



PROSPECTUS

Initial Public Offering

Nuix Limited
ACN 117 140 235



IMPORTANT NOTICES

This Prospectus is issued by Nuix Limited ACN 117 140 235 (**Nuix** or **Company**) and Nuix SaleCo Limited ACN 645 697 856 (**SaleCo**) for the purposes of Chapter 6D of the *Corporations Act 2001* (Commonwealth) (**Corporations Act**). The offer contained in this Prospectus involves an initial public offering to acquire fully paid ordinary shares in the capital of Nuix (**Shares**) (the **Offer**). Refer to Section 7 for further details on the Offer.

LODGEMENT AND LISTING

This Prospectus is dated 18 November 2020 (**Prospectus Date**) and a copy of this Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date.

Nuix will apply within seven days of the Prospectus Date to the Australian Securities Exchange (**ASX**) for admission of Nuix to the official list of the ASX (**Official List**) and quotation of Shares on the ASX.

None of ASIC, the ASX or their respective officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

As set out in Section 7, it is expected that the Shares will be quoted on the ASX initially on a conditional and deferred settlement basis, and then on a normal basis. Nuix, SaleCo, each of their respective directors and officers, the Share Registry, and Morgan Stanley Australia Securities Limited and Macquarie Capital (Australia) Limited (the **Joint Lead Managers**) disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

EXPIRY DATE

This Prospectus expires on the date that is 13 months after the date of the Prospectus (**Expiry Date**). No Shares will be issued on the basis of this Prospectus after the Expiry Date.

EXPOSURE PERIOD

The Corporations Act prohibits Nuix from processing applications to acquire Shares under this Prospectus in the seven day period after lodgement of the Prospectus with ASIC (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days.

The Exposure Period enables the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in the Prospectus, in which case any application may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any applications received during the Exposure Period.

NOTE TO APPLICANTS

The information contained in this Prospectus is not investment or financial product advice or a recommendation that Shares are suitable for you and does not take into account your investment objectives, financial situation, tax position or particular needs.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in Shares. If you have any questions, you should consult your accountant, financial advisers, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares.

In particular, you should consider the assumptions underlying the Financial Information (refer to Section 4) and the risk factors (refer to Section 5) that could affect the financial condition, performance and prospects of Nuix. You should carefully consider these risks in light of your personal circumstances, investment objectives, financial situation, tax position and particular needs, and seek professional guidance from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before deciding whether to invest in Shares. There may be risk factors in addition to those in Section 5 that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in the Prospectus, nor any other person, guarantees the performance of Nuix, the repayment of capital or the payment of a return on the Shares.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Nuix or SaleCo, any of either of their Directors, officers, employees, advisers, agents, partners, consultants, representatives, the Joint Lead Managers, any other Lead Manager Parties (defined below) or any other person in connection with the Offer.

NO COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in Shares offered under this Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

OBTAINING A COPY OF THIS PROSPECTUS

During the Exposure Period, an electronic version of this Prospectus without an Application Form will be available at www.nuixshareoffer.com for Australian investors only. Application Forms will not be made available until after the Exposure Period has expired.

During the Offer Period, this Prospectus is available to Australian investors in electronic form at www.nuixshareoffer.com. The Offer constituted by this Prospectus in electronic form is only available to persons downloading or printing it within Australia and is not available to persons in any other jurisdiction (including the United States). Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus.

You may, before the close of the Offer, obtain a paper copy of this Prospectus (free of charge) by calling the Nuix Offer Information Line on 1300 912 776 (within Australia) or +61 1300 912 776 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays).

Applications for Shares can be made only during the Offer Period, on an Application Form attached to, or accompanying, this Prospectus. By making an application, you represent and warrant that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person any Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus. Refer to Section 7 for further information.

STATEMENTS OF PAST PERFORMANCE

This Prospectus includes information regarding the past performance of Nuix. Past performance information given in this Prospectus is given for illustrative purposes only. Investors should be aware that past performance does not represent, and should not be relied upon as being indicative of, future performance. Actual results could differ materially from the past performance information contained in this Prospectus.

FINANCIAL INFORMATION PRESENTATION

Section 4 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of that information is set out in Section 4. All references to FY18, FY19 and FY20 appearing in this Prospectus are references to the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020, respectively, and all references to FY21 or FY21F appearing in this Prospectus are to the financial year ending 30 June 2021, unless otherwise indicated.

Historical Financial Information is presented on both an actual and pro forma basis and has been prepared in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards (**AAS**). This Prospectus also includes Forecast Financial Information for FY21F based on general and specific assumptions including those set out in Section 4.12. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation of the Historical Financial Information. The Forecast Financial Information presented in this Prospectus is presented on both a statutory basis and a pro forma basis and is unaudited.

Investors should be aware that certain measures included in this Prospectus are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended, and "non-IFRS financial information" under Regulatory Guide 230 Disclosing Non-IFRS Financial Information, published by ASIC, and are not recognised under AAS or any other recognised body of accounting standards. Nuix, however, believes this non-GAAP and Non-IFRS Financial Information provides useful information to users in measuring the Company's financial performance and financial condition. The non-GAAP and non-IFRS measures do not have standardised meanings prescribed by AAS and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with AAS. Investors are cautioned, therefore, not to place undue reliance on any

non-IFRS financial information and ratios included in this Prospectus.

All financial amounts contained in this Prospectus are expressed in Australian dollars (**AUD** or **A\$**), unless otherwise stated. Any discrepancies between totals and the sum of components in tables and figures contained in this Prospectus are due to rounding. The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 4 and Section 5.

ROUNDING

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

FORWARD-LOOKING STATEMENTS

This Prospectus includes Forecast Financial Information based on an assessment of present market, economic and operating conditions, and on a number of general and specific assumptions set out in Section 4.12, regarding future events and actions that, as at the Prospectus Date, Nuix expects to take place. The basis of preparation and presentation of the Forecast Financial Information is consistent with the basis of preparation and presentation for the Pro Forma Historical Financial Information.

This Prospectus also contains forward-looking statements which are subject to various risks and uncertainties. Forward-looking statements can be identified by the use of 'forward-looking' terminology, including, without limitation, the terms 'believes', 'estimates', 'anticipates', 'expects', 'predicts', 'intends', 'plans', 'proposes', 'goals', 'targets', 'aims', 'outlook', 'guidance', 'forecasts', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology. The Forecast Financial Information is an example of forward-looking statements. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, and speak only as of the Prospectus Date.

Any forward-looking statements are subject to various risks that could cause Nuix's actual results to differ materially from the results expressed or anticipated in these statements. Forward-looking statements should be read in conjunction with, and are qualified by reference to, risks as set out in Section 5, general assumptions, specific assumptions and the sensitivity analysis as set out in Section 4, and other information in this Prospectus. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond Nuix's control. None of Nuix, SaleCo, any of their directors or the Joint Lead Managers or the other Lead Manager Parties (defined below), or any other person guarantees that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will

actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Nuix does not have any obligation (or intention) to update or revise forward-looking statements contained in this Prospectus, or publish any prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

INDUSTRY AND THIRD PARTY MARKET DATA

This Prospectus, including the overviews of the industry in which Nuix operates in Section 2 and Section 3, uses market data and third party estimates and other information (including industry forecasts and projections). The Company has obtained portions of this information from databases and research prepared by third parties, including those listed in Section 9.9.2 and customer surveys commissioned by Nuix and conducted by third parties based on a quantitative online survey and interviews with a limited number of the Company's customers. Certain information contained in the Prospectus has been extracted by the Company from these reports and surveys are based on the Company's analysis of such information. None of the authors of the reports noted in this paragraph have authorised or approved the publication of the Prospectus.

The market and industry data has not been independently prepared or verified and neither Nuix nor the Joint Lead Managers nor the other Lead Manager Parties (defined below) can assure you as to its accuracy or the accuracy of the underlying assumptions used to estimate such data. Industry assumptions, estimates and forecasts involve risk and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 5. There is no assurance that any of the third party estimates or projections contained in this Prospectus will be achieved.

Market data and statistics are inherently subject to a range of limitations and possible errors, including errors in data collection and the possibility that relevant data has been omitted. As a result, this data is subject to uncertainty and not necessarily reflective of actual market conditions. Moreover, in choosing what third party sources to reference in the Prospectus, Nuix has given due regard to the latest available industry sources that are publicly available, including those that assess the impact of the coronavirus pandemic (**COVID-19**) on market sizes and growth rates. It should be noted, however, that such information is produced at a point in time, and may not reflect the longer term impact of COVID-19 on each of the markets discussed in Section 2 of the Prospectus.

NO OFFERING WHERE OFFERING WOULD BE ILLEGAL

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of

Shares, in any jurisdiction outside Australia. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and any person who comes into possession of this Prospectus outside Australia should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

For selling restrictions in relation to an offer of Shares in certain jurisdictions outside Australia, refer to Appendix C.

The Offer is not being extended to any investor outside Australia, other than to certain Institutional Investors as part of the Institutional Offer. In particular, this Prospectus may not be distributed to, or relied upon by, any person in the United States, unless accompanied by the U.S. Institutional Offering Memorandum as part of the Institutional Offer.

The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States unless the Shares have been registered under the U.S. Securities Act or are offered and sold, in a transaction exempt from or not subject to, the registration requirements of the U.S. Securities Act or the securities laws of any state or any other jurisdiction in the United States. Offers to any persons in the United States are only being made pursuant to, and in accordance with, the terms described in the U.S. Institutional Offering Memorandum.

None of Nuix, SaleCo or any of their related bodies corporate accepts any liability or responsibility for determining whether a person is able to participate in the Offer.

DISCLAIMER

The Joint Lead Managers have acted as joint lead managers and underwriters to the Offer. The Joint Lead Managers, together with their respective related bodies corporate, shareholders and affiliates and their respective officers, directors, employees, partners, affiliates, agents and advisers (each a **Lead Manager Party**) have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus, and do not make or purport to make any statement in this Prospectus, and there is no statement in this Prospectus which is based on any statement made by a Lead Manager Party. To the maximum extent permitted by law, each Lead Manager Party expressly disclaims any and all liabilities (including, without limitation, any liability arising out of fault or negligence for any direct, indirect, consequential or contingent loss or damage) in respect of, and makes no representations or warranties (express or implied) regarding, and takes no responsibility for, and has not independently verified, any part of this Prospectus or the Offer (other than references to their name) and makes no representation or warranty as to the currency, accuracy, reliability, completeness or fairness of this Prospectus. The Lead Manager Parties make no recommendations as to whether you or your related parties should participate in the Offer nor do they make

IMPORTANT NOTICES

Continued

any representations or warranties to you concerning the Offer, and you represent, warrant and agree that you have not relied on any statements made by a Lead Manager Party in relation to the Offer and you further expressly disclaim that you are in a fiduciary relationship with any of them.

The Lead Manager Parties are involved in, or in the provision of, a wide range of financial services and businesses including (without limitation) securities trading and brokerage activities and providing retail, private banking, commercial and investment banking, investment management, corporate finance, securities issuing, credit and derivative, trading and research products and services, including (without limitation) to, or in connection with, persons directly or indirectly involved with the Offer (such as existing Shareholders and members of the Board) or interests associated with such persons, out of which conflicting interests or duties may arise. In the ordinary course of these activities, each of the Lead Manager Parties may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, including (without limitation) in debt or equity securities, loans, financing arrangements, or other financial accommodation, financial products or services, in connection with, or which rely on the performance of obligations by, interests associated with the existing Shareholders, members of the Board or other persons that may be involved in the Offer.

Unless specifically noted in Section 9.9, statements made by, attributed to or based on statements by third parties have not been consented to for the purpose of section 729 of the Corporations Act and are included in this Prospectus by us on the basis of ASIC Corporations (Consents to Statements) Instrument 2016/72 relief from the Corporations Act for statements used from books, journals or comparable publications.

PRIVACY

By filling out an Application Form, you are providing personal information to Nuix and the Share Registry. Nuix, SaleCo and the Share Registry may collect, hold and use that personal information in order to process your application, service your needs as a Shareholder, provide facilities and services that you request and/or carry out appropriate administration.

Some of this personal information is collected as required or authorised by certain laws including the *Income Tax Assessment Act 1997* (Commonwealth) and the Corporations Act.

If you do not provide the information requested in an Application Form, your application may not be able to be processed or accepted.

Your personal information may also be used from time to time to inform you about other products and services offered by Nuix which may be of interest to you.

Your personal information may also be provided to agents and service providers of Nuix on the basis that they deal with such information in accordance with the

privacy policy of Nuix and applicable laws. These agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared include:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purposes of preparation and distribution of statements and for handling mail;
- market research companies for the purposes of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors or consultants and other advisers for the purposes of administering, and advising on, the Shares and for associated actions.

If a person who submits an application becomes a Shareholder, the Corporations Act requires Nuix to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. If you do not provide all the information requested, your Application Form may not be able to be processed.

The information contained in the Nuix register of members must remain there even if a person ceases to be a Shareholder. Information contained in the Nuix register of members is also used to facilitate dividend payments and corporate communications (including financial results, annual reports and other information that Nuix may wish to communicate to its Shareholders) and compliance by Nuix with legal and regulatory requirements. A Shareholder has a right to gain access to the information that Nuix and the Share Registry may hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to Nuix's registered office or the Share Registry's office, details of which are disclosed in the Corporate directory on the inside back cover of this Prospectus. Applicants can obtain a copy of Nuix's privacy policy by visiting the Nuix website, www.nuix.com/privacy-policy. The privacy policy contains further details regarding access, correction and complaint rights and procedures.

By submitting an application, you agree that Nuix, SaleCo and the Share Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows:

- **email:** registrars@linkmarketservices.com.au;
- **address:** Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235; and
- **phone:** 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia).

NUIX'S WEBSITE

Any references to documents or information included on the Nuix website, www.nuix.com, are for convenience only, and none of the documents or other information available on Nuix's website form part of this Prospectus and are not interpreted as part of this Prospectus, or incorporated herein by reference.

PHOTOGRAPHS AND DIAGRAMS

Photographs used in this Prospectus do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by Nuix. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

DEFINED TERMS, TIMES AND DATES

All defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary or are defined in the context in which they appear.

Unless otherwise indicated, all references to times and dates in this Prospectus are to Sydney, Australia time.

LOGOS

This Prospectus may contain trademarks and trade names of third parties, which are the property of their respective owners. Third party trademarks and trade names used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with Nuix or the Joint Lead Managers or the other Lead Manager Parties.

INDEPENDENT LIMITED ASSURANCE REPORTS AND FINANCIAL SERVICES GUIDES

The provider of the Independent Limited Assurance Reports on Historical Financial Information and on Forecast Financial Information is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act. The Independent Limited Assurance Reports and accompanying financial services guides are provided in Section 8.

QUESTIONS

Instructions on how to apply for Shares are set out in Section 7 and on the Application Form. If you have any questions about how to apply for Shares, please call your Broker (in relation to the Broker Firm Offer). Alternatively, you can call the Nuix Offer Information Line on 1300 912 776 (within Australia) or +61 1300 912 776 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays).

If you have any questions about whether to invest in Nuix, you should seek professional advice from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before deciding whether to invest in Shares.

This document is important and should be read in its entirety.



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KEY OFFER INFORMATION

KEY OFFER DATES	
Prospectus Date	Wednesday, 18 November 2020
Opening date of the Broker Firm Offer	Thursday, 26 November 2020
Closing date of the Broker Firm Offer	Wednesday, 2 December 2020
Expected commencement of trading on the ASX on a conditional and deferred settlement basis	Friday, 4 December 2020
Settlement of the Offer	Monday, 7 December 2020
Completion	Tuesday, 8 December 2020
Expected commencement of trading on the ASX on a normal settlement basis	Tuesday, 8 December 2020
Expected dispatch of holding statements	Wednesday, 9 December 2020

DATES MAY CHANGE

The above dates are indicative only and may be subject to change. Unless indicated, all times and dates are to Sydney, Australia time. Nuix and SaleCo reserve the right to vary the dates and times of the Offer, including to extend the Offer, close the Offer early or to accept late applications, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or any applicant. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

IMPORTANT STATISTICS¹

Offer Price	A\$5.31 per Share
Total number of Shares to be issued and transferred under the Offer	179.5 million
Gross proceeds of the Offer	A\$953.0 million
Proceeds of the Offer paid to Selling Shareholders	A\$677.4 million
Proceeds of the Offer raised by the issue of Shares by the Company ²	A\$275.6 million
Total number of Shares on issue at Completion	317.3 million
Number of Shares to be held by existing Shareholders on Completion ³	140.3 million
Indicative market capitalisation (undiluted ⁴)	A\$1,685 million
Indicative market capitalisation (fully diluted ^{5,6})	A\$1,814 million
Pro forma net cash (as at 30 June 2020) ⁷	A\$67 million
Indicative enterprise value (fully diluted ^{5,8})	A\$1,747 million
Enterprise value (fully diluted)/pro forma FY21F forecast Total Revenue ⁹	9.0x
Enterprise value (fully diluted)/pro forma FY21F forecast EBITDA ¹⁰	27.5x

Notes:

- This table contains Forecast Financial Information and information derived from the Forecast Financial Information. The Forecast Financial Information is based on certain assumptions as discussed in Section 4 and should be read in conjunction with the discussion of the Pro Forma Financial Information in Section 4, the sensitivities set out in Section 4.13, the accounting policies outlined in Appendix A, and is subject to the key risks set out in Section 5. There is no guarantee that the forecasts will be achieved. Certain financial information in this Prospectus is described as pro forma for the reasons described in Section 4.2. Forecasts have been included in this Prospectus for FY21F.
- Includes A\$175.6 million payment to optionholders in respect of Existing Options to be cancelled for cash on Completion. See Section 6.3.
- Includes Shares to be acquired by existing Shareholders as described in Section 6.3 and Section 7.5 (but excludes any Shares agreed to be acquired under the Offer after the Prospectus Date).
- Based on the Offer Price. Undiluted refers to the number of Shares on issue at Completion.
- Based on the Offer Price. Fully diluted refers to the number of Shares and options (each in respect of one Share) on issue at Completion and does not include performance rights to be issued on Completion or share rights which may be issued after Completion (refer to Section 6.3). It also assumes that the former CEO Proceeding against Nuix as described in Section 6.9.2 is determined adversely to Nuix. As noted in that Section, Nuix rejects the former CEO's claim in its entirety and is defending those proceedings.
- If the former CEO Proceeding is not determined adversely to Nuix, the indicative market capitalisation (fully diluted) would be A\$1,696 million at the Offer Price.
- Pro forma net cash is equivalent to cash and cash equivalents (as at 30 June 2020), calculated on a pro forma basis assuming Completion.
- Calculated as the indicative market capitalisation (fully diluted, as described in note 5) at the Offer Price, minus pro forma net cash of A\$67.0 million as at 30 June 2020. If the former CEO Proceeding is not determined adversely to Nuix, the indicative enterprise value (fully diluted) would be A\$1,629 million at the Offer Price.
- Calculated as the indicative enterprise value (fully diluted, as described in note 5) divided by pro forma FY21F Total Revenue of A\$193.5 million. If the former CEO Proceeding is not successful, this would be 8.4x at the Offer Price.
- Calculated as the indicative enterprise value (fully diluted, as described in note 5) at the Offer Price divided by pro forma FY21F EBITDA of A\$63.6 million. If the former CEO Proceeding is not determined adversely to Nuix, this would be 25.6x at the Offer Price.

HOW TO INVEST

Applications for Shares can only be made by completing and lodging an Application Form. Instructions on how to apply for Shares are set out in Section 7 and on the Application Form.

QUESTIONS

Please call the Nuix Offer Information Line on 1300 912 776 (within Australia) or +61 1300 912 776 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays). If you are unclear in relation to any matter or are uncertain as to whether Nuix is a suitable investment for you, you should seek advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in Nuix.

Finding Truth in a Digital World

CHAIRMAN'S LETTER



Dear Investor,

On behalf of the board, it is my pleasure to invite you to consider becoming a shareholder in Nuix.

Nuix is a leading provider of investigative analytics and intelligence software, with the vision of “finding truth in a digital world”.

