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8 February 2023

The Manager
ASX Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

FOR LODGEMENT ONLINE

Dear Sir/Madam

Takeover bid for Nitro Software Limited (ACN 079 215 419) (ASX:NTO) – Sixth Supplementary Bidder's Statement

We act for Potentia Capital Management Pty Ltd (ACN 630 264 210) (**Potentia Capital**).

We refer to Potentia Capital's off-market takeover bid through Technology Growth Capital LLC (**Bidder**) to acquire ordinary shares in Nitro Software Limited (ACN 079 215 419) (ASX:NTO) (**Nitro**), on the terms set out in the offer contained in the Bidder's Statement dated 28 October 2022 (as supplemented) (**Offer**).

We enclose, in accordance with section 647(3)(b) of the *Corporations Act 2001* (Cth) (**Corporations Act**) a copy of the Bidder's Sixth Supplementary Bidder's Statement dated 8 February 2023 in relation to the Offer.

The Sixth Supplementary Bidder's Statement has been lodged today with the Australian Securities and Investments Commission and sent to Nitro.

Yours faithfully,



Johnson Winter Slattery

Sixth Supplementary Bidder's Statement

in respect of the offer for shares in Nitro Software Limited by Technology Growth Capital LLC

1 Introduction

This document is the Sixth Supplementary Bidder's statement (**Sixth Supplementary Bidder's Statement**) issued by Technology Growth Capital LLC (**Bidder**) to the bidder's statement lodged with the Australian Securities Exchange (**ASX**), Nitro Software Limited (ACN 079 215 419) (**Nitro**) and the Australian Securities and Investments Commission (**ASIC**) on 28 October 2022 as supplemented by the first supplementary bidder's statement dated 11 November 2022, the second supplementary bidder's statement dated 8 December 2022, the third supplementary bidder's statement dated 23 December 2022, the fourth supplementary bidder's statement dated 12 January 2023 and the fifth supplementary bidder's statement dated 7 February 2023 (together, the **Prior Bidder's Statements**) in relation to the Bidder's off-market takeover bid for ordinary shares in Nitro Software Limited.

A copy of this Sixth Supplementary Bidder's Statement was lodged with ASIC on 8 February 2023. Neither ASIC nor its officers take any responsibility for the contents of this Sixth Supplementary Bidder's Statement.

This Sixth Supplementary Bidder's Statement supplements, and must be read together with the Prior Bidder's Statements. The disclosures contained in it are being made to address concerns identified by the Takeovers Panel in the Nitro Software Limited 02 proceedings (TP23/002) about the disclosures made in the Prior Bidder's Statements concerning various aspects of the funding arrangements for the Offer, including:

- (a) Potentia Capital's arrangements with the Co-Investor;
- (b) the amount of funding available to the Bidder from Potentia Fund I, Potentia Fund II and the Other Commitments; and
- (c) the risks associated with the redemption of the HoldCo Redeemable Preference Shares.

The disclosures contained in this Sixth Supplementary Bidder's Statement only relate to our current Offer Price of \$2.00 per Nitro Share.

Unless the context otherwise requires, capitalised terms used in this Sixth Supplementary Bidder's Statement have the same meaning as given to them in the Prior Bidder's Statements.

This Sixth Supplementary Bidder's Statement will prevail to the extent of any inconsistency with the Prior Bidder's Statements.

2 Funding of the Offer Amount

2.1 Calculation of the Offer Amount

At the date of this Sixth Supplementary Bidder's Statement there are 251,567,415 Nitro Shares and 17,786,216 Nitro Options.

In the event that acceptances of the Offer are received for all Nitro Shares on issue (excluding the 48,586,139 Nitro Shares that TGC currently holds) and all Nitro Shareholders elect to receive All Cash Consideration, the total aggregate amount of cash consideration that the Bidder would be required to pay based on the current Offer Price of \$2.00 per Nitro Share would be approximately \$406 million.

If all Nitro Options are exercised and the resulting Nitro Shares are accepted into the Offer, approximately \$16.6 million additional cash consideration will be payable¹.

The total of the amounts above (being approximately \$422.6 million) is the **Offer Amount**.

