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Wednesday, 10 November 2021

eSign Acquisition and A\$140 Million Capital Raising

Nitro Software Limited (ASX: NTO) ('Nitro' or the 'Company') is pleased to announce it has entered into a binding agreement to acquire Connective NV ('**Connective**') for an enterprise value of €70 million (~US\$81 million) (the '**Acquisition**'), cementing Nitro's position as a global eSign and document productivity SaaS platform.

Connective is Belgium's leading eSign SaaS business, with fast-growing market share in France and customers in 11 other European countries. Connective's business focuses on serving the needs of enterprise and government customers that require high levels of trust, security and regulatory compliance, while also offering expansive electronic identity ('**eID**') support and a powerful document workflow automation solution.

Highlights

- The Acquisition is in line with Nitro's product-driven strategy targeting the high-growth US\$17 billion eSigning market.
- Connective's market-leading solutions significantly accelerate and enhance Nitro's eSign, eID and document workflow capabilities.
- The combination of Connective's leading high-trust eSign capabilities and Nitro's global go-to-market power positions Nitro to become the third global player in the enterprise eSign market.
- Connective is forecast to achieve Annual Recurring Revenue ('**ARR**') of ~US\$6.1 million as at 31 December 2021 and FY2021 revenues of ~US\$7.1 million.
- Connective's trusted market-leading technology will be available to all of Nitro's 12,000+ business customers worldwide, providing annualised run-rate revenue synergies of ~US\$2.5 million by December 2022.
- The Acquisition will be funded by a A\$140 million fully underwritten capital raising ('**Equity Raising**') comprising an A\$80 million Institutional Placement and a A\$60 million Accelerated Non-Renounceable Entitlement Offer ('**ANREO**').
- Nitro reaffirms its updated FY2021 guidance (ex-Acquisition) in relation to ARR, revenue and operating EBITDA (loss) provided on 27 October 2021.

Sam Chandler, Co-Founder and Chief Executive Officer of Nitro, said: “This is a milestone moment in Nitro’s growth story. With the acquisition of Connective, Nitro is well placed to become the third global player in the fast-growing enterprise eSign market. Connective adds highly secure, enterprise-grade eSigning, eID and workflow capabilities to Nitro’s existing eSign solutions at a time where 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, and this acquisition positions Nitro to become a global leader.

“Connective’s Smart Document product will further bolster Nitro’s platform, making document workflow automation easy, powerful and available to all. There are a multitude of opportunities to add Connective’s market-leading products to Nitro’s platform and drive additional demand through our global sales network and 12,000+ business customers.”

Acquisition of Connective

Founded in 2014, with a large investment in proprietary research and development, Connective’s powerful, market-leading, enterprise-grade offering has three main products:

- **eSignatures:** Best-of-breed electronic signatures, including Simple Electronic Signature (**‘SES’**), Advanced Electronic Signature (**‘AES’**) and Qualified Electronic Signature (**‘QES’**) offerings, which are fully compliant with eIDAS (European), UETA and ESIGN Act (US), Zertes (Swiss) and other regulations;
- **Identity Hub:** Digital identification, providing high-trust, verified identification, Know Your Customer (**‘KYC’**) and authentication methods for comprehensive eID supported signing and customer onboarding; and
- **Smart Documents:** Document generation, providing fully automated document workflow, forms and template tools, and powerful data-driven document generation capabilities.

Today, Connective serves more than 1,000 customers across Europe in a diverse range of industries. Connective’s powerful eSign solutions are trusted by financial institutions, multinationals and governments, with major customers including the Belgian and French governments, BNP Paribas, Adecco, Société Générale, Pirelli and Toyota.

In addition to its market-leading presence in Belgium and France, Connective has customers in 11 additional European countries and supports EU-wide and global eSign requirements.

Connective is the only eSign provider that integrates with France Connect, the French Government's eID system, and has a total of 31 eID and smart card integrations across 20 countries served by its customers, making it the most comprehensive eID and smart card integration portfolio of any eSign vendor worldwide. Its solutions are ready for further pan-European and global rollout.

The Acquisition value of €70 million (~US\$81 million) implies a multiple of ~11.5x forecast FY2021 revenue or ~8.5x forecast pro-forma FY2021 revenue (including synergies¹). Connective is forecast to achieve FY2021 revenue of ~US\$7.1 million and ARR of ~US\$6.1 million as at 31 December 2021.

The Acquisition represents a significant acceleration of Nitro's enterprise-grade eSign capabilities, providing high-trust signing via full AES and QES functionality as customer demand for high-security signing solutions continues to grow.

Connective brings to Nitro an experienced team with significant domain expertise in secure, high-trust enterprise-grade eSigning, particularly in highly regulated markets. The combined Nitro and Connective businesses will boast an expanded network of more than 110 integration, reseller, and lead generation partnerships.