Nuix was first conceptualised in the early 2000s, with the development in Australia of an algorithm to make unstructured data searchable and was first commercialised for a specific use case with an Australian government agency. Since then, Nuix has grown to provide its software to over 1,000 customers across 78 countries. It remains headquartered in Australia today, despite over 80% of Nuix's Total Revenue in FY20 being generated from markets in North America and EMEA.

Nuix software helps customers to process, normalise, index, enrich and analyse data from a multitude of different sources through the Nuix Engine. This technology has been developed in-house over the last 15 years and, during this time, has assisted customers to solve many of their complex data challenges. As examples, Nuix software has been used in investigations related to the Panama Papers, the Royal Commission into Misconduct in the Banking, Superannuation and Financial Service Industry in Australia, organised crime rings, corporate scandals and terrorist activities. Nuix's customer base includes government agencies, regulators, corporations and professional services firms. Nuix is characterised by a customer-collaborative and innovative culture, through a talented team of employees who are motivated to build software with purpose and assist customers to contribute to a wider public and social good.

Nuix is led by an experienced management team with a track record of achieving strong revenue growth, supported by low customer churn. Nuix generates revenue through a number of different software licensing models, predominantly through the sale of subscription licences. In FY20, the Company achieved:

- A\$175.9 million Total Revenue, an increase of 25.9% on the previous financial year (FY19: A\$139.6 million);
- subscription revenue equivalent to 88.7% of Total Revenue, an increase from 87.4% in FY19 and 80.8% in FY18; and
- a gross profit margin of 88.2% (FY19: 88.8%) and an EBITDA margin of 31.5% (FY19: 20.8%), on a pro forma basis.

Please refer to Section 4 for further details regarding Nuix's financial information.

Nuix's growth strategy seeks to expand its presence across geographies and in targeted industry verticals by winning new customers, employing an industry-centric “land and expand” strategy across industry verticals, continued investment in functionality of the Nuix platform, and improvements in overall operating efficiency and extracting potential benefits of increased scale. In addition, Nuix believes that growth can be accelerated by focusing on building a network of strategic partners to provide complementary delivery and market expansion capabilities, as well as through a considered approach to value accretive mergers and acquisitions.

The purpose of the offer is to broaden Nuix's shareholder base and provide a liquid market for its shares; repay existing indebtedness and provide funding and financial flexibility to support Nuix's growth strategy and future growth opportunities; provide Nuix with the benefits of an increased brand profile that may arise from being a publicly listed entity; and provide existing securityholders with an opportunity to realise a portion of their investment in Nuix and fund the cancellation of options exercisable before completion of the offer.

Nuix is seeking to raise proceeds of approximately A\$953.0 million through the issue of 179.5 million shares at an offer price of A\$5.31 per share and existing shareholders are seeking proceeds of approximately A\$677.4 million through the sale of approximately 127.6 million shares, also at the offer price. 37.9% of shares on issue on completion of the offer will be subject to escrow restrictions as described in this prospectus.

CHAIRMAN'S LETTER

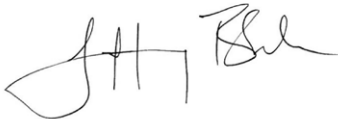
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The prospectus contains detailed information about the offer, the financial and operating performance of Nuix, and the key risks associated with the industry and business in which Nuix operates. Key risks associated with an investment in Nuix include a failure to retain existing customers and attract new customers; risks associated with security breaches and unauthorised access to customer data; employee attraction, retention and succession; real or perceived errors, defects or failures in the Nuix platform and any use of the Nuix platform that causes reputational damage; a downturn in general economic conditions; and risks in relation to legal and regulatory matters including current litigation to which we are subject. These and other risks are described in Section 1, Section 5 and Section 6.9 of this prospectus, which should be considered in detail. Before applying for shares, any prospective investor should be satisfied they have a sufficient understanding of the risks involved in making an investment in Nuix.

I encourage you to read this prospectus carefully and in its entirety, and consult with your independent professional adviser, before making your investment decision in connection with the offer.

On behalf of my fellow directors, I look forward to welcoming you as a shareholder of Nuix.

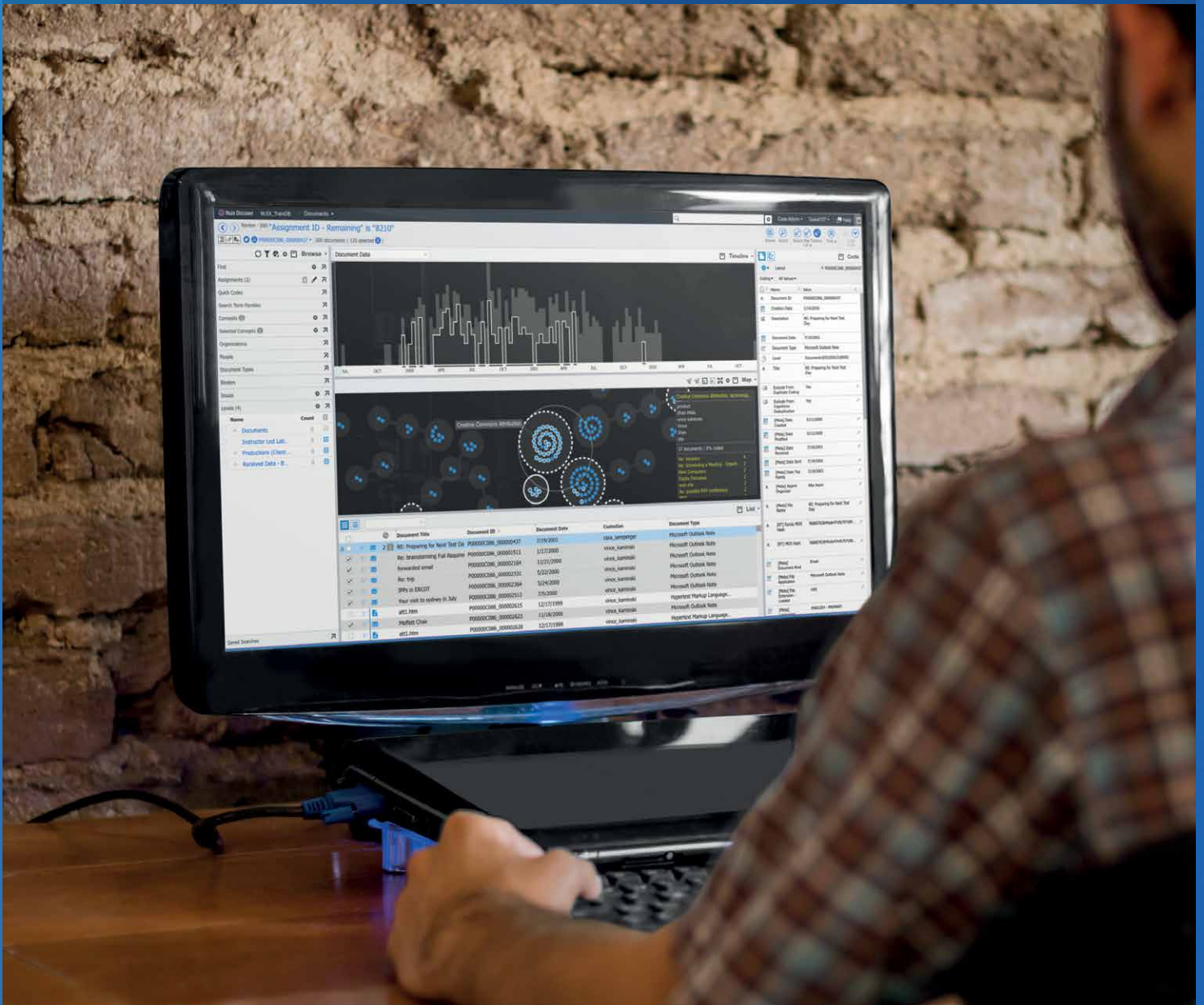
Yours sincerely,



Jeff Bleich
Chairman
Nuix Limited

1.

INVESTMENT OVERVIEW



1. INVESTMENT OVERVIEW

1.1 INTRODUCTION

Topic	Summary	For more information
Who is Nuix?	<p>Nuix is a leading provider of investigative analytics and intelligence software with a vision of “finding truth in a digital world”. Nuix software has been used in investigations into some headline events over the last 15 years, including the Panama Papers, the Royal Commission into Misconduct in the Banking, Superannuation and Financial Service Industry in Australia, organised crime rings, corporate scandals and terrorist activities.</p>	Section 3.1
What is Nuix’s history?	<p>Nuix was first conceptualised in the early 2000s by a team led by Nuix’s Engineering Founder and current Chief Scientist, with the idea of making unstructured data searchable. Nuix first commercialised its software by applying it to a specific use case with an Australian government agency. Following this deployment, the Company expanded operations, and began to sell its software platform to customers internationally from 2007. Part of the Nuix algorithm¹ to make unstructured data searchable was then patented in 2013 (with further patents being granted since 2013).</p> <p>The Nuix platform is underpinned by over 15 years of research and development, with over A\$200 million of total research and development costs incurred by Nuix since 2008 (including both capitalised and expensed research and development spend), resulting in the creation of one of the world’s leading technologies for processing data at scale. Over the last five years in particular, Nuix has made significant investments in talent, process improvement, sales and marketing, acquisition integration and technology, and improving customer experience, while continuing to enhance the functionality of its platform.</p> <p>Key milestones in Nuix’s operating history include:</p> <ul style="list-style-type: none">• entry into the North America market in October 2007;• entry into the EMEA market in March 2011;• acquisition of the endpoint² collection technology assets of the MicroForensics platform in 2011;• expansion in the Asia Pacific market via Singapore in October 2015;• acquisition of technology assets related to endpoint security from an individual who was responsible for developing those assets in 2015; and• acquisition of the Ringtail platform (now Nuix Discover), including its software assets and software engineering team from FTI Consulting in September 2018. <p>Macquarie Corporate Holdings first invested in Nuix in May 2011 and holds 76.2% of Nuix Shares as at the Prospectus Date.</p>	Section 3.2

1. An algorithm is a sequence of instructions where the main goal is to solve a specific problem, or perform a certain action or computation.
2. An endpoint is a remote computing device that communicates back and forth with a network to which it is connected. Examples of endpoints include smartphones, tablets, desktops and laptops.

Topic	Summary	For more information
Where does Nuix operate?	<p>Nuix is headquartered in Sydney, Australia and had a total headcount of 421 staff as at 30 June 2020, with a small number engaged through labour hire firms or contractors located across North America, EMEA and Asia Pacific.</p> <p>Nuix has an established global footprint, successfully expanding from its Sydney headquarters in 2007, with 56% of staff based in North America and 32% based in Asia Pacific. Sales and distribution staff are located across 11 countries.</p>	Section 3.2

1.2 OVERVIEW OF NUIX'S BUSINESS MODEL

Topic	Summary	For more information
What is Nuix's business model and how does Nuix generate revenue?	<p>Nuix's customers purchase Software Licences to access one or more of Nuix's applications. At present, the most commonly purchased licence type is a Module Licence, which provides a customer with access to a particular Nuix application for a pre-determined period of time at a certain "cost per Core", "cost per endpoint", or "cost per user". In addition, customers may acquire access to a Nuix application on a Consumption Licence, where customers are charged based on the amount of data processed or under management, or on a Perpetual Licence which allows the customer to use the licensed software version indefinitely, for a one-time fee. Customers who purchase Nuix Perpetual Licences often also purchase a Maintenance Licence for a specified time period, under which customers obtain limited updates to software purchased on a Perpetual Licence.</p> <p>Nuix's revenue types can be broadly segmented by software revenue (96% of Total Revenue in FY20) and Other Revenue (4% of Total Revenue in FY20). Nuix typically charges a licence fee based on customer requirements and access to the Nuix platform as a whole (rather than billing a customer separately for use of the Nuix Engine and its software applications).</p> <p>Nuix generates Other Revenue from the provision of implementation, training and services relating to the enablement of Nuix software, and third party software and hardware sales. This revenue stream is ad-hoc in nature, however, is broadly correlated to the signing of new customers who subsequently engage their personnel in training programs for the Nuix platform and the training of Nuix partners who increase the coverage of Nuix's sales capability.</p> <p>Customers typically enter into annual licences or contracts with tenure greater than one year, referred to as multi-year deals (refer to Section 3.5.5 for additional information on customer contracts). Nuix's standard contractual terms provide for upfront payment for annual contracts or either upfront or annual payment for multi-year deals.</p>	Section 3.3 and Section 3.5

1. INVESTMENT OVERVIEW

Continued

Topic	Summary	For more information
What are Nuix's key products?	<p>Nuix is a leading provider of investigative analytics and intelligence software which helps customers from around the world in many different industry verticals process, normalise, index, enrich and analyse data from a multitude of different sources. The Nuix platform comprises:</p> <ul style="list-style-type: none">• the Nuix Engine, that processes, normalises, indexes, enriches and analyses structured, semi-structured and unstructured data at speed and at scale; and• a number of software applications which provide visualisation, analytics and relationship-mapping tools for customers. <p>The Nuix platform has evolved over time, with 23 major releases and 157 minor releases of the Nuix Engine since 2008, and is integrated into the workflows for many of the world's major advisory firms, law firms, corporations, law enforcement and other government agencies. Insights and intelligence can be gathered from the Nuix Engine and its applications without the need to export data into third party software tools which can risk disrupting the chain of custody of the data (as explained in Section 3.1) or incur additional data processing and analysis fees.</p> <p>The Nuix platform supports a range of established use cases, including criminal investigations, financial crime, litigation support, employee and insider investigations, legal eDiscovery, data protection and privacy, and data governance and regulatory compliance.</p> <p>The Nuix Engine is a powerful, proprietary, data processing engine which processes data ingested by it (for example, data that exists on a local hard drive, an enterprise file share, or a cloud-based repository) and forms the core of the Nuix platform. The Nuix Engine processes data by normalising it (extracting data at the binary level, the "ones and zeros") and indexing, enriching and analysing text and metadata³ extracted from that data. It is particularly effective at processing "lumpy" and "messy" sets of unstructured data at speed and at scale.</p> <p>The Nuix Engine can process multiple different file types, including human-generated content such as presentations, text files, emails and chat messages, forensic artefacts (such as metadata and contents of deleted files from the recycle bin, cookies, navigation history, cached website data and downloaded files from web browsers) and machine generated data such as logs and network traffic.</p>	Section 3.3

3. Metadata summarises basic information about data, making finding and working with particular instances of data easier. Metadata can be created manually or automatically (for example, by the program in which a document is created or by a camera on which a photo was taken).

Topic	Summary	For more information
Who uses Nuix's products?	<p>Nuix's customer base consists of more than 1,000 existing customers as at 30 June 2020⁴, including large government agencies, regulators, corporations and professional services firms. Nuix software is sold directly by Nuix and indirectly through a partner network of 163 partners⁵ who actively market, and in some cases support, the Nuix platform.</p> <p>Nuix's customers operate across multiple industry verticals and regions. Some of Nuix's customers include well recognised companies such as AIG, Amazon, Barclays, Grant Thornton, Jaguar Land Rover, Thomson Reuters and "Big 4" accounting firms. In addition to Nuix's private sector customers, Nuix's solutions are used by government and public sector organisations globally, including the Australian Securities and Investments Commission (ASIC), the Securities and Exchange Commission (SEC) and the United States Department of Justice.</p>	Section 3.4
Why do customers choose Nuix?	<p>In September-October 2020, Nuix commissioned surveys comprising of an online eDiscovery and digital forensics survey of 63 Nuix customers (quantitative survey) and interviews with 20 Nuix customers (qualitative survey). The majority of respondents believed that Nuix:</p> <ul style="list-style-type: none">• has the fastest processing engine;• can review the most file types;• can handle the largest volume of data; and• has more extensibility across use cases⁶. <p>Further, the majority of respondents to the quantitative survey believed that the following were leading buying factors on which Nuix is highly rated for both eDiscovery and digital forensics:</p> <ul style="list-style-type: none">• richness of functionality;• quality and promptness of customer support;• quality and promptness of technical support; and• market share, presence, and reputation⁷. <p>Nuix seeks to provide its customers with a differentiated product and service offering. Nuix believes that its customer value proposition includes the following key elements:</p> <ul style="list-style-type: none">• a powerful data processing technology, capable of processing large volumes of unstructured, semi-structured and structured data at speed and scale, rather than being reverse-engineered to supplement an existing review tool or workflow solution;	Section 3.4

4. The number of existing customers is defined as Nuix customers who have an active Software Licence and/or generated Other Revenue in FY20.

5. Nuix uses the expression "partner" in a commercial sense. Nuix is not in partnership in the legal sense with these organisations.

6. Conclusions drawn from these surveys are those of Nuix and not the third parties commissioned to administer them. Quantitative survey participants were asked to consider Nuix against 14 other leading market participants. Respondents to the quantitative survey are included in these statements where they responded with a rating of eight or higher out of ten in response to the question: for example, 78% responded with eight or higher out of ten to the question "On a scale of 1-10 does Nuix have the fastest eDiscovery processing engine?"; and 66% responded with eight or higher out of ten to the question "On a scale of 1-10 does Nuix have the fastest digital forensics processing engine?"

7. Respondents are included in these statements where they responded with a rating of four or higher out of five in response.