2.2 MIT Equity Commitments

Potentia Capital has entered into a binding commitment with the Bidder obliging Potentia Capital to provide to the Bidder up to the full Offer Amount plus transaction costs as and when required by the Bidder. There are no conditions to Potentia Capital's commitment to the Bidder to provide the Offer Amount plus transaction costs.

Potentia Capital has established a number of managed investment trusts (Co-invest MITs) and Potentia Capital is the exclusive manager of the Co-invest MITs.

The Co-invest MITs will be cash funded by amounts which in aggregate will be in excess of the Offer Amount plus transaction costs. That cash funding will come from:

- (a) the funds managed by Potentia Capital described in Section 2.3(c) below; and
- (b) funds available to HarbourVest Partners Co-Investment VI Aggregator L.P. (**Co-Investor**),

each of which has committed to provide equity funding to the Bidder for investment into the Co-invest MITs (**MIT Equity Commitments**).

The commitment period under each MIT Equity Commitment exceeds the anticipated Offer Period and any subsequent period for payment of consideration under the Offer.

The cash funding into the MITs will flow down to the Bidder in the way described in Section 2.5 below.

The funds managed by Potentia Capital described in Section 2.3(c) below have sufficient available and uncommitted cash to meet Potentia Capital's MIT Equity Commitment, taking into account all single deal concentration limits within those funds and there are no conditions preventing Potentia Capital from drawing those amounts.

The Co-Investor has satisfied Potentia Capital and the Bidder that it has sufficient available and uncommitted cash to meet the Co-Investor's MIT Equity Commitment.

2.3 Additional information about funding the Offer Amount

Additional detail concerning the funding arrangements described above is as follows:

- (a) The Co-Investor has committed to fund at least \$185 million pursuant to the MIT Equity Commitment of the Co-Investor, conditional on Potentia Capital concurrently funding its MIT Equity Commitment.
- (b) The MIT Equity Commitments will be funded by Potentia Capital and the Co-Investor concurrently as and when an obligation to pay some or all of the Offer Amount arises and the Co-Investor will continue to provide funding on that basis until the cap on the Co-Investor's commitment is reached. There are no other conditions to the MIT Equity Commitment of the Co-Investor.
- (c) Potentia Capital has access to funding from the following sources to fund its MIT Equity Commitment:

¹ Noting that 9,469,384 Treasury Shares have already been issued that will be used to satisfy Nitro's obligations to issue Nitro Shares to holders of Nitro Options upon exercise.

- (i) Potentia Fund I, which closed in December 2020.
 - (ii) Potentia Fund II, which closed in June 2022.
 - (iii) Funds committed to Potentia outside the fund structures referred to above (**Other Commitments**). Additional information concerning the Other Commitments is contained in Section 2.7 below.
- (d) At least \$209 million remains undrawn from the funding committed to Potentia Fund I and Potentia Fund II and is available to fund Potentia Capital's MIT Equity Commitment.
 - (e) At least \$36 million of the Other Commitments remains undrawn and is available to fund Potentia Capital's MIT Equity Commitment.
 - (f) The \$209 million from Potentia Fund I and Fund II and the \$36 million from the Other Commitments will be preserved and will remain available to fund the Offer Amount.
 - (g) In aggregate the undrawn amounts referred to (d) and (e) above are \$245 million.
 - (h) The total of the \$185 million referred to in (a) above and the \$245 million referred to in (g) above is \$430 million, which is greater than the Offer Amount plus transaction costs.

2.4 About Potentia Fund I and Potentia Fund II

The following provides additional information concerning Potentia Fund I and Potentia Fund II:

