-based payments, one time/non-recurring M&A expenses, FX gains and losses, interest, taxation, depreciation and amortisation and other identifiable non-operating expenses such as IPO costs. Nitro uses EBITDA before share-based payments to evaluate its operating performance without the non-cash impact of depreciation and amortisation, and before share-based compensation, interest and taxation.
2. Working capital and other adjustments includes the cash outlay in relation to non-recurring items.
3. Net cash flows from operating activities per statutory accounts.

Net cash used in operating activities and free cash flow has been negative and significant as the business is growing. Cash movements and investments have been either completely or partially funded by equity raisings in any given year.

In December 2019, Nitro raised US\$44.83 million (before costs) through the initial public offering. The funds raised were utilised to fund operations and support growth initiatives, including potential acquisitions.<sup>62</sup>

In November 2021, Nitro raised A\$140 million through a placement and retail entitlement offer to existing shareholders. The proceeds from the capital raising were primarily used to fund the acquisition of Connective.

Nitro has not paid a dividend since listing on the ASX on 11 December 2019.

In the 3Q22 update, Nitro management noted that the reported cash balance as at 30 September 2022 reduced to US\$29.2 million. Whilst cash receipts from customers to 30 September 2022 grew following an increase in billings arising from multi-year subscription contracts, underlying cash payments to suppliers and staff also increased reflecting Nitro's strategic investments in personnel, product development and enhancing of the go-to-market function. Net cash outflows in 3Q22 were adversely impacted by the strength of the US dollar (reported currency) against the Euro, British pound and Australian dollar currencies.<sup>63</sup>

<sup>62</sup> The IPO incurred transaction costs of US\$6.63 million of which US\$3.67 million were capitalised against equity.

<sup>63</sup> Nitro Q3 2022 Update.

# ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



## 8.8 Capital structure and ownership

As at 15 December 2022, Nitro had a total of 251,567,415 fully paid shares on issue, comprised of:

- 245,283,492 quoted shares on the ASX; and
- 6,283,923 unquoted Treasury Shares.

Additionally, Nitro has unquoted securities on issue as part of its Employee Share Scheme, under which securities (or rights to acquire securities) are issued to certain participating Nitro employees, managers or directors. The Nitro Employee Share Scheme comprises the following securities:

- Restricted Share Awards (**RSA**);
- Performance Rights;
- Performance Shares;
- Non-Executive Director Share Rights;
- Options; and
- Employee Share Purchase Plan (**ESPP**),

together, the **ESS Securities**.

As at 15 December 2022, Nitro had 19,051,711 ESS Securities on issue (excluding the ESPP). There were 99,535 securities that are paid up under the ESPP. Further detail is provided in Section 8.8.2 of this report.

In order to satisfy Nitro's future Employee Share Scheme obligations, Nitro Shares are issued to the Nitro Employee Share Trust (**NEST**) to be held for participants in the Employee Share Scheme (**Treasury Shares**). As at 15 December 2022, Nitro held 3,185,461 quoted Treasury Shares and 6,283,923 unquoted Treasury Shares. These shares are included in the total balance of fully paid shares on issue.

The total number of shares on a fully diluted basis as at 15 December 2022 under the Alludo Transaction Offer of A\$2.15 was 255,618,996.

### 8.8.1 Shares on issue

As at 15 December 2022, there were 6,357 registered shareholders of Nitro's 251,567,415 ordinary shares on issue. The top 20 registered shareholders accounted for 85.09% of shares on issue and mainly included institutional nominees and custodians, private shareholders, current and former Directors, and management.<sup>64</sup>

Nitro has received notices from the following substantial shareholders:

#### Nitro Substantial Shareholders as at 15 December 2022

Substantial shareholder	Number of shares	Percentage of issued capital <sup>1</sup>
Potentia Capital Management Pty Ltd	48,586,139	19.81%
Spheria Asset Management Pty Ltd	16,687,672	6.80%
Battery Ventures	16,424,071	6.70%
AustralianSuper Pty Ltd	14,557,062	5.93%
Samson Rock Event Driven Master Fund Limited	12,619,954	5.15%
TIGA Trading Pty Ltd	12,468,142	5.08%
Sam Chandler	12,183,224	5.00%

Source: Nitro, Transaction Booklet.

Note:

1. Issued capital excludes 6,283,923 Unquoted Treasury Shares on issue by Nitro.

### 8.8.2 ESS Securities

Since Nitro was established, equity awards have been granted to all Nitro employees, as part of Nitro's Employee Share Scheme and remuneration and long term incentive plans. The ESS Securities are regulated by the following rules:

- Employee Share Option Plan (undated), for options issued prior to 13 November 2019;

<sup>64</sup> ComputerShare Range of Units, Substantial Holders and Top Holders Reports as at 15 December 2022.





- Employee Equity Incentive Plan, dated 29 September 2019 for all other ESS Securities;
- Employee Share Purchase Plan (undated); and
- Non-Executive Director Share Rights,

together the **ESS Plan Rules**.

Under the ESS Plan Rules, certain conditions must be satisfied in order for an ESS Participant to be issued Nitro Shares. Conditions include performance, employment/ engagement status with Nitro. The NEST issues shares to participants on exercise of options and vesting of performance rights, performance shares and restricted shares.

The following table provides an overview of the outstanding unquoted securities as at 15 December 2022.

**Outstanding ESS Securities as at 15 December 2022**

Unquoted securities	Recipient	Key terms	Number outstanding
RSA	Eligible employees	Issued at an exercise price of Nil, with a four year vesting period.	7,620,276
Performance Rights	Group Senior Executives	Market based (relative TSR) and/or performance based (internal CAGR) vesting conditions.	1,521,486
Performance Shares	Group Senior Executives	Market based (relative TSR) and/or performance based (internal CAGR) vesting conditions.	682,606
Share Rights	Non-Executive Directors	N/A	172,475
Options	Eligible employees	Options vest over a four year period and expire 10 years from grant date. Options convert to shares on a 1:1 basis.	9,054,868
Total ESS Securities (excluding ESPP)			19,051,711
ESPP securities	Employees	Paid up through salary contributions	99,535
Total ESS Securities			19,151,246

Source: Nitro.

There are no voting rights attached to employee share options, restricted shares, performance rights or performance shares. There is no current on-market-buy-back of shares and there are no securities subject to escrow.

### 8.8.3 Fully diluted shares

From a Change of Control Transaction perspective, quoted and unquoted securities are effectively indistinguishable and treated in the same way.<sup>65</sup> The ESS Plan Rules provide the Nitro Board with discretion to waive any vesting conditions relating to the ESS Securities and accelerate some or all of their vesting. Upon the satisfaction or waiver of the vesting conditions, the Treasury Shares would be issued to ESS participants in line with their allocation of ESS Securities. Should there be insufficient Treasury Shares held by the NEST to meet these obligations, Nitro would be required to issue additional fully paid shares to the relevant ESS participants.

The Nitro Board has determined for the Alludo Transaction that all equity awards will be accelerated, and all options would be treated on a cashless exercise basis, with only the net shares issued to ESS participants for those Options that are 'in the money' at the acquisition price.

The ESS Securities will mainly be satisfied by the 9,469,384 Treasury Shares currently held in the NEST. Nitro would then be required to either issue additional fully paid ordinary shares, or cash settle the ESS Securities for the purposes of satisfying ESS obligations.

The calculation of the fully diluted shares outstanding will vary depending on the lapsing of any securities should an employee leave prior to acceleration, and the acquisition price applied for the exercise of the outstanding options. If the options are exercised at the Alludo Scheme Consideration and Alludo Takeover Offer Consideration of A\$2.15, the fully diluted shares outstanding would be 255,618,996 as set out in the following table.

<sup>65</sup> As advised by Nitro management.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



### Calculation of Fully Diluted Nitro Shares at the Alludo Scheme Consideration and Alludo Takeover Offer Consideration of A\$2.15

Security	Conditions	Number
Ordinary Shares, quoted		245,283,492
Treasury Shares, unquoted and unallocated (held by NEST)		6,283,923
<b>Total Shares issued</b>		<b>251,567,415</b>
<b>Add: Dilutive Share issuance</b>		
Options	Net options to be issued at an assumed price of A\$2.15	3,524,122
NED Share Rights	Vest on a 1:1 basis	172,475
RSA	All vest on a 1:1 basis, as per management records	7,620,276
Performance Rights	Vest on a 1:1 basis	1,521,486
Performance Shares	Vest on a 1:1 basis	682,606
<b>Dilutive Share issuance</b>		<b>13,520,965</b>
<b>Less: Quoted Treasury Shares (NEST), unallocated (including ESPP)</b>		<b>(3,185,461)</b>
<b>Less: Unquoted Treasury Shares (NEST) unallocated</b>		<b>(6,283,923)</b>
<b>Fully diluted shares in a Change of Control event</b>		<b>255,618,996</b>

Source: Nitro

## 8.9 Share price performance

### 8.9.1 Share market trading since listing

The trading price and volume of Nitro Shares since listing on 11 December 2019 at A\$1.72 is set out as follows.

#### Nitro Trading Price and Volume from 11 December 2019



Source: S&P Capital IQ and Kroll analysis.

To enable analysis of Nitro's share price performance, we have chosen to compare Nitro's performance against the broader S&P/ASX All Ordinaries Index, the S&P/ASX All Technology Index (both of which Nitro is a constituent), as well as PDF and eSigning market leaders, Adobe and DocuSign. Nitro considers the S&P/ASX All Technology Index to reflect its peer group and assesses Nitro's relative TSR for LTI purposes with reference to this index. The following chart sets out the relative performance of Nitro Shares against these benchmarks (rebased to 100) since listing on 11 December 2019.

#### Nitro Share Price Performance Relative to Benchmarks since 11 December 2019



Source: S&P Capital IQ and Kroll analysis.

From listing until February 2020, Nitro's share price performed broadly in line with Adobe, DocuSign and the indices. The Nitro share price during this period was supported by the announcement on 27 February 2020 of strong FY19 results, which were ahead of the IPO prospectus forecast.

At the onset of the COVID-19 pandemic in March 2020, the Nitro share price declined sharply together with the Australian indices, each underperforming Adobe and DocuSign. The Nitro share price closed at a low of A\$0.79 on 16 March 2020.

From then until November 2021, the Nitro (and DocuSign) share prices rebounded strongly, outperforming the larger and less volatile Adobe and the Technology Index, which increased moderately, and the S&P/ASX All Ordinaries Index, which remained below pre-COVID-19 pandemic levels. Nitro's share price increased by approximately 391.2% from the low of A\$0.79 on 16 March 2020 to close at a high of A\$3.88 on 17 November 2021. Key factors that may have driven Nitro's share performance during this period include:

- increasing demand for PDF productivity and eSigning products amidst the COVID-19 pandemic and associated lockdowns. Nitro's 1Q20 Quarterly Activities Report noted that it had experienced new and urgent demand for digital solutions across the globe with the rise of remote working due to quarantines;<sup>66</sup>
- the DocuSign share price increased by 351.4% from a low of US\$68.68 on 12 March 2020 to close at a high of US\$310.05 on 3 September 2021. The Adobe share price increased by 142% from a low of US\$285.00 on 12 March 2020 to close at a high of US\$688.37 on 19 November 2021. Growth over the 18 month period was fuelled by the surge in online activity caused by the COVID-19 pandemic with DocuSign and Adobe experiencing revenue growth of 42% and 23% respectively in the year to December 2021;<sup>67</sup>
- Nitro's strong ARR growth of 63.8% in FY20 with financial performance ahead of Nitro's IPO prospectus forecast, increasing to ARR growth of 66% for 1Q21;
- on 21 July 2021, Nitro launched its unlimited Nitro Sign offerings, and announced the integration of the Nitro Productivity Platform with Salesforce;
- announcement on 10 November 2021 of the acquisition of Connective, which was expected to deliver cross selling opportunities;
- general market sentiment regarding technology stocks during this period with share prices doubling or tripling in the space of 12 to 24 months, as can be seen in the strong performance of the S&P/ASX All

<sup>66</sup> 1Q20 Quarterly Activities Report, 27 April 2020.

<sup>67</sup> DocuSign announcement, DocuSign Announces Third Quarter Fiscal 2022 Financial Results, 2 December 2021; Adobe announcement, Adobe Reports Record Q4 and Fiscal 2021 Revenue, 16 December 2021.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



Technology Index relative to the S&P/ASX All Ordinaries Index. Low interest rates and large government spending during this period may have driven investor demand for growth stocks; and

- favourable macro-economic conditions and market sentiment, boosted by initiatives introduced by governments and central banks in response to the COVID-19 pandemic, including lowering official cash rates and announcing considerable fiscal stimulus packages. The Australian Government, for example announced a A\$17.6 billion economic package.<sup>68</sup>

From the high of A\$3.88 on 17 November 2021, the Nitro share price declined by 11.5% to close at A\$3.43 on 1 December 2021. This followed the A\$140 million fully underwritten capital raising to fund the Connective acquisition, which was undertaken at A\$3.43 per Nitro Share, a 10.7% discount to the last closing price of A\$3.84.

### 8.9.2 Recent share price performance

The performance of Nitro Shares relative to the relevant benchmarks (rebased to 100) since 1 November 2021 is illustrated as follows.

**Nitro Share Price Performance Relative to Benchmarks since 1 November 2021**



Source: S&P Capital IQ and Kroll analysis.

From November 2021, Nitro's share price declined steeply until March 2022, mirroring the decline in the DocuSign share price, each underperforming Adobe and the S&P/ASX All Technology index, which in turn underperformed the S&P/ASX All Ordinaries Index. By late February 2022, the Nitro share price had fallen below the initial public offering price of A\$1.72.

Specific factors that may have influenced Nitro's underperformance during this period include:

- following DocuSign's 2 December 2021 release of FY22 guidance that fell short of analysts' expectations and indicated a potential shift from peak levels of growth,<sup>69</sup> DocuSign's share price declined by 42.2% to close at US\$135.1 on 3 December 2021. On the same date, the Nitro share price declined by 9.5% to close at A\$3.04; and
- the broader sector-wide de-rating of pre-profit technology stocks (such as Nitro, DocuSign and a number of constituents of the S&P/ASX All Technology Index) towards cash generating stocks, impacted by rising interest rates and inflation and investor demand for cash returns.<sup>70</sup>

<sup>68</sup> Australian Stock Report Article, "Australia's Monetary and Fiscal Response to Coronavirus Outbreak", Stuart Lucy, March 13, 2020.

<sup>69</sup> For example: CNBC article, "DocuSign plunges almost 30% after e-signature company issues weak fourth-quarter guidance", Ari Levy, December 2, 2021; MSN article, "Why DocuSign Plunged by 38.2% in December", Royston Yang, January 5, 2022.

<sup>70</sup> For example: Markets Insider Article, "Here's why tech stocks are cratering as the Fed prepares to hike interest rates", Harry Robertson, January 7, 2022.



From March 2022, the Nitro share price broadly mirrored the observed benchmarks until late July 2022, when Nitro announced a downward revision to its ARR guidance from a range of US\$64 to US\$68 million to a range of US\$57 to US\$60 million in the 2Q22 Activity Report. Nitro's share price declined to close at a low of A\$1.11 on 1 August 2022.

On 31 August 2022, the Nitro share price increased 39.8% to close at A\$1.58 in line with the consideration under the Initial Potentia Proposal. The share price remained broadly in line with this offer price and the Australian benchmark indices until Nitro announced the Initial Potentia Takeover Offer on 28 October 2022 at A\$1.80 per Nitro Share and the Initial Alludo Transaction on 31 October 2022 at A\$2.00 per Nitro Share, following which the Nitro share price increased by 20.2% to close at A\$2.08 on 31 October 2022. Nitro Shares have since continued to trade at over A\$2.00 through November, lifting slightly (1.5%) to A\$2.09 after the announcement that Nitro had entered a binding legal agreement with Alludo on 15 November 2022, and A\$2.12 on 25 November 2022, shortly after the release of the Target's Statement on 23 November 2022. Nitro's share price closed at A\$2.23 on 15 December 2022.

### 8.9.3 Liquidity

An analysis of the volume of trading in Nitro Shares, including the VWAP for various periods up to 29 August 2022 (the last undisturbed trading day before the announcement of the Initial Potentia Proposal) is set out as follows.

#### Nitro Liquidity up to 29 August 2022

Period	Low <sup>1</sup>	Price (A\$) High <sup>1</sup>	VWAP	Cumulative value (A\$ million)	Cumulative volume <sup>2</sup> (A\$ million)	Percentage of issued capital <sup>3</sup>
1 day	1.09	1.14	1.12	1.8	1.6	0.7%
1 week	1.09	1.26	1.16	4.4	3.8	1.5%
1 month	1.08	1.37	1.18	22.3	18.9	7.7%
3 months	1.08	1.70	1.27	107.3	84.4	34.6%
6 months	1.08	1.70	1.29	221.0	171.9	70.4%
12 months	1.08	4.00	1.93	616.2	318.7	130.5%

Source: IRESS

Notes:

1. The low and high prices include intraday trades.
2. Data includes special crossings/ block trades.
3. The percentage of issued capital is calculated from the total balance of quoted shares on issue of 244,274,872 as per the ASX Notification of Cessation of Securities on 22 August 2022.

In the 12 months to 29 August 2022, 130.5% of the quoted Nitro Shares on issue were traded (156.5% of the free float).<sup>71</sup> This level of trading indicates that Nitro Shares are liquid.

## 9 Valuation of Nitro

### 9.1 Overview

Kroll has assessed the value of a Nitro Share to be in the range of A\$2.00 to A\$2.20 on a fully diluted basis.<sup>72</sup> Our range of assessed values reflects 100% ownership of Nitro and, therefore, incorporates a control premium. As our valuation includes a control premium, our range of assessed values per share exceeds the price at which we expect Nitro Shares would trade on the ASX in the absence of the Alludo Transaction, a Competing Proposal<sup>73</sup> (including from Potentia Capital) or speculation regarding a Competing Proposal.

The most reliable evidence as to the value of a business or asset is the price at which that business or asset has been bought and sold in an arm's length transaction. RG111.86 (e) indicates that it is appropriate for an expert to consider using as a methodology "any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets."

<sup>71</sup> The free float as at 29 August 2022 of 203,670,290 was sourced from FactSet.

<sup>72</sup> This includes all of the 251,567,415 fully paid shares on issue, plus 13,520,965 shares issued to ESS Participants, less 9,469,384 Treasury Shares currently held in the NEST.

<sup>73</sup> As defined in the Transaction Booklet.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



Consequently, Kroll has considered the A\$2.00 consideration under the Potentia Takeover Offer as a primary indication of the amount that Nitro could achieve in an arm's length transaction.

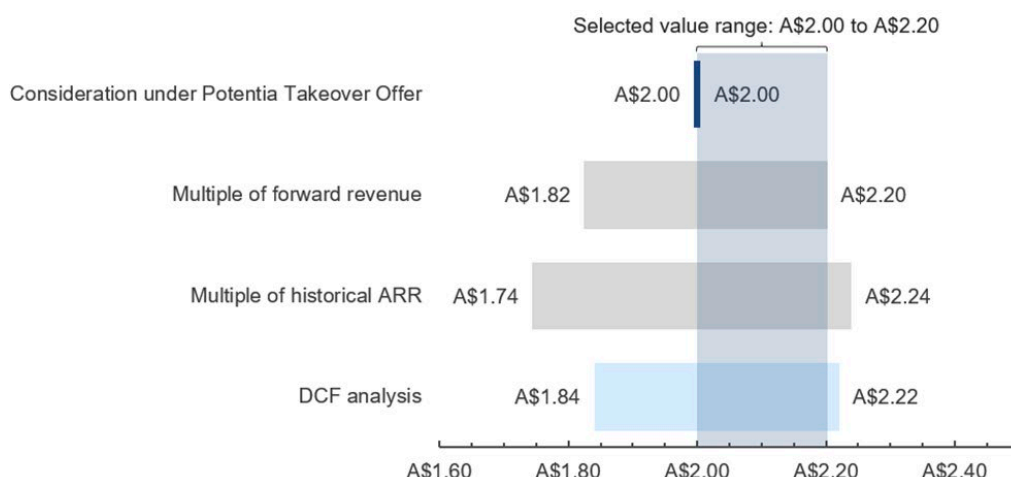
In addition, in assessing a value range per Nitro Share, Kroll has had regard to the following valuation methodologies:

- Market Approach: multiples of forward revenue and multiples of historical ARR (Section 9.3 of this report); and
- Income Approach: DCF analysis (used as a cross-check) (Section 9.5).

The value of a Nitro Share has been determined by estimating the market value of Nitro's operating business together with Kroll's estimate of surplus cash to determine the value of equity in US dollars. The US dollar equity value has been divided by the diluted number of Nitro Shares and the resulting value per Nitro Share has been converted into Australian dollars at an exchange rate in the range of A\$1=US\$0.65 to A\$1=US\$0.70 to allow for movements in the spot rate.

The valuation outcomes and Kroll's selected value range are summarised in the following chart.

### Valuation Summary (per Nitro Share)



Source: Kroll analysis.

Our selected value range of A\$2.00 to A\$2.20 per Nitro Share reflects a premium over the closing price of Nitro Shares immediately prior to the announcement of the Initial Potentia Proposal of between 77.0% and 94.7%, and a premium to the six-month VWAP prior to the Initial Potentia Proposal in the range of 55.0% to 70.5%. A portion of this premium reflects that our valuation of Nitro includes a control premium, rather than a valuation of a minority interest in the company as traded on the ASX. The premium is above premiums observed in completed transactions, which are broadly in the range of 25% to 40% depending on the individual circumstances.<sup>74</sup> In this regard, we note that synergies available to strategic buyers of Nitro are potentially material, with the ability to integrate Nitro's products into an existing suite of productivity software solutions, delivering higher revenue growth through immediate scale, access to a wider customer base, and cross-selling opportunities. A strategic buyer may also be able to save a portion of marketing costs and other corporate overheads and any acquirer would save public company costs.

However, in our opinion the premium is also likely to reflect the negative re-rating of cash flow negative technology stocks, particularly in the eSigning segment, since late 2021. From 17 November 2021 until 29 August 2022, the last undisturbed trading day before the Initial Potentia Proposal, the DocuSign closing share price declined by 78.3% from US\$267.12 to US\$58.00 and the Nitro closing share price declined by 70.9% from A\$3.88 to A\$1.13. Therefore, it is likely that the Nitro share price was depressed in the lead up to the announcement of the Initial Potentia Proposal.

<sup>74</sup> 2022 Mergerstat Review. Range represents median premium from 2012 to 2021. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

In forming our view as to the value of Nitro Shares we have considered a series of factors including:

- strong industry tailwinds, with a large addressable market that is growing due to the continued trend of remote working, shifting organisation IT priorities and budgets towards digital transformation and high-trust eSigning;
- Nitro's growth in revenue and ARR, as a result of these industry tailwinds and the success of Nitro's revised strategy to transition the company to a subscription based model and restructure its go-to-market strategy towards Mid-Market and Enterprise customers;
- Nitro's significant operating losses and cash outflows. There is no certainty that the recent strong revenue growth will continue to be achieved;
- the valuation assumes that Nitro does not require additional capital to execute its strategy in the short term but that it will require a portion of its existing cash of US\$29.2 million as at 30 September 2022 to support operations until Nitro becomes operating cash flow positive; and
- Nitro's substantial carried forward income tax losses, however, recognising that the ability to utilise them is uncertain and it is unlikely that an acquirer would attribute significant value to them.

It should also be noted that a valuation of Nitro in the current macroeconomic and geopolitical environment is complex and requires judgement as to the outlook for markets and the global economy.

## 9.2 Approach

### 9.2.1 Overview

Our valuation of Nitro has been prepared on the basis of 'fair value'. The generally accepted definition of fair value (and that applied by us in forming our opinion) is the value agreed in a hypothetical transaction between a knowledgeable, willing, but not anxious buyer and a knowledgeable, willing, but not anxious seller, acting at arm's length. Fair value excludes 'special value', which is the value over and above the value that a particular buyer, which can achieve synergistic or other benefits from the acquisition, may be prepared to pay.

The most reliable evidence as to the value of a business or asset is the price at which that business or asset has been bought and sold in an arm's length transaction. RG111.86 (e) indicates that it is appropriate for an expert to consider using as a methodology "any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets." Accordingly, our valuation considers the consideration under the Potentia Takeover Offer as a strong indicator of the fair value of Nitro Shares.

In the absence of direct market evidence, fair value is commonly derived by applying one or more of the following valuation approaches:

- the market approach;
- income approach; or
- cost approach.

These approaches are discussed in further detail in Appendix 4. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved. A secondary methodology is often adopted as a cross-check to ensure the reasonableness of the outcome, with the valuation conclusion ultimately being a judgement derived through an iterative process.

For profitable businesses, the market approach and income approach are commonly used as they reflect 'going concern' values, which typically incorporate some element of goodwill over and above the value of the underlying assets. For businesses that are either non-profitable, non-tradeable or asset rich (e.g. real estate investment trusts), a cost approach is often adopted as there tends to be minimal goodwill, if any. Selection of methodology

A discussion of the rationale for the selection of the valuation methodologies is set out as follows.

#### Direct market comparison

In the case of Nitro, the Potentia Takeover Offer represents a genuine offer that is capable of acceptance. It represents an arm's length transaction and provides appropriate evidence as to the value of Nitro Shares. We note that although Potentia is a strategic buyer and consequently, could likely save significant costs



## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



and, potentially, generate additional revenues through cross-selling, there are a number of strategic buyers that could achieve similar synergies. As such, we do not consider that the consideration under the Potentia Takeover Offer represents 'special value' over and above price that a particular buyer may be prepared to pay. Consequently, Kroll considers the consideration under the Potentia Takeover Offer to be appropriate evidence as to the fair value of Nitro Shares. Nevertheless, we have also considered a range of other valuation methodologies.

### Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. Application of this approach involves the capitalisation of the cash flows or earnings (or revenue) of a business at a multiple that reflects both the risks of the business and the future growth prospects of the income it generates. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and
- there is substantial operating history and a consistent earnings trend.

Although Nitro is currently loss making and is not expected to generate profits in the short-term, it has an established track-record of revenues on which to apply multiples. Further, through the execution of its SaaS strategy, a significant portion of revenues are contracted and recurring, which makes them relatively stable and predictable. These are measured as ARR. In addition, there are a number of publicly traded SaaS and global collaboration/productivity software peers and transactions involving broadly similar companies from which to calculate meaningful multiples. Consequently, a market approach has been used as the primary valuation approach.

The earnings bases to which a multiple is commonly applied include revenue, EBITDA, EBIT and net profit after tax. The choice between parameters is usually not critical and should give a similar result. We note that revenue is commonly used in valuing unprofitable, high growth software peers. Given Nitro is currently loss making and is not expected to generate profits in the short-term, it is necessary to perform comparisons using revenue multiples rather than earnings multiples. Consequently, we have utilised EV/Revenue and EV/ARR as the metrics for our market approach.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. Investors will often value software and technology businesses on unconventional metrics given the non-profitable nature of these businesses. They generally should not be given substantial weight unless market participants place particular reliance on them.