1. INVESTMENT OVERVIEW

Continued

Topic	Summary	For more information
Why do customers choose Nuix? continued	<ul style="list-style-type: none">• a global pedigree and real-world software experience, the Nuix Engine is the product of over 15 years of engineering and technological innovation;• a wide range of use cases and a blue chip customer base across many industry verticals that include many of the world's largest government agencies, regulators, corporations and professional services firms;• user applications designed to offer fast, efficient windows on users' data with embedded analytics to assist users gain immediate efficiencies and insights within their workflows;• an extensive array of third party application programming interfaces (or APIs) and connectors used by customers to develop software and deliver services that have interoperability with, and rely on, the Nuix platform;• a flexible licensing approach and high quality customer service; and• a high frequency of product upgrades and new features.	Section 3.4
How does Nuix sell its products?	<p>Nuix has been effective at winning and growing both major, global accounts and a regional customer base as a result of its blended direct and indirect sales model, coupled with a focus on customer-centric support and marketing.</p> <p>Nuix's sales and distribution resources are organised around industry verticals, to leverage industry expertise and relationships, and create repeatable use cases and solutions, while also servicing customers at a regional, country and global level depending on the nature of the customer.</p> <p>Within each industry, sales and marketing strategies focus on:</p> <ul style="list-style-type: none">• winning new customers; and• growing usage of software applications contracted by existing customers (referred to as Upsell Renewals). <p>Nuix has two sales approaches as part of its sales and marketing strategy: direct (both direct sales and "inside" sales teams) and indirect sales programs.</p> <ul style="list-style-type: none">• Direct sales: Nuix's direct sales team consists of 71 full-time equivalent employees globally as at 30 June 2020 organised in industry-centric sales teams which engage directly with customers in each region. Teams are referred to as industry-centric as they focus their sales efforts on a specific industry group, such as highly regulated corporates, government agencies, law firms or advisory firms. The focus for these sales teams is to deliver net new sales revenue, together with Upsell Renewal and contract Renewals for large accounts.	Section 3.5.3

Topic	Summary	For more information
How does Nuix sell its products? continued	<ul style="list-style-type: none">• Direct sales – inside sales team: Nuix’s inside sales team consists of nine full-time equivalent employees globally as at 30 June 2020, and focuses on new lead qualification, the sale of new Software Licences and Renewal of existing contracts or deals.• Indirect sales: Nuix also sells through partners, which for sale purposes includes entities referred to by Nuix as resellers and distributors (described further in Section 3.5.3.4). Nuix’s partners help to extend the coverage and capacity of Nuix’s distribution network. Partners represent an ecosystem of skilled advocates that can actively promote the Nuix platform to their own clients. The flagship program for Nuix partners is known as the Partner Connect Program, which involves the tiering of resellers and distributors to deliver a strategic focus by Nuix on high revenue generating partners and an efficient support framework for those with less sales frequency and volume. Partners are compensated by receiving a margin on the sales volumes they achieve in selling Nuix software. As part of the Partner Connect Program, these partners are required to undergo sales certification training and are encouraged to also undergo technical certification examinations that are connected to their specific area of focus.	Section 3.5.3

1. INVESTMENT OVERVIEW

Continued

1.3 KEY FEATURES OF NUIX'S INDUSTRY

Topic	Summary	For more information
What industries and segments does Nuix operate in?	<p>Nuix is a leading provider of investigative analytics and intelligence software to customers in 78 countries. Nuix refers to investigative analytics and intelligence software as software that is used to help organisations identify patterns and trends within disparate types and formats of data for various use cases (legal discovery, criminal investigations or performing internal audits, for example). Investigative analytics and intelligence software includes:</p> <ul style="list-style-type: none">• eDiscovery software;• digital forensics software;• governance, risk and compliance (GRC) software; and• endpoint security software. <p>The examples of investigative analytics and intelligence software listed above are not intended to be exhaustive and different use cases for software of this nature may develop in the future. However, these software markets are the most relevant for Nuix. Currently, Nuix primarily sells its software platform (described in Section 3) in the eDiscovery software market and the digital forensics software market. Nuix's software platform is also sold to customers in the GRC software market and the endpoint security software market, with both of these markets being particularly relevant when considering the future of Nuix and its growth drivers.</p>	Section 2.1 and Section 2.2
What is software and the software industry?	<p>Software refers to tools which are accessed via computers and other digital devices to help organisations undertake tasks, often redefining traditional, manual, processes, and creating new, easier and more efficient ways to get tasks done. The software industry involves the development, maintenance and publication of software for a variety of different applications and to solve a range of different problems.</p> <p>The gradual evolution of computing hardware from mainframes to servers, personal computers and mobile devices, as well as the development of computer networking via the internet and cloud-based delivery systems, has expanded the range of possible uses of software. It has also created opportunities for software developers to create and sell software (referred to as "commercial software") that different customers can purchase and use, instead of those customers having to develop and maintain their own "proprietary" software. Nuix's software platform is an example of commercial software that has been developed to provide its customers with tools to complete highly complex tasks in an efficient, easy and accurate manner.</p>	Section 2.1.2

Topic	Summary	For more information
What is investigative analytics and intelligence software?	<p>Investigative analytics and intelligence software refers to software that has been developed to help organisations identify patterns and trends within disparate types and formats of data. It may be data (being information of any kind existing in a digital form) of the organisation or of third parties. Identified patterns and trends may be used by the user, or the software itself, for example, to make historical observations or to make predictions about future events.</p> <p>Investigative analytics and intelligence software typically focuses on three types of data, structured, semi-structured, and unstructured:</p> <ul style="list-style-type: none">• Structured data refers to data which is organised into a formatted repository, typically a relational database (being a database that stores and provides access to data points that are related to one another and are often, for example, organised into rows and columns to form tables);• Semi-structured data refers to data that does not fit into a relational database but has some organisational properties; and• Unstructured data refers to content that does not conform to a specific, pre-defined data model, for example, human-generated and people-oriented content that does not fit neatly into database tables. <p>The most powerful providers of investigative analytics and intelligence software are able to process all of these types of data, compared to other providers that may only focus on a selected type of data.</p>	Section 2.1.3
What are the drivers of growth in the investigative analytics and intelligence market?	<p>Nuix has identified four broad trends impacting the investigative analytics and intelligence software market which are discussed below.</p> <p>1. Proliferation of unstructured data</p> <p>Examples of unstructured data include data generated through social media, text documents, PDF files, and other common communication data including instant messages, text messages, emails, audio files and video files. In the context of eDiscovery, for example, in matters involving large volumes of unstructured data, the need to process and transform this data into a form where it can be analysed and used to generate insights can be critical.</p> <p>The last decade has seen continued global digital transformation and adoption of new enterprise workplace technologies, which is driving a proliferation of data, particularly in unstructured data. Digital transformation describes the process of shifting traditional non-digital operations to digital operations, with the intention of utilising technology and data to identify more efficient business processes. For example, enterprise workplace solutions such as task management and video communication software, both of which typically produce large amounts of unstructured data.</p>	Section 2.3

1. INVESTMENT OVERVIEW

Continued

Topic	Summary	For more information
What are the drivers of growth in the investigative analytics and intelligence market? continued	<p>2. Growth in data volumes</p> <p>According to IDC, the amount of data created is expected to increase over the next four years. The “global datasphere”, which is a term used to describe the total sum of the world’s data, is estimated by IDC to grow at a compound annual growth rate (CAGR) of approximately 26% between 2019 and 2024, reaching a total of 143 zettabytes⁸ by 2024. The velocity of data creation is increasing for a number of reasons, including the increasing adoption of “data heavy” enterprise software.</p> <p>With continued growth in the global datasphere, the role of endpoint devices and edge servers and appliances as data repositories is becoming increasingly important as organisations and individuals continue on a digital transformation journey. Data from these devices can typically be processed by appropriate eDiscovery, digital forensics, GRC and endpoint security management software and may drive demand, particularly for software that can process data at scale (i.e. efficiently in high volumes).</p> <p>3. Focus on governance, risk and compliance</p> <p>Keeping abreast of regulatory change is a significant challenge faced by many compliance officers and boards across different industry verticals. Data privacy regulation is presenting challenges to many organisations. Each of these incremental regulations imposes requirements on impacted organisations, which need to be appropriately implemented, managed and complied with in order to avoid compliance breaches, fines and other forms of regulatory action, as well as the potential for legal action for misuse of customer data. Challenges are exacerbated when data is transferred across jurisdictions, potentially requiring the organisation to comply with multiple, different and potentially inconsistent regulations.</p> <p>4. Consequences of data breaches</p> <p>The frequency of and quantum of costs to organisations associated with data breaches have been rising, creating an incentive for organisations to invest in preventative measures. This need may be particularly acute for organisations that underestimate the value or sensitivity of their data, what it contains and where it is being held. Knowing what data an organisation holds and where this data is located is a key factor in determining what preventative measures should be implemented when monitoring risk mitigation and protection strategies. The imposition of significant penalties and negative publicity costs associated with data breaches raises awareness of the importance of investing in preventative measures – which may include using software to assist in the identification and protection of data.</p>	Section 2.3

8. 1 zettabyte is equal to one trillion (1,000,000,000,000) gigabytes.

Topic	Summary	For more information
What is the size of Nuix's addressable market?	<p>The market for investigative analytics and intelligence software includes the markets for eDiscovery software, digital forensics software, GRC software and endpoint security software:</p> <ul style="list-style-type: none">• According to IDC, the eDiscovery software market generated approximately US\$3.0 billion of revenue in 2019, and is expected to grow at a CAGR between 2019 and 2024 of approximately 3.6% to reach approximately US\$3.6 billion by 2024;• According to Mordor Intelligence, the digital forensics software market generated approximately US\$1.0 billion of revenue in 2019, and is expected to grow at a CAGR between 2019 and 2025 of approximately 11.5% to reach approximately US\$1.9 billion by 2025;• According to IDC, the GRC software market generated approximately US\$10.5 billion of revenue in 2019, and is expected to grow at a CAGR between 2019 and 2024 of approximately 4.2% to reach approximately US\$12.8 billion by 2024; and• According to IDC, the endpoint security software market was estimated to generate approximately US\$12.8 billion of revenue in 2019, and to grow at a CAGR between 2019 and 2024 of approximately 4.9% to reach approximately US\$16.2 billion by 2024.	Section 2.2

1. INVESTMENT OVERVIEW

Continued

Topic	Summary	For more information
Who does Nuix compete with?	<p>The markets comprising the investigative analytics and intelligence software market are referred to as global markets in that there are sufficient commonalities across many jurisdictions to permit vendors to offer software in jurisdictions across the globe relatively effectively with local modifications (including language) as required. This means that Nuix competes with a wide range of existing and emerging competitors across the markets in which it operates, including vendors offering software for specific use cases, segments, industry verticals and/or geographies within the broader investigative analytics and intelligence software market.</p> <p>Key competitors of Nuix in the markets below include (but are not limited to):</p> <ul style="list-style-type: none">• eDiscovery software: DISCO, Everlaw, Exterro, Opentext and Relativity;• Digital forensics software: AccessData, Cellebrite, Intella and Magnet Forensics;• GRC software: Exterro, NAVEX Global, Varonis; and• Endpoint security software: Carbon Black, CrowdStrike, Endgame and Tanium. <p>Often Nuix can be competing for a customer against data collection and processing application software providers operating in discrete vertical markets who service a limited number of use cases. Nuix seeks to differentiate itself from these competitors through its offering of the Nuix Engine and fully integrated applications which can service multiple existing and emerging use cases.</p> <p>Additionally, there are competitors who operate in markets, other than Nuix's core markets, who may be able to incorporate and begin offering capabilities that are similar to those offered by Nuix (Microsoft and Google, for example). This may further increase the level of competition that Nuix faces.</p>	Section 2.4
What are the key buying drivers within Nuix's addressable market?	<p>When customers acquire products within the investigative analytics and intelligence software market, customers typically evaluate providers based on a number of criteria, which include, but are not limited to:</p> <ul style="list-style-type: none">• the speed of the data processing engine, including the number of different file types and communication formats that can be analysed by it;• richness of functionality, quality and promptness of customer and technical support;• market share, presence and brand reputation; and• price and licensing structure.	Section 2.4.2

1.4 KEY STRENGTHS

Topic	Summary	For more information
A powerful software platform built around a proprietary data processing engine with multiple use cases designed to deliver forensic-level insights into data	<p>Nuix software helps customers from around the globe in many different industry verticals process, normalise, index, enrich and analyse data from a multitude of different sources. It is particularly effective at processing unstructured data sets which are “lumpy” and “messy”, where the underlying data varies in content, size and structure, making it difficult to compare and analyse. The Nuix Engine can process multiple different file types, including human-generated content such as presentations, text files, emails and chat messages, forensic artefacts (such as metadata and contents of deleted files from the recycle bin, cookies, navigation history, cached website data and downloaded files from web browsers) and machine generated data such as logs and network traffic. Customers can also export data processed by the Nuix Engine to third party applications or further enrich that data, for example, by merging data processed by the Nuix Engine with an existing database creating an enhanced data set from which more informed decisions can be made. This is made possible through open APIs and connectors developed by Nuix. Nuix APIs and connectors, developed by Nuix’s product development team, also help to expand customer use cases and further enrich (for example, by adding additional use case specific metadata) the information that has been processed by the Nuix Engine.</p> <p>A key feature of the Nuix Engine is its ability to be “pointed at” and connect easily to a variety of different data storage locations (each of which may contain significant volumes of data) and rapidly and accurately ingest and process, normalise, index, enrich and analyse the data in that location. Users can then interact with the data via Nuix applications so that they can search and make informed decisions about how the data may be further processed or investigated. This pattern of “point, index, search and act” upon data is the cornerstone of many Nuix use cases.</p> <p>The Nuix platform supports a range of established use cases, including criminal investigations, financial crime, litigation support, employee and insider investigations, legal eDiscovery, data protection and privacy, and data governance and regulatory compliance. In addition to these well-established use cases, there are a growing number of new use cases to which Nuix is being applied as a result of customer and market demand, including monitoring of user behaviours on endpoint devices (for cyber threat hunting and insider threat detection) and other real-time investigations.</p>	Section 3.1 and Section 3.3

1. INVESTMENT OVERVIEW

Continued

Topic	Summary	For more information
Supported by industry trends in data growth and complexity, a focus on governance, risk and compliance, and increasing consequences of data breaches	<p>Nuix has identified four broad trends impacting the investigative analytics and intelligence software market which are discussed below.</p> <p>1. Proliferation of unstructured data</p> <p>The last decade has seen continued global digital transformation and adoption of new enterprise workplace technologies, which is driving a proliferation of data, particularly in unstructured data. For example, enterprise workplace solutions such as task management and video communication software, both of which typically produce large amounts of unstructured data. The use of these technologies has increased due to COVID-19, driven particularly as workers have shifted from office based environments to decentralised working locations. This proliferation underpins the importance of software solutions which are capable of analysing, comparing and interpreting such data in an efficient and accurate manner where that data needs to be analysed, whether for compliance, risk management or general business purposes or for the purposes of litigation, regulatory or other investigative proceedings.</p> <p>2. Growth in data volumes</p> <p>According to IDC, the amount of data created is expected to increase over the next four years. The “global datasphere”, which is a term used to describe the total sum of the world’s data, is estimated by IDC to grow at a CAGR of approximately 26% between 2019 and 2024, reaching a total of 143 zettabytes⁹ by 2024. The velocity of data creation is increasing for a number of reasons, including the increasing adoption of “data heavy” enterprise software. Data growth may also be attributed to the ongoing transition to cloud technologies and the proliferation of devices, coupled with the behavioural trend to access, generate and store data.</p> <p>With continued growth in the global datasphere, the role of endpoint devices and edge servers and appliances as data repositories is becoming increasingly important as organisations and individuals continue on a digital transformation journey. Data from these devices can typically be processed by appropriate eDiscovery, digital forensics and endpoint security management software and may drive demand, particularly for software that can process data at scale (i.e. efficiently in high volumes).</p> <p>As data volumes grow, vendors may also need to adapt and update their offerings to meet the demands of investigative analytics and intelligence software customers. While vendors like Nuix have been able to update their offerings to accommodate new file formats, the development of certain formats of encrypted data may result in software vendors partnering with speciality decryption vendors in order to access the full datasphere.</p>	Section 2.3

9. 1 zettabyte is equal to one trillion (1,000,000,000,000) gigabytes.

Topic	Summary	For more information
Supported by industry trends in data growth and complexity, a focus on governance, risk and compliance, and increasing consequences of data breaches continued	<p>3. Focus on governance, risk and compliance</p> <p>Keeping abreast of regulatory change is a significant challenge faced by many compliance officers and boards across different industry verticals. Data privacy regulation is presenting challenges to many organisations. Nuix anticipates that the automation of governance, risk and compliance activities will be an important focus of many organisations in the future who seek to address governance, risk and compliance challenges in a cost effective and prudent manner, particularly those arising from privacy and other related regulations.</p> <p>4. Consequences of data breaches</p> <p>The frequency of and quantum of costs to organisations associated with data breaches have been increasing, creating an incentive for organisations to invest in preventative measures.</p> <p>COVID-19 has highlighted certain of these organisational vulnerabilities. As a greater proportion of the global workforce moves into remote environments, and may adopt new software in order to do so, the incidence of data breaches may increase. As a result of this, there may be heightened endpoint risk with a greater number of potential entry points for a security breach. The issue is exacerbated if unprotected private or mobile devices are used (for example, with no anti-virus software employed, old or unsupported software and applications are deployed and resources are not encrypted), Wi-Fi networks operate without strong and changing network passwords and new software (for example, video software, messaging systems, and document review programs) is used without proper security assessments.</p>	Section 2.3
Long-term customer relationships with governments, enterprises, advisory and law firms, with a track record of Total Revenue expansion	<p>Nuix's customer base consists of more than 1,000 existing customers as at 30 June 2020¹⁰, including large government agencies, regulators, corporations and professional services firms. Some of Nuix's customers include well recognised companies such as AIG, Amazon, Barclays, Grant Thornton, Jaguar Land Rover, Thomson Reuters and "Big 4" accounting firms. In addition to Nuix's private sector customers, Nuix's solutions are used by government and public sector organisations globally, including ASIC, the SEC and the United States Department of Justice.</p> <p>Many of Nuix's relationships with its customers are long-term in nature, with 70% of FY20 Annualised Contract Value (ACV) generated by parties that have been Nuix customers since 2016 or earlier (refer to Section 3.4.4.2). The value that existing customers have contributed to Nuix over the long term following their initial licence purchase is assessed by Nuix by considering ACV contribution by sales cohort over time. A customer is included in the sales cohort for a particular year if it generated revenue for Nuix in that year for the first time. Nuix has grown the value of its sales cohort, measured by ACV, at a CAGR of approximately 19.8% between FY15 and FY20.</p>	Section 3.4

10. The number of existing customers is defined as Nuix customers who have an active Software Licence and/or generated Other Revenue in FY20.

1. INVESTMENT OVERVIEW

Continued

Topic	Summary	For more information
Attractive financial profile with multiple drivers of Subscription Revenue growth, expanding margins and low levels of customer Churn	<p>Subscription Licences are structured as annual licence agreements or multi-year deals which are typically invoiced in total upfront, or on an annual basis.</p> <p>Nuix considers that the revenues it receives from Module Licences, Consumption Licences and Support and Maintenance Licences to be reliable revenue streams for at least the duration of the customer agreement (typically three to five years) and historically have had a high probability of being renewed at the same or higher value at the end of the Subscription Licence term. This characterisation is supported by:</p> <ul style="list-style-type: none">• the high level of Nuix's annual Net Dollar Retention (NDR) rate, which was above 100% in FY18, FY19 and FY20;• the long tenure of Nuix's customer cohorts, with 70% of FY20 ACV generated by parties that have been Nuix customers since 2016 or earlier (refer to Section 3.4.4.2);• the low levels of Churn, which represented 4.7% in FY20; and• the requirement for customers to renew their Subscription Licences (or procure another Software Licence) should they wish to retain access to the Nuix software. <p>Key revenue, customer and operating metrics:</p> <ul style="list-style-type: none">• Subscription Revenue as a percentage of Total Revenue of 88.7% in FY20;• Software revenue as a percentage of Total Revenue of 96.1% in FY20;• Upfront multi-year deals as a percentage of Total Revenue of 25.4% in FY20;• Gross profit margin as a percentage of Total Revenue of 88.2% in FY20; and• EBITDA margin as a percentage of Total Revenue of 31.5% in FY20, on a pro forma basis.	Section 3.4.4, Section 4.3.1, Section 4.3.3 and Section 4.10

Topic	Summary	For more information
Multiple avenues of potential business growth and expansion with new and existing customers, development of new use cases, and selective opportunities for partnerships and M&A	<p>The ability of the Nuix Engine to effectively process large quantities of data, and the development of specific software applications for an increasing number of use cases, has been the driving force behind Nuix's growth to date.</p> <p>The strategies Nuix intends to deploy to drive growth in the future include:</p> <p>1. Win new customers</p> <p>Nuix is focused on continuing to expand its presence across geographies and in targeted industry verticals by winning new customers, including from competitors, to drive increased penetration of Nuix's addressable market.</p> <p>Nuix's near-term vision is focused on accelerating expansion in North America, EMEA and Asia Pacific, increasing penetration in the industry verticals of existing customers and focusing on highly regulated industry verticals (such as banking and financial services, pharmaceuticals, and energy and utilities industry verticals). The Nuix sales team currently has a pipeline of global opportunities. Nuix's expansion strategy has proved successful in winning new customers in the past, and Nuix intends to continue implementing this strategy to help win new customers.</p> <p>Nuix also expects to further utilise its indirect sales channel, particularly to enter new geographies and win new customers through using existing reference customers.</p> <p>2. "Land and expand" strategy</p> <p>Nuix employs, and will continue to deploy, an industry-centric "land and expand" strategy across industry verticals that Nuix targets with its software platform. This involves the following elements in order to drive new customer acquisition, as well as to drive both Upsell Renewal and Renewal of existing customers:</p> <ul style="list-style-type: none">• focusing on improving the productivity of quota-carrying sales representatives to drive increased return on sales and marketing expenditure for both direct and indirect sales. Such productivity improvements are a result of developing deep relationships and industry-specific expertise that makes new sales activity more efficient;• aligning of employees within industry groups to facilitate increased specialisation in those groups and a deeper understanding of their target customer requirements with a view to driving improved sales conversion rates;• driving more sales volume through existing partners (via the Partner Connect Program), which can be an efficient method of customer acquisition with limited upfront investment; and• exploring new channel and original equipment manufacturer (OEM) partnerships with systems integrators, technology consultants, risk consultants and providers of technology marketplaces or cloud infrastructure.	Section 3.6