- (a) Potentia Fund I consists of the following entities:
 - (i) Potentia Capital VCLP LP, which is incorporated as a Venture Capital Limited Partnership in NSW with registration number ILP 1800059. Its general partner is Potentia Capital VCMP LP (ILP 1800058) whose general partner is Potentia GP-VCMP Pty Ltd (ACN 630 153 150);
 - (ii) Potentia Capital Trust IA, which is a managed investment trust with Potentia Capital IA Pty Ltd (ACN 659 062 718) acting as trustee;
 - (iii) Potentia Capital Trust IB, which is a managed investment trust with Potentia Capital IB Pty Ltd (ACN 659 062 969) acting as trustee; and
 - (iv) Potentia Capital Trust IC, which is a managed investment trust with Potentia Capital IC Pty Ltd (ACN 659 063 322) acting as trustee.
- (b) Potentia Fund II consists of the following entities:
 - (i) Potentia Capital VCLP II LP, which is incorporated as a Venture Capital Limited Partnership in NSW with registration number ILP2200040. Its general partner is Potentia Capital VCMP II LP (ILP2200039) whose general partner is Potentia GP-VCMP II Pty Ltd (ACN 659 292 252);
 - (ii) Potentia Capital Trust IIA, which is a managed investment trust with Potentia Capital IIA Pty Ltd (ACN 659 455 106) acting as trustee;
 - (iii) Potentia Capital Trust IIB, which is a managed investment trust with Potentia Capital IIB Pty Ltd (ACN 659 455 482) acting as trustee; and
 - (iv) Potentia Capital Trust IIC, which is a managed investment trust with Potentia Capital IIC Pty Ltd (ACN 659 455 428) acting as trustee.

2.5 ***Funding from the MITs to the Bidder***

The MIT Equity Commitments will flow from the MITs to the Bidder in accordance with the following arrangements:

- (a) Potentia Capital Management Pty Ltd (**Potentia Capital**) has a binding contract with the Bidder to provide the Offer Amount to the Bidder as required to meet the obligations of the Bidder under the Offer.
- (b) Potentia Capital has a binding contract with HarbourVest Partners Co-Investment VI Aggregator L.P. (Co-Investor) under which Co-Investor has agreed to provide at least \$185 million (via Co-invest MIT-A, Co-invest MIT-B and Co-invest MIT-C) to fund the Offer Amount.
- (c) Potentia Capital has binding contracts with Aware Super and L Capital under which Potentia Capital may call for the \$36 million of funds they have committed and invest them into the Co-invest MITs. Additional details of these commitments are set out below.
- (d) All of the Co-invest MITs are managed by Potentia Capital under binding management agreements.
- (e) By means of the management rights conferred on Potentia Capital under the management agreements referred to above Potentia Capital is able to ensure that any funding that goes into the Co-invest MITs is channelled through the Potentia Bidder Group (i.e. HoldCo, TGP, TGF, TGC and the Bidder) so that the Bidder is able to pay the Offer Amount and transaction costs as required.
- (f) Potentia Capital as manager of each Co-invest MIT will cause each Co-invest MIT to provide cash funding to HoldCo as and when required by subscribing for a combination of HoldCo Ordinary Shares and convertible notes in HoldCo (**Convertible Notes**), and the Convertible Notes may be converted into HoldCo Ordinary Shares at the election of each Co-invest MIT.
- (g) The Co-Investor will not have any governance rights in relation to HoldCo other than those that arise indirectly from its holding of units in the Co-invest MITs.

2.6 ***Additional information about the Co-Investor and HarbourVest***

The Co-Investor was formed in 2020 and has total capital commitments of approximately US\$4.2 billion. The Co-Investor is able to draw on those funds without conditions or restrictions for the purpose of funding its MIT Equity Commitment. The Co-Investor will draw on those funds as needed to fund its MIT Equity Commitment of at least \$185 million.

The Co-Investor is part of a co-mingled fund program ultimately managed by HarbourVest Partners, LLC (**HarbourVest**). None of the ultimate beneficial owners of the Co-Investor directly or indirectly own in excess of 10% of the Co-Investor.

HarbourVest is a Boston-headquartered independent, global private markets firm with 40 years of experience and more than US\$101 billion of assets under management as of 30 June 2022. HarbourVest has a long-standing relationship with Potentia Capital, both as a limited partner of its funds and a co-investment partner in prior transactions.

More information on HarbourVest is available on its website, www.harbourvest.com/.

2.7 **Additional information about the Other Commitments**

Additional information about the Other Commitments is as follows:

- (a) L Capital and Aware Super have entered into binding agreements with Potentia Capital under which they have agreed to providing funding to Potentia Capital for investments that are being undertaken by Potentia Fund I or Potentia Fund II. The funding may be applied by Potentia Capital via the Co-invest MITs. There are no conditions to the funding commitments made by L Capital and Aware Super.
- (b) Together the funding commitments of Aware Super and L Capital are \$112 million. Those funds were not specifically committed by Aware Capital and L Capital for investment into Nitro and at least \$36 million of those committed funds remains available for use by Potentia Capital for investment into Nitro if required.
- (c) Aware Super and L Capital do not have any relevant interests in Nitro Shares.
- (d) Aware Super and L Capital do not have any governance rights in relation to HoldCo, other those that may arise indirectly through their holding units in the Co-invest MITs.