### Income approach

Under an income approach, the value of an asset is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history, there is a variable pattern of cash flow, or the asset has a finite life.

The most common application of the income approach is the DCF methodology. This methodology allows for cash flows to reflect a range of risks and opportunities and also allows for a range of scenarios to be modelled.

A DCF methodology can be applied to cash flows to the whole asset or business or cash flows to equity. Cash flows to the whole asset or business is most commonly used because an asset or business should theoretically have a single value that is independent of how it is financed or whether income is paid as dividends or reinvested.

Utilising the DCF methodology requires estimation of cash flows for a number of years and discounting those cash flows back to present value. Nitro has provided a financial model with forecasts to FY25 (**Financial Model**). We note that forecasting long term cash flows in the software and technology sectors



is challenging as a result of the high sensitivity of value to top-line revenue growth, considerable uncertainty in the operational and financial performance of relatively immature companies, and difficulty in assessing long-term margins. Whilst we have assessed this uncertainty through a sensitivity analysis, the reliability of a DCF on the basis of such forecasts is limited, therefore the DCF approach has been considered as a supporting valuation method rather than primary valuation method.

Kroll has prepared a high-level DCF model that uses the Financial Model as its starting point. Kroll has undertaken various enquiries in relation to Nitro's assumptions underlying the Financial Model, including holding discussions with Nitro Directors and management, comparing the assumptions to the those in the broker forecasts of software and technology peers and reviewing key assumptions in the context of current economic, financial and other conditions.

Following our enquiries and independent analysis, Kroll is of the view that the Financial Model has been prepared on a reasonable basis and is, therefore, suitable as a basis for our high-level DCF model. In making this assessment, we have taken the following into account:

- the Financial Model is based on the Nitro three-year plan which was presented to the Nitro Board, and the detailed budget and one-year plan that were reviewed by the Nitro Board in August-September 2022;
- the Financial Model is used by Nitro management for internal management and budgeting processes. It has been reviewed internally and by external advisors;
- the Financial Model has been updated several times during the last 12 months to reflect changes in revenue and costs, most recently following the July restructure of Nitro's go-to-market function; and
- over 75% of the forecast revenue for Nitro is supported by subscription contracts, and Nitro has a broad client base with historically high retention rates, as noted in Section 8.2 and 8.3 of this report Nitro.

In utilising the Financial Model, Kroll has made certain adjustments to reflect its judgement (e.g. in relation to exchange ranges, assumed spot rates applied to local currency costs were replaced with forward exchange rates as at 30 November 2022, as forecast by S&P Capital IQ). Kroll has also extended the model a further two years based on assumptions in relation to sales revenue and cost growth, EBITDA margin, capital expenditure, and working capital in order to capture a 'steady state' growth rate in the final year of the cash flows.

However, the high-level DCF model does not constitute a forecast or projection by Kroll of the future performance of Nitro, and no assurance or warranty is provided that future performance will align with the assumptions adopted in the model. These assumptions do not, and do not purport to, represent the range of potential outcomes for Nitro's business operations.

#### **Cost approach**

A cost-based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). This approach does not generally capture growth potential or internally generated intangible value associated with software and technology companies.

#### **9.2.2 Control premium**

Consistent with the requirements of RG 111, we have assumed 100% ownership of Nitro and, therefore, our valuation includes a control premium.

Successful transactions are commonly completed with an implied acquisition premium to the pre-trading equity price of the target in the order of 25% to 40% depending on the individual circumstances.<sup>75</sup> In considering the evidence provided by actual transactions, it is important to recognise that the observed premium for control is an outcome of the valuation process, not a determinant of value, and that each transaction will reflect to varying degrees the outcome of a unique combination of factors, including:

- the acquirer's capacity to realise full control over the strategy and cash flows of the target entity;
- the magnitude of synergies available to all acquirers, for example, the rationalisation of costs related to duplicated functions, or the removal of costs associated with the target being a listed entity;

<sup>75</sup> 2022 Mergerstat Review. Range represents median premium from 2012 to 2021. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



- uncertainties related to the timing of full realisation of target synergies;
- the expected costs to migrate and integrate the business;
- the nature of the bidder (i.e. whether the acquirer is a financial investor or a trade participant);
- synergistic or special value that may be unique to a particular acquirer;
- the interest acquired in the transaction with consideration to the bidder's pre-existing shareholding in the target;
- the prevailing conditions of the economy and capital markets at the time of the transaction with consideration to the position in the overall market cycle;
- desire (or anxiety) for the acquirer to complete the transaction;
- whether the acquisition is competitive; and
- the extent the target company's share price already reflects a degree of takeover speculation.

The premium that is ultimately applied must have regard to the circumstances of each case. In some situations, it may be appropriate to apply no premium for control, for example, there are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through an initial public offering. Accordingly, an assessment as to an appropriate control premium, if any, is essentially a matter of judgement.

The multiples derived for listed comparable companies generally reflect prices at which portfolio interests (i.e. minority interests) are traded and consequently, do not include a control premium. They may also be impacted by the level of liquidity in trading of the particular security. Accordingly, when valuing a business as a whole (i.e. Nitro on a 100% basis), or when valuing the main undertaking of a business, it is appropriate to reference the multiples achieved in recent transactions, where a control premium and breadth of purchaser interest are more fully reflected.

There are a number of potential strategic acquirers of Nitro, including specialist document workflow management and eSigning software providers, or SaaS companies in Australia or overseas, other than Potentia Capital or Alludo. These acquirers would likely consider that an acquisition of Nitro, at this point in time, would provide considerable strategic value for the following reasons:

- as a means of immediate customer acquisition through an established and potentially varied go-to-market strategy, increasing the scale of an existing SaaS business;
- a means of generating revenue synergies from cross-selling existing products to Nitro's customers;
- incorporating an advanced, automated SaaS solution into its portfolio of product offerings, dramatically reducing the time and cost of replicating such a product offering and potentially enabling research and development synergies; and
- generating savings in marketing costs and general corporate overhead synergies.

Therefore, we consider it possible that an alternative strategic buyer may be able to generate revenue synergies from integrating Nitro's products and may also be able to achieve cost synergies. Consequently, we consider that a substantial control premium could reasonably be expected to be paid by a hypothetical acquirer.

Several of the benefits that may be available to a potential acquirer are not easily quantifiable. Consequently, rather than adjusting Nitro's revenues or earnings to reflect the total direct and indirect cost savings or revenue benefits available to a pool of purchasers, we have included a control premium by applying a multiple that is towards the high end of recent transaction evidence. Adding both an adjustment to earnings to reflect synergies and a control multiple in the valuation would result in an overstatement of the benefits of a transaction.

In performing the DCF analysis as a cross-check, in order to reflect the valuation on a controlling interest basis, synergies are reflected directly in the cash flow forecasts. It is assumed that all public company costs and 10% of sales and marketing, general and administrative costs are saved.

### 9.2.3 Exchange rate methodology

Nitro's financial statements are presented in US dollars while its ordinary shares are denominated in Australian dollars. Therefore, the value per Nitro share in Australian dollars as converted from the value per Nitro Share in US dollars will fluctuate with movements in the exchange rate. We note that as at 30



November 2022 the exchange rate was 0.67 US\$ per A\$1 and, therefore, have applied a range around this figure of US\$0.65 to US\$0.70 per A\$1.

This range is consistent with the majority of trading that has occurred in the last six months, between a range of US\$0.62 to US\$0.73 per A\$1 at a 180-day moving average of approximately US\$0.68 per A\$1. It is also consistent with 6-month and 12-month forward estimates for the exchange rate of US\$0.66 and US\$0.70 per A\$1 respectively.

## 9.3 Market approach

### 9.3.1 Summary

In assessing a value range per Nitro Share under the market approach, Kroll has had regard to the valuation outcomes developed by utilising multiples of the following earnings parameters:

- multiples of forward revenue (EV/Revenue); and
- multiples of historical ARR (EV/ARR).

Our rationale for using these multiples is set out in Section 9.2 of this report and is discussed in further detail throughout this section.

In both instances, our range of assessed values reflects 100% ownership of Nitro and, therefore, incorporates a control premium. As our valuation includes a control premium, our range of assessed values per share exceeds the price at which we expect Nitro Shares would trade on the ASX in the absence of the Transaction.

We have assessed the value of Nitro by determining the estimated value of Nitro's operating business. We have then considered other assets and liabilities, and Kroll's estimate of surplus cash in determining the value of equity.

#### Summary of value – capitalisation of revenue methodology

Utilising a capitalisation of revenue methodology, Kroll has assessed the value of Nitro's equity to be in the range of US\$326.5 million to US\$365.8 million, which equates to a value per Nitro Share of between A\$1.82 to A\$2.20 on a fully diluted basis.<sup>76</sup>

#### Summary of Value – Capitalisation of Revenue

	Section Reference	Valuation Range	
		Low	High
<b>Value of Nitro's operating business (control basis) (US\$ million)</b>	9.4	<b>314.4</b>	<b>353.7</b>
Other assets / (liabilities) (net) (US\$ million)	9.6	-	-
<b>Enterprise value (control basis) (US\$ million)</b>		<b>314.4</b>	<b>353.7</b>
Kroll estimated surplus cash (US\$ million)	9.6.1	12.1	12.1
<b>Equity value (control basis) (US\$ million)</b>		<b>326.5</b>	<b>365.8</b>
Number of shares outstanding – diluted (million)	8.8.3	255.6	255.6
<b>Value per Nitro Share – diluted (US\$)</b>		<b>\$1.28</b>	<b>\$1.43</b>
Exchange rate (US\$ per A\$1)	9.2.3	0.70	0.65
<b>Value per Nitro Share – diluted (A\$)</b>		<b>\$1.82</b>	<b>\$2.20</b>

Source: Kroll analysis.

Note: table may not add due to rounding.

#### Summary of value – capitalisation of ARR methodology

Utilising a capitalisation of ARR methodology, Kroll has assessed the value of Nitro's equity to be in the range of US\$312.1 million to US\$372.1 million, which equates to a value per Nitro Share of between A\$1.74 to A\$2.24 on a fully diluted basis.

<sup>76</sup> This includes all of the 251,567,415 fully paid shares on issue, plus 13,520,965 shares issued to ESS Participants, less 9,469,384 Treasury Shares currently held in the NEST.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



### Summary of Value – Capitalisation of ARR

	Section Reference	Valuation Range	
		Low	High
<b>Value of Nitro's operating business (control basis) (US\$ million)</b>	9.4	<b>300.0</b>	<b>360.0</b>
Other assets / (liabilities) (net) (US\$ million)	9.6	-	-
<b>Enterprise value (control basis) (US\$ million)</b>		<b>300.0</b>	<b>360.0</b>
Kroll estimated surplus cash (US\$ million)	9.6.1	12.1	12.1
<b>Equity value (control basis) (US\$ million)</b>		<b>312.1</b>	<b>372.1</b>
Number of shares outstanding – diluted (million)	8.8.3	255.6	255.6
<b>Value per Nitro Share – diluted (US\$)</b>		<b>\$1.22</b>	<b>\$1.46</b>
Exchange rate (US\$ per A\$1)	9.2.3	0.70	0.65
<b>Value per Nitro Share – diluted (A\$)</b>		<b>\$1.74</b>	<b>\$2.24</b>

Source: Kroll analysis.

Note: table may not add due to rounding.

### 9.4 Value of Nitro's operating business

To inform our selected value range, Kroll has assessed the value of Nitro's operating business using a market approach having regard to capitalisation of both revenue and ARR for selected listed ASX software and global collaboration and productivity software peers, and transactions for companies operating globally in the SaaS and productivity software service industries. This assessment also requires consideration of an appropriate level of maintainable earnings (refer to Section 9.4.1 of this report) and capitalisation multiple (refer to Section 9.4.2 of this report). The results of this assessment are presented as follows.

#### Value of Nitro's operating business utilising capitalisation of revenue methodology

Utilising capitalisation of earnings of revenue, Kroll has determined the value of Nitro's operating business to be in the range of US\$314.4 million to US\$353.7 million. The selected value range takes into consideration the value of Nitro's operating business based on capitalising an assessed maintainable revenue.

#### Value of Nitro's Operating Business – Capitalisation of Revenue (US\$ million)

	Section Reference	Valuation Range	
		Low	High
Maintainable earnings (FY23 forecast revenue)	9.4.1	78.6	78.6
Capitalisation multiple	9.4.2	4.0	4.5
<b>Value of Nitro's operating business (control basis)</b>		<b>314.4</b>	<b>353.7</b>

Source: Kroll analysis.

#### Value of Nitro's operating business utilising capitalisation of ARR methodology

Kroll has determined the value of Nitro's operating business to be in the range of US\$300.0 million to US\$360.0 million. The selected value range takes into consideration the value of Nitro's operating business based on capitalising an assessed maintainable ARR.

#### Value of Nitro's Operating Business – Capitalisation of ARR (US\$ million)

	Section Reference	Valuation Range	
		Low	High
Maintainable earnings (FY22 ARR)	9.4.1	60.0	60.0
Capitalisation multiple	9.4.2	5.0	6.0
<b>Value of Nitro's operating business (control basis)</b>		<b>300.0</b>	<b>360.0</b>

Source: Kroll analysis.

#### 9.4.1 Maintainable earnings

Maintainable earnings should reflect the earnings that can be achieved in the future for the business on an ongoing basis. It is an estimation of the earnings or cash flows that a hypothetical purchaser would utilise for valuation purposes, having regard to historical and forecast operating results, non-recurring items of

income and expenditure, and other known factors that are likely to have an impact on the businesses operating performance.

In this respect, we note that as Nitro is currently loss making and there is no expectation that it will reach profitability in the next twelve months, although it is expected to reach cash flow breakeven in 2H23. Therefore, we have considered Nitro's historical operating and financial performance, FY22 Guidance, and FY23, FY24 and FY25 broker forecasts to determine an appropriate estimate of revenue and ARR for the business. We have also considered whether it is appropriate to apply any adjustments to these revenues and ARR in order to provide an indication of maintainable earnings.

#### Nitro Revenue and ARR (US\$ million)

	FY21 Actual	FY22 Guidance <sup>1</sup>	FY23 Forecast <sup>2</sup>	FY24 Forecast <sup>2</sup>	FY25 Forecast <sup>2</sup>
Revenue	50.9	65.0-69.0	78.6	93.4	108.9
Ending ARR	46.2	57.0-60.0	71.4	87.4	104.9

Source: Kroll analysis.

Notes:

1. FY22 revenue and ARR depicted is the FY22 Guidance provided by Nitro as at 26 July 2022 and reiterated on 27 October 2022 for the financial year ending 31 December 2022.
2. FY23, FY24 and FY25 broker forecasts represent the broker median forecast revenue and ARR for FY23, FY24 and FY25.

In assessing maintainable earnings for Nitro, having regard to the historical operating and financial performance of Nitro, FY22 Guidance provided by Nitro and the FY23 broker consensus forecasts, the following has been considered:

- capitalised earnings based on revenue and ARR are both commonly used metrics in the high growth software industry where many firms are not profitable. These metrics also remove the impact of varying capital structures across the comparable companies. Furthermore, the set of comparable companies have significantly varying investments in intangible assets, depending on whether software development costs are expensed, or capitalised and amortised, and the extent to which they have recognised identifiable intangible assets (e.g. customer relationships) arising from business combinations. As a consequence, there will be large differences in amortisation costs between the comparable companies that are not necessarily reflective of ongoing investment requirements, which also makes comparisons on a like-to-like basis more difficult. The use of multiples of revenue and ARR eliminates the impact of variance in the amortisation expense;
- ARR is a key risk-adjusted measure of future revenue performance. It represents the contract value for clients at the later of their signing or renewal, normalised for 12 months. Therefore, it provides a 12 month forward view of revenue from its date of reference (i.e. 12 months from 31 December 2022 for the FY22 Guidance), assuming that contracted customer numbers, usage volumes, pricing, and foreign exchange remain unchanged during the year. Therefore, we have determined that this metric is useful in estimating future maintainable earnings and have made the following considerations:
  - Nitro's multi-year subscription-based licensing contracts provide visibility into revenue in future periods due to the recurring nature of those revenue streams. ARR has been a key guidance metric provided by Nitro management for future earnings and is a metric that investors use to gauge future performance of the business;
  - ARR measures the success in Nitro's strategy of transitioning sales to a subscription model, which is almost complete, with subscription revenue approaching 74% of total revenue and the transition effectively complete for Business Revenue at 91% of total business sales channel revenue. Higher subscription revenues reduces revenue volatility and increases certainty in forward revenue, de-risking the earnings profile for the business;
  - ARR growth has been strong since the launch of the SaaS subscription licensing model in 2016 and, based on the recent momentum of the business, there is no evidence to suggest that this trend would not continue;
  - NRR, a measure of the increase or decrease in recurring revenue generated from customers who were existing subscription customers at the end of the prior corresponding period, net of churn but including expansion, has remained over 100% since the launch of the subscription model in 2016.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



This indicates that contract values have generally increased rather than decreased, with customers expanding their use of Nitro's software solutions over time;

- we note that ARR is comprised of Nitro's subscription-based revenues only and therefore excludes Nitro's perpetual revenues (refer to Sections 8.4.1 and 8.4.2 for detail on historical and forecast revenue). As a consequence, when selecting a multiple to apply to ARR, we will consider adopting a higher multiple than we would apply to revenue, which will implicitly include these revenues in our valuation. This treatment is consistent with sharemarket evidence which shows that where the portion of recurring revenue is substantially lower than total revenue, ARR multiples will be higher (e.g. Objective Corporation Limited (**Objective Corporation**));
- **FY21 results:** as set out in Section 8.4 of this report, the revenue and ARR for Nitro in FY21 was US\$50.9 million and US\$46.2 million respectively. We do not consider these results to be reflective of the maintainable earnings for Nitro as they are historical measures of performance, understating the revenue and ARR that can be achieved on an ongoing basis by not including all of the FY22 contract wins. These results also do not include the full-year contributions from the acquisitions of Connective or PDFpen which occurred in 2H21. In addition, at the time of valuation it is less than two months from the end of FY22 for Nitro, and considering the company has provided and reaffirmed guidance for the year, we find the guidance to be a more accurate representation of the current operating and financial performance of the company;
- **FY22 Guidance:** Nitro has provided FY22 revenue guidance of US\$65.0 to US\$69.0 million and FY22 ARR guidance of US\$57.0 to US\$60.0 million. The guidance includes the full-year contribution from the acquisitions of Connective and PDFpen, which were completed in 2H21. Nitro has reaffirmed this guidance to the market as recently as 27 October 2022 along with providing the Q3 results. With regard to the FY22 Guidance we note the following:
  - we have reviewed information provided by management regarding Nitro's FY22 revenue and ARR performance to 30 September 2022 and have confirmed that the guidance range is a reasonable estimate for the financial year. We consider the lower end of these targets to be slightly conservative given the year-to-date results. We also note that broker forecasts for Nitro are consistent with management's FY22 Guidance, with consensus median revenue of US\$67.5 million equivalent to the mid-point of the guidance range;
  - although these estimates are forward looking, we consider their use as current/historical measures appropriate given that it is now less than two months from financial year end and they have been publicly disclosed since 26 July 2022, allowing sufficient time for investors to digest;
- **FY23 Broker Consensus:** as set out in Section 8.4.3 of this report, the median revenue and ARR forecast for Nitro in FY23 is US\$78.6 million and US\$71.4 million respectively. With regard to the FY23 broker forecasts we note the following:
  - Nitro is covered by eight brokers, of which six have published reports following the release of Nitro's Q3 2022 Trading Update released to the market on 27 October 2022. Kroll has considered the latest forecasts of five brokers, excluding one firm that is acting as an adviser on the Potentia Takeover Offer and Alludo Transaction, to provide an indication of the expected future financial performance of Nitro;
  - we note that brokers have either maintained or increased their FY23 revenue forecast following the release of the 3Q22 Trading Update, however, brokers had previously downgraded forecast revenue following the 1H22 financial results in August citing the ongoing challenging macroeconomic conditions and reduction in Nitro's sales and marketing budgets. Kroll also notes that there is a high degree of consistency among the forecasts, with FY23 revenue ranging from US\$76.2 million to US\$79.9 million and FY23 ARR ranging from US\$71.1 million to US\$73.9 million;
  - we note that the broker forecasts and Nitro's internal high-level revenue forecast for FY23 are based on information available at the time of preparation and includes several key assumptions. Key assumptions include a significant degree of new sales driven by the continued growth in Nitro's addressable market, increasing market share, ARR synergies attributable to Connective of US\$1.0 million by 31 December 2022 (through cross-selling opportunities), new sales following the complete integration of Connective, and a continued economic recovery in key markets post the COVID-19 pandemic. There is no guarantee that these events will transpire, and the operating and financial performance of Nitro may be impacted by events and circumstances that are beyond the control of Management. The achievement of these forecasts are also subject to a number of





additional risk factors which notably include a likelihood of increased competition, a slowdown in subscription penetration with existing clients, and the effectiveness of increased sales and marketing activity to secure new significant contracts. In this regard, there is no certainty that actual FY23 revenue and ARR results will align with the FY23 broker forecasts, which means that these figures may not provide a reliable estimate of the earnings that can be achieved in the future on an ongoing basis;

- **FY24 and FY25 Broker Consensus:** we note the median brokers consensus forecasts for FY24 revenue and ARR of US\$93.4 million and US\$87.4 million respectively, and consensus forecasts for FY25 revenue and ARR of US\$108.9 million to US\$104.9 million. We note that these forecasts are based on continued strong growth in revenues as a result of gaining market share from entrenched providers, in particular, Adobe. Key risks to these forecasts include a failure to retain or attract new clients, a slowdown in subscription penetration with existing clients, and increasing competitive intensity from international document productivity and electronic signature software providers, particularly around pricing and discounting activity. Therefore, we believe that there is still enough uncertainty around these forecasts to discount them as being reflective of the maintainable earnings of Nitro; and
- we note that the revenue and ARR figures discussed represent operating revenue and as such, exclude non-operating and non-recurring items.

Having regard to the historical operating and financial performance of Nitro, FY22 Guidance provided by Nitro, FY23 broker consensus forecasts, and the preceding analysis, we have selected a future maintainable revenue of US\$78.6 million, which represents the median broker forecast revenue for FY23, and a maintainable ARR of US\$60.0 million, which represents the upper end of the FY22 Guidance range for ARR of the business as at 31 December 2022.

#### 9.4.2 Capitalisation multiples

In determining an appropriate range of capitalisation multiples to apply to Nitro's maintainable earnings, we have considered the following:

- multiples implied by recent transactions involving Australian software and SaaS companies, as well as global companies that provide collaboration and productivity software solutions (**comparable transactions methodology**);
- trading multiples of comparable listed peer companies, segregated into Australian software and SaaS peers, and global collaboration and productivity software peers (**comparable companies methodology**); and
- the specific attributes of Nitro (refer to Section 9.4.3 of this report).

On balance, we consider that a multiple of 4.0 to 4.5 times FY23 revenue (including a control premium) is appropriate for Nitro. In the absence of a single, direct transaction comparable, we consider the recent transactions involving ASX listed software peers ELMO Software Limited (**ELMO**) and Nearmap Ltd (**Nearmap**) provide the best indication of comparable EV/Revenue multiples. These transactions were announced at implied forecast EV/Revenue multiples of 4.1 times and 5.3 times respectively.<sup>77</sup> We note that forecast revenue growth is higher in both of these companies than it is for Nitro, that both were generating positive underlying EBITDA margins while Nitro is not, and we also note ELMO's low cash position relative to its annualised cash burn. Therefore, we expect that the implied forecast EV/Revenue multiples for Nearmap would be higher than that of Nitro, while the implied multiples for ELMO would be broadly similar. Of the two transactions, we find that Nitro is more comparable to ELMO based on its early high-growth and low-profitability stage.

We note that Nitro's most directly comparable ASX-listed companies, ELMO, Nearmap, and Bigtincan Holdings Limited (**Bigtincan**), are trading at forward revenue multiples of 2.3 times, 3.7 times and 2.2 times respectively (which excludes a control premium).<sup>78</sup> Of the comparable global productivity software companies identified, the most comparable is DocuSign which trades on a forward revenue multiple of 3.4 times.

<sup>77</sup> Note: the acquisition of ELMO is still subject to shareholder and regulatory approvals, but has been endorsed by the Board in the absence of a superior offer and subject to an independent expert concluding that the offer is in the best interests of shareholders.

<sup>78</sup> Note that the trading revenue multiples for ELMO and Nearmap have been calculated based on the undisturbed or pre-transaction announcement (or pre- media speculation) closing share prices.

# ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



We consider a multiple of 5.0 to 6.0 times FY22 ARR (including a control premium) is appropriate for Nitro when valuing the company based on its current (FY22 Guidance) ARR. We note that the EV/ARR multiples implied by the ELMO, Nearmap and Class Limited (**Class**) transactions of 4.4 times, 5.8 times and 5.7 times (including a premium for control) are below or within this range.

## Transaction evidence

When valuing a business as a whole (i.e. Nitro on a 100% controlling basis), it is appropriate to reference the multiples achieved in recent transactions as it is widely accepted that the price paid in transactions represents the market value of a controlling interest in the target company. The difference between the value of a controlling interest and a minority interest is referred to as a premium for control. The size of this premium will vary depending on the circumstances of each transaction, including the equity share acquired, type of consideration offered, existing ownership of the target, competitive tension in the sales process, the negotiating position of the parties, and the availability and quantum of synergies.

As Nitro operates in global markets, we have sought to identify relevant transactions globally. These multiples will be influenced by the market outlook in the countries in which they operate, as well as other company specific factors. In addition, as there are relatively few directly comparable domestic transactions, we have also considered recent domestic transactions that involve companies that are relatable in a broader sense, including companies which provide SaaS with different solutions.

The following table sets out the EV/Revenue multiples implied by recent domestic and international transactions that involved companies that provide products and services similar to those offered by Nitro, for which sufficient financial and transactional data is publicly available.