1. INVESTMENT OVERVIEW

Continued

Topic	Summary	For more information
Multiple avenues of potential business growth and expansion with new and existing customers, development of new use cases, and selective opportunities for partnerships and M&A continued	3. Investment to extend the Nuix platform Nuix intends to continue to extend the functionality of its software platform in order to drive growth by creating features that help to attract new customers, or drive Upsell Renewal or Renewal activity for existing customers. Key initiatives of this nature include: <ul style="list-style-type: none">• Expanding the reach of APIs and connectors: focusing on growing the suite of APIs and connectors it has with third party applications or partners, with the goal of ensuring that the Nuix platform can reach all customer data, no matter where it resides and can be used easily to integrate with a greater range of use cases using such APIs and connectors;• Expansion of real-time use cases: investing in “always on” processing, which delivers a potential (or existing) customer with the ability to automate unstructured data processing based on new data which is created or imported into an organisation, and produces real-time alerts or analytics based on such data feeds. An example of such a real-time use case may be to assist in the normalisation and review of data produced from COVID-19 contact tracing applications;• Cloud-scale processing: developing the Nuix Engine to allow customers to upload their data and have it processed by the Nuix Engine running natively in a cloud environment (either Nuix-hosted, Nuix partner-hosted or in a customer-controlled cloud environment), as opposed to a customer’s own computers or servers. Potential advantages of this structure for customers include benefiting from the cost efficiencies and flexible capacity of cloud infrastructure, not needing to maintain their own servers or data storage, and full access to their data from any location at any time; and• Developing artificial intelligence and machine learning to automate certain manual processes: implementing artificial intelligence software to learn patterns in processed data and identify relationships and correlations automatically without user interference. 4. Operating efficiency Nuix intends to continue to examine and improve its operating efficiency and seek to extract potential benefits of increased scale as the business grows, to drive improvements in its operating margin. Efficiency areas identified to date include: <ul style="list-style-type: none">• Cost of Goods Sold (COGS): driving improved partner performance through the Partner Connect Program, including focus on partner enablement to further scale customer support, together with capitalising on the relationships with Nuix’s cloud service provider(s) to build on fully leverage investments to date and accelerate the cloud strategy;	Section 3.6

Topic	Summary	For more information
Multiple avenues of potential business growth and expansion with new and existing customers, development of new use cases, and selective opportunities for partnerships and M&A continued	<ul style="list-style-type: none">• Sales and Distribution expense (S&D): continued transition to an industry-centric go-to-market model to drive productivity improvements, including a faster sales cycle and lower customer acquisition costs, in addition to increasing the focus on virtual event marketing and thought leadership to drive cost savings in marketing spend;• General and Administrative expense (G&A): rationalising the number of premises through implementation of a longer term remote working model where appropriate, and continued investment into building structural and execution advantages that Nuix aims to drive cost benefits from. Specifically, these relate to digital transformation initiatives (such as the ongoing implementation of a comprehensive human resources information system, for example) which are expected to result in operating efficiencies; and• Research and Development expense (R&D): completing the transition to “agile-based” development methodologies to enhance responsiveness to customers and the dynamic allocation of resources, further investment in software testing automation and infrastructure to ensure consistently high quality releases, and enhancing the Nuix cloud licence server (CLS) to allow customers to manage their licences online. <p>5. Partner considerations</p> <p>Nuix is focused on building a network of strategic partners that can provide complementary delivery and market expansion capabilities that will help Nuix expand technical solution capabilities and drive future revenue sources. Additional strategic services partners will be sought to support new implementations of Nuix software to assist Nuix to scale more effectively and accelerate the adoption of its software by new customers. The expanded network of strategic partners is referred to as the Ecosystem, and embraces the multifaceted relationship advantages of collaboration and cooperation.</p> <p>6. Value accretive M&A</p> <p>Nuix takes a considered approach to mergers and acquisitions, assessing opportunities based on strategic fit, relevance and synergies, and targeting the acquisition of capabilities rather than revenue alone. Nuix’s acquisition focus is on broadening and extending adoption of the Nuix platform through the acquisition of complementary software solutions that can directly, and immediately, extend the value of Nuix’s existing software solutions.</p> <p>Nuix maintains an active pipeline of M&A opportunities, and may choose to partner with particular companies before considering an acquisition. Such early partnership opportunities help to extend and broaden the applicability of the Nuix Engine, or create new growth platforms through new use cases or revenue streams, which can help to demonstrate the value of the partner prior to considering an M&A transaction.</p>	Section 3.6

1. INVESTMENT OVERVIEW

Continued

1.5 KEY RISKS

Topic	Summary	For more information
Failure to retain existing customers and attract new customers	<p>Nuix's ability to retain existing customers and acquire new customers, as well as expand its customers' level of usage of the Nuix platform, depends on many factors including each customer's perception of the functionality, reliability, cost-effectiveness, pricing, customer support and value of Nuix's platform compared to competing products. This may also be the result of Nuix failing to maintain its current service culture, for example, by failing to listen to its customers, and not developing applications or providing software solutions that satisfy customer requirements. There is also a risk that potential new customers fail to choose Nuix, or may be reluctant to switch from an existing provider to Nuix due to switching costs, the time and resources needed to set up the Nuix Engine or its applications, or the time and expense required to train their employees to use this software.</p> <p>If customers do not continue to use Nuix's platform or increase their use of it over time, or if new customers do not choose to use Nuix's platform relative to that of other providers, the growth in Nuix's revenue may be slower than expected or may even decline. While many of Nuix's existing customers are on annual or multi-year deals, there is a risk that these contracts are not renewed or are terminated, which may result in a decrease in revenue. Even where existing customers wish to renew contracts, they renegotiate contract terms with more customer-favourable provisions, including price discounts which would result in a direct reduction in the payments they make to Nuix and, as a result, have a negative impact on Nuix's financial performance. While Nuix may resist these steps, business economics, market conditions or competitive forces may dictate the need to accept such terms.</p>	Section 5.1.1
Security breaches and unauthorised access to customer data	<p>Nuix's applications involve the processing and, via Nuix Discover SaaS, the cloud hosting and storage, of customers' information, including confidential and proprietary data of organisations and personal information of individuals. There is a risk, particularly in relation to cloud-based applications like Nuix Discover SaaS, that security breaches and incidents could result in potential enforcement action and monetary fines from data protection authorities, litigation by customers, termination of customer contracts, potential indemnity obligations and potential remediation costs (offering credit monitoring services, for example), which could materially impact Nuix's financial and operating performance and financial condition. The occurrence of such security breaches or incidents, or the perception that one has occurred, could also result in a loss of customer confidence in the security of Nuix's platform or damage to the Nuix brand and Nuix's reputation, reduce demand for Nuix's platform, disrupt normal business operations, and require Nuix to spend material resources to investigate or correct the breach and prevent future security breaches and incidents.</p>	Section 5.1.2

Topic	Summary	For more information
Security breaches and unauthorised access to customer data continued	<p>Nuix's reputation and demand for its platform (including the Nuix Engine and its applications) may be materially adversely affected if:</p> <ul style="list-style-type: none">• the confidentiality or security of data hosted or stored by Nuix, or by third parties for Nuix, was compromised; or• the data itself was lost, destroyed or otherwise rendered unusable, as a result of a security breach or similar incident. <p>There is no guarantee that Nuix will be able to prevent or rectify any such security breaches or incidents that may occur, or that insurance will be adequate to cover potential financial exposures for one or more of these circumstances, or that the successful assertion of one or more large claims against such cover could compromise the availability and cost of such cover in the future.</p>	Section 5.1.2
Employee attraction, retention and succession	<p>Nuix's continued success is dependent upon its ability to attract and retain skilled and qualified personnel, in particular, members of the senior executive team, software engineers, solution consultants and sales teams with extensive domain expertise. Nuix is headquartered in Sydney, Australia, with the majority of Nuix's employees located in the United States and Australia, in a competitive and specialised industry as a software business where talent can be difficult to identify and retain. There is a risk that Nuix may not be able to attract and retain adequately skilled and experienced employees, or be able to find effective replacements for individuals who leave Nuix, including in particular, members of the Senior Leadership Team referred to in Section 6.2. Employee dissatisfaction with Nuix's culture may make attracting and retaining skilled and qualified personnel more difficult which, in turn, may adversely affect Nuix's business. Departures may also occur for other reasons including employee desire for career advancement, higher remuneration or dissatisfaction with Nuix's transition to a listed company. In addition, there is a risk that some staff with Existing Option holdings may reassess their future with Nuix following the realisation of those options on Completion.</p> <p>Since Nuix relies on the technological expertise of its employees to maintain and develop intellectual property, the loss of key personnel may lead to a loss of operational knowledge, technology capabilities, key partner and customer relationships, and industry expertise, as well as delays in the development, launch and commercialisation of new software features or applications.</p>	Section 5.1.3

1. INVESTMENT OVERVIEW

Continued

Topic	Summary	For more information
Real or perceived errors, failures, defects or bugs in Nuix's platform and cyber security risks	<p>There is a risk that undetected errors, defects, failures or bugs may occur in the Nuix platform (including in the Nuix Engine or its applications) or certain IT architecture, systems or processes, especially when updates or capabilities are first introduced or when new versions or updates are released (including for the Nuix Engine) which may make its processing capacity or other use ineffective, corrupt or unsuitable for the designed purpose, or incapable of scaling in line with customer expectations or the growth profile of Nuix's business. In addition, Nuix's platform is often installed and used in large scale computing environments with different operating systems, software products and equipment, and data source and network configurations, which may cause errors or failures in the Nuix platform or may expose undetected errors, failures, or bugs.</p> <p>Further, there is a risk that the measures taken to protect Nuix's platform or information technology systems from accidental or deliberate events such as cyberattacks, computer viruses, "bugs" or "worms", malware, internal or external misuse by websites, trusted insiders involving theft of data, acts of vandalism or other security breaches may prove to be inadequate. Any of these events may result in a significant disruption to Nuix's systems and operations, loss of confidential or proprietary information or intellectual property, a loss of confidence in Nuix and its platform or other reputational damage, loss of customers, significant legal and financial exposure, potential breaches of applicable laws and regulatory scrutiny or actions. Nuix may also incur costs to rectify concerns, including system vulnerabilities or in introducing additional safeguards to minimise the risk of future events of this nature. Any of these events could adversely impact Nuix's reputation, business and financial performance.</p>	Section 5.1.4
Use of the Nuix platform in a manner which damages Nuix's reputation	<p>Nuix does not control the purpose for which the Nuix platform is used by its customers. There is a risk that Nuix's Engine and its applications are used for or become associated with socially or politically unpopular purposes, including purposes which are or are perceived to be unethical or illegal, or used by someone with a negative reputation or standing. This may arise notwithstanding trade sanctions processes that Nuix implements prior to signing on new customers. Any of these events may materially adversely impact Nuix's reputation and demand for Nuix's platform by customers, and potentially expose Nuix to regulatory investigations or inquiries, any of which could materially impact Nuix's operating and financial performance.</p>	Section 5.1.5

Topic	Summary	For more information
Operating in competitive markets	<p>Nuix competes against a number of software vendors and service providers and, in particular, global providers of investigative analytics and intelligence software, with some competitors competing with Nuix across multiple applications and some focusing on specific applications. New competitors may develop in the future, or existing competitors may enhance their ability to compete with Nuix, including for example, by improving their ability to process data at scale and the speed at which they do, or focusing on user experience and workflow productivity. Some competitors have significantly more financial and operational resources than Nuix and currently have, or may develop, broader distribution relationships with sales partners, and customers. The markets in which Nuix operates are evolving and fragmented across specific use cases or applications and may become increasingly competitive.</p> <p>Some of Nuix's competitors, for example, may have substantially broader and more diverse product and service offerings and may be able to leverage their relationships with distribution partners and customers based on other products or incorporate functionality into existing products to gain business in a manner that discourages customers from purchasing Nuix's platform. This may include selling at zero or negative margins, product bundling, or offering closed technology platforms.</p> <p>If any of these risks arise, Nuix may compete less effectively against competitors and this could reduce Nuix's market share and ability to develop or secure new business, which would have an adverse impact on Nuix's operating and financial performance and prospects.</p>	Section 5.1.6
Pricing competition	<p>In order to stay competitive, Nuix may adjust its pricing models or invest significantly more in innovation and development in relation to the Nuix Engine and applications. Pricing competition may be experienced in relation to particular applications, for example, Nuix Discover or Nuix Investigate, and may come from different competitors who may have less sophisticated product offerings or solutions. Further, increases in cloud hosting (including increased operational requirements), costs of third party software used by Nuix and fees paid to resellers (or other costs) may decrease the margin Nuix can earn under its pricing models if it is unable to pass on those increases to its customers as a result of competitive pressures or because their existing contracts prevent Nuix from doing so. Additionally, Nuix's ability to modify its prices or increase its revenues, particularly with respect to government contracts, may be restricted by price protection provisions in customer contracts and, in respect of government contracts, changes in government policies and funding. Changes in customer behaviour, including for example, changes in demand for different licences, contract terms or preferences to interact with Nuix through its direct or indirect sales channels may adversely impact on the margin Nuix is able to achieve from Nuix's contracts. Any of these factors may lead to lower profitability.</p>	Section 5.1.7

1. INVESTMENT OVERVIEW

Continued

Topic	Summary	For more information
Compliance with laws and regulations, including new laws	<p>1. Current laws and regulations</p> <p>Nuix has offices, employees and customers across many countries around the globe and, as at the Prospectus Date, had customers in 78 countries. Accordingly, Nuix is impacted by numerous laws and regulations globally (refer to Section 2.5 for a description of some of the laws and regulations that Nuix is subject to). These include laws and regulations relating to privacy, data protection, cyber security, anti-spam and other internet regulations, anti-money laundering, employment and workplace laws, sales practices, securities laws, and laws relating to requirements of corporations and preparation of financial information. Other examples include laws relating to corrupt practices and bribery, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory changes which may impact Nuix's offerings in certain foreign markets, or other significant changes, including events like the United Kingdom's exit from the European Union and trade disputes between the United States and other countries. The multiple jurisdictions around the world in which Nuix conducts business are subject to a range of different legal and regulatory regimes.</p> <p>While Nuix may have broad policies and procedures designed to comply with laws and regulations of a particular subject matter generally, there is a risk that those policies and procedures are not sufficient to prevent it from contravening the laws and regulations of all jurisdictions in which it does business. This is particularly relevant to laws and regulations which, from experience to date, Nuix believes are not material or particularly applicable to the conduct of Nuix's business. There is a risk that Nuix's activities, including past, current or future activities, may have caused or cause it to contravene laws and regulations in one or more of the jurisdictions about the globe in which it conducts business, in particular for example, laws and regulations relating to employment terms and conditions, export and import controls, privacy, anti-spam, company and securities laws and taxation laws).</p> <p>2. New laws and regulations</p> <p>There are also risks relating to new or altered interpretations of laws and regulations, or new laws and regulations established after the Prospectus Date. These changes may require Nuix to reconsider how it conducts business, may involve additional expenses (including on regulatory compliance) or require Nuix to cease carrying on business in a particular way or jurisdiction or create uncertainties as to the manner and conditions under which Nuix may conduct business. There is also a risk that Nuix fails to keep abreast of such changes.</p> <p>Many of these laws, for example, in relation to privacy and data security, are evolving rapidly across multiple jurisdictions. For example, U.S. federal and various state and foreign government bodies and agencies have adopted or are considering adopting laws and regulations limiting, or laws and regulations regarding the collection, distribution, use, disclosure, storage, and security of certain types of information. On 1 January 2020, the California Consumer Privacy Act (CCPA) became effective.</p>	Section 5.1.8

Topic	Summary	For more information
Compliance with laws and regulations, including new laws continued	<p>The CCPA requires additional disclosures to be made to California consumers, and for them to opt-out of certain sales of personal information. The CCPA may be amended by the proposed California Privacy Rights Act, if enacted. New laws like these can create uncertainties for Nuix's business and may require it to incur additional costs and expenses. Another example of recent developments in this area occurred on 16 July 2020, on which date the Court of Justice of the European Union (CJEU) invalidated the EU-US Privacy Shield (which provided a valid data transfer mechanism to transfer personal data from the EU to the United States) and imposed additional obligations on companies when relying on model contractual clauses approved by the European Commission to address certain cross-border data transfers. Further guidance is expected from European data protection authorities on additional safeguards companies will need to put in place prior to entering into Standard Contractual Clauses (SCCs) to ensure the third country provides an essentially equivalent level of data protection to that afforded under the EU General Data Protection Regulation (GDPR). This is likely to involve additional resources and compliance costs in responding to regulatory guidance and complying with the CJEU ruling. Further, while the GDPR has been incorporated into law in the United Kingdom, the United Kingdom's exit from the EU (referred to as Brexit) creates uncertainty with regard to how data transfers to and from the United Kingdom will be regulated post-Brexit, for example, if there is no adequacy decision granted to the United Kingdom before the end of the Brexit transition period on 31 December 2020, alternative transfer mechanisms may need to be entered into to legitimise the transfer of personal data between the EU and the United Kingdom, which may result in additional compliance and resource costs.</p>	Section 5.1.8

1. INVESTMENT OVERVIEW

Continued

Topic	Summary	For more information
Inability to protect intellectual property rights and risk of claims against Nuix	<p>The value of Nuix's business is, in part, dependent on Nuix's ability to protect its intellectual property rights, including Nuix's platform, code, business processes, know-how, patents, copyrights and trademarks. Nuix relies on such intellectual property rights and there is a risk that it may fail to adequately protect its rights for a number of reasons. There is also a risk that certain intellectual property may be obtained (or inappropriately used) by third parties, for example, through certain breaches of agreements, fraud or theft by third parties. It is possible that employees or third party counterparties may inappropriately disclose confidential information on its systems, policies and procedures.</p> <p>There is a risk that actions taken by Nuix, such as data encryption, access controls, information classification and training and general awareness may not be adequate in all circumstances and may not prevent the misuse or misappropriation of intellectual property or deter the independent development of similar products by others. The above circumstances, in isolation or combination, may have an adverse impact on Nuix's business, financial performance and operations.</p> <p>There is also a risk that effective intellectual property, including patent, trademark, copyright and trade secret protection may not be available in every country in which Nuix's offerings are available. As Nuix expands Nuix's international activities, Nuix's exposure to unauthorised copying and use of Nuix's platform and proprietary information may increase. Further, although Nuix endeavours to enter into non-disclosure agreements with its employees, licensees and other third parties who may have access to intellectual property and confidential and proprietary information, Nuix cannot assure that these agreements or other steps Nuix has taken will prevent unauthorised use, disclosure or reverse engineering of its technology, which may have an adverse impact on the business, financial performance and operations of Nuix.</p>	Section 5.1.9

Topic	Summary	For more information
Attainment and maintenance of key accreditations	<p>Nuix currently operates its business with certain important certifications and accreditations which allow it to sell its platform to customers, in particular, government customers. In relation to Nuix Discover, Nuix has been certified in ISO 27001:2013, which demonstrates its ability in establishing, implementing, maintaining and continually improving an information security management system within the context of the organisation. Nuix Discover has also been assessed to the Information Security Registered Assessors Program (IRAP) protected classification specifically for Australian federal and state government customers. Nuix is also seeking a FedRAMP high assessment in order to facilitate selling cloud-based services to U.S. based government departments. These certifications and assessments have been the product of significant investment on the part of Nuix, place an increased compliance burden upon Nuix (and may increase Nuix's internal costs to provide services to government agencies), are subject to review processes, and are important for Nuix in order to continue to operate cloud-based services (such as Nuix Discover SaaS) and may become more important as Nuix expands the applications that it offers to customers in the cloud. If Nuix was to lose any of these certifications (or fail to receive FedRAMP certification), it may compromise the ability of, or increase the costs for, Nuix to offer such services, and could result in a temporary or permanent cessation of its Nuix Discover SaaS application. Any of these events may result in loss of customers or a reduction in the use of Nuix's platform by customers, and an adverse impact on Nuix's financial performance and reputation.</p>	Section 5.1.10