2.8 **Effect of scrip Elections**

On 23 December 2022, the Bidder varied the Offer to include an option for Nitro Shareholders to elect the All Scrip Consideration or the Mixed Consideration. As a result of that variation, if the Offer is successful, the Bidder may not be required to provide the full Offer Amount to Nitro Shareholders.

An example of the possible effect on the Offer Amount of Nitro Shareholders electing the Mixed Consideration or All Scrip Consideration is set out below.

Example: Effect of choosing Mixed Consideration or All Scrip Consideration on funding

For the purpose of demonstrating the effect of Nitro Shareholders' elections on the Offer Amount, assume that Nitro Shareholders make the following elections and the Bidder acquires 100% of the Nitro Shares from Nitro Shareholders other than TGC:

- **60% of Nitro Shareholders other than TGC Elect to receive All Cash Consideration;**
- **20% of Nitro Shareholders other than TGC Elect to receive the Mixed Consideration; and**
- **20% of Nitro Shareholders other than TGC Elect to receive the All Scrip Consideration.**

As a result of the Nitro Shareholders' Elections, the Bidder will not be required to fund 30% of the Nitro Shareholders' entitlements in cash as that 30% will receive HoldCo Shares instead. This 30% is calculated by adding the 20% of Nitro Shareholders who elect to receive the All Scrip Consideration and half of the 20% of Nitro Shareholders who elected to receive the Mixed Consideration.

In the circumstances outlined above, this would mean that the Bidder would only need to pay an aggregate cash amount equal to approximately \$295.8 million rather than the full funding amount of approximately \$422.6 million.

3 Additional disclosures concerning the HoldCo Redeemable Preference Shares

As discussed in Section 1 of the Third Supplementary Bidder's Statement, Nitro Shareholders who:

- (a) elect the All Scrip Consideration will receive 70% of a HoldCo Ordinary Share and 30% of a HoldCo Redeemable Preference Share per Nitro Share accepted; or
- (b) elect the Mixed Consideration will receive, for 50% of their Nitro Shares accepted, the All Cash Consideration and for the other 50% the All Scrip Consideration.

The HoldCo Redeemable Preference Shares provide HoldCo with the capacity and flexibility to redeem them using debt funding at the same time and on the same terms as the Convertible Notes held by the Co-invest MITs are redeemed by HoldCo (in the event that the Convertible Notes are redeemed and paid out using debt funding).

Potentia Capital does not expect to have any difficulties in sourcing debt funding to pay out the HoldCo Redeemable Preference Shares on issue unless there is a very significant and sustained disruption to the debt markets that results in a material reduction in the availability of commercial debt. It should be noted in this context that HoldCo has 24 months from the date of their issue to redeem the HoldCo Redeemable Preference Shares.

Based on the assumptions set out in the box presented in Section 2.8 above and also on the assumption that the HoldCo Redeemable Preference Shares have an issue price and a redemption price of \$2.00 per share, 19.02 million in HoldCo Redeemable Preference Shares would be issued with a total redemption amount of approximately \$38.03 million.

If HoldCo is not able to fund redemptions using debt then the redemptions will be funded using uncalled equity capital in Potentia Fund I or Potentia Fund II or any other equity capital then available to Potentia Capital.

4 Next steps

If you have any questions in relation to this document, the Offer or how to accept the Offer, please call the Offer Information Line on **1300 101 297** (for calls made within Australia) or **+61 2 9068 1929** (for calls made from outside Australia) Monday to Friday between 9:00am and 5:00pm (Sydney, Australia time).


If you are in doubt as to how to deal with this document, please consult your financial, legal or other professional adviser.

5 Approval of the Sixth Supplementary Bidder's Statement

This Sixth Supplementary Bidder's Statement has been approved by a resolution of the directors of the Bidder.

Dated: 8 February 2023

Signed for and on behalf of the Bidder by



Andrew Gray
President
Technology Growth Capital LLC