## Transaction Evidence

Date <sup>1</sup>	Target	Acquirer	Target Location	FY+1 Revenue Growth	EBITDA Margin <sup>2</sup>	Implied EV <sup>3</sup> (A\$m)	Revenue multiple Historical Forecast (times) <sup>4</sup>	(times)
26 Oct 22	ELMO Software Limited <sup>5</sup>	K1 Investment Mgmt	Australia	28.0%	7.8%	478.6	5.2	4.1
06 Jul 22	Nearmap Ltd	Thoma Bravo, L.P.	Australia	24.4%	11.4%	967.9	6.6	5.3
14 Dec 21	Tungsten Corporation Plc	Kofax Limited	UK	n/a	18.9%	135.3	2.0	n/a <sup>6</sup>
10 Nov 21	Connective NV	Nitro Software Limited	Belgium	15.1%	n/a	110.0	11.5	8.5
18 Oct 21	Class Limited	HUB24 Limited	Australia	18.4%	23.1%	339.0	6.2	5.2
15 Sep 21	AccountSight	DocuSavvy Technologies	USA	n/a	n/a	19.1	10.5	4.3
12 Apr 21	Nuance Communications	Microsoft Corp.	USA	(6.1%)	23.2%	24,611.4	12.6	13.4
01 Jul 21	rhipe Limited	Crayon Group Holding	Australia	21.2%	24.8%	352.2	5.3	4.3
12 Nov 18	Nuance Document Imaging	Kofax Limited	USA	n/a	n/a	555.8	1.8	n/a
07 Oct 18	MYOB Group Pty Ltd	KKR & Co. Inc.	Australia	8.1%	42.6%	2,426.7	5.5	5.0
31 Jul 18	SpringCM Inc.	DocuSign, Inc.	USA	n/a	(3.7%)	302.1	7.3	n/a
03 May 17	Kofax Limited	Thoma Bravo, L.P.	USA	n/a	n/a	1,795.9	2.4	n/a

Source: S&P Capital IQ, Mergermarket, Company financial statements; Kroll analysis.

Notes:

1. Date of announcement of transaction.
2. EBITDA margin refers to underlying or operating EBITDA where applicable, excluding non-operating and non-recurring items.
3. Implied EV refers to enterprise values as of the date of completion, converted to Australian Dollars based on the prevailing exchange rate at the time.
4. Historical revenue multiples are calculated based on revenue in the 12 months prior to the most recently available results as at the transaction announcement date.
5. The acquisition of ELMO by K1 Investment Management (**K1**) is pending. ELMO announced on 26 October 2022 that it had entered into a Scheme Implementation Deed with K1. We note that the ELMO Independent Board Committee unanimously recommends that shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to an independent expert concluding the Scheme is in the best interest of Shareholders. We also note that two of ELMO's largest shareholders who in aggregate hold or control 23.4% of ELMO's ordinary shares have confirmed they tend to vote in favour of the Scheme.
6. 'n/a' means not available.

Each of the transactions listed in the previous table are described in Appendix 5. We note the recently announced conditional, non-binding indicative proposal for ReadyTech Holdings Limited (**ReadyTech**) by Pacific Equity Partners, but have chosen to exclude this from our analysis as the discussions between the parties are on-going and no agreement has been reached on the value, structure or terms of a transaction.



Although the business operations of the target companies are broadly comparable to aspects of Nitro's business, in our view there is no single target company that is a perfect comparable.

When considering transactions for which there is adequate publicly available information, we note that the revenue multiples are in a wide range. Historical multiples range from 1.8 times to 12.6 times EV/Revenue, with a median of 5.8 times. Forward multiples range from 4.1 times to 13.4 times EV/Revenue, with a median of 5.1 times.

ARR data for the comparable transactions is not widely available, either because the target companies did not utilise this metric, the target company was not publicly listed and therefore had little disclosure around this metric, or the quoted ARR figure was not representative of the entire business. Meaningful ARR multiples from the set of comparable transactions include ELMO, Nearmap and Class at 4.4 times, 5.8 times and 5.7 times respectively. In general, for high revenue growth software companies pursuing a subscription-based revenue model, we would expect ARR multiples to be higher than forward revenue multiples. Additionally, as Nitro's ARR does not include perpetual revenues, we have sought to apply a higher ARR multiple to implicitly include these revenues in the value. This treatment is consistent with sharemarket evidence which shows that where the portion of recurring revenue is substantially lower than total revenue, ARR multiples are higher.

In assessing the comparability of the multiples implied by the transactions, it is important to consider the attributes of the target companies and the circumstances of each transaction, including:

- *the scale of the business* – Nuance Communications Inc. (**Nuance Communications**) was significantly larger in size than the other target companies. It is not unexpected that this transaction attracts higher implied multiples, with an historical EV/Revenue multiple of 12.6 times and forward EV/Revenue multiple of 13.4 times, as larger businesses typically attract a premium in part due to the benefits associated with greater scale and diversification. It would be expected that Nitro would attract a substantially lower multiple given its smaller scale;
- *the growth prospects of the business* – where the growth prospects of the target business are considered to be relatively strong, the transaction multiples will tend to be higher. This can be observed in the transaction multiples of Nearmap, rhipe and Class, for which strong forward revenue growth of 24.4%, 21.2% and 18.4% was being forecast respectively. In contrast, targets with lower revenue growth prospects will typically not be able to command the same multiples as their high growth peers. Take, for example, the acquisition of Tungsten Corporation Plc (**Tungsten**) by Kofax, which occurred at an historical EV/Revenue multiple of 2.0 times. Tungsten's FY21 revenue had declined £0.7 million, largely due to customer churn of £0.4 million. Noting that Nitro's forecast FY23 revenue growth is estimated at 16.4%, all else being equal, we would expect its EV/Revenue multiples to be below those of Nearmap (5.3 times forward EV/Revenue), rhipe (4.3 times) and Class (5.2 times), and higher than that of Tungsten (2.0 times historical EV/Revenue);
- *profitability of target company* – all else being equal, profitable businesses with higher margins attract higher multiples, with EBITDA margin being a key contributor to implied transaction values. This is reflected in transaction multiples of Nearmap (EBITDA margin 11.4%), Class (23.1%), Nuance Communications (23.2%), rhipe (24.8%), and MYOB Group Pty Ltd (**MYOB**) 42.6%, which are typically higher than or equivalent to the median multiples for the comparable transactions. As Nitro is currently unprofitable, and brokers are expecting it to remain so until at least FY27 (on an NPAT basis, noting that the number of brokers who forecast out that far is limited, that two brokers are forecasting operating EBITDA to be positive in FY24, and that the company is guiding to be cash flow positive in 2H23) we would expect it to attract a lower multiple than the transactions of the aforementioned peers which have positive EBITDA margins. Of the listed transactions, we find ELMO to be most comparable in terms of both profitability and future revenue growth. It is also worth noting that the majority of comparable transactions occurred prior to the negative re-rating of cash flow negative software and technology companies that has occurred since November 2021;
- *market valuations at the time of the transaction* – we note that many of the identified transactions occurred during the calendar year 2021, when the market capitalisations of many software and technology peers were extraordinarily high. Of the selected comparable transactions that occurred in 2021, the average historical transaction multiple was at an EV/Revenue of 8.0 times, with the acquisitions of Nuance Communications by Microsoft Corp. (**Microsoft**) and Connective by Nitro at particularly high multiples of 12.6 times and 11.5 times historical EV/Revenue respectively. In the case of Connective, we note that at the date of announcement of the transaction (10 November 2021), Nitro had a market capitalisation of approximately A\$807.7 million and was trading at an historical EV/Revenue multiple of 11.7 times and a forward EV/Revenue multiple of 8.4 times. This

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



compares to Nitro's trading multiples prior to the Initial Potentia Proposal of 3.2 times historical EV/Revenue and 2.3 times forward revenue. Given the decline in global equity markets during 2022, it would generally be expected that transactions in the present economic conditions would attract lower multiples, particularly considering the rise in interest rates and associated higher funding costs. In this regard, we find the multiples implied by the ELMO and Nearmap transactions to be most comparable; and

- *the level of synergies available to the acquirer* – takeover premiums are generally higher in transactions where it was expected that the combined entity would be able to extract substantial synergies, and this is reflected in higher implied multiples. This can be observed in the acquisition of Nearmap by Thoma Bravo, L.P. (**Thoma Bravo**) which occurred at an historical EV/Revenue multiple of 6.6 times and a forward multiple of 5.3 times. Nearmap is likely to be incorporated into Thoma Bravo's existing investment portfolio of software and technology related businesses and assets to achieve substantial synergies. It can also be observed in the acquisition of Connective NV (**Connective**) by Nitro, which occurred at an historical EV/Revenue multiple of 11.5 times. After accounting for annualised revenue synergies of approximately US\$2.5 million (versus historical revenue of US\$7.1 million), the forecast revenue multiple is substantially lower at 8.5 times EV/Revenue.

### Transaction evidence summary

Of our identified comparable transactions, we consider the acquisition of Connective by Nitro to be the most relevant. However, at the time of this transaction, market valuations for software and technology peer companies were significantly higher than they are at present, with Nitro trading at a market capitalisation of approximately A\$807.7 million (10 November 2021 closing share price of A\$3.81). Therefore, we find that the resulting acquisition multiples of 11.5 times historical EV/Revenue and 8.5 times forecast EV/Revenue are not indicative of those that would be realised in current economic conditions.

In the absence of a single, direct transaction comparable, we consider the recent transactions involving ASX listed software peers ELMO and Nearmap provide the best indication of comparable EV/Revenue multiples. These transactions were announced at implied forecast EV/Revenue multiples of 4.1 times and 5.3 times respectively.<sup>79</sup> All companies were of a similar scale to Nitro and at the time of transaction were pursuing high growth strategies with a significant portion of revenue generated through SaaS. However, we note that as forecast revenue growth is higher in both of these companies than it is for Nitro, and that both were generating positive underlying EBITDA margins, we expect that the implied forecast EV/Revenue multiples for these transactions would be higher than that of Nitro. Of the two transactions, we find that Nitro is more comparable to ELMO based on them both being relatively immature companies in a high-growth and low-profitability stage.

We also note that the historical EV/ARR multiples implied by the ELMO and Nearmap transactions of 4.4 times and 5.8 times are useful in determining an appropriate multiple for ARR along with further sharemarket evidence.

Based on each of these factors, and with an overall regard to each of the multiples of listed transactions which include a premium for control and the attributes of these businesses compared to Nitro, we consider the selected capitalisation multiple of 4.0 times to 4.5 times forecast EV/Revenue and 5.0 to 6.0 times historical EV/ARR to be appropriate.

### Sharemarket evidence

Kroll has considered the following comparable companies:

- **Australian-based, global facing software and technology peers** – Nitro is a unique company in an Australian context, as there are no peers with the depth and breadth of PDF productivity solutions amongst ASX listed companies. However, Nitro does share some characteristics with several ASX-listed, fast-growing software and technology companies in Australia that are not PDF productivity businesses but are also pursuing a global customer expansion strategy and which have a somewhat similar business model. Many of these companies are also of similar size and relative infancy as Nitro, some are also unprofitable, and all typically share a similar revenue growth profile. They also tend to disclose ARR or an ARR equivalent (such as Monthly Revenue Retention (**MRR**) or

<sup>79</sup> Note: the acquisition of ELMO is still subject to shareholder and regulatory approvals, but has been endorsed by the Board in the absence of a superior offer and subject to an independent expert concluding that the offer is in the best interests of shareholders.



Annualised Contract Value (**ACV**)). We consider this set of companies to be most comparable to Nitro; and

- **global collaboration and productivity peers** – these are not necessarily PDF productivity focused businesses, but collaboration and productivity software forms part of their diversified suite of products and services. Products and solutions include, but are not limited to, digital media and publishing software, electronic signature products, file sharing services, and content collaboration software. These companies tend to be global, mature, greater in scale and diversification, and very profitable (with EBITDA margins in most cases greater than 20%). Valuations are strongly linked to future revenue and EBITDA growth, with valuations for the fastest growing and most profitable companies at multiples higher than those we would expect for Nitro, which is of smaller scale and is loss making. We consider this broader set of comparable companies less comparable than the previous set.

The following table sets out the implied revenue and ARR multiples for selected ASX-listed software companies and global collaboration and productivity peers. A description of these peers is set out in more detail in Appendix 5.

**Sharemarket Evidence: ASX-listed Software and Global Collaboration and Productivity Peers**

Company	Market capitalisation <sup>1</sup> (millions)	Revenue growth CAGR +3Y <sup>2</sup>	EBITDA Margin <sup>3</sup>	Revenue Multiple <sup>4</sup> (times) FY <sup>6</sup> FY+1 <sup>7</sup>		ARR Multiple <sup>5</sup> (times) FY <sup>6</sup> FY+1 <sup>7</sup>	
ASX-listed Software Peers							
Objective Corporation Limited	A\$ 1,363.1	15.3%	28.8%	12.1	10.5	15.0	n/a <sup>8</sup>
Megaport Limited	A\$ 1,092.1	32.8%	(9.2%)	9.4	7.0	7.4	6.4
Hansen Technologies Limited	A\$ 1,027.9	3.2%	33.8%	3.6	3.5	n/a	n/a
Infomedia Ltd	A\$ 450.9	8.1%	20.6%	3.2	3.0	3.3	n/a
ReadyTech Holdings Limited <sup>9</sup>	A\$ 373.3	20.6%	36.5%	5.2	3.9	5.2	n/a
Bigtincan Holdings Limited <sup>10</sup>	A\$ 298.3	14.7%	3.8%	2.4	1.7	2.2	2.1
ELMO Software Limited <sup>11</sup>	A\$ 241.3	23.6%	7.8%	2.9	2.3	2.5	2.2
Global Collaboration and Productivity Software Peers							
Adobe Inc.	US\$ 152,817.3	11.4%	48.8%	9.7	8.7	n/a	n/a
DocuSign Inc.	US\$ 11,305.4	12.9%	22.6%	4.9	4.2	5.1	4.3
Dropbox Inc.	US\$ 8,155.4	6.5%	36.4%	4.2	3.9	3.6	3.4
Open Text Corporation	US\$ 7,682.2	1.6%	36.2%	3.0	3.0	3.6	n/a
Foxit Software	¥ 4,169.2	16.7%	15.1%	3.8	3.4	n/a	n/a

Source: S&P Capital IQ (data as at 15 December 2022), Company announcements; Kroll analysis.

Notes:

1. As at 15 December 2022 (except where noted otherwise). Calculated as local share price multiplied by the diluted number of shares outstanding. Market capitalisation is shown in currency of listing.
2. Revenue growth is calculated as the CAGR revenue growth rate from FY22 results over the following three forecast financial years (i.e. from FY22 to FY25).
3. EBITDA Margin is calculated as operating or underlying EBITDA (where available, which excludes non-operating or non-recurring items) divided by revenue for the most recent financial year.
4. Revenue multiple is defined as Enterprise Value (market capitalisation adjusted for minority interests, preferred equity, plus borrowings less cash) divided by revenue.
5. ARR multiple is defined as Enterprise Value (market capitalisation adjusted for minority interests, preferred equity, plus borrowings less cash) divided by ARR (or where otherwise noted, an ARR equivalent such as ACV or MRR).
6. FY refers to the revenue or ARR of the most recent financial year.
7. FY+1 refers to the forecast revenue or ARR for the current financial year.
8. n/a is not available.
9. ReadyTech's market capitalisation and EV are measured as at 31 October 2022, the undisturbed share trading price prior to media speculation surrounding a transaction. On 15 November 2022 ReadyTech announced its discussions with suitor Pacific Equity Partners are on-going and no agreement had been reached between the parties in relation to the value, structure or terms of a transaction.
10. On 2 December 2022 Bigtincan received an indicative, conditional and non-binding proposal from SQN Investors LP (**SQN**) to acquire all of the shares in Bigtincan for A\$0.80 cash per share by way of scheme of arrangement. As of the date of this report, Bigtincan is yet to respond to the proposal and there is no certainty that a control transaction capable of being considered by shareholders will eventuate.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



*(Notes continued)*

11. ELMO Software Limited's market capitalisation and EV are measured as at 12 October 2022, the undisturbed share trading price prior to media speculation surrounding a transaction. On 26 October, ELMO announced it had entered into a Scheme Implementation Deed with K1 Investment Management.

In relation to the trading multiples of the identified listed comparable companies, we note:

- the multiples are based on sharemarket prices and do not typically include a control premium;
- the ASX-listed companies are Australian software companies that provide SaaS, cloud computing solutions, and other subscription services for a variety of end-uses, including but not limited to logistics, accounting services, geospatial information services, sales, and education. The global collaboration and productivity companies provide software solutions in the areas of digital media and publishing, electronic signatures, file sharing services, cloud services, and content collaboration software;
- the ASX-listed peers reporting dates do not align to Nitro's 31 December financial year end. Therefore, these multiples may be overstated on an equivalent year end basis;
- the multiples at which the comparable companies are trading are driven by several factors including the scale and diversification of their operations, total addressable market, and future growth prospects. Although investors typically value high growth software businesses based on multiples of revenue, they are also intent on seeing a path to profitability;
- Objective Corporation creates software and cloud services that are widely used in the public sector and regulated industries to help customers transition to being completely digital, enhancing the efficiency of the organisation and speeding up manual processes. Objective Corporation trades at significantly higher multiples than its ASX-listed SaaS peers, which reflects its positioning as a market leader in a niche industry, with strong historical and forecast revenue growth. In FY22, the company had an EBITDA margin of 28.8% and NPAT margin of 19.7%,<sup>80</sup> and continued to invest approximately 24% of revenue in research and development which is 100% expensed. The company had operating cash flows of A\$30.5 million (approximately 28.6% revenue), was debt free, and paying regular dividends. While earnings growth is strong, with earnings per share up 29.1% in FY22, revenue growth is moderating as the company gains scale. Based on these factors we have determined that Objective Corporation is an outlier for our comparable companies analysis;
- Hansen Technologies Limited (**Hansen Technologies**) is a global provider of software and communication services to the energy, water and communications industries. The company generates strong free cash flows, totalling A\$63.7 million during FY22, which it has used to aggressively reduce net debt (its leverage ratio<sup>81</sup> as at 30 June 2022 of 0.31x had declined from 1.46x as at 30 June 2020) and improve returns to shareholders. Although EBITDA margins are healthy at 33.8%, the company is trading on lower multiples based on its weaker growth profile, with FY22 results showing that revenue had declined by 3.6% compared to FY21, and FY22 to FY25 broker median forecast growth at a CAGR of just 3.2%;<sup>82</sup>
- Megaport Limited (**Megaport**) is a leading global Network as a Service (**NaaS**) provider that gives customers access to dedicated data interconnection services and cloud service providers. Megaport trades at high revenue multiples based on high historical revenue growth rates (in FY22, global revenue increased by 40% to A\$109.7 million and ARR was up 43% to A\$128.3 million). Forecast revenue growth for Megaport is considerably higher than other peers, at a CAGR of 32.8% from FY22 to FY25, which is driving its higher multiples. The strong growth in revenue has allowed Megaport to generate positive EBITDA from Q4 FY22. Revenue is also diversified across key geographical markets, with 53% derived from North America, 30% from Asia Pacific, and 17% from Europe. Given the significantly higher revenue growth profile of Megaport compared to Nitro, we consider its multiples are not a reasonable comparable;
- Infomedia Ltd (**Infomedia**) is a leading global provider of Data as a Service (**DaaS**) and SaaS solutions to the parts and service sector of the automotive industry. While forecast revenue growth is

<sup>80</sup> EBITDA and NPAT margins exclude a provision related to an agreed settlement with the New Zealand Commerce Commission of approximately A\$1.4 million over competition matters in its acquisition of Master Business Systems Limited in 2019.

<sup>81</sup> Leverage ratio is net debt (including pre-paid borrowing costs) divided by EBITDA (excluding non-recurring items and AASB lease liabilities).

<sup>82</sup> FY21 results included a prepaid licence that delivered A\$21 million of revenue. Underlying NPAT is defined as net profit after tax, excluding tax-effected amortisation of acquired intangibles.

lower than peers at a CAGR of 8.1% through to FY25, Infomedia generates high free cash flows, which it uses to fund regular dividends to shareholders, and has an Underlying Cash EBITDA<sup>83</sup> margin of 20.6%. The company's revenue is split relatively evenly across the APAC, EMEA and Americas regions, and approximately 95% of revenues are recurring. Infomedia's balance sheet is robust with a net cash position of A\$69.0 million;

- Bigtincan is engaged in the provision of an integrated, online platform called Bigtincan Hub, a sales enablement solution that enables enterprise, midmarket and small and medium enterprises (SME) organisations to enhance the performance of their sales teams. Similar to Nitro, Bigtincan is forecast to grow revenues at a CAGR of 14.7% through to FY25 and is presently generating negative EBITDA. Bigtincan has a history of being acquisitive, purchasing smaller and lower EV/Revenue multiples companies, and driving revenue and ARR expansion from new products and acquired capabilities;
- ReadyTech provides SaaS solutions for education and work pathways, workforces, and government and justice markets in Australia. The company's FY22 results were strong, with revenue growth of 56.5% driven by accretive acquisitions, while organic revenue growth was 16.8%. Underlying EBITDA margins were positive at 36.5%. The result indicated that integration risks arising from the recent acquisition of IT Vision had not eventuated;
- ELMO provides cloud-based software for small and medium businesses to manage their people, processes and pay, with operations in Australia, New Zealand and the UK. Due to the company having high cash outflows (A\$1.2 million per month), it has traded at lower multiples as investors focus on ELMO's reducing cash balance (of A\$43.4 million as at 30 September 2022) and whether it can achieve stated cost controls in a high inflationary environment prior to requiring additional capital. During FY22, ELMO pursued an aggressive international expansion strategy, spending 39.4% of revenue on sales and marketing expenses. Forecast revenue growth is high and the company is underlying EBITDA positive;
- Adobe offers a line of products and services used by customers for creating, managing, delivering, measuring, optimizing, engaging and transacting with content and experiences across various digital media form. Although it is a direct competitor to Nitro in PDF productivity solutions, Adobe is of significantly greater scale than Nitro, and is diversified across several profitable segments including Digital Media, Digital Experience and Publishing and Advertising. The company is mature and has a greater focus on profitability, rather than growing scale as is the case for Nitro. For these reasons we consider it an outlier for our valuation;
- in relation to the Global Collaboration and Productivity Peers, we note that these include several more mature companies, including DocuSign, Dropbox Inc. (**Dropbox**), and Open Text Corporation (**Open Text**). Compared to Nitro, these companies are of significantly greater scale, are profitable with a greater focus on profitability rather than increasing scale, and have slowing revenue growth rates given their scale. For these reasons, we do not consider them directly comparable to Nitro. However, we do find that these companies provide directional evidence for multiples applicable to productivity software businesses such as Nitro; and
- Foxit is a Chinese based company engaged in providing PDF related software and products. It is a direct competitor of Nitro. Foxit is forecast to generate US\$85.9 million in revenue in FY22 and is presently unprofitable. For these reasons we would expect it to trade roughly in line with Nitro, however, the company generates a significant portion of its revenues from China and is valued against its Chinese software peers. Therefore, we do not find its implied multiples to be indicative of the multiples that should apply to Nitro.

#### Sharemarket evidence summary

In summary, in absence of a direct comparable, of our ASX-listed peers, ELMO and Bigtincan have been identified as the most relevant comparable companies. While they offer different products and solutions to Nitro, they are all Australian SaaS providers with similar revenue growth profiles and each operates globally. Both companies are comparable in terms of size, expected revenue growth and profitability. ELMO traded at an undisturbed multiple of 2.3 times forecast EV/Revenue and 2.5 times historical EV/ARR, while Bigtincan trades at a multiple of 1.7 times forecast EV/Revenue and 2.2 times historical EV/ARR. We note that these multiples exclude a premium for control.

<sup>83</sup> Underlying Cash EBITDA is metric which focuses on the operating performance of the business, excluding the effect of items such as the accounting impact of expensing acquisition earnout payments and the capitalisation of development costs.



## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



Of the listed global collaboration and productivity software peers, DocuSign is a direct competitor of Nitro's as the market leader in the e-signatures market and therefore provides evidence for trading multiples. DocuSign trades at a forecast EV/Revenue multiple of 4.2 times, however, we note that the company is more mature, of greater scale, is profitable, but has lower rates of revenue growth. Therefore, we expect that Nitro would trade at a lower multiple (on a non-controlling basis).

### 9.4.3 Specific attributes of Nitro

In forming our view as to the value of Nitro's operating business we have considered a series of factors. We recognise what has been achieved in the business in recent years, but also consider what still needs to occur in order for it to be profitable and generate positive cash flow. A summary of the main items we have considered is as followed:

- Nitro's position as an established player in the global PDF document productivity software market with over 13,000 business customers across 175 countries, serving 67% of Fortune 500 companies.
- strong industry tailwinds, with a large addressable market that is growing due to the continued trend of remote working, shifting organisation IT priorities and budgets towards digital transformation and high-trust eSigning;
- the company's track record of successfully competing against, and taking market share from larger, more entrenched providers in the market, such as Adobe and DocuSign, by offering a more cost effective and solution that can be deployed quicker and easier to enterprise client for both PDF productivity and electronic signing;
- the success of the company in transitioning to a SaaS-based subscription licensing model, which is effectively complete, as measured by subscription revenue representing approximately 91% of total business sales channel revenue, and approximately 74% of total revenue. Noting that subscription-based revenues (ARR) provide forward visibility in earnings and reduce earnings volatility;
- large cross sell opportunities following the acquisition of Connective to sell eSignature products (Nitro Sign) to its PDF customers, noting that the total addressable market of electronic signing is very large, estimated at approximately US\$17 billion.;
- Nitro's operating losses and cash outflows. There is no certainty that the recent strong revenue growth will continue to be achieved;
- the valuation assumes that Nitro does not require additional capital to execute its strategy in the short term but that it will require a substantial portion of its existing cash of US\$29.2 million to support operations until Nitro becomes cash flow positive; and
- Nitro's substantial carried forward income tax losses, however, recognising that the ability to utilise them is uncertain and it is unlikely that an acquirer would attribute significant value to them.

### 9.5 Valuation cross-check

The value derived from our primary Market Approach has been cross-checked utilising a DCF analysis. Kroll has developed a DCF analysis based primarily on the Financial Model prepared by Nitro management (refer to Section 9.2.1 of this report), with reference to broker consensus forecasts and comparable company benchmarks.

As per Nitro's FY22 Guidance, Nitro is not expecting to generate positive free cash flows until FY23, and cash flows generated over the short term are likely to remain fairly low as the business continues its expansion phase. Consequently, for the purposes of the DCF analysis, Kroll has extended the forecast to FY27 when Kroll expect growth to stabilise and cash flows to be substantially positive.

The cash flow model uses the 30 September 2022 balance sheet as a starting point. Nominal, ungeared post-tax cash flows have been discounted using a weighted average cost of capital (**WACC**) resulting in a value of Nitro's operating business (on a controlling interest basis).<sup>84</sup> The US dollar forecast cash flows to FY27 and terminal value have been discounted using a US-based post-tax, nominal WACC in the range of 12.0% to 13.0% (as detailed in Appendix 6). A terminal value is calculated based on the Gordon Growth Model and a terminal growth rate of 3.5% which reflects the higher anticipated medium-term nominal growth of the business.

<sup>84</sup> In valuing on a controlling interest basis, we have assumed that synergies are realised in the form of ASX listing cost savings and other fixed cost savings.