1. INVESTMENT OVERVIEW

Continued

Topic	Summary	For more information
COVID-19	<p>Events related to COVID-19 have resulted in significant market volatility. There is continued uncertainty as to ongoing and future response of governments and authorities globally as well as a likelihood of an economic downturn of unknown duration or severity in certain jurisdictions key to Nuix. As a result, Nuix may experience some customer losses, including due to bankruptcy or Nuix's customers ceasing operations, which may result in an inability to collect receivables from these customers. Nuix may also experience a decrease or delay in customer spending on Nuix's platform, which may impact its Renewal, Upsell Renewal and new customer assumptions or further lengthen the sales cycles and pipeline (particularly, for example, if customers lower the value of their technology investments, purchase shorter term contracts, request pricing concessions), any of which could result in decreased revenue and cash flows for Nuix. Nuix has experienced a softening of demand from its U.S. federal government customers in FY21F and could be further adversely affected by a decline in government spending or changes in government budgetary priorities as a result of the economic impact of COVID-19 (or other macroeconomic events that may constrain defence, investigation or enforcement budgets and related technology spend), competing demands for public funding or other factors.</p> <p>There is also a risk that the full impact of COVID-19 on Nuix may not be fully reflected in its results of operations until future periods, for example, if the prolonged nature of the pandemic impacts customer demand through lower customer spend on technology, or if due to Nuix's subscription-based business model, the impact of the pandemic on customer spending decisions and Nuix's revenues may not be reflected until future periods when current contracts expire.</p>	Section 5.1.11
Other risks	<p>There are a number of other risks that may impact an investment in Shares, set out in Section 5 and summarised below:</p> <ul style="list-style-type: none">• Reliance on sales partners (refer to Section 5.1.12);• Changes to Nuix's business model and strategy (refer to Section 5.1.13);• Sales to government customers are subject to a number of additional challenges and risks (refer to Section 5.1.14);• Failure to realise value from product development investment (refer to Section 5.1.15);• Safety and wellbeing of employees, including in an environment with increased levels of remote working (refer to Section 5.1.16);• Governmental export and import controls (refer to Section 5.1.17);• Country/region specific risks in new and/or unfamiliar markets (refer to Section 5.1.18);	Section 5

Topic	Summary	For more information
Other risks continued	<ul style="list-style-type: none">• Litigation risks (refer to Section 5.1.19);• Contract review, execution and termination (refer to Section 5.1.20);• Failure of internal risk controls, financial management and management of growth (refer to Section 5.1.21);• Availability of carry-forward R&D offsets after Completion (refer to Section 5.1.22);• Fluctuations in future operating results from period to period (refer to Section 5.1.23);• Disruptions in or changes to third party systems and software upon which Nuix relies (refer to Section 5.1.24);• Breach of third party intellectual property rights (refer to Section 5.1.25);• Use of “open source” software (refer to Section 5.1.26);• Deterioration in macroeconomic conditions or desire or requirements to analyse data (refer to Section 5.1.27);• Changes in tax law and inconsistencies between the tax laws and policies of different countries (refer to Section 5.1.28);• Failure to identify, execute and realise benefits from M&A or strategic partnerships (refer to Section 5.1.29);• Listed company transition (refer to Section 5.1.30);• Brand awareness (refer to Section 5.1.31);• Foreign exchange fluctuations (refer to Section 5.1.32);• Future funding requirements and ability to access capital markets or refinance debt on attractive terms (refer to Section 5.1.33);• Inadequate insurance cover (refer to Section 5.1.34); and• Inability to meet forecasts and other forward-looking information (refer to Section 5.1.35). <p>In addition, Section 5.2 outlines some general investment risks. Investors should review all of these risks carefully before making an investment decision.</p>	Section 5

1. INVESTMENT OVERVIEW

Continued

1.6 KEY FINANCIALS AND DIVIDEND POLICY

Topic	Summary	For more information																																																																																																																												
What is the Company's pro forma historical and forecast performance?	<p>Summary of Pro Forma Historical Income Statements and Pro Forma Forecast Income Statement and Statutory Forecast Income Statement</p> <table border="1"> <thead> <tr> <th rowspan="2">A\$ million</th> <th rowspan="2">Notes</th> <th colspan="3">Pro Forma Historical</th> <th colspan="2">Forecast</th> </tr> <tr> <th>FY18</th> <th>FY19</th> <th>FY20</th> <th>Pro forma FY21F</th> <th>Statutory FY21F</th> </tr> </thead> <tbody> <tr> <td>Software revenue</td> <td>1</td> <td>106.3</td> <td>130.9</td> <td>169.0</td> <td>184.7</td> <td>184.7</td> </tr> <tr> <td>Other Revenue</td> <td>1</td> <td>7.3</td> <td>8.8</td> <td>6.9</td> <td>8.8</td> <td>8.8</td> </tr> <tr> <td>Total Revenue</td> <td></td> <td>113.6</td> <td>139.6</td> <td>175.9</td> <td>193.5</td> <td>193.5</td> </tr> <tr> <td>COGS</td> <td></td> <td>(12.3)</td> <td>(15.6)</td> <td>(20.7)</td> <td>(26.8)</td> <td>(26.8)</td> </tr> <tr> <td>Gross profit</td> <td></td> <td>101.3</td> <td>124.0</td> <td>155.2</td> <td>166.7</td> <td>166.7</td> </tr> <tr> <td>S&D</td> <td></td> <td>(52.8)</td> <td>(54.9)</td> <td>(60.7)</td> <td>(56.7)</td> <td>(56.7)</td> </tr> <tr> <td>R&D</td> <td></td> <td>(5.7)</td> <td>(9.8)</td> <td>(8.2)</td> <td>(6.8)</td> <td>(6.8)</td> </tr> <tr> <td>G&A</td> <td></td> <td>(28.4)</td> <td>(30.1)</td> <td>(30.8)</td> <td>(39.6)</td> <td>(74.7)</td> </tr> <tr> <td>EBITDA</td> <td></td> <td>14.4</td> <td>29.1</td> <td>55.5</td> <td>63.6</td> <td>28.6</td> </tr> <tr> <td>Depreciation</td> <td>2</td> <td>(4.0)</td> <td>(5.0)</td> <td>(5.1)</td> <td>(4.9)</td> <td>(4.9)</td> </tr> <tr> <td>Amortisation</td> <td>3</td> <td>(8.7)</td> <td>(17.1)</td> <td>(23.4)</td> <td>(31.2)</td> <td>(31.2)</td> </tr> <tr> <td>EBIT</td> <td></td> <td>1.6</td> <td>7.0</td> <td>27.1</td> <td>27.5</td> <td>(7.5)</td> </tr> <tr> <td>Net finance income/(expense)</td> <td>4</td> <td>(0.8)</td> <td>(1.4)</td> <td>(1.5)</td> <td>(2.0)</td> <td>(2.3)</td> </tr> <tr> <td>Profit/(loss) before tax</td> <td></td> <td>0.7</td> <td>5.6</td> <td>25.5</td> <td>25.6</td> <td>(9.9)</td> </tr> <tr> <td>Income tax (expense)/benefit</td> <td>5</td> <td>1.0</td> <td>(2.2)</td> <td>(6.8)</td> <td>(5.6)</td> <td>2.2</td> </tr> <tr> <td>NPAT</td> <td></td> <td>1.7</td> <td>3.4</td> <td>18.8</td> <td>20.0</td> <td>(7.7)</td> </tr> </tbody> </table> <p>Refer to Section 4.3.1, Figure 52, for the notes relating to the extracted table.</p>	A\$ million	Notes	Pro Forma Historical			Forecast		FY18	FY19	FY20	Pro forma FY21F	Statutory FY21F	Software revenue	1	106.3	130.9	169.0	184.7	184.7	Other Revenue	1	7.3	8.8	6.9	8.8	8.8	Total Revenue		113.6	139.6	175.9	193.5	193.5	COGS		(12.3)	(15.6)	(20.7)	(26.8)	(26.8)	Gross profit		101.3	124.0	155.2	166.7	166.7	S&D		(52.8)	(54.9)	(60.7)	(56.7)	(56.7)	R&D		(5.7)	(9.8)	(8.2)	(6.8)	(6.8)	G&A		(28.4)	(30.1)	(30.8)	(39.6)	(74.7)	EBITDA		14.4	29.1	55.5	63.6	28.6	Depreciation	2	(4.0)	(5.0)	(5.1)	(4.9)	(4.9)	Amortisation	3	(8.7)	(17.1)	(23.4)	(31.2)	(31.2)	EBIT		1.6	7.0	27.1	27.5	(7.5)	Net finance income/(expense)	4	(0.8)	(1.4)	(1.5)	(2.0)	(2.3)	Profit/(loss) before tax		0.7	5.6	25.5	25.6	(9.9)	Income tax (expense)/benefit	5	1.0	(2.2)	(6.8)	(5.6)	2.2	NPAT		1.7	3.4	18.8	20.0	(7.7)	Section 4.3
A\$ million	Notes			Pro Forma Historical			Forecast																																																																																																																							
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Topic	Summary	For more information					
What is the Company's pro forma historical and forecast performance? continued	Pro Forma Historical and Forecast operating and financial metrics for FY18 to FY21F					Section 4.3	
			Pro Forma Historical		Pro Forma Fore- cast		
		Notes	FY18	FY19	FY20		FY21F
	Key revenue, customer and operating metrics						
	Subscription Revenue (% of Total Revenue)		80.8%	87.4%	88.7%		91.7%
	Software revenue (% of Total Revenue)		93.5%	93.7%	96.1%		95.5%
	Upfront multi-year deals (% of Total Revenue)		17.1%	15.6%	25.4%		15.0%
	Annualised Contract Value (ACV)		106.2	145.5	168.4		199.6
	Net Dollar Retention (NDR)		102.0%	125.4%	106.9%		112.8%
	Total headcount	1	459	522	421		456
	Key pro forma financial metrics						
	Total Revenue growth (% increase YoY)		-	22.9%	25.9%		10.0%
	ACV growth (% increase YoY)		-	37.0%	15.7%		18.6%
	Gross profit growth (% increase YoY)		-	22.5%	25.1%		7.5%
	Gross profit margin (%)		89.1%	88.8%	88.2%		86.2%
	S&D (% of Total Revenue)		46.5%	39.3%	34.5%		29.3%
	R&D (% of Total Revenue)		5.0%	7.1%	4.7%		3.5%
	G&A (% of Total Revenue)		25.0%	21.6%	17.5%		20.5%
	EBITDA margin (% of Total Revenue)		12.6%	20.8%	31.5%		32.9%
	R&D expense (A\$ million)	2	5.7	9.8	8.2		6.8
	Capitalised development costs (A\$ million)		26.1	37.7	42.6		44.7
	Total R&D costs (A\$ million)		31.8	47.5	50.8		51.5
	Total R&D costs (% of Total Revenue)		28.0%	34.0%	28.9%		26.6%
Refer to Section 4.3.3, Figure 54, for the notes relating to the extracted table above.							

1. INVESTMENT OVERVIEW

Continued

Topic	Summary	For more information
What is the Company's dividend policy?	<p>The payment of dividends by the Company, if any, subject to any contractual, legal or regulatory restrictions, is at the complete discretion of the Directors, and the Directors do not provide any assurance of the future level of dividends paid by the Company. The ability to pay dividends will depend on a number of factors, many of which are beyond the control of the Company. In determining whether to declare future dividends, the Directors will have regard to Nuix's earnings, cash flows after development costs, overall financial condition and capital requirements, taxation considerations (including the level of franking credits available), the general business environment, and any other factors that the Directors may consider to be relevant.</p> <p>No dividend is expected to be paid for the period from the date of Completion to 30 June 2021, including, for the avoidance of doubt, the first half of FY21F and the second half of FY21F.</p> <p>Shares issued as a result of this Prospectus will rank equally with all other Shares for dividend entitlements.</p>	Section 4.14

1.7 BOARD AND MANAGEMENT OF NUIX

Topic	Summary	For more information
Who are the Directors of Nuix?	<ul style="list-style-type: none">• Jeffrey Bleich, Non-Executive Chairman• Rod Vawdrey, Executive Director and Group Chief Executive Officer• Sir Iain Lobban, Non-Executive Director• Daniel Phillips, Non-Executive Director• Sue Thomas, Non-Executive Director	Section 6.1

Topic	Summary	For more information
Who are the members of Nuix's senior executive team?	<ul style="list-style-type: none">• Rod Vawdrey, Executive Director and Group Chief Executive Officer• Stephen Doyle, Chief Financial Officer• Danny Pidutti, Chief Product Officer• Paul Keen, Vice President of Engineering• Stephen Stewart, Chief Technology Officer• David Sitsky, Engineering Founder and Chief Scientist• Bill Adams, Vice President of Nuix Discover• Melissa Pascoe, Vice President of Human Resources• Sarah Nichols, Director of Corporate Development and Strategy• Ethan Treese, Vice President and Chief Executive Officer of Americas• Jonathan Rees, Vice President and Chief Executive Officer of EMEA• Paul Muller, Vice President and Chief Executive Officer of Asia Pacific and Japan• Dan Dorchinsky, Head of Nuix U.S. Government (Nuix USG)• Rolf Krolke, Vice President of Technology Services	Section 6.2

1. INVESTMENT OVERVIEW

Continued

1.8 SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

Topic	Summary	For more information		
Who are the existing Shareholders and what will be their interest in the Company at Completion?	Details of interests in Shares and options over Shares at the Prospectus Date and as expected on Completion are set out in the table below.	Section 6.3		
	Securityholdings as at Prospectus Date and Completion			
	Prospectus Date			
	On Completion			
			Fully diluted ² %	
	Shareholder		Shares Number	Options ¹ Number
			Shares Number	Options ¹ Number
			Fully diluted ² %	
			Shares Number	Options ¹ Number
			Fully diluted ² %	
Macquarie Corporate Holdings ³	202,186,139	-		
Blackall ⁴	13,345,750	15,000,000		
Armitage ⁵	17,939,783	-		
Rod Vawdrey	-	7,500,000		
Other Board ⁷	-	1,250,000		
Stephen Doyle	-	1,150,000		
Other Senior Leadership Team members	5,000,000	3,475,450		
Former CEO ¹⁰	681,700	453,273		
Other shareholders ¹¹	26,247,261	11,510,900		
Investors in the Offer	-	-		
Total	265,400,633	40,339,623		
	100%	100%		
Notes:				
1. A total of 38,961,508 Existing Options which may be exercisable before Completion will be cancelled on Completion for cash (calculated as the Offer Price less the exercise price of the options) to be paid by Nuix from Offer proceeds to or as directed by holders of those options.				
2. Fully diluted: refers to the number of issued Shares plus the number of Shares which would be issued on exercise of options (each in respect of one Share) and does not include 342,755 performance rights (which are subject to a FY21 revenue hurdle) to be issued to certain members of the Senior Leadership Team on Completion (refer to Section 6.4.3.2) or share rights which may be issued after Completion (refer to Section 6.4.2.3 and Section 6.4.3.3). Refer to the note below this table.				
3. Macquarie Corporate Holdings Pty Limited, a wholly owned subsidiary of Macquarie Group Limited.				
4. Blackall Limited, a New Zealand incorporated company and legal and beneficial owner of described Shares and options. Blackall Limited is ultimately owned by Delrick Limited, a company limited by guarantee incorporated in Vanuatu which maintains a retirement fund for Nuix co-founder Dr Anthony Castagna.				

Topic	Summary	For more information																																		
<p>Who are the existing Shareholders and what will be their interest in the Company at Completion? continued</p>	<ol style="list-style-type: none"> 5. Cavill Armitage Services Pty Ltd, the trustee of Cavill Armitage Co-Investment Fund, a special purpose investment vehicle managed by Armitage Associates Pty Ltd. 6. To be granted to Rod Vawdrey on Completion as described in Section 6.4.2.3. 7. Shares and options to be held by Jeffrey Bleich, Sue Thomas and Iain Lobban (or trustee companies associated with them) as described in Section 6.4.2. 8. To be granted to Stephen Doyle on Completion as described in Section 6.4.3.3. 9. Other Senior Leadership Team members: refers to members of the Senior Leadership Team listed in Section 6.2 other than Rod Vawdrey and Stephen Doyle. Does not include 342,755 performance rights to be issued on Completion (refer to Section 6.4.3.2) or share rights which may be issued after Completion (refer to Section 6.4.2.3 and Section 6.4.3.3). 10. Assumes the former CEO Proceeding is resolved in Nuix's favour and each of the former CEO's options are in respect of one Share. Refer to the note and table below. Option terms are described in Section 6.9.2. 11. Other shareholders: refers to other investors, former employees, and current employees other than those referred to in the rows above. <p>On 23 October 2020, a former CEO of Nuix commenced proceedings against Nuix. These proceedings, referred to as the former CEO Proceeding, relate to the former CEO options above and are discussed in Section 6.9.2. If the former CEO Proceeding were to be resolved adversely to Nuix, the former CEO's 453,273 options would be over 22,663,650 unissued Shares (rather than 453,273 unissued Shares as asserted by Nuix and reflected in the table above) and is illustrated in the table below.</p>	<p>Section 6.3</p>																																		
Shareholding structure assuming the former CEO Proceeding is resolved adversely to Nuix ¹																																				
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="background-color: #d9d9d9;">Shareholder</th> <th colspan="3" style="background-color: #d9d9d9;">Prospectus Date</th> <th colspan="3" style="background-color: #d9d9d9;">On Completion</th> </tr> <tr> <th style="background-color: #d9d9d9;">Issued Shares Number</th> <th style="background-color: #d9d9d9;">Shares in respect of options² Number</th> <th style="background-color: #d9d9d9;">Fully diluted %</th> <th style="background-color: #d9d9d9;">Issued Shares Number</th> <th style="background-color: #d9d9d9;">Shares in respect of options² Number</th> <th style="background-color: #d9d9d9;">Fully diluted %</th> </tr> </thead> <tbody> <tr> <td style="background-color: #d9d9d9;">Other shareholders</td> <td style="background-color: #d9d9d9;">264,718,933</td> <td style="background-color: #d9d9d9;">39,886,350</td> <td style="background-color: #d9d9d9;">92.9%</td> <td style="background-color: #d9d9d9;">317,304,794</td> <td style="background-color: #d9d9d9;">1,596,427</td> <td style="background-color: #d9d9d9;">93.4%</td> </tr> <tr> <td style="background-color: #d9d9d9;">Former CEO</td> <td style="background-color: #d9d9d9;">681,700</td> <td style="background-color: #d9d9d9;">22,663,650</td> <td style="background-color: #d9d9d9;">7.1%</td> <td style="background-color: #d9d9d9;">-</td> <td style="background-color: #d9d9d9;">22,663,650</td> <td style="background-color: #d9d9d9;">6.6%</td> </tr> <tr> <td style="background-color: #d9d9d9;">Total</td> <td style="background-color: #d9d9d9;">265,400,633</td> <td style="background-color: #d9d9d9;">62,550,000</td> <td style="background-color: #d9d9d9;">100%</td> <td style="background-color: #d9d9d9;">317,304,794</td> <td style="background-color: #d9d9d9;">24,260,077</td> <td style="background-color: #d9d9d9;">100%</td> </tr> </tbody> </table>			Shareholder	Prospectus Date			On Completion			Issued Shares Number	Shares in respect of options ² Number	Fully diluted %	Issued Shares Number	Shares in respect of options ² Number	Fully diluted %	Other shareholders	264,718,933	39,886,350	92.9%	317,304,794	1,596,427	93.4%	Former CEO	681,700	22,663,650	7.1%	-	22,663,650	6.6%	Total	265,400,633	62,550,000	100%	317,304,794	24,260,077	100%
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1. INVESTMENT OVERVIEW