Upsell and cross-sell opportunities across Nitro's and Connective's combined 13,000+ customers, as well as from the expanded channel partner network, are expected to deliver favorable revenue upside. Following the integration of Connective, Nitro is expected to deliver annualised run-rate revenue synergies of ~US\$2.5 million by December 2022 through sales of Connective products to Nitro customers. In addition to cross-sell opportunities to existing customers, Nitro anticipates capturing further organic growth opportunities from selling its larger product suite to an increasing number of new customers. In FY2023 and beyond, Nitro anticipates this market opportunity to materially increase, driven by Nitro's enhanced product capabilities and go-to-market infrastructure, the growing drive for digital transformation in

¹ Annualised run-rate revenue synergies of ~US\$2.5 million are expected to be realised by December 2022. Refer page 16 of the Investor Presentation for further details.

organisations around the world, and the relative under-penetration of eSigning today across the key markets in which Nitro operates.

Completion of the Acquisition is subject to customary closing conditions, which are expected to be satisfied in December 2021.

Overview of the Equity Raising

The Acquisition will be funded by a A\$140 million fully underwritten Equity Raising. In addition to funding the Acquisition, proceeds will be deployed across the Company to assist with acquisition integration and transaction-related expenses, as well as for Company liquidity and working capital.

The Equity Raising will be conducted at A\$3.43 per New Share (**'Offer Price'**), which implies:

- A 9.0% discount to the Theoretical Ex-Rights Price (**'TERP'**) of A\$3.77 per share on 9 November 2021²; and
- A 10.7% discount to the last closing price of A\$3.84 on 9 November 2021.

The Equity Raising is fully underwritten by the underwriters (the **'Joint Lead Managers'**), and comprises:

- An Institutional Placement of 23.3 million new fully paid ordinary shares in Nitro (**'New Shares'**) to raise a total of approximately A\$80 million; and
- ANREO of 17.5 million New Shares to raise a total of approximately A\$60 million (comprising an Institutional Entitlement Offer and a Retail Entitlement Offer).

Eligible shareholders will be entitled to subscribe for 1 New Share for every 11.4 Nitro Shares held as at 7:00pm Australian Eastern Daylight Time (**'AEDT'**) on 12 November 2021.

Approximately 10.7 million New Shares are expected to be issued under the Institutional Entitlement Offer, and 6.8 million New Shares are expected to be issued under the Retail Entitlement Offer. The number of New Shares to be issued is equivalent to approximately

² The Theoretical Ex rights Price (TERP) is calculated by reference to Nitro's closing price on 9 November 2021 of A\$3.84 per share, being the last trading date prior to the announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Nitro's shares trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not approximate TERP. TERP includes the New Shares issued under the Institutional Placement.

20.5% of the Company's existing shares on issue. New Shares issued under the Equity Raising will rank equally with existing fully paid shares from the date of issue.

Battery Ventures owns 16,424,071 (8.2%) Nitro shares. Battery Ventures is associated with Mr Michael Brown (Non-Executive Director), and will not be participating in the ANREO due to the closed end nature of the investment fund that holds Nitro shares.

In conjunction with the Equity Raising, Mr Chandler has elected to exercise all of his options expiring on 25 November 2021. Accordingly, following a set-off under the terms of the applicable plan rules, Mr Chandler will be issued 2,991,344 new Nitro shares as a result of that option exercise. Mr Chandler will not be participating in the ANREO. Mr Chandler and his related entities now own 12,183,224 (6.1%) shares, plus 2,392,960 in-the-money options and 676,408 performance rights/shares. Refer to the Appendix 3Y lodged on ASX today for further details.

Institutional Placement

Approximately 23.3 million New Shares are expected to be issued to eligible new and existing institutional shareholders, and certain eligible sophisticated investors, under the Institutional Placement at the Offer Price. The Institutional Placement is within the Company's placement capacity under ASX Listing Rule 7.1. Accordingly, no shareholder approval is required in connection with the Institutional Placement. New Shares issued under the Institutional Placement will not be eligible to participate in the Entitlement Offer.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which will commence 10:00am (AEDT) on Wednesday, 10 November 2021. Eligible institutional shareholders can choose to take up all, part, or none of their Entitlement. New Shares equivalent in number to the New Shares not taken up by eligible institutional shareholders by the close of the Institutional Entitlement Offer, and New Shares that would have been offered to ineligible institutional shareholders had they been entitled to participate, will be sold to institutional investors via a shortfall bookbuild to be conducted on Wednesday, 10 November 2021.

Nitro shares have been placed in trading halt while the Institutional Entitlement Offer and shortfall bookbuild are undertaken.