The key assumptions adopted by Kroll underlying the DCF analysis are as follows:

- forecast revenue sources include subscription revenue, perpetual revenue, maintenance and professional services. Subscriptions are forecast to continue to be the predominant and growing source of revenue over the forecast period;
- total revenue is forecast to grow at rates broadly in line with the current broker consensus, and by FY27 reach levels broadly consistent with mature and profitable Australian software and global productivity software companies (ranging between 9.2% and 27.5% for FY+3, refer Appendix 5). Kroll have then forecast revenue to decline evenly towards a revenue growth rate of 3.5% in the terminal year;
- GRR is forecast to broadly declining in line with the historical trend in GRR, as noted in Section 8.3 of this report, ranging between 91% and 94% in the period to FY25;
- NRR is also forecast to decline in the period to FY25, ranging between 110% and 113%. The decline in NRR reflects retention relative to a growing ARR base and is consistent with the trend between FY17 and 1H22, as noted in Section 8.3 of this report;
- growth in total operating expenses over the forecast period reflects continued strong investment in sales, marketing, and research and development to enable the high sales growth, albeit at a lower growth rate from FY23 to FY25, relative to the growth in operating expenses expected in FY22. As a percentage of revenue, operating expenses (excluding cost of goods sold) reduce between FY23 to FY25. The more efficient cost base reflects revisions made by Nitro in July following the go-to-market restructure and transfer of certain business functions to lower cost locations;
- the forecast EBITDA margin increases from current negative levels to 25.0% in the terminal year, which is broadly consistent with profitable Australian and globally listed productivity software peers (the average FY+1 EBITDA margin for profitable peers is 25.1%, refer to Appendix 5). The adoption of an improving profitability outlook is also reasonable noting Nitro's current profit position (yet to breakeven as at 30 September 2022), the FY22 ARR and the expected revenue growth rate;
- forward exchange rates as at 30 November 2022 sourced from S&P Capital IQ have been applied to cost of goods sold and operating expenses forecasts modelled in local currencies of British Pound, Euro and Australian dollars to US dollars;
- depreciation and capital expenditure reflects only small amounts for property plant and equipment and is forecast to remain reasonably constant throughout the forecast period. The model forecasts reflect continued investments in Nitro's Productivity Platform, and all research and development costs continue to be expensed;
- the model forecasts general synergies available to a hypothetical acquirer, assuming approximately US\$2 million savings in public company costs, grown at forecast United States CPI, and 10% savings in sales, marketing, general and administration costs. Less synergies are expected in research and development costs given the unique nature of different software product lines;
- an effective tax rate of 21.0% for Nitro on a consolidated basis, reflecting that earnings will be taxed globally, primarily in the US and Europe, and ascribe no value to accrued tax losses, but do make an allowance for tax losses generated within the forecast period; and
- net working capital is expected to grow over the forecast period, consistent with the growth in revenue.

The model is based on numerous key assumptions and is subject to significant uncertainty and contingencies, which are outside the control of Kroll. Sensitivities of various key assumptions were analysed to determine their impact on value. In this regard, we note that the value of Nitro is significantly dependent on:

- the total revenue growth achieved by Nitro, which principally depends on increasing the number of new customers, maintaining high levels of NRR, increasing contract sizes, and increasing the frequency at which customers utilise the platform; and
- the net profit margin generated by Nitro on these revenues, which depends on the cost of sales and operating costs incurred, primarily comprised of employee, research and development, and marketing costs, impacted by exchange rate movements.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



The resulting value is in the range of A\$1.84 to A\$2.22 per Nitro Share. Accordingly, we consider the determined value range under our high-level DCF analysis supports our assessed valuation of Nitro derived from our primary Market Approach.

### 9.6 Surplus assets and liabilities

Surplus assets and liabilities are those assets and liabilities not required to sustain the adopted level of maintainable earnings. Based on our analysis and discussions with Nitro management, we are not aware of any material surplus assets or liabilities that require consideration in our valuation of Nitro, other than unused tax losses and surplus cash.

As at 31 December 2021, Nitro had unused tax losses of approximately US\$81.9 million that were incurred by Nitro's United States operations, as well as US\$19.5 million in unused tax losses arising from the acquisition of Connective in 2021. The ability to utilise these tax losses is uncertain since:

- it is not expected that any material taxable income will be generated in the relevant jurisdictions in the short- to medium-term;
- even if taxable income was generated, Nitro would need to meet the continuity of ownership and/or similar business tests over this period to obtain the tax benefit of the losses. Both of these tests can be difficult to satisfy; and
- we note that Nitro has not recognised any potential tax benefit in its statement of financial position as it believed the recovery of this benefit was not sufficiently probable.

#### 9.6.1 Surplus cash

In order to arrive at the value of equity, it is necessary to deduct the net borrowings from the unlevered value of Nitro. Kroll has assessed Nitro's surplus cash position for the purpose of this valuation to be US\$12.1 million. This amount is based on Nitro's cash balance and lease liabilities as at 30 September 2022, and Kroll's estimate of US\$15.0 million in cash required to support operations prior to Nitro becoming operating cash flow positive in 2H23.

##### Nitro's Surplus Cash (US\$ millions)

	Value
Lease liabilities (as at 30 September 2022)	(2.1)
Cash and cash equivalents (as at 30 September 2022)	29.2
<b>Net cash (as at 30 September 2022)</b>	<b>27.1</b>
Less: Kroll's estimate of cash required to support operations	(15.0)
<b>Kroll estimated surplus cash</b>	<b>12.1</b>

Source: Kroll analysis.

Nitro is presently utilising large amounts of cash to sustain its business, with approximately US\$13.4 million in net cash used in operating activities the nine months to 30 September 2022. The company has indicated, however, that it expects cash flows from operating activities to be positive for the second half of 2023. On this basis it is our view that a portion, but not all, of Nitro's existing cash of US\$29.2 million will be required to support operations until Nitro becomes operating cash flow positive. Kroll has concluded that approximately US\$15.0 million of cash will be required to support the operations of the business prior to it becoming cash flow positive, excluding the repayment of lease liabilities (which, if included, would require an equal adjustment to the value of lease liabilities as at 30 September 2022). Therefore, we consider the remaining US\$12.1 million of net cash to be surplus.

We also note that the Nitro Board has determined that all of the Nitro Options will be treated on a cashless exercise basis subject to a Change of Control Transaction (being either the Potentia Takeover Offer or Alludo Transaction) becoming effective, therefore no further cash adjustment is required.





## Appendix 1 – Kroll disclosures

### Qualifications

The individuals with overall responsibility for preparing this report on behalf of Kroll are Ian Jedlin and Celeste Oakley. Ian is an Associate and Accredited Business Valuation Specialist of the Institute of Chartered Accountants Australia and New Zealand, a Senior Fellow of the Financial Securities Institute of Australia and holds a Master of Commerce. He is also a member of the Standards Review Board of the International Valuation Standards Council. Celeste holds a Bachelor of Economics, a Bachelor of Laws and a CFA designation. Both Ian and Celeste have extensive experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of independent expert reports.

### Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Kroll's opinion as to whether the Alludo Scheme is in the best interests of Nitro Shareholders and whether the Alludo Takeover Offer is fair and reasonable to Nitro Shareholders. Kroll expressly disclaims any liability to any Nitro Shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, Kroll has had no involvement in the preparation of the Transaction Booklet or any other document prepared in respect of the Alludo Transaction. As such, Kroll takes no responsibility for the content of the Transaction Booklet as a whole or other documents prepared in respect of the Alludo Transaction (other than this report).

### Independence

Kroll considers itself to be independent in accordance with the requirements of Regulatory Guide 112 issued by ASIC on 30 March 2011. In considering independence, it is noted that Kroll does not have, and has not had within the previous two years, any business or professional relationship with Nitro or Alludo or any financial or other interest that could reasonably be regarded as capable of affecting our ability to provide an unbiased opinion in relation to Nitro. Kroll's only role with respect to the Alludo Transaction has been the preparation of this report.

Kroll will receive a fixed fee of A\$85,000 (excluding GST and out of pocket expenses) for the preparation of this report, which is additional to the fee received for the preparation of the independent expert's report that was included in the Target's Statement. This fee is not contingent on the conclusions reached or the outcome of the Alludo Scheme or Alludo Takeover Offer. Kroll will receive no other benefit for the preparation of this report.

### Declarations

Nitro has provided an indemnity to us for any claims arising out of any misstatement or omission in any material or information provided to us in the preparation of this report.

During the course of this engagement, Kroll provided draft copies of this report to management of Nitro for comment as to factual accuracy, as opposed to opinions, which are the responsibility of Kroll alone. Changes made to this report as a result of those reviews have not altered the methodology or opinions of Kroll as stated in this report.

The engagement has been conducted in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (**APESB**).

Kroll is authorised by Millinium Capital Managers Limited, Australian Financial Services License no. 284336, to provide the following financial services as their Corporate Authorised Representative:

- provide financial product advice in respect of the following classes of financial products:
- interests in managed investment schemes including investor directed portfolio services; and
- securities;

with respect to retail clients and wholesale clients.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



### Consents

Kroll consents to the inclusion of this report in the form and context in which it is included in the Transaction Booklet to be issued to Nitro Shareholders. Neither the whole nor any part of this report or its attachments or any reference thereto may be included or attached to any other document without the prior written consent of Kroll as to the form and context in which it appears.

Kroll consents to:

- a) be named in its capacity as the independent expert appointed by the board of directors of Nitro in the Transaction Booklet; and
- b) the inclusion in the Transaction Booklet of:
  - i. this report, in the form and context in which it is included in the Transaction Booklet; and
  - ii. all references to this report, and statements extracted from or based on this report, in the form and context in which each such reference and statement is included in the Transaction Booklet.



## Appendix 2 – Limitations and reliance on information

### Limitations and reliance on information

Kroll's opinion is based on prevailing economic, market, business and other conditions at the date of this report and corresponds with a period of continued uncertainty associated with the COVID-19 pandemic and escalation of the Russia-Ukraine conflict. To the extent possible, we have reflected these conditions in our opinion. However, the factors impacting these conditions continue to evolve and can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, and the assets being valued specifically, could impact upon value in the future, either positively or negatively. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

Our report is also based on financial and other information provided by Nitro and its advisers. Nitro has been responsible for ensuring that information provided by it and its representatives is not false or misleading or incomplete. Nitro has represented in writing to Kroll that to its knowledge, the information provided is complete and not incorrect or misleading in any material respect. Complete information is deemed to be information which at the time of completing this report should have been made available to Kroll and would have reasonably been expected to have been made available to Kroll to enable us to form our opinion. We have no reason to believe that any material facts have been withheld from us.

In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying such information. Nothing in this report should be taken to imply that Kroll has in any way carried out an audit of the books of account or other records of Nitro for the purposes of this report. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles including the Australian equivalents to International Financial Reporting Standards, as applicable.

In addition, we have also had discussions with Nitro in relation to the nature of the business operations, specific risks and opportunities, historical results of Nitro and prospects for the foreseeable future of Nitro. This type of information has been evaluated through analysis, inquiry and review to the extent considered necessary or practical as part of the information used in forming our opinion is comprised of the opinions and judgements of management. Kroll does not warrant that its procedures and inquiries have identified all matters that a more extensive analysis might disclose as they did not include verification work nor an audit or review engagement in accordance with standards issued by the Auditing and Assurance Standards Board or equivalent body.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. Such information is often not capable of external verification or validation.

The statements and opinions included in this report are given in good faith and in the belief that such statements and opinions are not false or misleading.

### Disclosure of information

In preparing this report, Kroll has had access to all financial information considered necessary in order to provide the required opinion. Nitro has requested Kroll limit the disclosure of certain information relating to Nitro. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising Nitro. As such the information in this report, unless otherwise indicated, has been limited to the type of information that is regularly placed into the public domain by Nitro.

### Sources of information

In preparing this report we have been provided with and considered the following sources of information:

#### *Publicly available information*

- Target's Statement;
- Potentia Bidder's Statement;
- Transaction Booklet;

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*



- Implementation Deed (as amended);
- results presentations and annual reports for Nitro for 2019 to 2021;
- ASX announcements, press releases, media and analyst presentations and other public filings by Nitro including information available on its website;
- recent press articles regarding Nitro;
- Various industry reports, primarily Gartner Press Release, "Gartner Survey of Over 2,000 CIOs Reveals the Need to Accelerate Time to Value from Digital Investments, Orlando, Fla., October 18, 2022; GigaOm Radar for E-Signature Solutions, March 2022 and Grand View Research, "Business Software and Services Market Size, Share & Trends Analysis Report By Software, By Service, By Deployment, By Enterprise Size, By End Use, By Region, And Segment Forecasts, 2022 – 2030", Report Overview, 2021.
- information sourced from S&P Capital IQ;

### *Non-public information*

- Nitro Board papers and other internal briefing papers prepared by Nitro; and
- other confidential documents, presentations and workpapers.

In addition, we have had discussions with, and obtained information from, senior management of Nitro.

### Appendix 3 – Broker consensus

As far as Kroll is aware, Nitro is followed by eight brokers. Two of the brokers are financial advisors on the Potentia Takeover Offer and Alludo Transaction and have, therefore, been excluded from our analysis. Of the remaining brokers, five published reports following the release of Nitro's 3Q22 Trading update on 27 October 2022.

A summary of the most recent broker forecasts for Nitro following the announcement of the 3Q22 Trading update on 27 October 2022 is provided as follows.

Date of report	Subscription Revenue			Perpetual Revenue			Total Revenue			Total Gross Profit			Operating EBITDA		
	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24
Broker 1		n/a	n/a	n/a	n/a	n/a	68.7	79.9	95.7	n/a	n/a	n/a	(9.6)	(5.0)	(0.4)
Broker 2	2-Nov-22	n/a	n/a	n/a	n/a	n/a	67.5	78.5	91.7	n/a	n/a	n/a	(10.6)	(5.4)	(0.6)
Broker 3	30-Nov-22	50.8	63.2	77.3	16.5	13.0	67.3	76.2	89.3	n/a	n/a	n/a	(10.7)	(6.4)	(0.9)
Broker 4	27-Oct-22	49.8	62.0	78.4	17.0	16.6	66.9	78.6	95.0	60.1	70.7	85.5	(11.7)	(4.0)	3.4
Broker 5	31-Oct-22	50.8	64.9	82.0	16.7	14.2	67.5	79.1	93.4	61.6	72.4	85.8	(12.0)	(6.3)	4.8
Low		49.8	62.0	77.3	16.5	13.0	66.9	76.2	89.3	60.1	70.7	85.5	(12.0)	(6.4)	(0.9)
High		50.8	64.9	82.0	17.0	16.6	68.7	79.9	95.7	61.6	72.4	85.8	(9.6)	(4.0)	4.8
Median		50.8	63.2	78.4	16.7	14.2	67.5	78.6	93.4	60.9	71.6	85.7	(10.7)	(5.4)	(0.4)
Mean		50.5	63.4	79.2	16.7	14.6	67.6	78.5	93.0	60.9	71.6	85.7	(10.9)	(5.4)	1.3

Source: Broker reports, Kroll analysis

Date of report	Share Based Payments Expense			(Loss) For The Year			ARR			Operating cash flow			Cash balance		
	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24
Broker 1		n/a	n/a	n/a	n/a	n/a	58.2	73.9	93.5	(17.7)	(4.4)	8.4	26.7	21.7	29.2
Broker 2	27-Oct-22	(9.0)	(9.7)	(10.2)	(27.6)	(18.9)	58.5	n/a	n/a	(15.6)	(4.1)	2.6	28.0	21.7	22.1
Broker 3	30-Nov-22	n/a	n/a	n/a	(9.4)	(2.6)	n/a	n/a	n/a	(14.2)	(0.9)	4.5	29.5	26.7	29.1
Broker 4	27-Oct-22	n/a	n/a	n/a	(32.8)	(20.8)	57.8	71.1	85.8	(14.5)	0.1	7.4	27.6	25.5	30.4
Broker 5	31-Oct-22	n/a	n/a	n/a	(31.7)	(21.3)	58.3	n/a	n/a	(22.6)	(8.4)	4.8	24.7	15.2	18.6
Low		(9.0)	(9.7)	(10.2)	(32.8)	(23.0)	57.8	71.1	85.8	(22.6)	(8.4)	2.6	24.7	15.2	18.6
High		(9.0)	(9.7)	(10.2)	(9.4)	(6.4)	58.5	73.9	93.5	(14.2)	0.1	8.4	29.5	26.7	30.4
Median		(9.0)	(9.7)	(10.2)	(29.7)	(21.1)	58.3	72.5	89.7	(15.6)	(4.1)	4.8	27.6	21.7	29.1
Mean		(9.0)	(9.7)	(10.2)	(25.4)	(17.9)	58.2	72.5	89.7	(16.9)	(3.5)	5.5	27.3	22.2	25.9

Source: Broker reports, Kroll analysis

## Appendix 4 – Valuation methodologies

The most reliable evidence as to the value of a business or asset is the price at which that business or asset has been bought and sold in an arm's length transaction.

In the absence of direct market evidence, an estimate of value is provided using methodologies that rely on other sources of evidence. Consistent with International Valuation Standards, valuation methodologies applicable to assets or businesses can be categorised under three approaches: market approach, income approach and cost approach.

These approaches have application in different circumstances. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved.

### Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and
- there is substantial operating history and a consistent earnings trend.

The market comparable methodology indicates the value of a business by comparing it to publicly traded companies in similar lines of business. An analysis of the trading multiples of comparable companies yields insight into investor perceptions and, therefore, the value of the subject company. The multiples are evaluated and compared based on the relative growth potential and risk profile of the subject company vis-a-vis the publicly traded comparable companies. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of securities. As such, multiples are generally reflective of the prices at which portfolio interests change hands.

The comparable transaction methodology indicates value based on exchange prices in actual transactions. This process essentially involves the comparison and correlation of the subject company with other similar businesses recently sold or currently offered for sale. Considerations such as timeframe of transaction, premiums, and conditions of sale are analysed, and the observed transaction multiples are subjectively adjusted to indicate a value for the subject company.

A key step in both methods is determining the appropriate unit of comparison. In a business valuation common units of comparison include, revenue, EBITDA, EBIT, net profit after tax and book values. The choice will typically depend on the industry and characteristics of the subject asset.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them.

### Income approach

Under an income approach the value of an asset is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history or there is a variable pattern of cash flow, or the asset has a finite life.

The most common methodology adopted is the discounted cash flow (**DCF**) methodology. It has a strong theoretical basis and benefits by explicitly estimating future cash flows, allowing it to be used in a variety of circumstances, whether that be a start-up or an established business. It also allows for various scenarios and/or sensitivities to be modelled. Under a DCF methodology, forecast cash flows are discounted back to

the valuation date resulting in a present value for the asset. Where there is an explicit forecast period a terminal value will typically be included, representing the value of the asset at the end of this period, which is also discounted back to the valuation date to give an overall value for the business. The rate at which the future cash flows are discounted (the discount rate) should reflect not only the time value of money, but also the risk associated with the asset or business' future operations. Whilst discount rates are generally determined from observable data, substantial judgement is required in their determination. Further, the cash flows themselves also require considerable judgement in their preparation, placing significant importance on the quality of the underlying cash flow forecasts and the determination of an appropriate discount rate in order for a DCF methodology to produce a sensible valuation figure.

DCF's can also be extremely sensitive to what may be considered small changes in various assumptions and the longer the forecast period the more difficult it is in general to forecast cash flows with sufficient reliability. As such, it is important to adequately understand the basis and risks associated with the various assumptions used to derive the cash flow forecasts and recognise the impact it can have on resulting values including the value range. Notwithstanding, DCF methodologies are widely used and benefit from the rigour associated with the preparation of future cash flows.

### **Cost approach**

Under a cost approach the value of an asset is determined having regard to the cost to replace or reproduce the asset. The most common methodologies include:

- the replacement cost;
- the reproduction cost method; and
- the summation method.

A cost based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies).

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset approach is also useful as a cross-check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

## Appendix 5 – Market evidence

### Comparable companies

The following table sets out the trading multiples and financial information for the selected comparable companies to Nitro.

#### Australian Software Companies Multiples and Financials

Company Name	Country	Market Capitalisation (\$ millions) <sup>1</sup>	Enterprise Value (\$ millions) <sup>2</sup>	Revenue Multiple		ARR Multiple		Revenue Growth			EBITDA Margin <sup>3</sup>	
				FY	FY+1	FY	FY+1	FY	FY+1	FY	FY+1	FY
ASX Software Peers												
Objective Corporation Limited	Australia	1,363.1	1,302.3	12.2	10.6	15.2	n/a	12.0%	14.9%	16.2%	28.8%	30.6%
Hansen Technologies Limited	Australia	1,027.9	1,070.0	3.6	3.5	n/a	n/a	(3.6%)	3.6%	3.2%	33.8%	31.4%
Megaport Limited	Australia	1,092.1	1,036.8	9.4	7.0	7.4	6.4	40.2%	35.5%	27.5%	(9.2%)	6.5%
Infomedia Ltd	Australia	450.9	388.1	3.2	3.0	3.3	n/a	23.3%	7.8%	8.6%	20.6%	22.6%
ReadyTech Holdings Limited <sup>4</sup>	Australia	373.3	406.4	5.2	3.9	5.2	n/a	56.5%	33.5%	14.8%	36.5%	33.5%
Bigtican Holdings Limited	Australia	298.3	262.3	2.4	1.7	2.2	2.1	146.2%	43.1%	16.0%	3.8%	10.0%
ELMO Software Limited <sup>5</sup>	Australia	241.3	266.5	2.9	2.3	2.5	2.2	32.2%	28.0%	23.3%	7.8%	17.8%
Global Productivity Software												
Adobe Inc.	United States	152,817.3	151,713.7	9.6	8.6	n/a	n/a	22.7%	11.5%	9.3%	48.8%	49.9%
DocuSign, Inc.	United States	11,305.4	10,311.5	4.9	4.2	5.1	4.3	45.0%	17.5%	10.2%	22.6%	20.0%
Dropbox, Inc.	United States	8,155.4	8,984.4	4.2	3.9	3.6	3.4	12.7%	7.5%	5.5%	36.4%	37.5%
Open Text Corporation	Canada	7,682.2	10,493.0	3.0	3.0	3.6	n/a	3.2%	(1.0%)	2.7%	36.2%	36.3%
Foxit Software	China	4,169.2	2,074.1	3.8	3.4	n/a	n/a	15.5%	13.1%	19.8%	15.1%	6.9%

Source: S&P Capital IQ, Bloomberg, Refinitiv, Company financial statements; Kroll analysis. n/a is not available.

Notes:

1. As at 15 December 2022. Market capitalisations depicted in local denominated currency (Australian dollars, US dollars, Canadian dollars, and Chinese yuan where applicable). Calculated as share price in local currency multiplied by the diluted number of shares outstanding.
2. Enterprise value is calculated as market capitalisation plus net debt, minority interests, preferred shares and leases.
3. EBITDA Margin is calculated as EBITDA divided by revenue for the applicable year.
4. ReadyTech's market capitalisation and EV are measured as at 31 October 2022, the undisturbed share trading price prior to speculation surrounding a transaction and prior to the receipt of an indicative A\$4.50 per share offer from Pacific Equity Partners Pty Limited and its affiliates on 15 November 2022.
5. ELMO's market capitalisation and EV are measured as at 12 October 2022, the undisturbed share trading price prior to speculation surrounding a transaction and prior to the receipt of an indicative A\$4.50 per share offer from Pacific Equity Partners Pty Limited and its affiliates on 15 November 2022.



## **Australian Software**

### *Objective Corporation Limited*

Objective provides information technology software and services in Australia, New Zealand and the United Kingdom. Objective's software enables customers to organise, discover and manage enterprise information and compliance. Objective's knowledge management software allows users to access and manage word processing documents, spreadsheets, web page content and e-mails. Objective's regulation technology software help government bodies manage regulation, compliance and enforcement processes and Objective's planning and building software help local councils assess and approve building plans. Objective has a strong public sector clientele and also serves the wealth, banking and insurance sectors.

### *Hansen Technologies Limited*

Hansen develops, integrates and supports billing systems software for energy and utilities, communications and media sector businesses. Hansen provides consulting services related to billing systems and IT outsourcing. Hansen is headquartered in Melbourne and operates globally.

### *Megaport Limited*

Megaport Limited provides NaaS to businesses in Australia, New Zealand, Asia, North America and Europe. Megaport's platform allows customers to connect their devices and applications to Megaport's interconnected infrastructure. Megaport's platform provides customers interconnectivity and flexibility between other networks and cloud providers connected to the platform. Megaport provides cloud connectivity, data centre integration and cloud routing services.

### *Infomedia Limited*

Infomedia provides SaaS to the parts and service sector of the automotive industry worldwide. Infomedia develops and supplies electronic parts catalogues, service quoting software and Customer Relationship Management (**CRM**) solutions. Infomedia's electronic parts catalogues are used by various car dealers worldwide allowing them to find replacement parts required by a customer or service mechanic. Infomedia received non-binding takeover bids in June 2022, however no binding bids were received during the due diligence process.

### *ReadyTech Holdings Limited*

ReadyTech provides SaaS technology for education and work pathways, workforce solutions, and government and justice markets in Australia. ReadyTech operates in three segments: Education, Workforce Solutions and Government and Justice. The education segment is a market leading provider of a student management system to vocational education and training, international and English languages and higher education providers. Workforce Solutions is a provider of payroll and employee management solutions, leveraging cloud-based technology. The Government and Justice segments provides case management SaaS to the government and justice sectors. ReadyTech received an indicative A\$4.50 per share offer from Pacific Equity Partners Pty Limited and its affiliates on 15 November 2022. The discussions between ReadyTech and Pacific Equity Partners Pty Limited are ongoing and no agreement has been reached between the parties in relation to the value, structure or terms of a transaction.

### *ELMO Software Limited*

ELMO operates as a software service provider. ELMO offers cloud-based talent management software solutions which includes hiring, recruitment, on-boarding, performance, learning, and pre-built e-learning courses. ELMO serves customers primarily in Australia, New Zealand and United Kingdom. ELMO agreed to an implied equity value of A\$486 million proposed takeover from K1 Investment Management in October 2022, pending shareholder and regulatory approvals.

### *Bigtincan Holdings Limited*

Bigtincan operates as a sales enablement automation company. The company's platform, Bigtincan Hub, delivers relevant content to the client and their sales teams to improve sales productivity and performance. Bigtincan also provides sales-specific learning and development content for clients to upskill staff. On 2 December 2022 Bigtincan received an indicative, conditional and non-binding proposal from SQN Investors LP to acquire all of the shares in Bigtincan for A\$0.80 cash per share by way of scheme of arrangement. As of the date of this report, Bigtincan is yet to respond to the proposal and there is no certainty that a control transaction capable of being considered by shareholders will eventuate.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*

### **Global Productivity Software**

#### *Adobe Inc*

Adobe is a global diversified software company operating in three segments: Digital Media, Digital Experience and Publishing and Advertising. The Digital Media segment offers solutions to enable businesses and individuals to create, publish and promote content via Adobe Creative Cloud and Adobe Document Cloud. The Digital Experience segment provides an integrated platform and applications to execute and manage customer experiences. The Publishing and Advertising segment offers a range of products and services, including e-learning solutions, document publishing and web application development.