Continued

Topic	Summary	For more information																																	
What significant benefits are payable to Directors and other persons connected with the Company or the Offer and what interests do they hold?	<p>No Directors hold shares in the Company as at the Prospectus Date. On Completion, it is expected that Rod Vawdrey will hold 1,580,509 Shares, Jeffrey Bleich will hold 25,000 Shares and Sue Thomas (or a trustee company associated with Sue) will hold 18,833 Shares.</p> <p>The table below outlines the number of options held by Directors on the Prospectus Date, the number of options which will be cancelled on or by Completion, and the number of options to be held by Directors on Completion (refer to Section 6.4.2.7).</p>	Section 6.4.1, Section 6.4.2.2, Section 6.4.2.3, Section 6.4.2.6, Section 6.4.2.7, Section 6.4.2.8, Section 6.4.3.2, Section 6.4.3.3 and Section 6.4.5																																	
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #0056b3; color: white;"> <th colspan="5">Summary of Directors' options</th> </tr> <tr style="background-color: #d9e1f2;"> <th style="text-align: left;">Director</th> <th style="text-align: center;">Options as at the Prospectus Date</th> <th style="text-align: center;">Options to be cancelled</th> <th style="text-align: center;">Value to be received in respect of cancellation of Options¹</th> <th style="text-align: center;">Options on Completion</th> </tr> </thead> <tbody> <tr> <td>Jeffrey Bleich</td> <td style="text-align: center;">625,000</td> <td style="text-align: center;">375,000</td> <td style="text-align: center;">A\$1,320,000</td> <td style="text-align: center;">250,000²</td> </tr> <tr> <td>Rod Vawdrey</td> <td style="text-align: center;">7,500,000</td> <td style="text-align: center;">7,500,000</td> <td style="text-align: center;">A\$27,975,000</td> <td style="text-align: center;">169,891³</td> </tr> <tr> <td>Daniel Phillips</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Sue Thomas</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Iain Lobban⁴</td> <td style="text-align: center;">625,000</td> <td style="text-align: center;">375,000</td> <td style="text-align: center;">A\$1,091,250</td> <td style="text-align: center;">250,000^{2,4}</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> 1. Calculated at the Offer Price less the exercise price per option multiplied by the number of options being cancelled. 2. Section 6.4.2.8 describes the key terms of these options. 3. Reflects options to be granted to Rod Vawdrey on Completion referred to in Section 6.4.2.3. 4. Iain Lobban holds options through Cyberswift Ltd, an entity incorporated in the United Kingdom. <p>Directors and the Senior Leadership Team are entitled to remuneration and fees as disclosed in Section 6.4.2.2, Section 6.4.2.3, Section 6.4.3.2 and Section 6.4.3.3, and are entitled to participate in the Nuix Incentive Plan as described in Section 6.4.5.</p> <p>Advisers and other service providers are entitled to fees for services and have other interests as disclosed in Section 6.4.1.</p>		Summary of Directors' options					Director	Options as at the Prospectus Date	Options to be cancelled	Value to be received in respect of cancellation of Options ¹	Options on Completion	Jeffrey Bleich	625,000	375,000	A\$1,320,000	250,000 ²	Rod Vawdrey	7,500,000	7,500,000	A\$27,975,000	169,891 ³	Daniel Phillips	-	-	-	-	Sue Thomas	-	-	-	-	Iain Lobban ⁴	625,000	375,000
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Topic	Summary	For more information																									
Will any Shares be subject to restrictions on disposal following Completion?	Yes, the Shares referred to below will be subject to voluntary escrow arrangements on Completion:	Section 6.5																									
	<table border="1"> <thead> <tr> <th colspan="3">Escrowed Shares on Completion</th> </tr> <tr> <th>Shareholder</th> <th>Escrowed Shares on Completion</th> <th>Representing as a percentage of issued Shares on Completion</th> </tr> </thead> <tbody> <tr> <td>Macquarie Corporate Holdings</td> <td>95,654,262</td> <td>30.1%</td> </tr> <tr> <td>Blackall</td> <td>13,345,750</td> <td>4.2%</td> </tr> <tr> <td>Armitage</td> <td>8,969,891</td> <td>2.8%</td> </tr> <tr> <td>Rod Vawdrey</td> <td>1,580,509</td> <td>0.5%</td> </tr> <tr> <td>Stephen Doyle</td> <td>834,370</td> <td>0.3%</td> </tr> <tr> <td>Jeffrey Bleich</td> <td>25,000</td> <td><0.1%</td> </tr> <tr> <td>Total</td> <td>120,409,782</td> <td>37.9%</td> </tr> </tbody> </table>		Escrowed Shares on Completion			Shareholder	Escrowed Shares on Completion	Representing as a percentage of issued Shares on Completion	Macquarie Corporate Holdings	95,654,262	30.1%	Blackall	13,345,750	4.2%	Armitage	8,969,891	2.8%	Rod Vawdrey	1,580,509	0.5%	Stephen Doyle	834,370	0.3%	Jeffrey Bleich	25,000	<0.1%	Total
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Do any related bodies corporate of the Shareholder Macquarie Corporate Holdings have any interests in relation to Nuix or the Offer?	<p>Macquarie Capital (Australia) Limited, one of the Joint Lead Managers to the Offer is a related body of the existing Shareholder Macquarie Corporate Holdings and each is a member of the Macquarie Group. As at the Prospectus Date, Macquarie Corporate Holdings holds 76.2% of Nuix Shares, which is expected to be approximately 30.1% of the Shares on Completion.</p> <p>Fees that Macquarie Capital (Australia) Limited is expected to receive under the Underwriting Agreement are set out in Section 9.8.1.</p> <p>Nuix and Macquarie Group Services Pty Ltd (MGS) have entered into an alliance agreement and a software licence agreement (in support of the alliance agreement) which provides MGS and its related bodies corporate with, among other things, Nuix software, support, and implementation services.</p> <p>Nuix makes use of the Macquarie Insurance Facility (MIF) to coordinate the provision of various of its insurances, including prospectus liability and director and officer (D&O) insurance for the Company. MIF is operated by Macquarie Infrastructure Management (Asia) Pty Limited that is part of the Macquarie Group and a related party of Macquarie Corporate Holdings.</p> <p>Additionally, Daniel Phillips, a Non-Executive Director, is an employee of a Macquarie Group company. Mr Phillips is not regarded as an independent Director by the Board.</p> <p>Other than set out in this Prospectus, Nuix does not anticipate that it will be party to any material related party arrangements from Completion.</p>	Section 6.7, Section 6.8 and Section 9.8.1																									

1. INVESTMENT OVERVIEW

Continued

Topic	Summary	For more information
Litigation and claims	<p>Nuix is subject to litigation and other claims and disputes from time to time. Refer to Section 6.9 for further information relating to two matters to which Nuix is a party. These include the former CEO Proceeding where, on 23 October 2020 a former CEO commenced proceedings against Nuix in the Federal Court of Australia alleging that Nuix has acted in an unfairly prejudicial or unfairly discriminatory way against him and seeking orders to amend Nuix's options register. The substance of the former CEO's claim is that, as a result of a share split of one existing Share into 50 Shares completed by Nuix in March 2017, his options should now represent an entitlement to call for 22,663,650 unissued shares on a sale of Nuix's business. Nuix rejects the claim in its entirety and is defending those proceedings.</p>	Section 6.9

1.9 OVERVIEW OF THE OFFER

Topic	Summary	For more information
Who are the issuers of the Prospectus?	<p>Nuix Limited ACN 117 140 235 and Nuix SaleCo Limited ACN 645 697 856.</p>	Section 7.1
What is SaleCo?	<p>SaleCo is a special purpose vehicle, established to enable Selling Shareholders to sell part of their investment in Nuix in connection with the Offer.</p>	Section 9.4
What is the Offer?	<p>This Prospectus relates to an initial public offering of Shares at the Offer Price of A\$5.31 per Share. Approximately 179.5 million Shares will be available under the Offer, of which approximately 51.9 million Shares will be offered by Nuix and 127.6 million Shares will be offered by existing Shareholders.</p> <p>The Offer is expected to raise approximately A\$953.0 million.</p> <p>The Shares to be issued and transferred under the Offer will represent approximately 56.6% of the Shares on issue at Completion.</p>	Section 7.1
What is the proposed use of proceeds raised under the Offer?	<p>The proceeds from the issue and transfer of Shares under the Offer will be used as follows:</p> <ul style="list-style-type: none">• broaden the Company's shareholder base and provide a liquid market for Shares;• repay existing indebtedness and provide funding and financial flexibility to support the Company's growth strategy and future growth opportunities;• provide Nuix with the benefits of an increased brand profile that may arise from being a publicly listed entity; and• provide existing securityholders with an opportunity to realise a portion of their investment in the Company and fund the cancellation of Existing Options as described in Section 6.3.	Section 7.1.3 and Section 7.1.4

Topic	Summary	For more information																																						
What is the proposed use of proceeds raised under the Offer? continued	The Offer proceeds received by the Company and SaleCo will be applied as described in the below table:	Section 7.1.3 and Section 7.1.4																																						
	<table border="1"> <thead> <tr> <th colspan="4">Sources and uses of funds</th> </tr> <tr> <th>Sources of funds</th> <th>A\$ million</th> <th>Uses of funds</th> <th>A\$ million</th> </tr> </thead> <tbody> <tr> <td colspan="4">The Company</td> </tr> <tr> <td>Cash proceeds received by the Company under the Offer from the issue of Shares¹</td> <td>275.6</td> <td>Payment to optionholders in respect of Existing Options to be cancelled for cash on Completion²</td> <td>175.6</td> </tr> <tr> <td></td> <td></td> <td>Repayment of borrowings under Debt Facilities³</td> <td>25.5</td> </tr> <tr> <td></td> <td></td> <td>Offer costs⁴</td> <td>46.0</td> </tr> <tr> <td></td> <td></td> <td>Increase in cash⁵</td> <td>28.5</td> </tr> <tr> <td colspan="4">SaleCo</td> </tr> <tr> <td>Cash proceeds received by SaleCo from the sale of Existing Shares by SaleCo</td> <td>677.4</td> <td>Payments to Selling Shareholders for Shares in the Company</td> <td>677.4</td> </tr> <tr> <td>Total sources</td> <td>953.0</td> <td>Total uses</td> <td>953.0</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> The proceeds the Company will receive from the issue of Shares under the Offer will be used to support the Company's working capital requirements; maintain a strong balance sheet and for general corporate purposes, including executing the Company's growth strategy (refer to Section 3.6). Nuix's growth strategy includes winning new customers, executing on the Company's industry-centric "land and expand" strategy, investing to extend the Nuix platform, improving operating efficiency, building a network of strategic partners and funding potential M&A opportunities. This represents a statement of the Company's current intentions as at the Prospectus Date. Investors should note that this may change depending on a number of factors, including the changes in the competitive environment, business performance, strategic and operational considerations, regulatory developments, and market and general economic conditions. The Company reserves the right to alter the way these funds are applied. Refer to Section 6.3. Refer to Section 4.6. Offer costs include the fees payable to advisers as referred to in Section 6.4.1, as well as other costs such as registry fees, ASX listing fees and other adviser fees. Refer to Section 9.8. Refer to Section 4.6. 		Sources and uses of funds				Sources of funds	A\$ million	Uses of funds	A\$ million	The Company				Cash proceeds received by the Company under the Offer from the issue of Shares ¹	275.6	Payment to optionholders in respect of Existing Options to be cancelled for cash on Completion ²	175.6			Repayment of borrowings under Debt Facilities ³	25.5			Offer costs ⁴	46.0			Increase in cash ⁵	28.5	SaleCo				Cash proceeds received by SaleCo from the sale of Existing Shares by SaleCo	677.4	Payments to Selling Shareholders for Shares in the Company	677.4	Total sources	953.0
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What is the consideration payable for the Shares?	The price payable under the Offer is A\$5.31 per Share.	Section 7.1																																						

1. INVESTMENT OVERVIEW

Continued

Topic	Summary	For more information
Will the Shares be quoted on the ASX?	<p>Nuix will apply for admission to the Official List of the ASX and quotation of Shares on the ASX under the code “NXL”.</p> <p>If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all application monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p>	Section 7.2
How is the Offer structured?	<p>The Offer comprises the following components:</p> <ul style="list-style-type: none"> • Broker Firm Offer: open to Australian resident retail clients of Brokers who have received a firm allocation of Shares from their Broker; and • Institutional Offer: an invitation to bid for Shares made to Institutional Investors in Australia and in certain other eligible jurisdictions. 	Section 7.1.2, Section 7.3 and Section 7.4
Is the Offer underwritten?	<p>The Offer is underwritten by the Joint Lead Managers, Macquarie Capital (Australia) Limited and Morgan Stanley Australia Securities Limited.</p>	Section 7.2 and Section 9.8
What is the allocation policy?	<p>The allocation of Shares under the Institutional Offer was determined by agreement of the Company, SaleCo and the Joint Lead Managers. The Company, SaleCo and the Joint Lead Managers have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.</p> <p>The allocation of Shares between the Broker Firm Offer and the Institutional Offer, and the identity and level of participation of Brokers in the Broker Firm Offer, was determined by agreement between the Company, SaleCo and the Joint Lead Managers. With respect to the Broker Firm Offer, it is a matter for the Brokers as to how they allocate Shares among their retail clients.</p>	Section 7.3.4 and Section 7.4.2
Is there any brokerage, commission or stamp duty payable by applicants?	<p>No brokerage, commission or stamp duty is payable by successful applicants on the acquisition of Shares under the Offer.</p> <p>Refer to Section 9.8.1.1 for details of various fees payable to the Joint Lead Managers.</p>	Section 7.2 and Section 9.8.1.1
Are there any tax considerations for Australian investors?	<p>A summary of certain Australian tax consequences of participating in the Offer and investing in Shares is set out in Section 9.13.</p> <p>The tax consequences of any investment in Shares will depend upon an investor’s particular circumstances.</p> <p>Applicants and bidders should obtain their independent tax advice having regard to their own specific circumstances before deciding whether to invest in Shares.</p>	Section 9.13

Topic	Summary	For more information
When will I receive confirmation that my application has been successful?	It is expected that initial holding statements will be dispatched to successful applicants by standard post on or about Wednesday, 9 December 2020. Refunds (without interest) to applicants who make an application and receive an allocation of Shares, the value of which is smaller than the amount of the application monies they have paid, will be made as soon as practicable after Completion.	Section 7.2
How can I apply?	If you have received an allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions.	Section 7.3.2 and Section 7.4.1
Where can I find more information about this Prospectus or the Offer?	Call the Nuix Offer Information Line on 1300 912 776 (within Australia) or +61 1300 912 776 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays). If you are unclear in relation to any matter or are uncertain as to whether Nuix is a suitable investment for you, you should seek advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.	Key Offer information
Can the Offer be withdrawn?	Yes. The Company and SaleCo may withdraw the Offer at any time before the issue or transfer of Shares to successful applicants under the Offer. If the Offer, or any part of it, does not proceed, or you are not issued any Shares or are issued fewer Shares than the number that you applied for, all relevant application monies will be refunded (without interest) as soon as possible.	Section 7.8

2.

INDUSTRY OVERVIEW



2. INDUSTRY OVERVIEW

2.1 INTRODUCTION

2.1.1 OVERVIEW

Nuix is a leading provider of investigative analytics and intelligence software to customers in 78 countries. Nuix refers to investigative analytics and intelligence software as software that is used to help organisations identify patterns and trends within disparate types and formats of data for various use cases (legal discovery, criminal investigations or performing internal audits, for example). Investigative analytics and intelligence software includes:

- eDiscovery software (refer to Section 2.2.2);
- digital forensics software (refer to Section 2.2.3);
- governance, risk and compliance (GRC) software (refer to Section 2.2.4); and
- endpoint security software (refer to Section 2.2.5).

The examples of investigative analytics and intelligence software listed above are not intended to be exhaustive and different use cases for software of this nature may develop in the future. However, these software markets are the most relevant for Nuix. Currently, Nuix primarily sells its software platform (described in detail in Section 3) in the eDiscovery software market and the digital forensics software market. Nuix's software platform is also sold to customers in the GRC software market and the endpoint security software market, with both of these markets being particularly relevant when considering the future of Nuix and its growth drivers.

2.1.2 WHAT IS SOFTWARE AND THE SOFTWARE INDUSTRY?

Software refers to tools which are accessed via computers and other digital devices to help organisations undertake tasks, often redefining traditional, manual, processes, and creating new, easier and more efficient ways to get tasks done. The software industry involves the development, maintenance and publication of software for a variety of different applications and to solve a range of different problems.

The gradual evolution of computing hardware from mainframes to servers, personal computers and mobile devices, as well as the development of computer networking via the internet and cloud-based delivery systems, has expanded the range of possible uses of software. It has also created opportunities for software developers to create and sell software (referred to as "commercial software") that different customers can purchase and use, instead of those customers having to develop and maintain their own "proprietary" software. Nuix's software platform is an example of commercial software that has been developed to provide its customers with tools to complete highly complex tasks in an efficient, easy and accurate manner.

Commercial software can offer advantages over proprietary (or custom-developed) software, particularly economies of scale available when a developer's development costs can be spread across many customers. Sophisticated software is typically expensive to develop, requires significant testing to achieve high levels of robustness and reliability, and requires regular updating to keep pace with developments and the capabilities of hardware and networks. Where commercial software can provide a similar level of functionality to proprietary software it may be more attractive for organisations to employ that commercial software than to invest the capital and incur the risk of developing, upgrading and maintaining their own proprietary software.

2.1.3 WHAT IS INVESTIGATIVE ANALYTICS AND INTELLIGENCE SOFTWARE?

As noted above, investigative analytics and intelligence software refers to software that has been developed to help organisations identify patterns and trends within disparate types and formats of data. It may be data (being information of any kind existing in a digital form) of the organisation or of third parties. Identified patterns and trends may be used by the user, or the software itself, for example, to make historical observations or to make predictions about future events.

Investigative analytics and intelligence software typically focuses on three types of data, structured, semi-structured, and unstructured:

- **Structured data** refers to data which is organised into a formatted repository, typically a relational database (being a database that stores and provides access to data points that are related to one another and are often, for example, organised into rows and columns to form tables);
- **Semi-structured data** refers to data that does not fit into a relational database but has some organisational properties; and
- **Unstructured data** refers to content that does not conform to a specific, pre-defined data model, for example, human-generated and people-oriented content that does not fit neatly into database tables.

2. INDUSTRY OVERVIEW

Continued

The most powerful providers of investigative analytics and intelligence software are able to process all of these types of data, compared to other providers that may only focus on a selected type of data. Refer to Section 2.3.2 for additional information about the growth in data volumes globally.

The most relevant examples of investigative analytics and intelligence software to Nuix are listed in Section 2.1.1 and described in further detail in Section 3.

2.1.4 HOW IS SOFTWARE DELIVERED TO A CUSTOMER?

Traditionally, a customer would buy a licence to use commercial software (often for an upfront fee with potentially subsequent maintenance fees and sometimes tied to a specific number of users). The customer would then be entitled to install the software on their own IT infrastructure, i.e. on-premise.

More recently, new business models have emerged in terms of how commercial software is consumed, and paid for, by customers. Improvements in internet connectivity and bandwidth have enabled cloud solutions where the software is hosted by the software provider (or in a third party data centre) and is accessed as software-as-a-service (or **SaaS**) as needed by the customer via the internet. In this Prospectus, SaaS refers to a software licensing or distribution model where software is centrally hosted and delivered to licensed users on a subscription basis (described below). SaaS has become a common delivery model for software applications, reducing the need for organisations to install, maintain and upgrade their own software and hardware, and eliminating or significantly reducing the costs and complexities associated with on-premise systems. A cloud-based SaaS model can offer benefits such as a lower upfront cost in licence fees and IT infrastructure, greater scalability and easier software updating.

Software licensing (including pricing) models for commercial software vary depending on the specific company and circumstances. However, two common categories are:

- **perpetual licences**, which involve an upfront licence fee in return for an “unlimited” period of usage of the software and commonly, in addition, an ongoing maintenance fee in order for the customer to have access to service and support for the software; and
- **subscription licences**, which involve the licensing and payment for software on a periodic (for example, monthly or annual) basis (rather than, for example, through a significant payment at the beginning of a perpetual licence). Subscription licences can therefore reduce upfront payments and make the cost of software a recurring operating expense for the customer. Subscription licence pricing models include payment per period, per module or application, or per volume, throughput or consumption of data processed during the period.

