



27 October 2021

NITRO Q3 2021 QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

Nitro Software Limited (ASX: NTO) ('Nitro' or the 'Company'), a global document productivity software company driving digital transformation in organisations around the world, today releases its (unaudited) Appendix 4C Quarterly Cash Flow Report for the quarter ended 30 September 2021 and is pleased to provide the following update on financial and operating performance.

Q3 2021 Highlights

- Annual Recurring Revenue ('ARR') at 30 September 2021 increased by 50%, compared to 30 September 2020.
- Nitro's transition to a SaaS business model continues, with subscription revenue now comprising 68% of total revenue in Q3 2021, compared to 56% in Q3 2020. In the larger Business sales¹ channel, 94% of revenue in Q3 2021 was subscription, with this transition remaining on target to be effectively completed by the end of FY2021.
- Cash receipts from customers during Q3 2021 increased by US\$2.7 million (24%) to US\$14.0 million, compared to Q2 2021.
- Cash and cash equivalents balance continues to be strong at US\$31.4 million as of 30 September 2021.
- Nitro has upgraded its FY21 Guidance for revenue and operating EBITDA (loss)² and reaffirmed its FY2021 Guidance for ARR, reflecting the strong performance of the business in Q3 2021.

Sam Chandler, Nitro's Co-Founder and Chief Executive Officer, said: "This period marked the first quarter following the release of our new Nitro Productivity Platform pricing and packaging structure, which included both the full commercial availability of Nitro Sign as well as the availability of Mac and iOS capabilities following the acquisition of PDFpen.

¹ Nitro Business sales comprise sales executed by Nitro's Sales team and exclude online/eCommerce sales.

² Operating EBITDA excludes stock-based payments, foreign exchange gains and losses, and one-time expenses related to M&A.

“The response from existing and new customers has been terrific, and as our customers have adapted to the new work-from-anywhere environment, they have clearly embraced the flexibility offered by our trusted set of productivity tools. This is reflected in the acquisition of new customers, the expansion within our existing customer base, and the resulting growth of subscription revenues as a percentage of our overall business.

“The use of eSigning continues to accelerate, putting us on target to meaningfully exceed 2 million Nitro Sign requests by the end of the year – more than double that achieved in 2020. Importantly, the launch of Nitro Sign as a standalone subscription product also represents a meaningful new lever for revenue monetisation.

“Nitro continues to invest in innovation across Nitro Pro, Nitro Sign and Nitro Analytics, adding new features and integrations, while at the same time remaining open to product-led strategic M&A opportunities to accelerate its growth.”

Performance in Q3 2021

Nitro’s strong sales momentum continued in Q3 2021, with ARR at 30 September 2021 up 50% from the ARR at 30 September 2020. Key customer wins and expansions in the quarter included Johnson Controls, Festo, Motorola Solutions, Chubb, Suez Water Technologies & Solutions, and Redfin.

Nitro’s transition to a SaaS business model continued, with subscription revenue in Q3 2021 representing 68% of total revenue, compared to 56% in Q3 2020. The transition to subscription in the dominant Business sales³ channel, where 94% of revenue in Q3 2021 was generated from subscription contracts, remains on target to be effectively completed by the end of FY2021.

Cash receipts from customers were US\$14.0 million in Q3 2021, up 24% from Q2 2021. Net cash outflow from operations in the period was US\$1.2 million, largely reflecting Nitro’s continued strategic investments in areas that will drive future growth, such as personnel,

³ Nitro Business sales comprise sales executed by Nitro’s Sales team and exclude online/eCommerce sales.

development of the product suite and sales strategy. Cash outflows for investing activities included the US\$6.0 million consideration paid for the acquisition of PDFpen.

Cash and cash equivalents decreased by US\$7.4 million (19%) to US\$31.4 million at 30 September 2021, compared to 30 June 2021, due in large part to the cash consideration of US\$6.0 million paid for the PDFpen acquisition announced in Q2 2021 and closed in Q3 2021. Nitro's strong cash balance provides the Company with the financial flexibility to pursue both organic and inorganic growth opportunities.