#### *DocuSign Inc*

DocuSign offers electronic signature products, enabling documents to be signed electronically from a variety of devices. DocuSign Agreement Cloud automates and connects the entire agreement process and enables integration with other systems.

#### *Dropbox Inc*

Dropbox is a collaboration platform provider. Dropbox's platform offers capabilities enabling users to create, share, organise and collaborate documents and content securely. Dropbox paper allows users to co-author content, work collaboratively, assign tasks and embed comments in real-time.

#### *Open Text Corporation*

Open Text Corporation is an information management company that offers an integrated portfolio of information management solutions delivered at scale in the OpenText Cloud, enabling organisations to optimise their digital supply chains. Open Text content services solutions include record management, e-signatures, archiving to ensure digital security. Open Text provides services and solutions to prevent, prepare and respond to cyber breaches.

#### *Asana, Inc*

Asana operates a global work management platform for individuals and businesses. Asana's platforms enable teams to orchestrate work from daily task management to cross-functional strategic initiatives including product launches and marketing plans.

#### *Smartsheet Inc*

Smartsheet provides a cloud-based enterprise platform to plan, capture, manage and report on work for teams and organisations. Smartsheet's products enable real-time visibility into the status of work programs, document access from multiple devices and automation of repetitive process.

#### *Fujian Foxit Software Development Joint Stock Co. Ltd*

Fujian Foxit develops PDF electronic document solutions across the document life cycle. Foxit's solutions include document generation, conversion, display, signature, protection and distribution management. Foxit also provides PDF software development products and cloud solutions.

#### *Upland Software Inc.*

Upland Software provides cloud-based enterprise work management software. Upland offers software applications across marketing, sales, customer support, IT, legal and human resources. Upland also provides professional services such as data implementation and extraction, training and integration services.

### Comparable Transactions

The following two tables set out the key comparable transactions.

#### Comparable Transactions<sup>1</sup>

Announcement Date	Target	Acquirer	Percentage Acquired (%)	Implied Enterprise Value (\$A millions)	Premium to 1 Week VWAP	Enterprise Value/ Revenue			Enterprise Value/EBITDA			Enterprise Value/ARR Historical (times)
						Historical (times)	Forecast (times)		Historical (times)	Forecast (times)		
26/10/2022	ELIMO Software	K1 Investment Management	100.0%	478.6	56%	5.2	4.1	67.4	4.1			4.4
6/07/2022	Nearmap	Thoma Bravo, L.P.	100.0%	967.9	42%	6.6	5.3	58.2	5.4			5.8
14/12/2021	Tungsten Corporation	Kofax Limited	100.0%	135.3	na	2.0	n/a	10.6	n/a			n/a
10/11/2021	Connective NV	Nitro Software Limited	100.0%	110.0	na	11.5	8.5	n/a	n/a			13.3
18/10/2021	Class Limited	HUB24 Limited	100.0%	339.0	55%	6.2	5.2	26.7	n/a			5.7
15/09/2021	AccountSight	DocuSaw Technology	100.0%	19.1	na	10.5	4.3	n/a	n/a			n/a
12/04/2021	Nuance Communications	Microsoft Corp.	100.0%	24,611.4	na	12.6	13.4	54.1	45.8			n/a
1/07/2021	rhipe Limited	Crayon Group Holding	100.0%	352.2	15%	5.3	4.3	21.2	16.4			n/a
12/11/2018	Nuance Document Imaging	Kofax Limited	100.0%	555.8	na	1.8	n/a	n/a	n/a			n/a
7/10/2018	MYOB Group Pty Ltd	KKR & Co. Inc.	80.1%	2,426.7	13%	5.5	5.0	12.8	12.9			n/a
31/07/2018	SpringCM Inc.	DocuSign, Inc.	100.0%	302.1	na	7.3	n/a	n/a	n/a			n/a
3/05/2017	Kofax Limited	Thoma Bravo, L.P.	100.0%	1,795.9	na	2.4	n/a	n/a	n/a			n/a

Source: S&P Capital IQ, Mergermarket, Company financial statements; Kroll analysis.

Note:

1. Transactions in local-denominated currencies are converted at the exchange rate prevailing at the announcement date.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*

### *ELMO Software Limited / K1 Investment Management, LLC*

On 26 October 2022, K1 Investment Management agreed to acquire ELMO, entering into a Scheme Implementation Deed which valued ELMO at an implied EV of A\$478.6 million. ELMO offers cloud-based talent management software solutions which include hiring, recruitment, on-boarding, performance, learning, and pre-built e-learning courses. The Scheme is pending shareholder and regulatory approvals.

### *Nearmap Ltd / Thoma Bravo, L.P.*

On 6 July 2022, Thoma Bravo agreed to acquire Nearmap for an implied EV of A\$967.9 million. Nearmap provides cloud-based geospatial information services and location intelligence content and is one of the ten largest aerial survey companies in the world by annual data collection volume. As at the date of this report, the scheme is now legally effective and the quotation of Nearmap shares on the ASX was suspended from the close of trading 6 December 2022.

### *Tungsten Corporation Plc / Kofax Limited*

On 14 December 2021, Kofax agreed to acquire Tungsten for an implied EV of A\$135.3 million. Tungsten operates an e-invoicing network that provides trade finance and spend analytics.

### *Connective NV / Nitro Software Limited*

On 10 November 2021, Nitro agreed to acquire Connective for an implied EV of A\$110.0 million. Connective offers an eSignature software platform that provides services for digitally generating and signing documents and has significant market share in France and other European countries. The implied EV/Historical revenue multiple of 11.5 times is relatively high and reflects Nitro's expectations that the acquisition would improve Nitro's eSigning and document workflow capabilities, and Connective's substantial customer base with over 1,000 mid-market enterprise and government accounts across Europe.

### *Class Limited / HUB24 Limited*

On 18 October 2021, HUB24 Limited (**HUB24**) agreed to acquire Class for an implied EV of A\$339.0 million. Class distributes cloud-based accounting, investment reporting, document corporate compliance and administrative software for accountants, administrators, and advisers in Australia. HUB24's strategic rationale for the acquisition was to consolidate its market position as a provider of platforms, technology and data solutions for financial advisers, accountants, private banks, licensees, stockbrokers, and their clients.

### *AccountSight / DocuSavvy Technologies*

On 15 September 2021, DocuSavvy Technologies, a subsidiary of Foxit, agreed to acquire AccountSight for an implied EV of A\$19.1 million. AccountSight offers time tracking, expense tracking, billing and invoicing software. Foxit stated that the strategic rationale of the acquisition was to "seize new opportunities in the paper-free information technology market."

### *rhipe Limited / Crayon Group Holding*

On 1 July 2021 Crayon Group Holding (**Crayon**) agreed to acquire rhipe for an implied EV of A\$352.2 million. rhipe distributed sale and support of subscription software licenses on behalf of international software vendors (including Microsoft, VMware, Inc and Citrix Systems, Inc) to approximately 3,500 IT service providers, system integrators and software resellers. rhipe did not develop the products it distributed. Crayon's strategic rationale for the acquisition was to solidify its market position in the Australia and New Zealand cloud services market.

### *Nuance Communications / Microsoft Corporation*

On 12 April 2021 Microsoft agreed to acquire Nuance Communications for an implied EV of A\$24,611 million. Nuance provides conversation AI and cloud-based clinical speech recognition solutions for healthcare providers. Microsoft's strategic rationale for the acquisition was to grow its industry-specific cloud offerings. The relatively high EV/Historical revenue multiple of 12.6 times reflects Nuance's significantly larger size than the other target companies and may also reflect Nuance's status as a leader

in the field of enterprise AI, and Microsoft's expectations that Nuances technology could be applied more broadly outside of the healthcare industry.

*Nuance Document Imaging / Kofax Limited*

On 12 November 2018 Kofax agreed to acquire Nuance Document Imaging (**NDI**) for an implied EV of A\$555.8 million. Nuance Document Imaging was then a subsidiary of Nuance and provided print management and cost recovery software solutions. Kofax's strategic rationale for the acquisition was to incorporate NDI's scanning and print management capabilities into its product portfolio.

*MYOB Group Pty Ltd / KKR & Co Inc.*

On 7 October 2018, KKR & Co Inc. (**KKR**) agreed to acquire the 80.1% share of MYOB which it did not already own for an implied EV of A\$2,427 million. MYOB provides accounting, payroll, tax and other business management solutions to small and medium sized businesses in Australia and New Zealand. At the time of acquisition, MYOB was progressing in its strategy of migrating its desktop application offerings to the cloud.

*SpringCM Inc. / DocuSign, Inc.*

On 31 July 2018, DocuSign agreed to acquire SpringCM for an implied EV of A\$302.1 million. SpringCM provides a cloud-based document and contract management platform that allowed customers to streamline the contract management lifecycle and automate various processes and workflows. DocuSign's strategic rationale for the acquisition was to allow it to help its customers modernise their contract management processes.

*Kofax Limited, Thoma Bravo, L.P.*

On 3 May 2017, Thoma Bravo agreed to acquire Kofax for an implied EV of A\$1,795.9. Kofax provides information capture and business process management software to allow clients to automate manual business processes.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*

### Appendix 6 – Discount rate

#### Discount rate conclusion

Kroll has selected a WACC in the range of 12.0% to 13.0% for Nitro based on the selected parameters presented in the table below. In determining the WACC, the cost of equity is calculated using the capital asset pricing model (**CAPM**) and the cost of debt is based on long-term estimates based on market observations. The WACC is commonly employed as the basis for determining an appropriate discount rate where cash flow forecasts consist of free cash flows to both debt and equity holders. Whilst we have utilised the WACC we recognise that market participants often use less precise methods for determining a discount rate including target internal rates of return or hurdle rates. They also often do not distinguish between investment types or regions.

We have utilised the following parameters in deriving our discount rate.

#### Selected WACC Parameters for Nitro

Parameter	Symbol	Low	High
Risk free rate	<b>Rf</b>	3.8%	3.8%
Equity risk premium	<b>(Rm - Rf)</b>	6.0%	6.0%
Unlevered Beta		1.3	1.5
Tax rate	<b>T</b>	21.0%	21.0%
Debt/ Equity	<b>D/E</b>	0.0%	0.0%
Levered Beta	<b>β</b>	1.3	1.5
Asset specific risk premium (alpha)	<b>α</b>	0.0%	0.0%
Cost of equity (post-tax)	<b>Ke</b>	11.6%	12.8%
Pre-tax cost of debt	<b>Kd</b>	Not applicable	Not applicable
WACC		11.6%	12.8%
<b>Selected range</b>		<b>12.0%</b>	<b>13.0%</b>

Source: Kroll analysis

The objective of the discount rate is to appropriately reflect the expected return of a hypothetical prudent purchaser, based upon the perceived risks associated with Nitro. In this respect, it is relevant to recognise that the selection of an appropriate discount rate to apply to the forecast cash flows of any asset or business operation is a matter of judgement and that the individual components should not be considered in isolation but rather as components of an overall discount rate. As a result of this subjectivity, the calculated discount rate should be treated as guidance rather than objective truth.

Furthermore, our discount rate reflects an assessment at a point in time as to both current market conditions and future expectations. Kroll regularly reviews fluctuations in global economic and financial market conditions that may warrant changes to our equity risk premium (**ERP**) and accompanying risk-free rate recommendations. To the extent that there are any changes in conditions and expectations over time, it is likely that an adjustment to the discount rate may be warranted.

#### Cost of equity

The cost of equity has been derived from the application of a modified CAPM.<sup>85</sup> The CAPM has been empirically tested and is widely accepted for the purpose of estimating a company's required return on equity. In applying the CAPM, the rate of return on equity is estimated as the current risk-free rate of return on a long-term government bond plus a market risk premium, multiplied by the "beta" for the shares. Beta is defined as a risk measure that reflects the sensitivity of a company's share price to the movements of the stock market as a whole and is a measure of systematic risk.

The modified CAPM rate of return on equity capital is calculated using the formula:

$$K_e = R_f + \beta * (R_m - R_f) + \alpha$$

Where:

$K_e$  = Rate of return on equity capital;

$R_f$  = Risk-free rate of return (normalised long-term Australian sovereign risk);

<sup>85</sup> CAPM is modified by the inclusion of an alpha.

$\beta$  = Beta or systematic risk for this type of equity investment, re-levered to reflect the debt-to-equity profile of the Investment;

$R_m - R_f$  = ERP; the expected return on a broad portfolio of stocks in the market ( $R_m$ ) less the risk-free rate ( $R_f$ ); and

$\alpha$  = Alpha including where relevant, size or other company specific risk.

#### **Risk-free rate**

The risk-free rate is a key input in the CAPM. It is the return available, as of a valuation date, on a security that the market generally regards as free of the risk of default. When valuing a going-concern business, the risk-free rate is typically measured over a long-term period. In practice, long-dated bonds issued by governments considered to be generally safe have traditionally been accepted as a proxy for a risk-free security. As Nitro's forecast cash flows are denominated in US dollars, we have used the 20-year US Treasury yield as a proxy for the risk-free security. As at 30 November 2022, the spot 20-year yield was 4.0%.

Previously, the long-term average of 20-year US Treasury yields was an important input in Kroll's normalised risk-free rate conclusion, particularly when the Federal Reserve Bank's (**Fed**) monetary policy was ultra-accommodative and inflation was below or close to the Fed's inflation target of 2.0%, which kept interest rates at artificially low levels. The annual U.S. consumer price inflation had averaged 1.8% in the 2010s, on a rolling 12-month basis.

In addition, to mitigate the impact of the COVID-19 pandemic, the Fed and other major central banks resorted to the use of unconventional monetary policies, including: large-scale purchases of government securities and, in some cases, other financial assets (e.g., corporate bonds), known as quantitative easing (**QE**); and yield curve targeting policies. The objective was generally the same – to drive long-term interest rates lower and provide ample liquidity to financial markets, thereby lowering the cost of capital and softening the impact of mandatory lockdown policies. The combination of investor flights to quality and central bank interventions, particularly during the height of the COVID-19 pandemic, contributed to the record low yields observed during 2020.

By contrast, in recent months inflation has continued to surprise on the upside—reaching 40-year highs—with the escalation of the Russia-Ukraine conflict exacerbating inflationary pressures. This precipitated a significant shift in the Fed's monetary policy stance relative to December 2021. This more restrictive stance entails: (i) more and/or larger policy interest rate hikes; and (ii) an end to the Fed's QE policies that expanded its balance sheet to near US\$9 trillion, instead the Fed will initiate a quantitative tightening process). The Fed's goal is to contain inflation and normalise the size of its balance sheet.

These recent trends have led to a significant and very rapid rise in US interest rates, with no signs of abating any time soon. For example, the spot 20-year U.S. Treasury yield increased from 1.9% on December 31, 2021, to 3.7% on June 15, 2022, the latter being above Kroll's normalised risk-free rate of 3.5%. Long-term interest rates may finally be reverting to levels considered to be "normal," as attested by the rapid acceleration in the rise in yields over the last month and the dramatic change in the Fed's projected trajectory for policy interest rate hikes as announced on June 15, 2022.

Based on the market conditions prevailing as the date of this report, and recommendation of the Kroll Office of Professional Practice, we have applied the spot 20-year US Treasury yield of 3.8% as a proxy for the risk free rate.

#### **Equity risk premium**

The ERP represents the required return for bearing the incremental risk of investing in a diversified portfolio of equities rather than investing in a risk-free asset (such as a government bond of a government considered safe of default). A forward-looking ERP is not directly observable in the market. Accordingly, valuation practitioners typically utilise historical data to estimate ERP. However, it is important to understand the level of risk-free rates used to measure the historical ERP and whether the resulting combination of risk-free rate and ERP result in a reasonable proxy for a forward-looking base cost of equity.

To the extent that the realised (i.e., historical) ERP equates on average to expected premiums in prior periods, the historical average ERP may be a useful starting point in developing a current forward-looking ERP estimate. A reason one might look to the historical ERP is that the expectations of investors will be framed from their experiences, and the average historical ERP might be expected to have an influence on investors' expectations about the future. Hence there is usually at least some reliance on average historical ERPs when developing current forward-looking ERP estimates.



## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*

However, this does not mean that the ERP estimate should be static over time. Periods of market stability (low volatility) likely indicate that the current forward-looking ERP estimate is below the historical average, and periods of heightened volatility likely indicate that the current forward-looking ERP estimate is above the historical average. COVID-19 upended the global economy and created an even higher level of uncertainty about short-term and medium-term economic growth prospects.

In December 2021, despite some uncertainty regarding the impact of the omicron variant of COVID-19, the global economy appeared to be on a strong path to recovery, although with some unevenness across regions. Major central banks were considering some level of normalisation of monetary policy, both by slowing down (or stopping altogether) QE measures and by raising policy interest rates, particularly as inflationary pressures proved to be more than transitory in many countries. On January 3, 2022, the S&P 500 index achieved a new record high, while two days later the STOXX Europe 600 index reached its own record high.

Global equity markets however became more volatile from mid-January, as inflation continued to surprise with increasingly higher-than-expected readings reaching levels not seen in 30 to 40 years in some countries. Investors tried to ascertain the magnitude and speed at which central banks will raise interest rates, leading to a potential decrease in the value of companies in various industries due to an increase in discount rates.

Factors such as increased consumer demand for goods and services (driven in part by pent-up demand and unprecedented levels of monetary and government fiscal stimulus to fight the COVID-19 pandemic), labour shortages and global supply chain bottlenecks stemming from the COVID-19 pandemic have all contributed to upward inflationary pressures. In addition, rising tensions between Russia and Ukraine culminated in Russia's invasion of Ukraine on February 24, 2022. The Russia-Ukraine conflict has now surpassed the 9-month mark and has placed further pressure on already-strained global supply chains, contributing to significant increases in food and certain commodity prices across the world.

Economists have continued to downgrade global real economic growth projections for 2022 and 2023, with Europe being particularly impacted due to its higher exposure to Russia and Ukraine, and especially since it was already suffering from an energy crisis prior to these events. Investors are uncertain as to whether central banks will manage to control inflation by slowing down economic activity, without creating a major recession.

This increased level of uncertainty has precipitated a repricing of equity securities in stock markets around the globe. At the end of September 2022, the S&P 500 index had declined by 25% since the beginning of the year and is considered to be in "bear market" territory. In the case of Europe, the STOXX Europe 600 index decreased by 20% (in price terms) in the year-to-date September 2022.

As most major central banks continue to signal rate hikes, significant volatility has been observed in government bond yields. It is possible that even higher levels of volatility will be observed in spot yields before they stabilise. More broadly, this heightened uncertainty will have a negative impact on the valuation of investments globally.

In order to be consistent with the approach we adopted to estimate the risk-free rate (a higher normalised estimate), we have applied an ERP of 6.0%.



## Beta

In selecting an appropriate beta to apply to Nitro, Kroll has considered Nitro's beta as well as betas for Australian comparable software and technology companies as at 15 December 2022.

### Beta analysis

Company	Market Cap (million) <sup>1</sup>	Levered Betas	
		2 Year Weekly	5 Year Monthly
Australia			
Objective Corporation Limited	A\$1,363.1	1.59	1.04
Megaport Limited	A\$1,092.1	2.05	1.20
Hansen Technologies Limited	A\$1,027.9	1.12	0.70
Nitro <sup>2</sup>	A\$535.8	nmf	nmf
ELMO Software Limited	A\$474.2	2.04	2.25
Infomedia Ltd	A\$450.9	1.01	0.97
ReadyTech Holdings	A\$448.1	1.02	1.73
Bigtincan Holdings Limited	A\$325.3	1.72	1.92
Mean (excluding Nitro)		1.51	1.40
Median (excluding Nitro)		1.59	1.20
International			
Adobe Inc.	US\$152,817.3	1.60	1.21
DocuSign, Inc.	US\$11,305.4	2.40	1.11
Dropbox, Inc.	US\$8,155.4	1.10	0.81
Open Text Corporation	US\$7,682.2	1.38	1.22
Fujian Foxit Software Development Joint Stock	¥4,169.2	0.99	0.94
Mean		1.49	1.06
Median		1.38	1.11

Source: S&P Capital IQ, Kroll analysis.

#### Notes:

1. The presented market capitalisations have been sourced from S&P Capital IQ using their recorded shares on issue, excluding Treasury Shares, except for Nitro which has been recalculated based on the total shares on issue of 251,567,415 multiplied by the closing price of A\$2.23 on 15 December 2022.
2. The calculated betas for Nitro are statistically insignificant and have therefore been excluded.

This table shows a wide variation in betas across the selected companies, suggesting that determining a reliable beta for Nitro is difficult:

- betas for the comparable Australian and International companies range between 0.70 and 2.40. The lowest beta is Hansen Technologies at 0.70 measured as a five-year monthly beta, while the highest is DocuSign, Inc. at 2.40 measured as a two-year weekly beta;
- the betas for individual companies vary appreciably depending on the time period considered. Two-year weekly betas were generally higher than five-year monthly betas, reflecting the volatility in returns of software and technology related firms during the COVID-19 pandemic recovery, escalating conflict in Ukraine, rising inflation and heightened uncertainty impacting all equity markets, but particularly high growth technology stocks. On balance, we find betas less than 1.0 for high-growth technology companies to be anomalous;
- there is not a clear trend for the observed betas relative to company size. Companies with larger market capitalisations (i.e. Adobe, DocuSign and Dropbox) have a range of betas between 0.81 and 2.40, and companies with smaller market capitalisations (ReadyTech, Infomedia and Bigtincan) have a range of betas between 0.97 and 1.92;
- specific factors for each of the software companies including the type of product, nature of revenue and client concentration, vary between the observed companies and may impact their individual betas; and
- Nitro's betas are statistically insignificant due to low R-squared coefficients.

On balance, having regard to the factors above, Kroll has selected an equity (levered) beta in the range of 1.3 to 1.5.

## ANNEXURE A. INDEPENDENT EXPERT'S REPORT *(continued)*

### Gearing

In selecting an appropriate gearing ratio for Nitro for the purpose of re-leveraging our selected asset beta, we have considered the gearing levels of comparable companies.

The gearing ratios for the selected comparable companies are set out as follows.

### Gearing analysis

Company	Market Cap (million)	Average gearing	
		2 Year	5 Year
Australia			
Objective Corporation Limited	A\$1,363.1	(2.3%)	(3.8%)
Megaport Limited	A\$1,092.1	(4.2%)	(6.2%)
Hansen Technologies Limited	A\$1,027.9	7.4%	9.7%
Nitro	A\$535.8	(6.6%)	n/a
ELMO Software Limited	A\$474.2	3.5%	(5.3%)
Infomedia Ltd	A\$450.9	(12.0%)	(7.4%)
ReadyTech Holdings	A\$448.1	4.1%	n/a
Bigtincan Holdings Limited	A\$325.3	(9.5%)	(13.7%)
Mean		(2.4%)	(4.5%)
Median		(3.2%)	(5.7%)
International			
Adobe Inc.	US\$152,817.3	0.2%	0.7%
DocuSign, Inc.	US\$11,305.4	1.3%	(1.6%)
Dropbox, Inc.	US\$8,155.4	17.3%	7.7%
Open Text Corporation	US\$7,682.2	22.6%	21.3%
Fujian Foxit Software Development Joint Stock	¥4,169.2	(13.0%)	n/a
Mean		5.7%	7.0%
Median		1.3%	4.2%

Source: S&P Capital IQ

Note: The presented market capitalisations have been sourced from S&P Capital IQ using their recorded shares on issue, excluding Treasury Shares, except for Nitro which has been recalculated based on the total shares on issue of 251,567,415 multiplied by the closing price of A\$2.23 on 15 December 2022.

For any company, there is likely to be a level of gearing that represents the optimal capital structure for that company. In estimating a discount rate, the gearing assumption should reflect this optimal or target capital structure, however, "optimal" as opposed to "actual" capital structures are not readily observable. In practice, both the existing capital structure and those of comparable businesses are used as a guide taking into account the specific circumstances of the relevant entity.

The majority of the Australian comparable companies and smaller International comparable companies have no debt and a net cash position, which is a reflection of factors such as the degree of development and maturity of the companies, and longevity of positive cash flow. As at 15 December 2022, Nitro's market gearing was (6.6%) when measured over a two-year period. Its current market gearing was (7.4%).<sup>86</sup>

As at 30 September 2022, Nitro did not have a target debt equity structure and had no borrowings other than US\$2.1 million in leases under AASB 16.

Having regard to these factors, we have selected a gearing ratio of 0.0% for Nitro.

### Tax rate

We have adopted an effective tax rate of 21% for Nitro on a consolidated basis, reflecting that earnings will be taxed globally and predominantly in the US. We have not ascribed any value to accrued tax losses in the discount rate.

<sup>86</sup> Nitro's current market gearing has been calculated using Net Cash of US\$27.1 million as at 30 September 2022 (A\$40.4 million), and a market capitalisation as at 15 December 2022 of A\$546.5 million (closing share price of A\$2.23 multiplied by total ordinary fully paid shares of 245.1 million as per the Appendix 3B released to the ASX on 16 November 2022).

**Company specific risk premium (alpha)**

Under CAPM theory, it is assumed that diversified investors require no additional returns to compensate for specific risks because across a diversified portfolio the net effect of specific risks will on average, be zero. In practice, many investors include an additional risk premium to reflect company specific factors or risks which may not otherwise be captured in financial forecasts and it is common for companies to set hurdle rates for investments above their own estimates of the cost of capital to deal with these issues. Such adjustments are, however, not able to be observed and are inherently subjective.

We have not applied an alpha factor in the current valuation as Nitro currently as we consider that other company specific risks are sufficiently reflected in the forecast cash flows.

**Pre-tax cost of debt**

For the purposes of assessing fair value, a cost of debt is estimated from the perspective of the likely debt rate that would apply to Nitro if acquired by an external market participant. However, as we have selected a gearing ratio of 0.0% for Nitro, a cost of debt is not required.

**Cross-check**

In determining the concluded WACC, we have also given consideration to comparable company discount rates as reported in public Independent Expert Reports and broker reports. The WACC for comparable software companies sourced from a sample of recent IERs have ranged between 8.0% and 20.0%. We note however that these were Australian-based discount rates rather than US-based discount rates. Broker discount rates for Nitro have ranged between 8.3% and 11.6%.

## Part Two – Financial Services Guide

### What is an FSG?

This Financial Services Guide ("FSG") is an important document that provides you with information to help you decide whether to use our financial services.