Retail Entitlement Offer

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the Retail Entitlement Offer, which will be open from Tuesday, 16 November 2021 to Tuesday, 30 November 2021. Eligible retail shareholders wishing to participate in the Retail Entitlement Offer should carefully read the Retail Offer Booklet and accompanying personalised entitlement and acceptance form, which are expected to be dispatched on Tuesday, 16 November 2021.

Entitlements cannot be traded on the ASX or transferred. Eligible shareholders who do not take up their Entitlement under the Entitlement Offer in full or in part, will not receive any value in respect to those Entitlements not taken up.

Equity Raising Timetable

The below timetable is indicative only and subject to change without notice. All times refer to AEDT. The commencement of quotation of New Shares is subject to confirmation from ASX.

Date (2021)	Activity
Wednesday, 10 November	Trading halt and announcement of the Acquisition, Entitlement Offer and Placement
Wednesday, 10 November	Institutional Entitlement Offer and Placement
Thursday, 11 November	Announcement of results of Institutional Entitlement Offer and Placement
Thursday, 11 November	Trading halt lifted and securities recommence trading
Friday, 12 November	Entitlement Offer Record Date (7:00pm AEDT)
Tuesday, 16 November	Retail Entitlement Offer opens (9:00am AEDT) and retail offer booklet dispatched
Thursday, 18 November	Settlement of the Institutional Entitlement Offer and Placement

Friday, 19 November	Allotment and normal trading of securities issued under the Institutional Entitlement Offer and Placement
Tuesday, 30 November	Retail Entitlement Offer closes (5:00pm AEDT)
Thursday, 2 December	Announcement of results of Retail Entitlement Offer
Monday, 6 December	Settlement of new securities issued under the Retail Entitlement Offer
Tuesday, 7 December	Allotment of new securities under the Retail Entitlement Offer
Wednesday, 8 December	Holding statements in respect of new securities issued under the Retail Entitlement Offer dispatched
Wednesday, 8 December	Normal trading of new securities issued under the Retail Entitlement Offer

Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, Nitro, with the consent of the Joint Lead Managers, reserves the right to amend this timetable at any time, including extending the Retail Entitlement Offer Period or accepting late applications, either generally or in particular cases, without notice.

Additional information

Further details of the Equity Raising are set out in the Investor Presentation also lodged on the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Equity Raising.

Cadence Advisory acted as financial adviser and Gilbert & Tobin as legal adviser to Nitro in relation to the transaction.

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 licenced 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/>

ABOUT CONNECTIVE

Connective is an electronic signature software company, serving the needs of enterprise and government customers that require high levels of trust, security and regulatory compliance. Connective also offers expansive electronic identity support and a powerful document workflow automation solution. With Connective's Identity Hub, eSignatures and Smart Documents solutions, customers can increase operational efficiency, streamline digital transactions across borders and transform any paper-based customer journey into an unparalleled digital user experience. Connective has over 1,000 customers across 15+ countries and a total of 31 eID and smart card integrations, making it the most comprehensive eID and smart card integration portfolio of any eSign vendor worldwide. Connective is headquartered in Antwerp, Belgium with a European-based team.

For more information on Connective, please visit:

- Website: <https://www.connective.eu/>

IMPORTANT NOTICE

This announcement is not a financial product or investment advice, a recommendation to acquire New Shares or accounting, legal or tax advice. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek legal and taxation advice appropriate for their jurisdiction. Nitro is not licensed to provide financial product advice in respect of an investment in shares.

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This announcement contains forward-looking statements, which can usually be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or words of similar effect. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Nitro, and which may cause actual outcomes to differ materially from those expressed in the statements contained in this announcement. An investment in Nitro is subject to investment and other known and unknown risks, some of which are beyond the control of Nitro. Please refer to Section 6 of the Investor Presentation for a non-exhaustive summary of certain general and company-specific risk factors that may affect Nitro, including the forward-looking statements contained in this announcement. Undue reliance should not be placed on these forward-looking statements. These forward-looking

statements are based on information available to Nitro as of the date of this announcement. Except as required by law or regulation (including ASX Listing Rules), Nitro undertakes no obligation to update these forward-looking statements.

Neither of the Joint Lead Managers nor any of their, or Nitro's, advisers or their respective related bodies corporate, affiliates, directors, officers, partners, employees, agents and associates ('Parties') have authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this announcement, make or purport to make any statement in this announcement and there is no statement in this announcement which is based on any statement by any of them. The Parties, to the maximum extent permitted by law, expressly disclaim all liabilities in respect of, make no representations or warranties (express or implied) as to the currency, accuracy, reliability or completeness of the information in this announcement, and with regard to the Joint Lead Managers and their respective advisers, related bodies corporate, affiliates, directors, officers, partners, employees, agents and associates, take no responsibility for, any part of this announcement or the Equity Raising. No Party guarantees the repayment of capital or any particular rate of income or capital return on an investment in Nitro.

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this document are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation. Statements in this announcement are made only as at the date of this announcement.