FY2021 Outlook

Following another strong growth quarter, Nitro is pleased to update its FY2021 guidance as follows:

- ARR at 31 December 2021 range is reaffirmed at US\$39 million to US\$42 million⁴.
- Revenue of between US\$49 million and US\$51 million (previously⁵ US\$47 million and US\$50 million). Revenue guidance is upgraded given the overperformance on perpetual revenue vs. prior forecast.
- Operating EBITDA (loss)⁶ within the range of US\$8 million to US\$10 million (previously⁵ US\$9 million and US\$11 million). Operating EBITDA guidance is upgraded given the overperformance on revenue.

⁴ Prior Guidance provided initially on 24 February 2021 and reaffirmed on 28 July 2021.

⁵ Prior Guidance provided initially on 24 February 2021 and upgraded on 28 July 2021.

⁶ Operating EBITDA excludes stock-based payments, foreign exchange gains and losses, and one-time expenses related to M&A.

Annexure 1

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

USD millions	As per IPO prospectus	Actuals till 30 Sep 2021	Comments
Cash received by Nitro from the Offer to be used for the execution of the Company's business objectives (such as cost of sales, marketing spend, research and development, and general and administrative costs) and potential acquisition opportunities as outlined in the prospectus.	34.9	25.3	On track

The earmarked funds have not yet been spent but operating expenses and cash balances continue to track to plan as at 30 September 2021, including the acquisition of PDFpen, which closed in July 2021.

Included in section 6.1 of the Appendix 4C for the quarter ended 30 September 2021 are payments made to related parties of Nitro. These amounts relate to Directors' fees, salaries, allowances and short-term incentives paid to Directors and their associates.

Ends

Authorised for release to the ASX by the Board.

ENQUIRIES

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ABOUT NITRO

Nitro is a global document productivity software company accelerating digital transformation in a world that demands the ability to work from anywhere, anytime, on any device. Nitro enables organisations to drive better business outcomes through 100% digital document processes and fast, efficient workflows. The Nitro Productivity Platform offers comprehensive business solutions, including powerful PDF productivity, unlimited eSigning and industry-leading analytics, all supported by a superior customer success team. Nitro has over 2.8 million licensed users and 12,000+ Business Customers in 155 countries, including over 68% of the Fortune 500 and three of the Fortune 10. Nitro is headquartered in San Francisco with hubs in Toronto, Dublin, London, and Melbourne.

For more information on Nitro, please visit:

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

Forward-Looking Statements

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

Appendix 4C

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

Name of entity

NITRO SOFTWARE LIMITED

ABN

15 079 215 419

Quarter ended ("current quarter")

30 SEPTEMBER 2021

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (Nine months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	14,006	37,296
1.2 Payments for		
(a) research and development	(466)	(1,066)
(b) product manufacturing and operating costs	(1,532)	(4,284)
(c) advertising and marketing	(1,053)	(2,926)
(d) leased assets (Note 6)	(2)	(5)
(e) staff costs (Note 7)	(9,200)	(26,797)
(f) administration and corporate costs	(3,050)	(7,570)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	11
1.5 Interest and other costs of finance paid	(38)	(81)
1.6 Income taxes paid	-	(114)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	9	9
1.9 Net cash from / (used in) operating activities	(1,317)	(5,527)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(116)	(273)
(d) investments	-	-
(e) intellectual property	(5,966)	(5,966)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (Nine months) US\$'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(6,082)	(6,239)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	424	756
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) (Note 6)	(164)	(922)
3.10	Net cash from / (used in) financing activities	260	(166)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	38,772	43,749
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,317)	(5,528)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6,082)	(6,239)

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (Nine months) US\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	260	(166)
4.5	Effect of movement in exchange rates on cash held	(282)	(466)
4.6	Cash and cash equivalents at end of period	31,351	31,351

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	31,351	38,772
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	31,351	38,772

6.	Payments to related parties of the entity and their associates	Current quarter US\$'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	279
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)	566	60
7.4	Total financing facilities	566	60
7.5	Unused financing facilities available at quarter end		506
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. The financing facilities available to the Company relate to Corporate Credit Cards.		

8.	Estimated cash available for future operating activities	US\$'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,317)
8.2	Cash and cash equivalents at quarter end (item 4.6)	31,351
8.3	Unused finance facilities available at quarter end (item 7.5)	506
8.4	Total available funding (item 8.2 + item 8.3)	31,857
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	24
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

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

Date: 27 October 2021

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

Notes

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