This FSG contains information on:

- who we are;
- who our authorised representatives are;
- how we can be contacted;
- certain financial services that we can offer you;
- how we, our authorised representatives and other parties involved in providing the financial services are paid in relation to the financial services we offer; and
- details of how you can make a complaint about us or the financial services we provide.

#### *Who we are?*

Kroll Australia Pty Ltd (ACN 116 738 535), ("We", "us" and "Kroll") is authorised to provide retail financial services on behalf of Millinium Capital Managers Limited (ACN 111 283 357) ("Millinium"), Australian Financial Services License ("AFSL") no. 284336, as a Corporate Authorised Representative ("CAR"). We have also appointed Mr. Ian Jedlin as an authorised representative to Millinium's AFSL (our "Authorised Representative"). All authorised representatives of Kroll are authorised representatives of Millinium. We aim to provide quality financial products and services to investors. Kroll acts on its own behalf when providing financial services.

Kroll has been engaged by Nitro Software Limited ("Client") to prepare an independent expert's report ("Report") in connection with the Alludo Transaction. Nitro will provide our Report to you.

#### *Our details*

Kroll Australia Pty Ltd  
Level 32, 85 Castlereagh St  
SYDNEY  
NSW 2000  
[www.kroll.com](http://www.kroll.com)  
Ph: 02 8286 7200

#### *Our Authorised Representative*

Ian Jedlin  
ASIC authorised representative: No. 000404117  
Level 32, 85 Castlereagh St, SYDNEY, NSW 2000

#### *Authorised Financial Services*

Kroll is authorised by Millinium to provide the following financial services as their CAR:

- provide financial product advice in respect of the following classes of financial products:
  - interests in managed investment schemes including investor directed portfolio services; and
  - securities,
- with respect to retail clients and wholesale clients.

This FSG only relates to the provision of general advice by Kroll.

#### *Personal Advice*

Neither we nor our authorised representatives can provide you with personal advice. Personal advice is advice that takes into account your objectives, financial situation and needs. Where you are referred to a financial planner for personal advice, they will make reasonable enquiries to understand your personal objectives, financial situation and needs. Their personal advice, and any relevant warnings, will be provided to you in their Statement of Advice ("SOA").

#### *Remuneration*

Kroll charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay Kroll A\$85,000 (excluding GST and out of pocket expenses) for preparing the Report. Kroll and its officers, representatives, related entities and associates ("Personnel") will not receive any other fee or benefit in connection with the provision of the Report. All Personnel that provide general advice on our behalf in providing services are on contract to us and receive a salary or payments in accordance with their respective contracts. They may also receive a bonus, but it is not related to the general advice provided in the Report.

Kroll may provide professional services, including consultancy, business intelligence, transfer pricing and financial advisory services, to the person who engaged us and receive fees for those services Kroll and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

#### *Complaint Redressal*

If you have a complaint, please let either Kroll or the Authorised Representative know. Formal complaints should be sent in writing to Complaints Officer, Kroll, Level 32, 85 Castlereagh St, SYDNEY, NSW 2000. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 8286 7227 and they will assist you in documenting your complaint. If the complaint cannot be settled in the first instance by Kroll, you should contact Millinium via the contact details set out below:

In writing:

Dispute Resolution Officer  
Millinium Capital Managers Limited  
GPO Box 615  
Sydney, NSW, 2000

When your complaint is received by Millinium it will be entered onto Millinium's complaints register. All details of the complaint will be sent to the Disputes Resolution Officer who will investigate the circumstances of the complaint. If the Disputes Resolution Officer is unable to reach a satisfactory resolution of the complaint within thirty (30) business days of receipt, you should contact Australian Financial Complaints Authority ("AFCA"). The details are:

In writing:

<https://www.afca.org.au/make-a-complaint>

Telephone

1300 56 55 62 (local call rate)

Email

[info@afca.org.au](mailto:info@afca.org.au)

Website

[www.afca.org.au](http://www.afca.org.au)

Please note that AFCA can currently only deal with claims for compensation up to A\$1,085,000. Monetary limits and the AFCA terms of reference do change from time to time. Current details can be obtained from the AFCA website listed above.

# ANNEXURE B. SCHEME OF ARRANGEMENT

Nitro Software Limited

Each person who holds one or more Scheme Shares

## Scheme of Arrangement

Deutsche Bank Place  
Corner Hunter and Phillip Streets  
Sydney NSW 2000 Australia  
T +61 2 9230 4000  
F +61 2 9230 5333  
[www.allens.com.au](http://www.allens.com.au)

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Allens is an independent partnership operating in alliance with Linklaters LLP.

# ANNEXURE B. SCHEME OF ARRANGEMENT *(continued)*

Scheme of Arrangement

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**Scheme of Arrangement pursuant to section 411 of the *Corporations Act 2001* (Cth)**

**Between**

**Nitro Software Limited** (ACN 079 215 419) of Level 7, 330 Collins Street, Melbourne VIC 3000 (**Target**).

**And**

**The holders of fully paid ordinary shares in the capital of Target.**

**Recitals**

- A Target is a public company limited by shares incorporated in Australia, and has been admitted to the official list of ASX.
- B Parent is a company incorporated in Jersey.
- C BidCo is a proprietary company limited by shares incorporated in Australia.
- D Target and Parent have entered into the Implementation Deed, pursuant to which, amongst other things, Target has agreed to propose the Scheme to Target Shareholders, and each of Target and Parent has agreed to take certain steps to give effect to the Scheme.
- E Pursuant to clause 1.8(a) of the Implementation Deed, Parent has nominated BidCo to perform its obligations under the Implementation Deed.
- F If the Scheme becomes Effective, then:
  - (a) all the Scheme Shares will be transferred to BidCo and the Scheme Consideration will be provided to the Scheme Shareholders in accordance with the terms of the Scheme; and
  - (b) Target will enter the name and address of BidCo in the Target Register as the holder of the Scheme Shares.
- G Each of Parent and BidCo has entered into the Deed Poll for the purpose of covenanting in favour of the Scheme Shareholders that it will observe and perform the obligations contemplated of it under the Scheme, and in the case of Parent that it will procure that BidCo performs the obligations contemplated of it under the Scheme.

**It is agreed** as follows.

**1 Definitions and Interpretation**

**1.1 Definitions**

In this document, unless the context requires otherwise:

**ASX** means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the ASX operated by it.

**ASX Listing Rules** means the official listing rules of ASX.

**BidCo** means Rocket BidCo Pty Ltd (ACN 664 004 773).

**Business Day** means any day that is each of the following:

- (a) a Business Day within the meaning given in the ASX Listing Rules; and
- (b) a day that banks are open for business in Sydney Australia.

## ANNEXURE B. SCHEME OF ARRANGEMENT *(continued)*

Scheme of Arrangement

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**CHES** means the Clearing House Electronic Subregister System for the electronic transfer of securities, operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

**Conditions Precedent** means the conditions precedent to the Scheme set out in clause 2.1.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Supreme Court of New South Wales or such other court of competent jurisdiction as Parent and Target may agree in writing.

**Deed Poll** means the deed poll executed by Parent and BidCo in favour of the Scheme Shareholders.

**Effective** means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court under section 411(4)(b) of the Corporations Act in relation to the Scheme.

**Effective Date** means the date on which the Scheme becomes Effective.

**End Date** means nine months after the date of the Implementation Deed, or such later date as Parent and Target may agree in writing.

**Implementation Date** means the fifth Business Day after the Scheme Record Date or such other date agreed to in writing between Parent and Target.

**Implementation Deed** means the implementation deed dated 15 November 2022 between Parent and Target as amended or restated from time to time.

**Parent** means Cascade Parent Limited (Company Registration Number 129147).

**Registered Address** means, in relation to a Target Shareholder, the address of that Target Shareholder shown in the Target Register.

**Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act between Target and Target Shareholders as set out in this document, subject to any alterations or conditions made or required by the Court and agreed to by Parent and Target.

**Scheme Consideration** has the meaning given in clause 5.1.

**Scheme Meeting** means the meeting of Target Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act in relation to the Scheme, and includes any adjournment of that meeting.

**Scheme Record Date** means 7:00pm on the date that is five Business Days after the Effective Date.

**Scheme Shareholder** means each person who is registered in the Target Register as a holder of Scheme Shares as at the Scheme Record Date.

**Scheme Shares** means the Target Shares on issue as at the Scheme Record Date.

**Scheme Transfer** means, in relation to each Scheme Shareholder, a proper instrument of transfer of their Scheme Shares for the purpose of section 1071B of the Corporations Act, which may be a master transfer of all or part of all of the Scheme Shares.

**Second Court Date** means the first day of hearing of an application made to the Court for orders pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

**Target Register** means the register of members of Target maintained by or on behalf of Target in accordance with section 168(1) of the Corporations Act.

**Target Share** means a fully paid ordinary share in the capital of Target.

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page 3

**Target Share Registry** means Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any replacement provider of share registry services to the Target.

**Target Shareholder** means a person who is registered in the Target Register as a holder of Target Shares.

**Trust Account** means an Australian dollar denominated trust account operated by Target or the Target Share Registry as trustee for the benefit of Scheme Shareholders.

## 1.2 Interpretation

- (a) Headings are for convenience only and do not affect interpretation.
- (b) Mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included.
- (c) The following rules apply unless the context requires otherwise.
  - (i) The singular includes the plural, and the converse also applies.
  - (ii) A gender includes all genders.
  - (iii) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
  - (iv) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
  - (v) A reference to a clause is a reference to a clause of this document.
  - (vi) A reference to an agreement or document (including a reference to this document) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this document or that other agreement or document.
  - (vii) A reference to writing includes any method of representing or reproducing words, figures, drawings or symbols in a visible and tangible form.
  - (viii) A reference to a person includes the person's successors, permitted substitutes and permitted assigns (and, where applicable, the person's legal personal representatives).
  - (ix) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
  - (x) A reference to *dollars* or \$ is to Australian currency.
  - (xi) A reference to time is to Sydney, Australia time.
  - (xii) If the day on which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing must be done on the immediately succeeding Business Day.
  - (xiii) Words and phrases not specifically defined in this document have the same meanings (if any) given to them in the Corporations Act.

## 2 Conditions Precedent

### 2.1 Conditions Precedent to the Scheme

The Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of

## ANNEXURE B. SCHEME OF ARRANGEMENT *(continued)*

### Scheme of Arrangement

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the following conditions precedent:

- (a) as at 8:00am on the Second Court Date each of the conditions precedent set out in clause 3.1 of the Implementation Deed (other than the condition precedent relating to the approval of the Court set out in clause 3.1(f) of the Implementation Deed) has been satisfied or waived in accordance with the Implementation Deed;
- (b) as at 8:00am on the Second Court Date, the Implementation Deed has not been terminated;
- (c) the Court makes orders approving the Scheme under section 411(4)(b) of the Corporations Act, including with such alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Parent and Target;
- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to Parent and Target have been satisfied; and
- (e) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Scheme come into effect, pursuant to section 411(10) of the Corporations Act.

### 2.2 Certificates

Target and Parent will each provide to the Court on the Second Court Date certificates signed by Target and Parent (or such other evidence as the Court requests) confirming (in respect of matters within their knowledge) whether or not the conditions in clauses 2.1(a) and 2.1(b) of this Scheme have been satisfied or waived in accordance with the terms of the Implementation Deed as at 8.00am on the Second Court Date.

### 2.3 Termination of Implementation Deed

Without limiting any rights under the Implementation Deed, in the event that the Implementation Deed is terminated in accordance with its terms before 8:00am on the Second Court Date, Target, Parent and BidCo are each released from:

- (a) any further obligation to take steps to implement the Scheme; and
- (b) any liability with respect to the Scheme.

## 3 Scheme Becoming Effective

### 3.1 Effective Date of the Scheme

Subject to clause 3.2, the Scheme will take effect on and from the Effective Date.

### 3.2 End Date

The Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date.

## 4 Implementation of Scheme

### 4.1 Transfer of Scheme Shares

On the Implementation Date, subject to the provision of the Scheme Consideration in the manner contemplated by clauses 4.2, 5 and 6, all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to BidCo, without the need for any further act by any Scheme Shareholder (other than acts performed by Target or any of its directors and officers as attorney and agent for Scheme

Shareholders under the Scheme), by Target effecting a valid transfer or transfers of the Scheme Shares to BidCo under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:

- (a) Target delivering to BidCo for execution duly completed and, if necessary, stamped Scheme Transfers to transfer all of the Scheme Shares to BidCo, duly executed by Target (or any of its directors and officers) as the attorney and agent of each Scheme Shareholder as transferor under clause 9.3;
- (b) BidCo executing the Scheme Transfers as transferee and delivering them to Target for registration; and
- (c) Target, immediately after receipt of the Scheme Transfers under clause 4.1(b), entering, or procuring the entry of, the name and address of BidCo in the Target Register as the holder of all of the Scheme Shares.

#### **4.2 Provision of Scheme Consideration**

In consideration for, and prior to, the transfer to BidCo of the Scheme Shares, BidCo will pay (and Parent will procure that BidCo pays) into the Trust Account an amount equal to the aggregate amount of the Scheme Consideration payable to Scheme Shareholders, in accordance with clause 6.

### **5 Scheme Consideration**

#### **5.1 Entitlement to Scheme Consideration**

Subject to clauses 5.2 and 5.3, the Scheme Consideration, in respect of a Scheme Shareholder, means A\$2.15 per Scheme Share for which a Scheme Shareholder is registered in the Target Register as the holder as at the Scheme Record Date.

#### **5.2 Fractional entitlements**

If the number of Scheme Shares held by a Scheme Shareholder as at the Scheme Record Date is such that the aggregate entitlement of that Scheme Shareholder to Scheme Consideration includes a fractional entitlement to a cent in cash, then the entitlement of that Scheme Shareholder must be rounded up or down with:

- (a) any fractional entitlement of less than 0.5 being rounded down to the nearest whole number of cents; and
- (b) any fractional entitlement of 0.5 or more being rounded up to the nearest whole number of cents.

#### **5.3 Shareholding splitting or division**

If Parent is of the opinion (acting reasonably) that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares that results in rounding in accordance with clause 5.2) have, before the Scheme Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Parent may give notice to those Scheme Shareholders:

- (a) setting out their names (as shown in the Target Register) and Registered Addresses;
- (b) stating that opinion; and
- (c) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the

notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the other provisions of the Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and Registered Addresses are set out in the notice will, for the purposes of the other provisions of the Scheme, be taken to hold no Scheme Shares. Each of Parent and BidCo, in complying with the other provisions of the Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of the Scheme.

### **6 Provision of Scheme Consideration**

#### **6.1 Payment of Scheme Consideration**

- (a) BidCo must, no later than the Business Day before the Implementation Date, deposit in cleared funds into the Trust Account an amount equal to the aggregate amount of the Scheme Consideration payable to Scheme Shareholders, such amount to be held by Target or the Target Share Registry (as applicable) on trust for the Scheme Shareholders and for the purpose of sending the aggregate amount of the Scheme Consideration to the Scheme Shareholders (except that any interest on the amount will be for the account of BidCo).
- (b) On the Implementation Date and subject to funds having been deposited in accordance with clause 6.1(a), Target must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the Trust Account by either (in the sole discretion of Target):
  - (i) despatching, or procuring the despatch, to that Scheme Shareholder of a pre-printed cheque in the name of that Scheme Shareholder and for the relevant amount (denominated in A\$) drawn on the Trust Account, with such despatch to be made by pre-paid post to that Scheme Shareholder's Registered Address (as at the Scheme Record Date); or
  - (ii) making, or procuring the making of, a deposit for the relevant amount (denominated in A\$) in an account with any Australian ADI in Australia notified by that Scheme Shareholder to Target and recorded in or for the purposes of the Target Register as at the Scheme Record Date.
- (c) To the extent that, following satisfaction of Target's obligations under clause 6.1(b), there is any remaining amount held in the Trust Account, Target must pay, or procure the payment of, that amount promptly to BidCo.

#### **6.2 Joint holders**

In the case of Scheme Shares held in joint names, any cheque required to be paid to Scheme Shareholders will be payable to the joint holders and will be forwarded to the holder whose name appears first in the Target Register as at the Scheme Record Date.

### **7 Dealings in Target Shares**

#### **7.1 Dealings in Target Shares by Scheme Shareholders**

For the purpose of establishing the persons who are Scheme Shareholders, dealings in Target Shares will be recognised by Target provided that:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Target Register as the holder of the relevant Target Shares by the Scheme Record Date; and

- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Target Share Registry by 5:00pm on the day which is the Scheme Record Date (in which case Target must register such transfers or transmission applications before 7:00pm on that day),

and Target will not accept for registration, nor recognise for the purpose of establishing the persons who are Scheme Shareholders, any transfer or transmission application in respect of Target Shares received after such times, or received prior to such times but not in registrable form.

## 7.2 Target Register

Target will, until the Scheme Consideration has been provided and the name and address of BidCo has been entered in the Target Register as the holder of all of the Scheme Shares, maintain, or procure the maintenance of, the Target Register in accordance with this clause 7, and the Target Register in this form and the terms of the Scheme will solely determine entitlements to the Scheme Consideration. As from the Scheme Record Date (and other than for BidCo following the Implementation Date), each entry in the Target Register as at the Scheme Record Date relating to Scheme Shares will cease to have any effect other than as evidence of the entitlements of Scheme Shareholders to the Scheme Consideration in respect of those Scheme Shares.

## 7.3 Effect of share certificates and holding statements

As from the Scheme Record Date (and other than for BidCo following the Implementation Date), all share certificates and holding statements for Scheme Shares will cease to have effect as documents of title in respect of those Scheme Shares.

## 7.4 Information to be given to Parent

Target must procure that, as soon as practicable after the Scheme Record Date and in any event at least five Business Days before the Implementation Date, details of the names, Registered Addresses and holdings of Target Shares of every Scheme Shareholder as shown in the Target Register as at the Scheme Record Date are given to Parent (or as it directs) in such form as Parent may reasonably require.

## 7.5 No disposals after Scheme Record Date

If the Scheme becomes Effective, each Scheme Shareholder, and any person claiming through that Scheme Shareholder, must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Scheme Record Date.

## 8 Suspension and Termination of Quotation of Target Shares

- (a) Target must apply to ASX for suspension of trading of the Target Shares on ASX with effect from the close of business on the Effective Date, or from such earlier time as may be reasonably appropriate to ensure that all trades made prior to suspension may be completed, and the Target Register amended accordingly, prior to the Scheme Record Date.
- (b) Target must apply to ASX for termination of official quotation of the Target Shares on ASX and the removal of Target from the official list of ASX with effect from the Business Day immediately following the Implementation Date, or from such later date as may be determined by Parent.

### **9 General Provisions**

#### **9.1 Further assurances**

- (a) Each Scheme Shareholder and Target will do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it.
- (b) Without limiting Target's other powers under the Scheme, Target has power to do all things that it considers necessary or desirable to give effect to the Scheme and the Implementation Deed.

#### **9.2 Scheme Shareholders' agreements and consents**

Each Scheme Shareholder:

- (a) irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to BidCo in accordance with the terms of the Scheme; and
- (b) irrevocably consents to Target, Parent and BidCo doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it,

without the need for any further act by that Scheme Shareholder.

#### **9.3 Appointment of Target as attorney for implementation of Scheme**

Each Scheme Shareholder, without the need for any further act by that Scheme Shareholder, irrevocably appoints Target as that Scheme Shareholder's agent and attorney for the purpose of:

- (a) doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it, including the effecting of a valid transfer or transfers (or the execution and delivery of any Scheme Transfers) under clause 4.1(a); and
- (b) enforcing the Deed Poll against Parent and/or BidCo,

and Target accepts such appointment. Target, as agent and attorney of each Scheme Shareholder, may sub delegate its functions, authorities or powers under this clause 9.3 to all or any of its directors and officers (jointly, severally, or jointly and severally).

#### **9.4 Warranty by Scheme Shareholders**

Each Scheme Shareholder is deemed to have warranted to Parent and BidCo, and, to the extent enforceable, to have appointed and authorised Target as that Scheme Shareholder's agent and attorney to warrant to Parent and BidCo, that all of their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the time of the transfer of them to BidCo pursuant to the Scheme, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares (together with any rights and entitlements attaching to those Scheme Shares) to BidCo pursuant to the Scheme. Target undertakes in favour of each Scheme Shareholder that it will provide such warranty, to the extent enforceable, to Parent and BidCo on behalf of that Scheme Shareholder.

#### **9.5 Title to Scheme Shares**

BidCo will be beneficially entitled to the Scheme Shares transferred to it under the Scheme pending registration by Target of the name and address of BidCo in the Target Register as the



holder of the Scheme Shares.

#### **9.6 Appointment of BidCo as attorney for Scheme Shares**

- (a) From the Effective Date until BidCo is registered in the Target Register as the holder of all Scheme Shares, each Target Shareholder:
  - (i) without the need for any further act by that Target Shareholder, irrevocably appoints BidCo as its proxy to (and irrevocably appoints BidCo as its agent and attorney for the purpose of appointing any director or officer of Parent or BidCo as that Target Shareholder's proxy and, where appropriate, its corporate representative to):
    - (A) attend shareholders' meetings of Target;
    - (B) exercise the votes attaching to the Target Shares registered in the name of the Target Shareholder; and
    - (C) sign any Target Shareholders' resolution; and
  - (ii) must take all other action in the capacity of a Target Shareholder as BidCo reasonably directs.
- (b) From the Effective Date until BidCo is registered in the Target Register as the holder of all Scheme Shares, no Target Shareholder may attend or vote at any meetings of Target Shareholders or sign any Target Shareholders' resolution (whether in person, by proxy or by corporate representative) other than under this clause 9.6.

#### **9.7 Alterations and conditions to Scheme**

If the Court proposes to approve the Scheme subject to any alterations or conditions, Target may, by its counsel or solicitors, and with the prior consent of Parent, consent on behalf of all persons concerned, including each Target Shareholder, to those alterations or conditions.

#### **9.8 Binding effect of Scheme**

The Scheme binds Target and all of the Target Shareholders from time to time (including those who did not attend the Scheme Meeting, did not vote at that meeting or voted against the Scheme) and, to the extent of any inconsistency, overrides the constitution of Target.

#### **9.9 Enforcement of Deed Poll**

Target undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Parent and BidCo on behalf of and as agent and attorney for the Scheme Shareholders.

#### **9.10 Notices**

Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to Target, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Target's registered office or by the Target Share Registry, as the case may be.

#### **9.11 Costs and duty**

- (a) Subject to clause 9.11(b), each of Parent and Target will pay their share of the costs of the Scheme in accordance with the Implementation Deed.
- (b) BidCo will pay all duty (including stamp duty and any related fines, penalties and interest) payable on or in connection with the transfer by Scheme Shareholders of the Scheme Shares to BidCo pursuant to the Scheme.

## ANNEXURE B. SCHEME OF ARRANGEMENT *(continued)*

Scheme of Arrangement

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### **9.12 Governing law and jurisdiction**

This Scheme is governed by the laws of New South Wales. Each party submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning the Scheme.

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# ANNEXURE C. DEED POLL

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Cascade Parent Limited (Company Registration Number 129147)

and

Rocket BidCo Pty Ltd (ACN 664 004 773)

### Deed Poll

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Corner Hunter and Phillip Streets  
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## ANNEXURE C. DEED POLL *(continued)*

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This Deed Poll is made on 15 December 2022

### Parties

- 1 **Cascade Parent Limited** (Company Registration Number 129147) of 2nd Floor Sir Walter Raleigh House, 48-50 Esplanade, St. Helier, Jersey JE2 3QB (**Parent**).
- 2 **Rocket BidCo Pty Ltd** (ACN 664 004 773) of 60/2 O'Connell Street, Parramatta NSW 2150 (**BidCo**).

### In favour of

**Each Scheme Shareholder**

### Recitals

- A Parent and Nitro Software Limited (ACN 079 215 419) (**Target**) entered into an implementation deed dated 15 November 2022, and amended that deed on 12 December 2022 (the **Implementation Deed**).
- B BidCo is a wholly owned Subsidiary of Parent.
- C Target has agreed in the Implementation Deed to propose the Scheme, pursuant to which, subject to the satisfaction or waiver of certain conditions precedent, BidCo will acquire all of the Scheme Shares from Scheme Shareholders for the Scheme Consideration.
- D In accordance with the Implementation Deed, each of Parent and BidCo is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Shareholders that it will observe and perform the obligations contemplated of it under the Scheme, and (in the case of Parent) that it will procure that BidCo observes and performs the obligations contemplated of BidCo under the Scheme.

It is agreed as follows.

### 1 Definitions and Interpretation

#### 1.1 Definitions

Terms defined in the Scheme, a copy of which is set out in the Schedule to this Deed Poll, have the same meaning in this Deed Poll, unless the context requires otherwise.

#### 1.2 Interpretation

The provisions of clause 1.2 of the Scheme form part of this Deed Poll as if set out in full in this Deed Poll, and on the basis that references to 'this document' in that clause are references to 'this Deed Poll'.

### 2 Nature of Deed Poll

Each of Parent and BidCo acknowledge that:

- (a) this Deed Poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms, even though the Scheme Shareholders are not party to it; and

- (b) under the Scheme, each Scheme Shareholder appoints Target as its agent and attorney to enforce this Deed Poll against Parent or BidCo (as applicable) on behalf of that Scheme Shareholder.

### **3 Conditions Precedent and Termination**

#### **3.1 Conditions precedent**

Each of Parent's and BidCo's obligations (as relevant) under this Deed Poll are subject to the Scheme becoming Effective.

#### **3.2 Termination**

If the Implementation Deed is terminated before the Effective Date or the Scheme does not become Effective on or before the End Date, the obligations of Parent and BidCo under this Deed Poll will automatically terminate and the terms of this Deed Poll will be of no further force or effect, unless Target and Parent otherwise agree in accordance with the Implementation Deed.

#### **3.3 Consequences of termination**

If this Deed Poll is terminated under clause 3.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) each of Parent and BidCo is released from its obligations under this Deed Poll, except those obligations under clause 8.6; and
- (b) each Scheme Shareholder retains any rights, powers or remedies that Scheme Shareholder has against Parent or BidCo in respect of any breach of its obligations under this Deed Poll that occurred before termination of this Deed Poll.

### **4 Compliance with Scheme Obligations**

#### **4.1 Obligations of Parent and BidCo**

Subject to clause 3, in consideration for the transfer to BidCo of the Scheme Shares in accordance with the Scheme:

- (a) Parent covenants in favour of each Scheme Shareholder that:
  - (i) it will observe and perform all obligations contemplated of it under the Scheme; and
  - (ii) it will procure that BidCo observes and performs all obligations contemplated of BidCo under the Scheme; and
- (b) BidCo covenants in favour of each Scheme Shareholder that it will observe and perform all obligations contemplated of it under the Scheme,

including in each case the relevant obligations relating to the provision of the Scheme Consideration in accordance with the terms of the Scheme.

### **5 Representations and Warranties**

Each of Parent and BidCo make the following representations and warranties.