Nuix earns the majority of its revenue from sales of software to its customers under Subscription Licences (which include Module, Consumption and Support and Maintenance (**S&M**) Licences). The remaining revenue generated by Nuix is sourced from Perpetual Licences and Other Revenue such as service fees (refer to Section 3.5 and Section 4.10.1 for additional information on Nuix’s revenue model and the licence and pricing models).

2.2 OVERVIEW OF THE INVESTIGATIVE ANALYTICS AND INTELLIGENCE SOFTWARE MARKET

2.2.1 INTRODUCTION

The market for investigative analytics and intelligence software includes the markets for eDiscovery software, digital forensics software, GRC software and endpoint security software.

Currently, Nuix core markets are the eDiscovery software market and the digital forensics software market. Whilst these are not the only markets which Nuix serves today, they are the most relevant in terms of contribution to current revenue generation by Nuix. Both of these markets are global in nature. Nuix also operates in a number of other markets within the broader investigative analytics and intelligence software market, being the GRC software market and the endpoint security software market. These markets are a key part of the broader and strategic growth plan for Nuix and represent markets in which the Company is looking to expand its presence going forward. This Section 2.2 provides further information on these four markets. Market size, measured in terms of revenue generated in that market, and growth data below have been sourced from reports published in 2020 after the emergence of COVID-19, however it is noted that, at the Prospectus Date, COVID-19 is ongoing and that this forward-looking information may not necessarily reflect the longer term impact of COVID-19 on each of these markets (refer to Section 5.1.11 for further information).

Nuix's platform provides customers across each of these markets with software solutions, most of which are driven by the Nuix Engine which sits at the core of Nuix's platform. To interact with data processed by the Engine or from endpoint devices, customers in the:

- eDiscovery software market typically use the Nuix Discover and/or Nuix Workstation applications;
- digital forensics and GRC software market typically use the Nuix Investigate and/or Nuix Workstation applications; and
- endpoint security software market typically use the Nuix Endpoint application.

The functionality of the components of Nuix's platform, including the Nuix Engine and the applications referred to above, are described in Section 3.3.

2.2.2 EDISCOVERY SOFTWARE MARKET

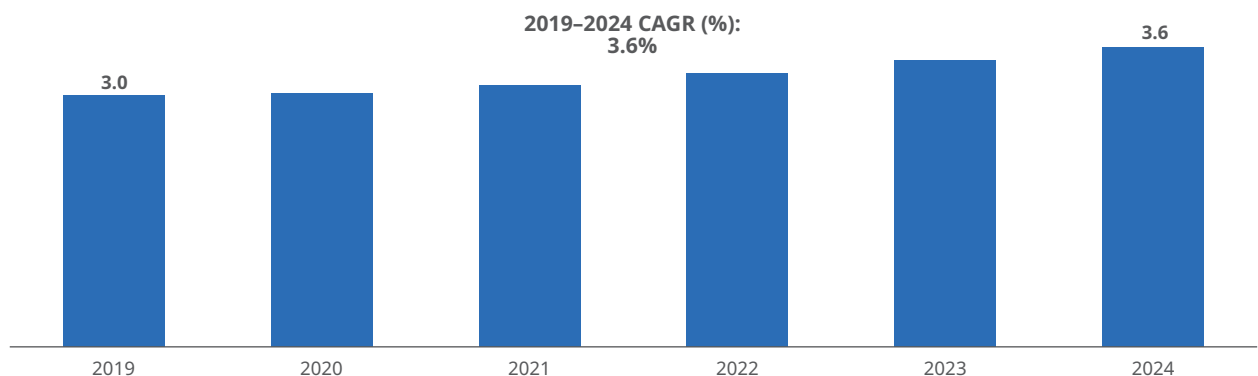
eDiscovery is the process of identifying, collecting, processing, and producing electronically stored information for the purposes of litigation (including civil cases and criminal trials), regulatory and compliance investigations (for example, Royal Commissions in Australia and Senate investigations in the United States) and similar proceedings. eDiscovery software assists organisations build a case and present relevant data from diverse sources (including text, images, animations, emails, databases, audio and video files, websites, spreadsheets, and computer programs) as evidence in these matters. eDiscovery software can help users discover valuable information regarding a matter, reduce costs, work more efficiently and mitigate risks.

The eDiscovery software is generally deployed by customers through two models:

- **public cloud:** public cloud software is software that is offered by a third party vendor over the internet and supported by one or more third party vendors. Computing services are shared among different customers, however each customer's data and applications running in the public cloud remain hidden from other public cloud customers; and
- **on-premise:** on-premise software is software hosted in-house by the customer, usually supported by a third party vendor.

Nuix offers both public cloud (referred to simply as "cloud") and on-premise software to the eDiscovery market. Figure 1 below shows the size and growth in revenues of the global eDiscovery software market (in U.S. dollar terms) according to IDC, including actual revenues for 2019 and forecast revenues in 2024.

Figure 1: Size and growth in revenues of the eDiscovery software market (US\$ billion)



Source: IDC Worldwide eDiscovery Software Forecast, 2020–2024, published June 2020. The five year forecast was based on the assumptions represented in the Worldwide Black Book: Live Edition (May 2020). These forecasts include the impact of COVID-19 on all forecast assumptions for all markets, according to the most recent macroeconomic inputs from the last week of May 2020. Column bars for 2020–2023 provided by IDC for illustration without specification of forecast revenues for those years.

2. INDUSTRY OVERVIEW

Continued

According to IDC, the eDiscovery software market generated approximately US\$3.0 billion of revenue in 2019, and is expected to grow at a compound annual growth rate (CAGR) between 2019 and 2024 of approximately 3.6% to reach approximately US\$3.6 billion by 2024. IDC expects the majority of growth to be driven by the public cloud segment, with the on-premise/other segment experiencing a slight contraction, as the transition to the cloud was underway before COVID-19 and has now been accelerated in the shift to remote and more flexible working environments.

IDC noted that at the beginning of COVID-19, courts around the world closed for a period of time until virtual courts opened and remote hearings could be conducted, and that as at the end of May 2020, eDiscovery software providers had not been materially impacted by COVID-19, as layoffs reported by eDiscovery software providers were minimal.

IDC further noted that the future growth in the eDiscovery software market will likely be driven by:

- the expectation that litigation will increase once impacts from COVID-19 settle down and an increase in litigation will drive an increase in demand for eDiscovery software; and
- the need for the global workforce to work in remote environments during COVID-19 and lingering after-effects of this shift will drive a more flexible future of work which will lead to the replacement of on-premise eDiscovery software.

Conversely, IDC also noted that a global recession resulting from COVID-19 could lead to lower investment in new tools and software, inhibiting growth in the eDiscovery market.

2.2.3 DIGITAL FORENSICS SOFTWARE MARKET

Digital forensics is the process of identifying, preserving, analysing, and presenting digital evidence. Digital forensics enables the extraction of evidence through analysis and evaluation of data from digital devices and is used to recover and inspect the data while maintaining the originality chain of custody of that data (as explained in Section 3.1). Digital forensics is often employed in response to a crisis event such as intellectual property theft, fraud, or a data breach, or by law enforcement or intelligence agencies as part of criminal or counter-terror investigations.

Digital forensics software is regularly used for data collection, decryption, data processing, analysis and flexible reporting.

A wide array of digital forensics software solutions is available in the market. Some solutions are general tools that serve a variety of standard functions. However, other solutions are more customised, serving a specific purpose and tending to focus on specific types of evidence, such as smartphone data.

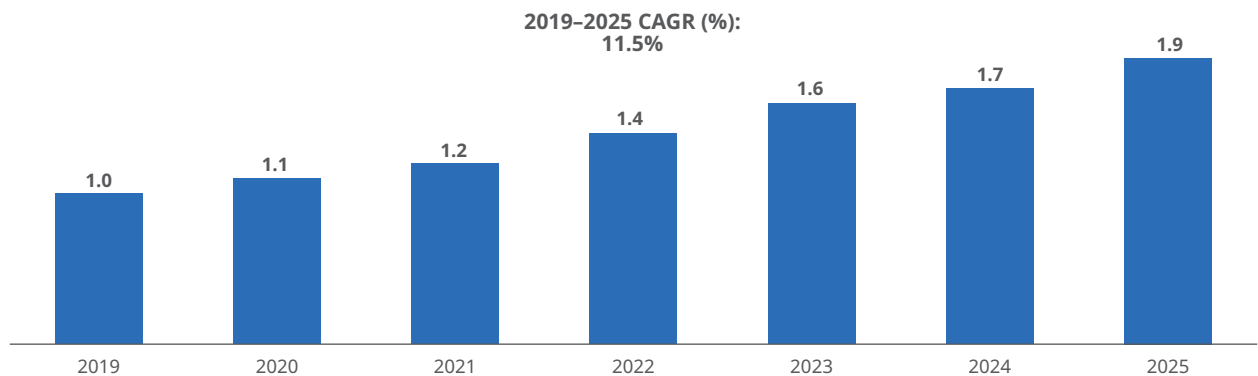
The digital forensics software market may be segmented into the following broad categories:

- **Computer forensics:** Computer forensics is an investigative process of collecting, processing, analysing and presenting digital evidence for legal and other proceedings. For example, computer forensics may be used in an investigation to produce evidence necessary to solve a crime. Computer forensics experts use a variety of software to retrieve, identify and extract data, even data that has been hidden or deleted, and then prepare a report on their interpretation of the data collected;
- **Network forensics:** Network forensics is the capture, recording, and analysis of IT network events in order to discover the source of security attacks or other problem incidents relating to those networks;
- **Mobile device forensics:** Mobile forensics is a process which aims to recover digital evidence or other relevant data from a mobile device in a way that will preserve the evidence in a "forensically sound" condition. To achieve that, the mobile forensic process needs to set out precise rules that will seize, isolate, transport and store for analysis and proof, digital evidence originating from mobile devices; and
- **Cloud forensics:** Cloud forensics focuses on the gathering of digital information from cloud infrastructure, including infrastructure as a service or platform as a service environment. This involves working with a collection of computing resources, such as network assets, servers (both physical and virtual), storages, applications, and other services which form part of the cloud infrastructure under investigation.

Nuix primarily provides computer forensics solutions to its customers, although operates across other categories described above to the extent that these categories involve the collection and analysis of data from endpoint devices, networks or cloud infrastructure.

Figure 2 below shows the size and growth in revenues of the digital forensics software market (in U.S. dollar terms) according to Mordor Intelligence, including actual revenues for 2019 and forecast revenues for 2020–2025.

Figure 2: Size and growth in revenues of the digital forensics software market (US\$ billion)



Source: Mordor Intelligence, *Global Digital Forensics Market, 2020–2025*, published October 2020.

According to Mordor Intelligence, the digital forensics software market generated approximately US\$1.0 billion of revenue in 2019, and is expected to grow at a CAGR between 2019 and 2025 of approximately 11.5% to reach approximately US\$1.9 billion by 2025.

Mordor Intelligence notes that the digital forensics software market is being driven by a number of factors, including:

- the use of interconnected devices being leveraged by cybercriminals to dispense malware;
- the adoption of interconnected devices by enterprises and consumers, exposing users to additional cyber risks, fuelling the need for digital forensic solutions;
- an increasing number of cyberattacks, making it essential for organisations and enterprises to adopt robust digital forensic solutions that would assist in recovering the data lost in an unusual event; and
- governments updating legacy systems with digital architecture, which has increased the amount of data and information present in the network, owing to which, the implementation of digital forensics software solutions is necessary.

Nuix's continuing expectations of further growth in the digital forensics software market after the emergence of COVID-19 reflect the trends referred to above, underpinned by demand drivers behind forensic investigations and the continuing need to perform investigations in a legal and regulatory environment, while acknowledging potential challenges that the market could face in the event of a global recession.

2.2.4 GOVERNANCE, RISK AND COMPLIANCE SOFTWARE MARKET

GRC is defined as a strategy for managing an organisation's overall governance, enterprise risk management and regulatory compliance. GRC is designed as a structured approach that aligns information technology with business objectives, while effectively managing risk and meeting compliance requirements.

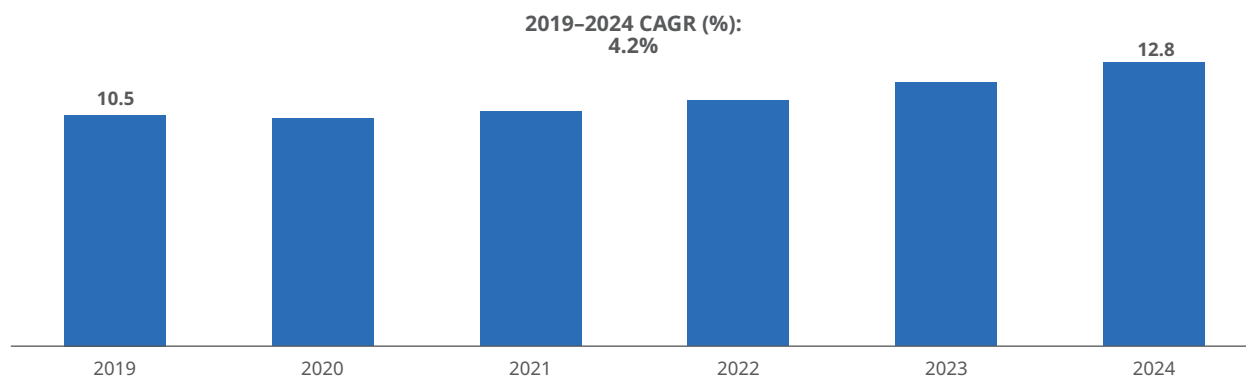
GRC software helps organisations automate tasks involved in enterprise and IT governance, various types of risk management and mitigation, and regulatory compliance with the goal of creating greater efficiencies and reducing risk. Nuix software is used in this market to assist customers in ensuring compliance with legislation and regulation relating to data privacy and storage, responding to third party data requests and performing audits of data repositories.

2. INDUSTRY OVERVIEW

Continued

Figure 3 below shows the size and growth in revenues of the GRC software market (in U.S. dollar terms) according to IDC, including actual revenues for 2019 and forecast revenues in 2024.

Figure 3: Size and growth in revenues of the GRC software market (US\$ billion)



Source: IDC Worldwide Governance, Risk, and Compliance Software Forecast (report #US45856620), 2020–2024, published September 2020. The five year forecast was based on the assumptions represented in the Worldwide Black Book: Live Edition (July 2020). These forecasts include the impact of COVID-19 on all forecast assumptions for all markets, according to the most recent macroeconomic inputs from the last week of July 2020. Column bars for 2020–2023 provided by IDC for illustration without specification of forecast revenues for those years.

According to IDC, the GRC software market generated approximately US\$10.5 billion of revenue in 2019 and is expected to grow at a CAGR between 2019 and 2024 of approximately 4.2% to reach approximately US\$12.8 billion by 2024.

IDC noted that the GRC market is being driven by a number of factors, including:

- the essential nature of GRC software to business resiliency, with a focus on business resiliency and survival in light of COVID-19 at the forefront of business strategies;
- GRC software containing a significant amount of information (hard and soft costs) which inhibits enterprises from losing the software as a cost-cutting measure and gives rise to a high level of costs to removing or switching GRC software; and
- the adoption of cloud-deployed GRC tools due to the shift to working in remote environments as a result of COVID-19, even in heavily regulated industry verticals.

2.2.5 ENDPOINT SECURITY SOFTWARE MARKET

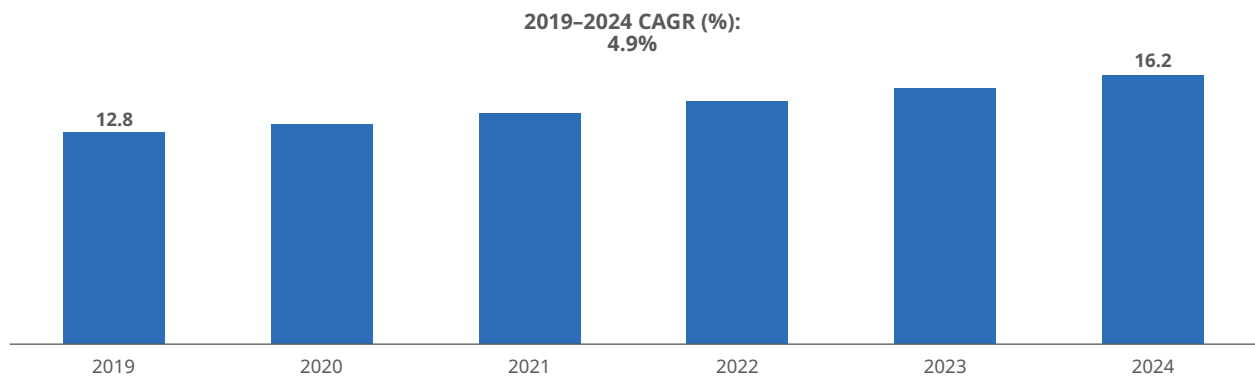
Endpoint security is the practice of protecting endpoints (or entry points) such as desktops, laptops, and mobile devices on a network or in the cloud from being exploited by “malicious actors” and from cyber security attacks.

Endpoint security software is software designed to assist with this purpose. Endpoint security software has evolved from traditional antivirus software to offering more comprehensive protection from security breaches including from sophisticated malware (essentially, malicious software designed to harm or exploit a programmable device, service or network) or evolving “zero-day” threats (being an unknown computer security vulnerability that is or could be exploited before or as the software vendor first becomes aware of it).

Nuix provides its customers with endpoint security software through the use of its Nuix Endpoint application.

Figure 4 below shows the estimated size and growth in revenues of the endpoint security software market (in U.S. dollar terms) according to IDC.

Figure 4: Size and growth in revenues of the endpoint security software market (US\$ billion)



Source: IDC Semiannual Software Tracker, Forecast 2019H2 Release, published October 2020. Column bars for 2020–2023 provided by IDC for illustration without specification of forecast revenues for those years.

According to IDC, the endpoint security software market was estimated to generate approximately US\$12.8 billion of revenue in 2019 and to grow at a CAGR between 2019 and 2024 of approximately 4.9% to reach approximately US\$16.2 billion by 2024.

2.3 KEY TRENDS IN THE INVESTIGATIVE ANALYTICS AND INTELLIGENCE SOFTWARE MARKET

Key drivers of spend by organisations in the markets comprising investigative analytics and intelligence software are described in Section 2.4.2. Consistent with these drivers, Nuix has identified four broad trends impacting the investigative analytics and intelligence software market which are discussed below.

2.3.1 PROLIFERATION OF UNSTRUCTURED DATA AND MIGRATION TO THE CLOUD

As referred to in Section 2.1.3, investigative analytics and intelligence software typically focuses on three types of data, structured, semi-structured, and unstructured data. Unstructured data relates to digital content that does not conform to a specific, pre-defined data model, for example, human-generated and people-oriented content that does not fit neatly into database tables. Examples of unstructured data include data generated through social media, text documents, PDF files, and other common communication data including instant messages, text messages, emails, audio files and video files. In the context of eDiscovery, for example, in matters involving large volumes of unstructured data, the need to process and transform this data into a form where it can be analysed and used to generate insights can be critical.

The last decade has seen global digital transformation and adoption of new enterprise workplace technologies, which is driving a proliferation of data, particularly in unstructured data. Digital transformation describes the process of shifting traditional non-digital operations to digital operations, with the intention of utilising technology and data to identify more efficient business processes. For example, enterprise workplace solutions such as task management and video communication software, both of which typically produce large amounts of unstructured data. The use of these technologies has increased due to COVID-19, driven particularly as workers have shifted from office based environments to decentralised working locations. This proliferation underpins the importance of software solutions which are capable of analysing, comparing and interpreting such data in an efficient and accurate manner where that data needs to be analysed, whether for compliance, risk management or general business purposes or for the purposes of litigation, regulatory or other investigative proceedings.

In addition, there has been an increase in SaaS-based software, particularly governance, risk and compliance software, due to the continued global digital transformation. In recent times, a number of new competitors have emerged in the industry that focus entirely on SaaS offerings. Nuix expects that SaaS deployments will grow considerably over the next five years.

