



8 February 2023

THIRD SUPPLEMENTARY TARGET'S STATEMENT

Nitro Software Limited (ASX:NTO) ('Nitro' or the '**Company**'), refers to Potentia Capital's (**Potentia**) fifth supplementary bidder's statement dated 7 February 2023 (**Fifth Supplementary Bidder's Statement**).

Potentia has stated that subject to performance of satisfactory due diligence, it may be in a position to increase the Potentia Takeover Offer from A\$2.00 per Nitro Share to A\$2.20 to A\$2.30 per Nitro Share (**Potentia Proposal**).

The Nitro Board has now received advice from its external financial and legal advisers, together with receipt of additional information from Potentia and several of Nitro's large Shareholders.

The Nitro Board has determined that the Potentia Proposal could reasonably be considered to become a Superior Proposal¹ as compared to the Alludo Takeover Offer at A\$2.15 cash per Nitro Share, which is '*best and final*' and cannot be increased by Alludo. As a result, the Nitro Board will grant Potentia access to due diligence until 5:00pm (AEDT) on 22 February 2023 (refer to Nitro's Third Supplementary Target's Statement, attached, for due diligence terms).

Nitro Board Recommendation

The receipt of the Potentia Proposal has not changed the Nitro Board's Recommendation to Nitro Shareholders. **The Nitro Board continues to unanimously recommend that Nitro Shareholders ACCEPT the Alludo Takeover Offer².**

The Nitro Directors who hold a relevant interest in Nitro Shares have already accepted the Alludo Takeover Offer, consistent with their recommendation to Nitro Shareholders.

Ends

Authorised for release to the ASX by the Nitro Board.

¹ As defined in the Implementation Deed between Nitro and Cascade Parent Limited dated 15 November 2022.

² 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.

THIRD SUPPLEMENTARY TARGET'S STATEMENT

1 Third Supplementary Target's Statement

This document is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth) (**Corporations Act**). It is the third supplementary target's statement (**Third Supplementary Target's Statement**) issued by Nitro Software Limited (ACN 079 215 419) (**Nitro**) in relation to the off-market takeover bid made by Potentia Capital Management Pty Ltd (**Potentia Capital**) – via Technology Growth Capital LLC – for all the Nitro Shares in which Potentia Capital (and its Associates) do not hold a Relevant Interest.

This Third Supplementary Target's Statement has been prepared in response to the fifth supplementary bidder's statement lodged by Potentia Capital on 7 February 2023 (**Fifth Supplementary Bidder's Statement**), in which Potentia Capital stated that, subject to the performance of satisfactory due diligence, it may be in a position to increase the offer price under Potentia Takeover Offer from A\$2.00 per Nitro Share to A\$2.20 to A\$2.30 per Nitro Share.

This document supplements, and should be read together with, Nitro's target's statement dated 23 November 2022 (**Target's Statement**), Nitro's first supplementary target's statement dated 12 December 2022 (**First Supplementary Target's Statement**) and Nitro's second supplementary target's statement dated 28 December 2022 (**Second Supplementary Target's Statement**).

2 Potentia Capital may increase the Potentia Takeover Offer to A\$2.20 to A\$2.30, subject to satisfactory due diligence

Potentia Capital has stated that, subject to the performance of satisfactory due diligence, it may be in a position to increase the Potentia Takeover Offer from A\$2.00 per Nitro Share to A\$2.20 to A\$2.30 per Nitro Share (**Potentia Proposal**).

The Nitro Board has now received advice from its external financial and legal advisers, as well as additional information from Potentia Capital and several of Nitro's larger Shareholders.

The Nitro Board has determined that the Potentia Proposal is a genuine written Competing Proposal that could reasonably be considered to become a Superior Proposal³ as compared to the Alludo Takeover Offer at A\$2.15 cash per Nitro Share, which is 'best and final' and cannot be increased by Alludo.

In addition, the Nitro Board has obtained written legal advice from its external legal adviser that failing to respond to the Potentia Proposal would be reasonably likely to constitute a breach of the Nitro Board's fiduciary or statutory obligations.

3 Due diligence terms

The Nitro Board will grant Potentia Capital access to due diligence on the following basis:

- **Confidentiality Deed:** Potentia Capital agrees to enter into a Confidentiality Deed prior to obtaining access to due diligence information;
- **Due Diligence Period:** The Due Diligence Period will commence immediately after the execution of the Confidentiality Deed and will expire at 5:00pm (AEDT) on 22 February 2023; and
- **Due Diligence Information:** Potentia Capital will be provided with access to the same due diligence documentation through the virtual data room that Nitro provided to Alludo.

4 Key risks

Nitro Shareholders are cautioned that even though Potentia Capital is being provided with access to due diligence, there is no certainty that Potentia Capital will increase the value of its offer above the current Potentia Takeover Offer of A\$2.00 per Nitro Share.

Potentia Capital has indicated to Nitro that the additional funding requirement associated with any increase to the Potentia Takeover Offer above A\$2.00 per Nitro Share is expected to be provided by the Co-Investor, HarbourVest. This has formed the basis upon which Potentia Capital reasonably expects that any improved offer under the Potentia Takeover Offer can be fully funded. Notwithstanding, the terms and conditions of the funding from HarbourVest have not been disclosed at this stage.

³ As defined in the Implementation Deed between Nitro and Cascade Parent Limited dated 15 November 2022.

The Alludo Takeover Offer is currently scheduled to close at 7:00pm (AEDT) on 3 March 2023 (unless extended or withdrawn). The latest date on which Alludo can elect to extend the Alludo Takeover Offer is 7:00pm (AEDT) on 24 February 2023.⁴

5 Nitro Board recommendation

The receipt of the Potentia Proposal has not changed the Nitro Board's Recommendation to Nitro Shareholders. The Nitro Board continues to unanimously recommend 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.

The Nitro Directors who hold a relevant interest in Nitro Shares have already accepted the Alludo Takeover Offer, consistent with their recommendation to Nitro Shareholders.

6 General

Unless otherwise specified, capitalised terms used but not defined in this Third Supplementary Target's Statement have the same meaning given to them in the Target's Statement, First Supplementary Target's Statement and/or Second Supplementary Target's Statement (as applicable).

This Third Supplementary Target's Statement prevails to the extent of any inconsistency with the Target's Statement, the First Supplementary Target's Statement or the Second Supplementary Target's Statement.

A copy of this Third Supplementary Target's Statement is being lodged with ASIC today. Neither ASIC nor any of its officers take any responsibility for its contents. A copy of this Third Supplementary Target's Statement has also been provided to the ASX. Neither the ASX nor any of its officers takes any responsibility for the contents of this document.

Please consult a legal, financial, or other professional adviser if the contents of this Third Supplementary Target's Statement are not fully understood.

⁴ Being the date for giving the notice of status of the Alludo Takeover Offer Conditions as required by section 630(1) of the Corporations Act.

7 Authorisation

This Third Supplementary Target's Statement has been approved by a resolution passed by the Directors of Nitro Software Limited (ACN 079 215 419).



Kurt Johnson

Chairman

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

Dated 8 February 2023.

ENQUIRIES

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