- (a) **(Status)** It is a corporation validly existing under the laws of the place of its incorporation.
- (b) **(Power)** It has the power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll.
- (c) **(Corporate authorisations)** It has taken all necessary corporate action to authorise the entry into this Deed Poll and has taken or will take all necessary corporate action to

Deed Poll

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authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll.

- (d) **(Document binding)** This Deed Poll is its valid and binding obligation enforceable in accordance with its terms, subject to any necessary stamping and registration.
- (e) **(Transactions permitted)** The execution and performance by it of this Deed Poll and each transaction contemplated by this Deed Poll did not and will not violate in any respect a provision of:
  - (i) a law, judgment, ruling, order or decree binding on it; or
  - (ii) its constitution or other constituent documents.

## 6 Continuing Obligations

This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) each of Parent and BidCo having fully performed its obligations under this Deed Poll; and
- (b) termination of this Deed Poll under clause 3.

## 7 Further Assurances

Each of Parent and BidCo will, on its own behalf and, to the extent authorised by the Scheme, on behalf of each Scheme Shareholder, do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this Deed Poll and the transactions contemplated by it.

## 8 General

### 8.1 Notices

Any notice, demand, consent or other communication (a **Notice**) given or made under this Deed:

- (a) must be in writing and signed by the sender or a person duly authorised by the sender (or in the case of email, set out the first and last name and position or title of the sender or person duly authorised by the sender);
- (b) subject to clause (c), must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or email to the address or email address below or the address or email address last notified by the intended recipient to the sender:

- (i) to Target:

Address: Level 7 330 Collins Street  
Melbourne VIC 3000

Email: [Kurt.Johnson@gonitro.com](mailto:Kurt.Johnson@gonitro.com)

Attention: Kurt Johnson

With copy to (which by itself does not constitute a Notice):

[Tom.Story@allens.com.au](mailto:Tom.Story@allens.com.au);

[Noah.Obradovic@allens.com.au](mailto:Noah.Obradovic@allens.com.au)

- (ii) to Parent and BidCo:

Address: 1600 Carling Avenue, Ottawa,  
Canada K1Z 8R7

Email: [connie.chen@alludo.com](mailto:connie.chen@alludo.com)

Attention: Chief Legal Officer

page 3



With copy to (which by itself does not constitute a Notice):

[akauye@gtlaw.com.au](mailto:akauye@gtlaw.com.au);

[leo.greenberg@kirkland.com](mailto:leo.greenberg@kirkland.com);

[ravi.agarwal@kirkland.com](mailto:ravi.agarwal@kirkland.com)

- (c) will be taken to satisfy the obligations in clause (b) if:
- (i) where a party changes its address and fails to notify the other party of the new address, the Notice is delivered to the intended recipient at that new address; and
  - (ii) where an individual named in clause (b) ceases to work in the relevant role or ceases to work for the relevant party and the relevant party fails to notify the other party in accordance with this clause 8.1 of an alternative individual to whom Notices should be addressed (and, if relevant, an alternative email address to which Notices should be sent), the Notice is addressed to (and, if relevant, delivered to the email address of) an individual in the same or equivalent role at the intended recipient; and
- (d) will be conclusively taken to be duly given or made:
- (i) in the case of delivery in person, when delivered;
  - (ii) in the case of delivery by express post, to an address in the same country, two Business Days after the date of posting;
  - (iii) in the case of delivery by any other method of post, five Business Days after the date of posting (if posted to an address in the same country) or 10 Business Days after the date of posting (if posted to an address in another country); and
  - (iv) in the case of email, at the earliest of:
    - (A) the time that the sender receives an automated message from the intended recipient's information system confirming delivery of the email;
    - (B) the time that the intended recipient confirms receipt of the email by reply email; and
    - (C) three hours after the time the email is sent (as recorded on the device from which the sender sent the email) unless the sender receives, within that three hour period, an automated message that the email has not been delivered,
- but if the result is that a Notice would be taken to be given or made:
- (v) in the case of delivery by hand or post, at a time that is later than 5:00pm;
  - (vi) in the case of delivery by email, at a time that is later than 7:00pm; or
  - (vii) on a day that is not a business day,

in the place specified by the intended recipient as its postal address under clause (b), it will be conclusively taken to have been duly given or made at the start of business on the next business day in that place.

## 8.2 No waiver

No failure to exercise nor any delay in exercising any right, power or remedy by any of Parent or BidCo or by any Scheme Shareholder operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver of any right, power or remedy on one or more occasions does not

Deed Poll

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operate as a waiver of that right, power or remedy on any other occasion, or of any other right, power or remedy. A waiver is not valid or binding on the person granting that waiver unless made in writing.

### 8.3 Remedies cumulative

The rights, powers and remedies of Parent and BidCo, of each of Parent and BidCo, and of each Scheme Shareholder, under this Deed Poll are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity or by any agreement.

### 8.4 Amendment

No amendment or variation of this Deed Poll is valid or binding unless:

- (a) either:
  - (i) before the Second Court Date, the amendment or variation is agreed to in writing by Target, Parent and BidCo (which such agreement may be given or withheld without reference to or approval by any Target Shareholder); or
  - (ii) on or after the Second Court Date, the amendment or variation is agreed to in writing by Target, Parent and BidCo (which such agreement may be given or withheld without reference to or approval by any Target Shareholder), and is approved by the Court; and
- (b) Parent and BidCo enter into a further deed poll in favour of the Scheme Shareholders giving effect to that amendment or variation.

### 8.5 Assignment

The rights and obligations of Parent and BidCo and of each Scheme Shareholder under this Deed Poll are personal. They cannot be assigned, encumbered or otherwise dealt with and no person may attempt, or purport, to do so without the prior consent of Parent and BidCo and Target.

### 8.6 Costs and duty

Parent and BidCo must bear their own costs arising out of the negotiation, preparation and execution of this Deed Poll. All duty (including stamp duty and any fines, penalties and interest) payable on or in connection with this Deed Poll and any instrument executed under or any transaction evidenced by this Deed Poll must be borne by BidCo. BidCo must indemnify each Scheme Shareholder on demand against any liability for that duty (including any related fines, penalties and interest).

### 8.7 Governing law and jurisdiction

This Deed Poll is governed by the laws of New South Wales. Each of Parent and BidCo submit to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Deed Poll.

### 8.8 Counterparts

This Deed Poll may be executed electronically and may be executed in counterparts.

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**Schedule**

**Scheme**

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Nitro Software Limited

Each person who holds one or more Scheme Shares

### Scheme of Arrangement

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Scheme of Arrangement

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## **Scheme of Arrangement pursuant to section 411 of the *Corporations Act 2001* (Cth)**

### **Between**

**Nitro Software Limited** (ACN 079 215 419) of Level 7, 330 Collins Street, Melbourne VIC 3000 (**Target**).

### **And**

**The holders of fully paid ordinary shares in the capital of Target.**

### **Recitals**

- A Target is a public company limited by shares incorporated in Australia, and has been admitted to the official list of ASX.
- B Parent is a company incorporated in Jersey.
- C BidCo is a proprietary company limited by shares incorporated in Australia.
- D Target and Parent have entered into the Implementation Deed, pursuant to which, amongst other things, Target has agreed to propose the Scheme to Target Shareholders, and each of Target and Parent has agreed to take certain steps to give effect to the Scheme.
- E Pursuant to clause 1.8(a) of the Implementation Deed, Parent has nominated BidCo to perform its obligations under the Implementation Deed.
- F If the Scheme becomes Effective, then:
  - (a) all the Scheme Shares will be transferred to BidCo and the Scheme Consideration will be provided to the Scheme Shareholders in accordance with the terms of the Scheme; and
  - (b) Target will enter the name and address of BidCo in the Target Register as the holder of the Scheme Shares.
- G Each of Parent and BidCo has entered into the Deed Poll for the purpose of covenanting in favour of the Scheme Shareholders that it will observe and perform the obligations contemplated of it under the Scheme, and in the case of Parent that it will procure that BidCo performs the obligations contemplated of it under the Scheme.

**It is agreed** as follows.

## **1 Definitions and Interpretation**

### **1.1 Definitions**

In this document, unless the context requires otherwise:

**ASX** means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the ASX operated by it.

**ASX Listing Rules** means the official listing rules of ASX.

**BidCo** means Rocket BidCo Pty Ltd (ACN 664 004 773).

**Business Day** means any day that is each of the following:

- (a) a Business Day within the meaning given in the ASX Listing Rules; and
- (b) a day that banks are open for business in Sydney Australia.

**CHESS** means the Clearing House Electronic Subregister System for the electronic transfer of securities, operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

**Conditions Precedent** means the conditions precedent to the Scheme set out in clause 2.1.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Supreme Court of New South Wales or such other court of competent jurisdiction as Parent and Target may agree in writing.

**Deed Poll** means the deed poll executed by Parent and BidCo in favour of the Scheme Shareholders.

**Effective** means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court under section 411(4)(b) of the Corporations Act in relation to the Scheme.

**Effective Date** means the date on which the Scheme becomes Effective.

**End Date** means nine months after the date of the Implementation Deed, or such later date as Parent and Target may agree in writing.

**Implementation Date** means the fifth Business Day after the Scheme Record Date or such other date agreed to in writing between Parent and Target.

**Implementation Deed** means the implementation deed dated 15 November 2022 between Parent and Target as amended or restated from time to time.

**Parent** means Cascade Parent Limited (Company Registration Number 129147).

**Registered Address** means, in relation to a Target Shareholder, the address of that Target Shareholder shown in the Target Register.

**Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act between Target and Target Shareholders as set out in this document, subject to any alterations or conditions made or required by the Court and agreed to by Parent and Target.

**Scheme Consideration** has the meaning given in clause 5.1.

**Scheme Meeting** means the meeting of Target Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act in relation to the Scheme, and includes any adjournment of that meeting.

**Scheme Record Date** means 7:00pm on the date that is five Business Days after the Effective Date.

**Scheme Shareholder** means each person who is registered in the Target Register as a holder of Scheme Shares as at the Scheme Record Date.

**Scheme Shares** means the Target Shares on issue as at the Scheme Record Date.

**Scheme Transfer** means, in relation to each Scheme Shareholder, a proper instrument of transfer of their Scheme Shares for the purpose of section 1071B of the Corporations Act, which may be a master transfer of all or part of all of the Scheme Shares.

**Second Court Date** means the first day of hearing of an application made to the Court for orders pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

**Target Register** means the register of members of Target maintained by or on behalf of Target in accordance with section 168(1) of the Corporations Act.

**Target Share** means a fully paid ordinary share in the capital of Target.

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**Target Share Registry** means Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any replacement provider of share registry services to the Target.

**Target Shareholder** means a person who is registered in the Target Register as a holder of Target Shares.

**Trust Account** means an Australian dollar denominated trust account operated by Target or the Target Share Registry as trustee for the benefit of Scheme Shareholders.

## 1.2 Interpretation

- (a) Headings are for convenience only and do not affect interpretation.
- (b) Mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included.
- (c) The following rules apply unless the context requires otherwise.
  - (i) The singular includes the plural, and the converse also applies.
  - (ii) A gender includes all genders.
  - (iii) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
  - (iv) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
  - (v) A reference to a clause is a reference to a clause of this document.
  - (vi) A reference to an agreement or document (including a reference to this document) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this document or that other agreement or document.
  - (vii) A reference to writing includes any method of representing or reproducing words, figures, drawings or symbols in a visible and tangible form.
  - (viii) A reference to a person includes the person's successors, permitted substitutes and permitted assigns (and, where applicable, the person's legal personal representatives).
  - (ix) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
  - (x) A reference to *dollars* or \$ is to Australian currency.
  - (xi) A reference to time is to Sydney, Australia time.
  - (xii) If the day on which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing must be done on the immediately succeeding Business Day.
  - (xiii) Words and phrases not specifically defined in this document have the same meanings (if any) given to them in the Corporations Act.

## 2 Conditions Precedent

### 2.1 Conditions Precedent to the Scheme

The Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of

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the following conditions precedent:

- (a) as at 8:00am on the Second Court Date each of the conditions precedent set out in clause 3.1 of the Implementation Deed (other than the condition precedent relating to the approval of the Court set out in clause 3.1(f) of the Implementation Deed) has been satisfied or waived in accordance with the Implementation Deed;
- (b) as at 8:00am on the Second Court Date, the Implementation Deed has not been terminated;
- (c) the Court makes orders approving the Scheme under section 411(4)(b) of the Corporations Act, including with such alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Parent and Target;
- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to Parent and Target have been satisfied; and
- (e) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Scheme come into effect, pursuant to section 411(10) of the Corporations Act.

## **2.2 Certificates**

Target and Parent will each provide to the Court on the Second Court Date certificates signed by Target and Parent (or such other evidence as the Court requests) confirming (in respect of matters within their knowledge) whether or not the conditions in clauses 2.1(a) and 2.1(b) of this Scheme have been satisfied or waived in accordance with the terms of the Implementation Deed as at 8.00am on the Second Court Date.

## **2.3 Termination of Implementation Deed**

Without limiting any rights under the Implementation Deed, in the event that the Implementation Deed is terminated in accordance with its terms before 8:00am on the Second Court Date, Target, Parent and BidCo are each released from:

- (a) any further obligation to take steps to implement the Scheme; and
- (b) any liability with respect to the Scheme.

## **3 Scheme Becoming Effective**

### **3.1 Effective Date of the Scheme**

Subject to clause 3.2, the Scheme will take effect on and from the Effective Date.

### **3.2 End Date**

The Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date.

## **4 Implementation of Scheme**

### **4.1 Transfer of Scheme Shares**

On the Implementation Date, subject to the provision of the Scheme Consideration in the manner contemplated by clauses 4.2, 5 and 6, all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to BidCo, without the need for any further act by any Scheme Shareholder (other than acts performed by Target or any of its directors and officers as attorney and agent for Scheme

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Shareholders under the Scheme), by Target effecting a valid transfer or transfers of the Scheme Shares to BidCo under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:

- (a) Target delivering to BidCo for execution duly completed and, if necessary, stamped Scheme Transfers to transfer all of the Scheme Shares to BidCo, duly executed by Target (or any of its directors and officers) as the attorney and agent of each Scheme Shareholder as transferor under clause 9.3;
- (b) BidCo executing the Scheme Transfers as transferee and delivering them to Target for registration; and
- (c) Target, immediately after receipt of the Scheme Transfers under clause 4.1(b), entering, or procuring the entry of, the name and address of BidCo in the Target Register as the holder of all of the Scheme Shares.

#### **4.2 Provision of Scheme Consideration**

In consideration for, and prior to, the transfer to BidCo of the Scheme Shares, BidCo will pay (and Parent will procure that BidCo pays) into the Trust Account an amount equal to the aggregate amount of the Scheme Consideration payable to Scheme Shareholders, in accordance with clause 6.

### **5 Scheme Consideration**

#### **5.1 Entitlement to Scheme Consideration**

Subject to clauses 5.2 and 5.3, the Scheme Consideration, in respect of a Scheme Shareholder, means A\$2.15 per Scheme Share for which a Scheme Shareholder is registered in the Target Register as the holder as at the Scheme Record Date.

#### **5.2 Fractional entitlements**

If the number of Scheme Shares held by a Scheme Shareholder as at the Scheme Record Date is such that the aggregate entitlement of that Scheme Shareholder to Scheme Consideration includes a fractional entitlement to a cent in cash, then the entitlement of that Scheme Shareholder must be rounded up or down with:

- (a) any fractional entitlement of less than 0.5 being rounded down to the nearest whole number of cents; and
- (b) any fractional entitlement of 0.5 or more being rounded up to the nearest whole number of cents.

#### **5.3 Shareholding splitting or division**

If Parent is of the opinion (acting reasonably) that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares that results in rounding in accordance with clause 5.2) have, before the Scheme Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Parent may give notice to those Scheme Shareholders:

- (a) setting out their names (as shown in the Target Register) and Registered Addresses;
- (b) stating that opinion; and
- (c) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the

notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the other provisions of the Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and Registered Addresses are set out in the notice will, for the purposes of the other provisions of the Scheme, be taken to hold no Scheme Shares. Each of Parent and BidCo, in complying with the other provisions of the Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of the Scheme.

## **6 Provision of Scheme Consideration**

### **6.1 Payment of Scheme Consideration**

- (a) BidCo must, no later than the Business Day before the Implementation Date, deposit in cleared funds into the Trust Account an amount equal to the aggregate amount of the Scheme Consideration payable to Scheme Shareholders, such amount to be held by Target or the Target Share Registry (as applicable) on trust for the Scheme Shareholders and for the purpose of sending the aggregate amount of the Scheme Consideration to the Scheme Shareholders (except that any interest on the amount will be for the account of BidCo).
- (b) On the Implementation Date and subject to funds having been deposited in accordance with clause 6.1(a), Target must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the Trust Account by either (in the sole discretion of Target):
  - (i) despatching, or procuring the despatch, to that Scheme Shareholder of a pre-printed cheque in the name of that Scheme Shareholder and for the relevant amount (denominated in A\$) drawn on the Trust Account, with such despatch to be made by pre-paid post to that Scheme Shareholder's Registered Address (as at the Scheme Record Date); or
  - (ii) making, or procuring the making of, a deposit for the relevant amount (denominated in A\$) in an account with any Australian ADI in Australia notified by that Scheme Shareholder to Target and recorded in or for the purposes of the Target Register as at the Scheme Record Date.
- (c) To the extent that, following satisfaction of Target's obligations under clause 6.1(b), there is any remaining amount held in the Trust Account, Target must pay, or procure the payment of, that amount promptly to BidCo.

### **6.2 Joint holders**

In the case of Scheme Shares held in joint names, any cheque required to be paid to Scheme Shareholders will be payable to the joint holders and will be forwarded to the holder whose name appears first in the Target Register as at the Scheme Record Date.

## **7 Dealings in Target Shares**

### **7.1 Dealings in Target Shares by Scheme Shareholders**

For the purpose of establishing the persons who are Scheme Shareholders, dealings in Target Shares will be recognised by Target provided that:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Target Register as the holder of the relevant Target Shares by the Scheme Record Date; and

- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Target Share Registry by 5:00pm on the day which is the Scheme Record Date (in which case Target must register such transfers or transmission applications before 7:00pm on that day),

and Target will not accept for registration, nor recognise for the purpose of establishing the persons who are Scheme Shareholders, any transfer or transmission application in respect of Target Shares received after such times, or received prior to such times but not in registrable form.

## 7.2 Target Register

Target will, until the Scheme Consideration has been provided and the name and address of BidCo has been entered in the Target Register as the holder of all of the Scheme Shares, maintain, or procure the maintenance of, the Target Register in accordance with this clause 7, and the Target Register in this form and the terms of the Scheme will solely determine entitlements to the Scheme Consideration. As from the Scheme Record Date (and other than for BidCo following the Implementation Date), each entry in the Target Register as at the Scheme Record Date relating to Scheme Shares will cease to have any effect other than as evidence of the entitlements of Scheme Shareholders to the Scheme Consideration in respect of those Scheme Shares.

## 7.3 Effect of share certificates and holding statements

As from the Scheme Record Date (and other than for BidCo following the Implementation Date), all share certificates and holding statements for Scheme Shares will cease to have effect as documents of title in respect of those Scheme Shares.

## 7.4 Information to be given to Parent

Target must procure that, as soon as practicable after the Scheme Record Date and in any event at least five Business Days before the Implementation Date, details of the names, Registered Addresses and holdings of Target Shares of every Scheme Shareholder as shown in the Target Register as at the Scheme Record Date are given to Parent (or as it directs) in such form as Parent may reasonably require.

## 7.5 No disposals after Scheme Record Date

If the Scheme becomes Effective, each Scheme Shareholder, and any person claiming through that Scheme Shareholder, must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Scheme Record Date.

## 8 Suspension and Termination of Quotation of Target Shares

- (a) Target must apply to ASX for suspension of trading of the Target Shares on ASX with effect from the close of business on the Effective Date, or from such earlier time as may be reasonably appropriate to ensure that all trades made prior to suspension may be completed, and the Target Register amended accordingly, prior to the Scheme Record Date.
- (b) Target must apply to ASX for termination of official quotation of the Target Shares on ASX and the removal of Target from the official list of ASX with effect from the Business Day immediately following the Implementation Date, or from such later date as may be determined by Parent.

## **9 General Provisions**

### **9.1 Further assurances**

- (a) Each Scheme Shareholder and Target will do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it.
- (b) Without limiting Target's other powers under the Scheme, Target has power to do all things that it considers necessary or desirable to give effect to the Scheme and the Implementation Deed.

### **9.2 Scheme Shareholders' agreements and consents**

Each Scheme Shareholder:

- (a) irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to BidCo in accordance with the terms of the Scheme; and
- (b) irrevocably consents to Target, Parent and BidCo doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it,

without the need for any further act by that Scheme Shareholder.

### **9.3 Appointment of Target as attorney for implementation of Scheme**

Each Scheme Shareholder, without the need for any further act by that Scheme Shareholder, irrevocably appoints Target as that Scheme Shareholder's agent and attorney for the purpose of:

- (a) doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it, including the effecting of a valid transfer or transfers (or the execution and delivery of any Scheme Transfers) under clause 4.1(a); and
- (b) enforcing the Deed Poll against Parent and/or BidCo,

and Target accepts such appointment. Target, as agent and attorney of each Scheme Shareholder, may sub delegate its functions, authorities or powers under this clause 9.3 to all or any of its directors and officers (jointly, severally, or jointly and severally).

### **9.4 Warranty by Scheme Shareholders**

Each Scheme Shareholder is deemed to have warranted to Parent and BidCo, and, to the extent enforceable, to have appointed and authorised Target as that Scheme Shareholder's agent and attorney to warrant to Parent and BidCo, that all of their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the time of the transfer of them to BidCo pursuant to the Scheme, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares (together with any rights and entitlements attaching to those Scheme Shares) to BidCo pursuant to the Scheme. Target undertakes in favour of each Scheme Shareholder that it will provide such warranty, to the extent enforceable, to Parent and BidCo on behalf of that Scheme Shareholder.

### **9.5 Title to Scheme Shares**

BidCo will be beneficially entitled to the Scheme Shares transferred to it under the Scheme pending registration by Target of the name and address of BidCo in the Target Register as the

Scheme of Arrangement

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holder of the Scheme Shares.

## 9.6 Appointment of BidCo as attorney for Scheme Shares

- (a) From the Effective Date until BidCo is registered in the Target Register as the holder of all Scheme Shares, each Target Shareholder:
  - (i) without the need for any further act by that Target Shareholder, irrevocably appoints BidCo as its proxy to (and irrevocably appoints BidCo as its agent and attorney for the purpose of appointing any director or officer of Parent or BidCo as that Target Shareholder's proxy and, where appropriate, its corporate representative to):
    - (A) attend shareholders' meetings of Target;
    - (B) exercise the votes attaching to the Target Shares registered in the name of the Target Shareholder; and
    - (C) sign any Target Shareholders' resolution; and
  - (ii) must take all other action in the capacity of a Target Shareholder as BidCo reasonably directs.
- (b) From the Effective Date until BidCo is registered in the Target Register as the holder of all Scheme Shares, no Target Shareholder may attend or vote at any meetings of Target Shareholders or sign any Target Shareholders' resolution (whether in person, by proxy or by corporate representative) other than under this clause 9.6.

## 9.7 Alterations and conditions to Scheme

If the Court proposes to approve the Scheme subject to any alterations or conditions, Target may, by its counsel or solicitors, and with the prior consent of Parent, consent on behalf of all persons concerned, including each Target Shareholder, to those alterations or conditions.

## 9.8 Binding effect of Scheme

The Scheme binds Target and all of the Target Shareholders from time to time (including those who did not attend the Scheme Meeting, did not vote at that meeting or voted against the Scheme) and, to the extent of any inconsistency, overrides the constitution of Target.

## 9.9 Enforcement of Deed Poll

Target undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Parent and BidCo on behalf of and as agent and attorney for the Scheme Shareholders.

## 9.10 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to Target, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Target's registered office or by the Target Share Registry, as the case may be.

## 9.11 Costs and duty

- (a) Subject to clause 9.11(b), each of Parent and Target will pay their share of the costs of the Scheme in accordance with the Implementation Deed.
- (b) BidCo will pay all duty (including stamp duty and any related fines, penalties and interest) payable on or in connection with the transfer by Scheme Shareholders of the Scheme Shares to BidCo pursuant to the Scheme.

**9.12 Governing law and jurisdiction**

This Scheme is governed by the laws of New South Wales. Each party submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning the Scheme.

## ANNEXURE C. DEED POLL *(continued)*


Deed Poll

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**Executed and delivered as a Deed** in New South Wales.


Signed sealed and delivered by **Cascade  
Parent Limited** in the presence of:

Authorised Signatory

  
Christa S. Quarles

Print Name

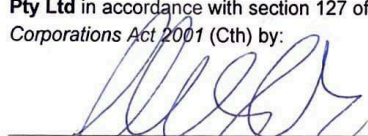
Witness Signature

  
John T. Quarles

Print Name

Signed sealed and delivered by **Rocket BidCo  
Pty Ltd** in accordance with section 127 of the  
*Corporations Act 2001* (Cth) by:

Director

  
Christa S. Quarles

Print Name

Director/Secretary

  
Connie Chen

Print Name



# **ANNEXURE D. NOTICE OF MEETING**

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## ANNEXURE D. NOTICE OF MEETING *(continued)*

### Notice of Meeting

Nitro Software Limited (ACN 079 215 419) (**Nitro**)

Notice is hereby given that by an order of the Supreme Court of New South Wales (**Court**) made on 20 December 2022 pursuant to section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**) a meeting of the holders of ordinary shares in Nitro (**Nitro Shareholders**) will be held on 3 February 2023 at 10:00am:

- at Allens, Deutsche Bank Place, Level 28, 126 Phillip Street, Sydney; and
- virtually via an online platform at <https://web.lumiagm.com/389401416>,

(the **Alludo Scheme Meeting**).

Further details on how to participate in the Alludo Scheme Meeting in person and via the online meeting platform are set out in the explanatory notes that accompany and form part of this notice and in the Hybrid Meeting Guide at Annexure E.

### Purpose of the Alludo Scheme Meeting

The purpose of the Alludo Scheme Meeting to be held pursuant to this notice is to consider, and if thought fit, to agree (with or without modification) to a scheme of arrangement proposed to be made between Rocket BidCo Pty Ltd (ACN 664 004 773) (**Alludo BidCo**) and Nitro Shareholders (**Alludo Scheme Resolution**), under which Alludo BidCo will acquire all of the Nitro Shares from Nitro Shareholders at the Alludo Scheme Record Date.

Copies of the Alludo Scheme and the explanatory statement (required by section 412 of the *Corporations Act 2001* (Cth)) are contained in this Transaction Booklet, of which this notice forms part.

Additional information about the Alludo Scheme Meeting is set out in the explanatory notes that accompany and form part of this notice.

### Business – Alludo Scheme Resolution

To consider and if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

*“That, pursuant to and in accordance with section 411 of the Corporations Act:*

- a. the Alludo Scheme (as defined in the Transaction Booklet incorporating this notice), the terms of which are contained in and more particularly described in the Transaction Booklet (of which this notice forms part) is agreed to (with or without any modifications or conditions as approved by the Court); and*
- b. the Directors of Nitro are authorised, subject to the terms of the Implementation Deed:*
  - i. to agree to such modifications or conditions as are thought fit by the Court to which Nitro and Alludo BidCo agree; and*
  - ii. subject to approval of the Alludo Scheme by the Court, to implement the Alludo Scheme with any such modifications or conditions.”*

## **Nitro Board Recommendation**

For the reasons set out in the Transaction Booklet, the Nitro Board unanimously recommends that Nitro Shareholders vote in favour of the Alludo Scheme 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.

**By Order of the Court and the Nitro Board**

A handwritten signature in black ink, appearing to read 'K Johnson', with a stylized flourish at the end.

**Kurt Johnson**  
*Chairman*

## ANNEXURE D. NOTICE OF MEETING *(continued)*

### Explanatory Notes to the Notice of Meeting

#### 1. General

To enable you to make an informed decision on the Alludo Scheme Resolution, further information on the Alludo Scheme and the Alludo Takeover is set out in this Transaction Booklet, of which this Notice of Meeting forms part. Terms used in this Notice of Meeting have the same meaning as set out in the Glossary in Section 13 of this Transaction Booklet. These notes should be read in conjunction with the Notice of Meeting.

#### 2. Chairperson

The Court has directed that Ms Sarah Morgan is to act as Chairperson of the Alludo Scheme Meeting (and that, if Ms Morgan is unable or unwilling to attend, Mr Kurt Johnson is to act as Chairperson of the Alludo Scheme Meeting).

#### 3. Requisite Majorities

In accordance with section 411(4)(a)(ii) of the Corporations Act, the Alludo Scheme Resolution must be approved by:

- a majority in number of the holders of Nitro Shares present and voting (either in person (virtually), by proxy, by attorney or in the case of a corporate holder, by duly appointed corporate representative) at the Alludo Scheme Meeting; and
- at least 75% of the votes cast on the Alludo Scheme Resolution.

#### 4. Entitlement to Vote

It has been determined that, for the purposes of the Alludo Scheme Meeting, Nitro Shares will be taken to be held by the persons who are registered as members of Nitro as of 7:00pm on 1 February 2023. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the Alludo Scheme Meeting.

#### 5. Voting at the Alludo Scheme Meeting

You can vote in the following ways:

- by virtually attending the Alludo Scheme Meeting scheduled to commence at 10:00am on 3 February 2023 via the online meeting platform (details of which are set out below); or
- by appointing a proxy, attorney or, if you are a body corporate, a duly appointed corporate representative to virtually attend and vote on your behalf.

If Nitro Shares are jointly held, either one of the joint shareholders is entitled to vote. If more than one joint shareholder votes in respect of jointly held shares, only the vote of the shareholder whose name appears first in the Nitro Share Register will be counted.

Voting will be conducted by poll.

## 6. Participating at the Alludo Scheme Meeting

You will be able to attend and vote at the Alludo Scheme Meeting online from your computer or mobile device by entering the following URL in your browser: <https://web.lumiagm.com/389401416>. You will need the latest versions of Chrome, Safari, Edge or Firefox. Nitro Shareholders who participate in the Alludo Scheme Meeting via the online meeting platform will be able to listen to proceedings and ask questions or make comments. You can log into the Alludo Scheme Meeting by entering:

- your Shareholder Reference Number (SRN) or Holder Identification Number (HIN); and
- your postcode registered to your holding if you are an Australian shareholder. Overseas shareholder should select the country of their registered address from the dropdown list. Proxyholders will be emailed their unique proxy code prior to the Alludo Scheme Meeting. You may also appoint a proxy, attorney or corporate representative (if applicable) to attend virtually and vote on your behalf, including by lodging your proxy online at [www.investorvote.com.au](http://www.investorvote.com.au). Please refer to the Hybrid Meeting Online Guide available at Annexure E. If you attend the Alludo Scheme Meeting online and vote in your capacity as a Nitro Shareholder, any votes cast by your proxy or attorney (if any) will not be counted.

## 7. Proxies

If you are unable to attend the Alludo Scheme Meeting in person or online, you can appoint a proxy to vote on your behalf. If you wish to appoint a proxy, please complete the enclosed proxy form. Nitro Shareholders are notified that:

- You may appoint not more than two proxies to attend and act for you.
- A proxy need not be a holder of Nitro Shares.
- If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes.
- If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit. A proxy form may be submitted in the manner as described below at paragraph 10.

## 8. Voting by Attorney

Certified copies of powers of attorney must be received by the Nitro Share Registry by no later than 10:00am on 1 February 2023 (or if the Alludo Scheme Meeting is adjourned, at least 48 hours before the resumption of the Alludo Scheme Meeting in relation to the resumed part of that meeting). A certified copy of a power of attorney may be submitted in the manner as described below at paragraph 10. The sending of a power of attorney will not preclude a Nitro Shareholder from attending and voting at the virtual (online only) Scheme Meeting if the Nitro Shareholder is entitled to attend and vote.

## ANNEXURE D. NOTICE OF MEETING *(continued)*

### 9. Voting by Corporate Representative (in the case of a body corporate)

If you are a body corporate, you can appoint a corporate representative to attend and vote at the Alludo Scheme Meeting on your behalf. The appointment must comply with section 250D of the Corporations Act. To vote by corporate representative, a corporate representative must provide written evidence of their appointment by obtaining and completing an 'Appointment of Corporate Representative' form from the Nitro Share Registry or online at [www.investorcentre.com](http://www.investorcentre.com). Corporate representative forms must be provided to the Nitro Share Registry by no later than 10:00am on 1 February 2023 (or if the Alludo Scheme Meeting is adjourned, at least 48 hours before the resumption of the Alludo Scheme Meeting in relation to the resumed part of that meeting). A corporate representative form may be submitted in the same manner as described below at paragraph 10. A validly appointed corporate representative wishing to attend and vote at the Alludo Scheme Meeting will require the name, Shareholder Number and postcode of the body corporate that appointed it in order to access the online meeting platform.

### 10. Lodgement of Proxies and Queries

Proxy Forms, powers of attorney and authorities must be received by no later than 10:00am on 1 February 2023 (or if the Alludo Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of that meeting). The Proxy Forms, powers of attorney and authorities should be sent to Nitro at the address specified on the enclosed reply paid envelope or to the address specified below:

Address: Nitro Software Limited  
C/- Computershare Investor Services Pty Limited  
GPO Box 1282, Melbourne VIC 3001

Facsimile: 1800 783 447 within Australia  
+61 3 9473 2555 outside Australia

Online: [www.investorvote.com.au](http://www.investorvote.com.au)

### 11. Court approval of the Alludo Scheme

If the Alludo Scheme Resolution is approved at the Alludo Scheme Meeting by the Requisite Majorities, the implementation of the Alludo Scheme (with or without modification) will be subject, among other things, to the subsequent approval of the Court.

### 12. Changes to the Current Arrangement

Nitro may be required to make changes to the arrangements for the Alludo Scheme Meeting. If there are any updates, Nitro will ensure that Nitro Shareholders are given as much notice as possible. Further information will also be made available on the Nitro Website at <https://ir.gonitro.com/Investor-Centre>.

# ANNEXURE E. HYBRID MEETING GUIDE



### Online Meeting Guide

Nitro Software Ltd - 2023 Scheme Meeting  
03 FEB 2023, 10:00 AEDT



#### Attending the meeting virtually

Those attending online will be able to view a live webcast of the meeting. Shareholders and proxyholders can ask questions and submit votes in real time.

To participate online, visit <https://web.lumiagm.com/389401416> on your smartphone, tablet or computer.

You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

To log in, you may require the following information:

Meeting ID: 389-401-416

##### Australian residents

- **Username**  
(SRN or HIN)
- **Password**  
(postcode of your registered address)

##### Overseas residents

- **Username**  
(SRN or HIN)
- **Password**  
(three-character country code)  
e.g. New Zealand - **NZL**; United Kingdom - **GBR**; United States of America - **USA**; Canada - **CAN**

##### Appointed Proxies

To receive your unique username and password, please contact Computershare on +61 3 9415 4024.

##### Guests

To register as a guest, you will need to enter your name and email address.

#### Participating at the meeting

- 1 To participate in the meeting, follow the direct link at the top of the page. Alternatively, visit [web.lumiagm.com](https://web.lumiagm.com) and enter the unique 9-digit Meeting ID, provided above.

A screenshot of the LUMI login interface. At the top is the LUMI logo. Below it is a text input field labeled 'Enter Meeting ID'. At the bottom is a grey button labeled 'JOIN MEETING'.

- 2 To proceed into the meeting, you will need to read and accept the Terms and Conditions.

A screenshot of the Nitro Terms and Conditions screen. At the top is the Nitro logo. Below it is the heading 'Terms and Conditions'. The text states: 'Prior to registering for the meeting, it is important that you read and accept the Terms & Conditions. To access the Terms and Conditions please click on the following link: [Terms and Conditions](#)'. Below this is a checkbox with the text 'I agree to all of the above terms and conditions'. At the bottom are three buttons: 'ENGLISH' (with a globe icon), 'DECLINE', and 'ACCEPT'.



- 3** Select the relevant log in option to represent yourself in the meeting.  
Note that only shareholders and proxies can vote and ask questions in the meeting.

**To register as a shareholder,**  
select 'Securityholder or Proxy'  
and enter your SRN or HIN and  
Postcode or Country Code.

The screenshot shows the Nitro app interface. At the top is the Nitro logo. Below it are two radio button options: 'Securityholder or Proxy' (which is selected) and 'Guest'. At the bottom, there are three buttons: 'ENGLISH' (with a globe icon), 'CANCEL', and 'CONTINUE'.

The screenshot shows the Nitro app interface. Below the logo, there are two text input fields: 'SRN or HIN' and 'Postcode or Country code'. At the bottom is a large 'LOGIN' button.

**To register as a proxyholder,**  
select 'Securityholder or Proxy'  
and you will need your  
username and password as  
provided by Computershare. In  
the 'SRN or HIN' field enter  
your username and in the  
'Postcode or Country Code'  
field enter your password.

The screenshot shows the Nitro app interface. At the top is the Nitro logo. Below it are two radio button options: 'Securityholder or Proxy' (which is selected) and 'Guest'. At the bottom, there are three buttons: 'ENGLISH' (with a globe icon), 'CANCEL', and 'CONTINUE'.

The screenshot shows the Nitro app interface. Below the logo, there are two text input fields: 'SRN or HIN' and 'Postcode or Country code'. At the bottom is a large 'LOGIN' button.

**To register as a guest,**  
select 'Guest' and enter your  
name and email address.

The screenshot shows the Nitro app interface. At the top is the Nitro logo. Below it are two radio button options: 'Securityholder or Proxy' and 'Guest' (which is selected). Below the options is a link 'Having trouble logging in?' with a dropdown arrow. At the bottom, there are three buttons: 'ENGLISH' (with a globe icon), 'CANCEL', and 'CONTINUE'.

The screenshot shows the Nitro app interface. Below the logo, there are three text input fields: 'First Name', 'Last Name', and 'Email'. At the bottom, there are three buttons: 'ENGLISH' (with a globe icon), 'CANCEL', and 'CONTINUE'.

- 4** Once logged in, you will see the home page,  
which displays the meeting title and instructions.

The screenshot shows the Nitro app home page. At the top are three tabs: 'HOME' (selected), 'MESSAGING', and 'VOTING'. Below the tabs is the Nitro logo. The main content area has a 'Welcome' section, followed by 'Watching the meeting' with instructions for desktop and mobile devices. Below that is 'Asking text questions' with a note 'If you are a ... can submit'. At the bottom is a 'BROADCAST' button with a play icon and an upward arrow.


- 5** On a desktop/laptop device the webcast will  
appear at the side automatically.  
On a mobile device, select the broadcast icon at  
the bottom of the screen to watch the webcast.

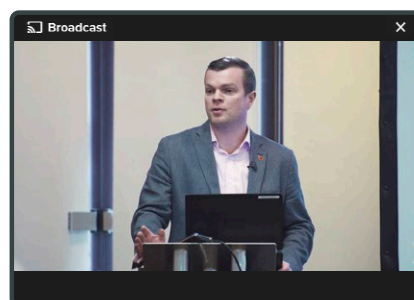
The screenshot shows the Nitro app broadcast window on a mobile device. At the top is a 'Broadcast' header with a play icon. Below the header is a video player showing a man in a suit speaking at a podium. At the bottom is a 'REQUEST TO SPEAK' button with a microphone icon.


## ANNEXURE E. HYBRID MEETING GUIDE *(continued)*

- 6** During the meeting, mobile users can minimise the webcast at any time by selecting the arrow by the broadcast icon. You will still be able to hear the meeting. Selecting the broadcast icon again will reopen the webcast.

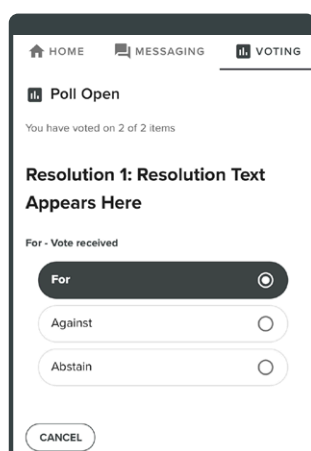




- 7** Desktop/laptop users can watch the webcast full screen, by selecting the full screen icon . To reduce the webcast to its original size, select the X at the top of the broadcast window.

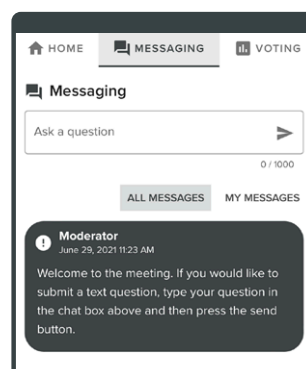


- 8** For shareholders and appointed proxies only. When the Chair declares the poll open:
- A voting icon  will appear on screen and the meeting resolutions will be displayed
  - To vote, select one of the voting options. Your response will be highlighted
  - To change your vote, simply select a different option to override

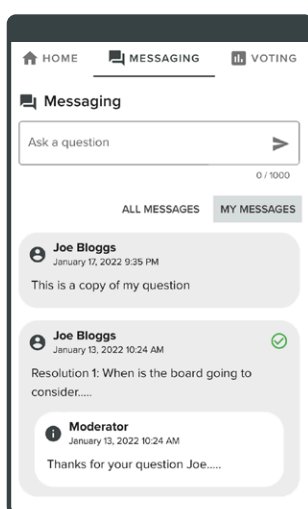
There is no need to press a submit or send button. Your vote is automatically counted. Votes may be changed up to the time the Chair closes the poll.



- 9** For shareholders and appointed proxies only. To ask a written question, tap on the messaging icon , type your question in the chat box at the top of the screen and select the send icon . Confirmation that your message has been received will appear.



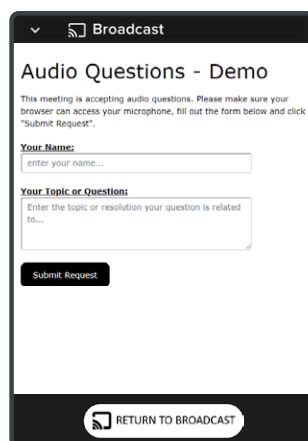
- 10 For shareholders and appointed proxies only.** Questions sent via the Lumi platform may be moderated before being sent to the Chair. This is to avoid repetition and remove any inappropriate language.
- A copy of your sent questions, along with any written responses from the meeting team, can be viewed by selecting "my messages".



- 11 For shareholders and appointed proxies only.** To ask a question orally:

- Click on the 'Request to speak' button at the bottom of the broadcast window
- Confirm your details
- Click 'Submit Request'
- Follow the audio prompts to connect

You will hear the meeting while you wait to ask your question.



## Icon descriptions



**Home tab** - Displays meeting instructions



**Messaging tab** - Submit written questions or comments



**Voting tab** - View and select voting options. Only visible once the chair opens voting



**Documents tab** - View documents relating to the meeting, if available

# ANNEXURE E. HYBRID MEETING GUIDE *(continued)*

## Country Codes

For overseas shareholders, select your country code from the list below and enter it into the password field.

<b>ABW</b> Aruba	<b>DOM</b> Dominican Republic	<b>LAO</b> Lao Pdr	<b>QAT</b> Qatar
<b>AFG</b> Afghanistan	<b>DZA</b> Algeria	<b>LBN</b> Lebanon	<b>REU</b> Reunion
<b>AGO</b> Angola	<b>ECU</b> Ecuador	<b>LBR</b> Liberia	<b>ROU</b> Romania Federation
<b>AIA</b> Anguilla	<b>EGY</b> Egypt	<b>LBY</b> Libyan Arab Jamahiriya	<b>RUS</b> Russia
<b>ALA</b> Aland Islands	<b>ERI</b> Eritrea	<b>LCA</b> St Lucia	<b>RWA</b> Rwanda
<b>ALB</b> Albania	<b>ESH</b> Western Sahara	<b>LIE</b> Liechtenstein	<b>SAU</b> Saudi Arabia
<b>AND</b> Andorra	<b>ESP</b> Spain	<b>LKA</b> Sri Lanka	<b>SDN</b> Sudan
<b>ANT</b> Netherlands Antilles	<b>EST</b> Estonia	<b>LSO</b> Kingdom of Lesotho	<b>SEN</b> Senegal
<b>ARE</b> United Arab Emirates	<b>ETH</b> Ethiopia	<b>LTU</b> Lithuania	<b>SGP</b> Singapore
<b>ARG</b> Argentina	<b>FIN</b> Finland	<b>LUX</b> Luxembourg	<b>SGS</b> Sth Georgia & Sandwich Isl
<b>ARM</b> Armenia	<b>FJI</b> Fiji	<b>LVA</b> Latvia	<b>SHN</b> St Helena
<b>ASM</b> American Samoa	<b>FLK</b> Falkland Islands (Malvinas)	<b>MAC</b> Macao	<b>SJM</b> Svalbard & Jan Mayen
<b>ATA</b> Antarctica	<b>FRA</b> France	<b>MAF</b> St Martin	<b>SLB</b> Solomon Islands
<b>ATF</b> French Southern	<b>FRO</b> Faroe Islands	<b>MAR</b> Morocco	<b>SCG</b> Serbia & Outlying
<b>ATG</b> Antigua & Barbuda	<b>FSM</b> Micronesia	<b>MCO</b> Monaco	<b>SLE</b> Sierra Leone
<b>AUS</b> Australia	<b>GAB</b> Gabon	<b>MDA</b> Republic Of Moldova	<b>SLV</b> El Salvador
<b>AUT</b> Austria	<b>GBR</b> United Kingdom	<b>MDG</b> Madagascar	<b>SMR</b> San Marino
<b>AZE</b> Azerbaijan	<b>GEO</b> Georgia	<b>MDV</b> Maldives	<b>SOM</b> Somalia
<b>BDI</b> Burundi	<b>GGY</b> Guernsey	<b>MEX</b> Mexico	<b>SPM</b> St Pierre and Miqueion
<b>BEL</b> Belgium	<b>GHA</b> Ghana	<b>MHL</b> Marshall Islands	<b>SRB</b> Serbia
<b>BEN</b> Benin	<b>GIB</b> Gibraltar	<b>MKD</b> Macedonia Former Yugoslav Rep	<b>STP</b> Sao Tome and Principe
<b>BFA</b> Burkina Faso	<b>GIN</b> Guinea	<b>MLI</b> Mali	<b>SUR</b> Suriname
<b>BGD</b> Bangladesh	<b>GLP</b> Guadeloupe	<b>MLT</b> Malta	<b>SVK</b> Slovakia
<b>BGR</b> Bulgaria	<b>GMB</b> Gambia	<b>MMR</b> Myanmar	<b>SVN</b> Slovenia
<b>BHR</b> Bahrain	<b>GNB</b> Guinea-Bissau	<b>MNE</b> Montenegro	<b>SWE</b> Sweden
<b>BHS</b> Bahamas	<b>GNQ</b> Equatorial Guinea	<b>MNG</b> Mongolia	<b>SWZ</b> Swaziland
<b>BIH</b> Bosnia & Herzegovina	<b>GRC</b> Greece	<b>MNP</b> Northern Mariana Islands	<b>SYC</b> Seychelles
<b>BLM</b> St Barthelemy	<b>GRD</b> Grenada	<b>MOZ</b> Mozambique	<b>SYR</b> Syrian Arab Republic
<b>BLR</b> Belarus	<b>GRL</b> Greenland	<b>MRT</b> Mauritania	<b>TCA</b> Turks & Caicos
<b>BLZ</b> Belize	<b>GTM</b> Guatemala	<b>MSR</b> Montserra	<b>TCO</b> Chad
<b>BMU</b> Bermuda	<b>GUF</b> French Guiana	<b>MTQ</b> Martinique	<b>TGO</b> Congo
<b>BOL</b> Bolivia	<b>GUM</b> Guam	<b>MUS</b> Mauritius	<b>THA</b> Thailand
<b>BRA</b> Brazil	<b>GUY</b> Guyana	<b>MWI</b> Malawi	<b>TJK</b> Tajikistan
<b>BRB</b> Barbados	<b>HKG</b> Hong Kong	<b>MYA</b> Malaysia	<b>TKL</b> Tokelau
<b>BRN</b> Brunei Darussalam	<b>HMD</b> Heard & McDonald Islands	<b>MYT</b> Mayotte	<b>TKM</b> Turkmenistan
<b>BTN</b> Bhutan	<b>HND</b> Honduras	<b>NAM</b> Namibia	<b>TLS</b> East Timor Republic
<b>BUR</b> Burma	<b>HRV</b> Croatia	<b>NCL</b> New Caledonia	<b>TMP</b> East Timor
<b>BVT</b> Bouvet Island	<b>HTI</b> Haiti	<b>NER</b> Niger	<b>TON</b> Tonga
<b>BWA</b> Botswana	<b>HUN</b> Hungary	<b>NFK</b> Norfolk Island	<b>TTO</b> Trinidad & Tobago
<b>CAF</b> Central African Republic	<b>IDN</b> Indonesia	<b>NGA</b> Nigeri	<b>TUN</b> Tunisia
<b>CAN</b> Canada	<b>IMN</b> Isle Of Man	<b>NIC</b> Nicaragua	<b>TUR</b> Turkey
<b>CCK</b> Cocos (Keeling) Islands	<b>IND</b> India	<b>NIU</b> Niue	<b>TUV</b> Tuvalu
<b>CHE</b> Switzerland	<b>IOT</b> British Indian Ocean Territory	<b>NLD</b> Netherlands	<b>TWN</b> Taiwan
<b>CHL</b> Chile	<b>IRL</b> Ireland	<b>NOR</b> Norway	<b>TZA</b> Tanzania
<b>CHN</b> China	<b>IRN</b> Iran Islamic Republic of	<b>NPL</b> Nepal	<b>UGA</b> Uganda
<b>CIV</b> Cote D'ivoire	<b>IRQ</b> Iraq	<b>NRU</b> Nauru	<b>UKR</b> Ukraine
<b>CMR</b> Cameroon	<b>ISL</b> Iceland	<b>NZL</b> New Zealand	<b>UMI</b> United States Minor Outlying
<b>COD</b> Democratic Republic of Congo	<b>ISM</b> British Isles	<b>OMN</b> Oman	<b>URY</b> Uruguay
<b>COK</b> Cook Islands	<b>ISR</b> Israel	<b>PAK</b> Pakistan	<b>USA</b> United States of America
<b>COL</b> Colombia	<b>ITA</b> Italy	<b>PAN</b> Panama	<b>UZE</b> Uzbekistan
<b>COM</b> Comoros	<b>JAM</b> Jamaica	<b>PCN</b> Pitcairn Islands	<b>VNM</b> Vietnam
<b>CPV</b> Cape Verde	<b>JEY</b> Jersey	<b>PER</b> Peru	<b>VUT</b> Vanuatu
<b>CRI</b> Costa Rica	<b>JOR</b> Jordan	<b>PHL</b> Philippines	<b>WLF</b> Wallis & Fortuna
<b>CUB</b> Cuba	<b>JPN</b> Japan	<b>PLW</b> Palau	<b>WSM</b> Samoa
<b>CYM</b> Cayman Islands	<b>KAZ</b> Kazakhstan	<b>PNG</b> Papua New Guinea	<b>YEM</b> Yemen
<b>CYP</b> Cyprus	<b>KEN</b> Kenya	<b>POL</b> Poland	<b>YMD</b> Yemen Democratic
<b>CXR</b> Christmas Island	<b>KGZ</b> Kyrgyzstan	<b>PRI</b> Puerto Rico	<b>YUG</b> Yugoslavia Socialist Fed Rep
<b>CZE</b> Czech Republic	<b>KHM</b> Cambodia	<b>PRK</b> North Korea	<b>ZAF</b> South Africa
<b>DEU</b> Germany	<b>KIR</b> Kiribati	<b>PRT</b> Portugal	<b>ZAR</b> Zaire
<b>DJI</b> Djibouti	<b>KNA</b> St Kitts And Nevis	<b>PRY</b> Paraguay	<b>ZMB</b> Zambia
<b>DMA</b> Dominica	<b>KOR</b> South Korea	<b>PSE</b> Palestinian Territory	<b>ZIM</b> Zimbabwe
<b>DNK</b> Denmark	<b>KWT</b> Kuwait	<b>PYF</b> French Polynesia	

# CORPORATE DIRECTORY

## Registered Office

### **Nitro**

Level 7  
330 Collins Street  
Melbourne VIC 3000

## Legal adviser

### **Allens**

Level 28, Deutsche Bank Place  
Corner Hunter and Philip Streets  
Sydney NSW 2000

## Financial adviser

### **UBS Securities Australia Limited**

Level 16, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

### **Cadence Advisory**

Cadence (90) Investments No. 1 Pty Ltd  
t/a Cadence Advisory  
c/- BDO Australia  
Level 11  
11 Margaret Street  
Sydney NSW 2000

## Independent Expert

### **Kroll Australia Pty Ltd**

Level 32  
85 Castlereagh Street  
Sydney NSW 2000

## Nitro Share Registry

### **Computershare Investor Services Pty Limited**

GPO Box 1282  
Melbourne VIC 3001

### **Enquiries:**

Nitro Shareholder Information Line on  
1300 381 572 (within Australia) or +61 2 9066 4082  
(outside Australia) between 9:00am and 5:00pm  
Monday to Friday

## Stock exchange listing

Nitro Shares are listed on the Australian Securities  
Exchange (ASX Code: NTO)

## Nitro Website

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