2. INDUSTRY OVERVIEW

Continued

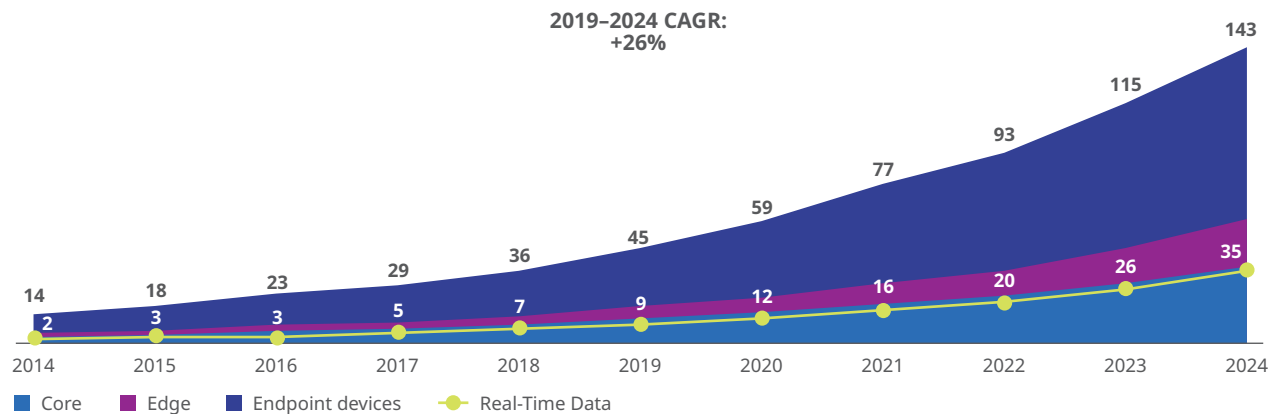
2.3.2 GROWTH IN DATA VOLUMES

According to IDC, the amount of data created is expected to increase over the next four years. Figure 5 shows worldwide data creation by source measured in zettabytes¹¹, and also breaks out the rapid emergence and growth of real-time data creation. The “global datasphere”, which is a term used to describe the total sum of the world’s data, is estimated by IDC to grow at a CAGR of approximately 26% between 2019 and 2024, reaching a total of 143 zettabytes by 2024. The velocity of data creation is increasing for a number of reasons, including the increasing adoption of “data heavy” enterprise software as discussed in Section 2.1.3. Data growth may also be attributed to the ongoing transition to cloud technologies and the proliferation of devices, coupled with the behavioural trend to access, generate and store data.

The datasphere is comprised of three primary data location categories:

- **Core:** The core is comprised of designated computing data centres in the enterprise and cloud providers and includes cloud computing (including public, private and hybrid cloud) and enterprise data centres. It also includes enterprise operational data centres such as those running the electric grid and telephone networks. The amount of data stored at the core is forecast to grow at a CAGR of approximately 26% between 2019 and 2024;
- **Edge:** Edge refers to “enterprise-hardened” servers and appliances that are not in core data centres. This includes server rooms, servers in the field, cell towers, and smaller data centres located regionally and remotely for faster response times. The amount of data stored at the edge is forecast to grow at a CAGR of approximately 33% between 2019 and 2024; and
- **Endpoint devices:** Includes all devices on the edge of the network, including personal computers, phones, industrial sensors, connected cars, and wearables. Endpoint devices are forecast to grow at a CAGR of approximately 25% between 2019 and 2024.

Figure 5: Worldwide datasphere estimates by location (zettabytes)



Notes: 1 zettabyte is equal to one trillion (1,000,000,000,000) gigabytes.

Source: IDC Global Datasphere by Location and Real-Time Data, 2014-2024, published May 2020.

With continued growth in the global datasphere, the role of endpoint devices and edge servers and appliances as data repositories is becoming increasingly important as organisations and individuals continue on a digital transformation journey. Data from these devices can typically be processed by appropriate eDiscovery, digital forensics, GRC and endpoint security management software and may drive demand, particularly for software that can process data at scale (i.e. efficiently in high volumes). However, as data volumes grow, vendors may also need to adapt and update their offerings to meet the demands of investigative analytics and intelligence software customers. While vendors like Nuix have been able to update their offerings to accommodate many new file formats, the development of certain formats of encrypted data may result in software vendors having to partner with specialist decryption vendors in order to access the full datasphere.

11. 1 zettabyte is equal to one trillion (1,000,000,000,000) gigabytes.

2.3.3 FOCUS ON GOVERNANCE, RISK AND COMPLIANCE

Keeping abreast of regulatory change is a significant challenge faced by many compliance officers and boards across different industry verticals. GRC software and drivers of this market are introduced in Section 2.2.4. This Section illustrates trends within this market by focusing in particular on data privacy, its regulation and management. Data privacy regulation is also discussed in Section 2.5. Figure 6 provides a summary of the introduction of selected major data privacy laws and regulations globally since 1974. Data privacy regulation (as discussed in Section 2.5) is presenting challenges to many organisations. Each of these incremental regulations imposes requirements on impacted organisations, which need to be appropriately implemented, managed and complied with in order to avoid compliance breaches, fines and other forms of regulatory action, as well as the potential for legal action for misuse of customer data. Challenges are exacerbated when data is transferred across jurisdictions, potentially requiring the organisation to comply with multiple, different and potentially inconsistent regulations.

Figure 6: Timeline of major data privacy and other laws which may increase compliance regulations

Year	Major data privacy law and regulation	Jurisdiction
1974	U.S. Privacy Act	United States
1988	The Privacy Act (Commonwealth)	Australia
1996	The Health Insurance Portability and Accountability Act	United States
1999	The Gramm-Leach-Bliley Act (GLBA)	United States
2000	Children's Online Privacy Protection Rule (COPPA)	United States
2000	The HIPAA Privacy Rule	United States
2002	The Sarbanes-Oxley (SOX) Act	United States
2002	Federal Information Security Management Act (FISMA)	United States
2003	Spam Act (Commonwealth)	Australia
2006	Do Not Call Register Act (Commonwealth)	Australia
2013	ISO/IEC 27001	International standard
2018	General Data Protection Regulation (GDPR) 2016/679	Europe
2020	The California Consumer Privacy Act (CCPA)	United States
Beyond	Momentum Data Protection Acts (MDPA)	International standard

Notes: Momentum Data Protection Acts are part of a global movement where countries create data privacy parameters to meet specific needs. Brazil, India, Australia, Hong Kong Special Administrative Region of the People's Republic of China and U.S. states like Colorado, Vermont, Iowa, Nebraska and Illinois are developing guidelines that expand on GDPR. ISO/IEC 27001 is an international standard on how to manage information security. The standard was originally published jointly by the International Organisation for Standardisation (ISO) and the International Electrotechnical Commission (IEC) in 2005 and then revised in 2013. ISO/IEC 27001 details requirements for establishing, implementing, maintaining and continually improving an information security management system – the aim of which is to help organisations make the information assets they hold more secure.

2. INDUSTRY OVERVIEW

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The General Data Protection Regulation (**GDPR**), which came into force in Europe in 2018, is an example of a relatively recent regulation which has highlighted the difficulty organisations have locating personal data, particularly when stored in unstructured data repositories, and has resulted in significant costs for companies to achieve compliance and a number of material fines.

According to Thomson Reuters¹², the number one prediction for biggest compliance change in the next decade is the automation of compliance activities. Nuix anticipates that the automation of governance, risk and compliance activities will be an important focus of many organisations in the future who seek to address governance, risk and compliance challenges in a cost effective and defensible manner, particularly those arising from privacy and other related regulations.

2.3.4 CONSEQUENCES OF DATA BREACHES

The frequency of and quantum of costs to organisations associated with data breaches have been increasing, creating an incentive for organisations to invest in preventative measures. This need may be particularly acute for organisations that underestimate the value or sensitivity of their data, what it contains and where it is being held. Knowing what data an organisation holds and where this data is located is a key factor in determining what preventative measures should be implemented when monitoring risk mitigation and protection strategies. The imposition of significant penalties and negative publicity costs associated with data breaches raises awareness of the importance of investing in preventative measures – which may include using software to assist in the identification and protection of data.

Many organisational vulnerabilities and data breaches themselves, and related concerns (for example, in relation to privacy) can be attributed to the digitisation and storage of information, and the access to that information remotely, for example, across networks, through software. While these concerns may reduce the desire for certain information to be stored digitally or remotely, the global datasphere is continuing to grow (as referred to in Section 2.3.2), with investigative analytics and intelligence software offering potential solutions to assist in managing these risks and assist in proceedings or investigations where concerns or breaches have arisen.

COVID-19 has highlighted certain of these organisational vulnerabilities. As a greater proportion of the global workforce moves into remote environments, and may adopt new software in order to do so, the incidence of data breaches may increase. As a result of this, there may be heightened endpoint risk with a greater number of potential entry points for a security breach. The issue is exacerbated if unprotected private or mobile devices are used (for example, with no anti-virus software employed, old or unsupported software and applications are deployed and resources are not encrypted), Wi-Fi networks operate without strong and changing network passwords and new software (for example, video software, messaging systems, and document review programs) is used without proper security assessments.

2.4 COMPETITIVE LANDSCAPE

The markets comprising the investigative analytics and intelligence software market described in this Section 2 are referred to as global markets in that there are sufficient commonalities across many jurisdictions to permit vendors to offer software in jurisdictions across the globe relatively effectively with local modifications (including language) as required. This means that Nuix competes with a wide range of existing and emerging competitors across the markets in which it operates, including vendors offering software for specific use cases, segments, industry verticals and/or geographies within the broader investigative analytics and intelligence software market. Due to the favourable trends discussed in Section 2.3, competition in the markets in which Nuix operates continues to intensify, attracting further investment by existing competitors and new participants. The global investigative analytics and intelligence software market is highly fragmented and accordingly, Nuix's market share in each of these markets is relatively small.

Key competitors of Nuix in the markets below include (but are not limited to):

- **eDiscovery software:** DISCO, Everlaw, Exterro, Opentext and Relativity;
- **Digital forensics software:** AccessData, Cellebrite, Intella and Magnet Forensics;
- **GRC software:** Exterro, NAVEX Global, Varonis; and
- **Endpoint security software:** Carbon Black, CrowdStrike, Endgame and Tanium.

12. Thomson Reuters, Cost of Compliance July 2019: 10 years of regulatory change, published July 2019.

Often Nuix can be competing for a customer against data collection and processing application software providers operating in discrete vertical markets who service a limited number of use cases. Nuix seeks to differentiate itself from these competitors through its offering of the Nuix Engine and fully integrated applications which can service multiple existing and emerging use cases.

Market participants vary from global organisations with established offerings across the broader market to early stage companies with innovative approaches to solving particular problems.

As part of building a software solution, customers often rely on a combination of outside consultants, IT services companies, packaged enterprise and open source software and internal IT resources. For example, to make the best use of their existing workflows, skills and resources, customers may choose to use the Nuix Engine to process data in combination with an eDiscovery review solution provided by a competitor.

While Nuix believes it can compete effectively against many competitors, particularly new competitors (and software developed by customers internally) as a result of the competitive factors referred to in Section 2.4.1 below, certain of Nuix's competitors may have greater brand recognition, larger customer bases, larger sales and marketing and research and development budgets and resources, and the capacity to leverage their sales efforts and marketing expenditures across a broader portfolio of products. These competitors may have broader, deeper, or otherwise more established relationships with technology, channel and distribution partners and customers; wider geographic presence or greater access to larger potential customer bases; greater focus in specific regions; lower labour and research and development costs; larger and more mature intellectual property portfolios; and substantially greater financial, technical, and other resources to provide support, to make material acquisitions, and to develop and introduce new products and solutions.

Recently, a number of new competitors have emerged that focus entirely on cloud solutions. Nuix currently only derives a small portion of its revenue from its SaaS offerings, however the pace of shifting to the cloud is expected to increase after COVID-19 and competition may intensify as investment in the cloud increases amongst competitors.

Additionally, there are competitors who operate in markets, other than Nuix's core markets, who may be able to incorporate and begin offering capabilities that are similar to those offered by Nuix (Microsoft and Google, for example). This may further increase the level of competition that Nuix faces.

COVID-19 may have an impact on the competitive landscape in which Nuix operates. For example, increased economic uncertainty may result in certain competitors, or customers, undertaking mergers or acquisitions which may impact upon the competitiveness of the broader investigative analytics and intelligence software market. The consolidation of customers may lead to increased buying power or a reduction in the demand for software provided by players in the investigative analytics and intelligence software market, particularly if those customers use multiple software vendors prior to a merger, acquisition or divestment. Refer to Section 5.1.6 for a description of competition related risks to Nuix.

2.4.1 FACTORS AFFECTING ENTRY INTO THE INVESTIGATIVE ANALYTICS AND INTELLIGENCE SOFTWARE MARKET

Existing participants within the investigative analytics and intelligence software market benefit from a number of dynamics over newer competitors within that market. These include:

- **Product development investment:** sophisticated software development is expensive. A new entrant into the investigative analytics and intelligence software market, or a market within this broader market, would likely need to invest significant resources in developing a marketable software product, particularly where it sought (or was required) to address applicable regulations;
- **Need to maintain chain of custody and access to previous case files:** customers may be reticent to alter existing providers where they need to maintain the integrity and chain of custody of electronic data (including data used or to be used in litigation or regulatory proceedings). For example, if a customer were not able to access archived case files or previous work completed with a particular vendor, that customer may not be able to adequately perform future investigative or evidentiary analysis;

2. INDUSTRY OVERVIEW

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- **Industry expertise and pre-existing relationships:** software development in the investigative analytics and intelligence market can require extensive knowledge of customer requirements, the ability to service existing and emerging use cases, the need to achieve privacy and data protection certifications, and the functionality to accommodate, monitor and adapt to existing and new regulatory requirements (including privacy and data protection standards). Longer term customer relationships assist providers build a strong track record within organisations, present an opportunity to offer additional products over time, and reduce the willingness of customers to switch to other providers, particularly new providers without an equivalent track record;
- **Economies of scale:** existing players are able to spread their operating costs and capital expenditure, including product development spend, across their customer base. As a result, existing players may be able to achieve economies of scale, which can have a positive impact on operating margins, more easily than smaller players or new entrants;
- **Change management costs:** there can be material costs associated with switching from one investigative analytics and intelligence software product to another, including training and IT management costs. This is particularly the case where a significant amount of historical data is stored in and accessed from an existing product. These switching costs can inhibit the willingness of customers to switch from an established provider to another established incumbent provider or a new provider;
- **Diverse customer base:** the potential customer base for investigative analytics and intelligence software is extensive and diverse. It can require a significant investment in sales and marketing resources and brand promotion activities to address. Existing participants can benefit from an established customer base that drives renewals and upselling opportunities (referred to by Nuix as Renewals and Upsell Renewals) as well as promotion through word of mouth;
- **Network effects:** customers who interact with other industry participants may prefer to use the same software as those participants in order to streamline outcomes and make their businesses more efficient. Further, some market participants may be influenced by, and may benefit from, the adoption of software used by other organisations within their group's operational environment. As a result, it may be difficult for new software vendors to enter the market where these "network effects" influence buying decisions;
- **Interfaces with other systems and integrations:** software providers in the investigative analytics and intelligence software market may be required to integrate their solutions with other business or third party applications in order to increase the efficacy of their software for customers. The investment required to build and maintain these interfaces can be significant and time consuming, and can present significant challenges for new entrants who would need to build these integrations; and
- **Reputation, brand and demonstrated client value:** established and strong brands can have an advantage over competitors where they have generated customer loyalty and satisfaction through existing offerings or referrals. For example, an incumbent or established market participant that can demonstrate previous customer satisfaction and success and/or material improvements in key engagement, retention and cost savings for a range of existing clients can be at an advantage over new software vendors seeking to enter a market.

While the factors mentioned above may represent competitive advantages to incumbent or established companies in the investigative analytics and intelligence market, they are also factors faced by these companies, including Nuix, when attempting to win market share from competitors.

2.4.2 KEY BUYING DRIVERS

When customers acquire products within the investigative analytics and intelligence software market, customers typically evaluate providers based on a number of criteria, which include, but are not limited to:

- the speed of the data processing engine, including the number of different file types and communication formats that can be analysed by it;
- richness of functionality, quality and promptness of customer and technical support;
- market share, presence and brand reputation; and
- price and licensing structure.

2.5 INDUSTRY REGULATION AND STANDARDS

In general terms, Nuix provides customers with an “off-the-shelf” software platform which is used by customers for their own use cases. Consequently, there are no significant industry-based laws or regulations pertaining to Nuix that specifically regulate the manner in which Nuix does business.

However, like many businesses, Nuix is subject to general laws and regulations that involve matters central to its business, particularly laws and regulations relating to information security, data privacy, intellectual property, labour laws and corporate regulation. Certain of these laws, in particular information security and data privacy laws, differ between jurisdictions, are evolving and their interpretation and application is subject to some uncertainty, and have become areas of interest for regulators, governments, consumers and businesses. Many regulators are focused on privacy issues and are holding organisations liable for the unauthorised access to personal data within their control. Further, many of Nuix’s customers are governments or heavily regulated enterprises, such as financial services organisations and medical-related organisations that hold significant amounts of personal information that those organisations may wish to process through the Nuix platform.

2.5.1 INFORMATION SECURITY AND DATA PRIVACY

As noted above, information security and data privacy laws differ between jurisdictions with the result that the compliance obligations for Nuix regarding these laws can differ depending on how a customer in a particular region is using Nuix software. As at the Prospectus Date, Nuix only hosts customer data for Nuix Discover SaaS customers (refer to Section 3.3.3.4). This data is stored with Nuix’s cloud service provider, Amazon Web Services (AWS), and is protected with AWS’s cyber security software and certifications. Access to customer data stored within the Nuix Discover SaaS platform is regularly audited and monitored, and only a small number of privileged Nuix users have access to this data to perform routine maintenance tasks, upgrades, and data recovery.

Key regulations in relation to information security and data privacy include the following. Generally, these regulations will apply to Nuix’s handling of customer information related to sales and marketing activities (for example, names, emails, and other contact details of customers) and the Nuix Discover SaaS application and services where Nuix is hosting customer and third party data on servers managed by Nuix:

- In the United States, Nuix’s data privacy and information security practices are within the purview of the United States Federal Trade Commission, as well as other federal and state authorities. There are a number of relevant federal and state laws in the United States that regulate privacy and data security practices, including Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (**CAN-SPAM**) and various state acts. Nuix is also subject to the Health Insurance Portability and Accountability Act of 1996 (**HIPAA**), which mandates data privacy and security provisions for safeguarding protected health information (**PHI**). Nuix serves as a business associate subject to HIPAA and its implementing regulations when it processes PHI as part of its services to customers;
- In the European Union (**EU**), the General Data Protection Regulation (**GDPR**) as implemented by countries within the European Economic Area (**EEA**) and the UK, protects the data privacy rights of individuals located in the EEA and the UK, including requiring certain transfer mechanisms to be adopted where transferring their personal data outside of the EEA and UK;
- Across Asia, levels of data regulation vary and generally lag in scope behind other parts of the world like the regimes mentioned above. The voluntary APEC Cross-Border Privacy Rules (**CBPR**) system established in 2011 has provided a blueprint for a common approach in the region. Countries such as Japan, Australia, Taiwan, Singapore and South Korea have already signed up to the CBPR; and
- In Australia, legislation such as the *Privacy Act 1988* (Commonwealth) (**Privacy Act**) and the *Privacy Regulation 2013* (Commonwealth) dictate the way in which personal data is handled, and how to respond in the event of a breach. Further, the *Do Not Call Register Act 2006* (Commonwealth) and *Spam Act 2003* (Commonwealth) regulate unsolicited telemarketing calls and the content requirements for the sending of unsolicited commercial electronic messages, along with various other state acts that regulate data privacy and protection.

Proposed and new legislation may significantly affect the Nuix business or impose new obligations in areas affecting the Nuix business. For example, in the United States, the California Consumer Privacy Act (**CCPA**) of 2018 became effective on 1 January 2020 and imposes numerous obligations relating to the protection of consumer data. Much of the personally identifiable information (**PII**) that Nuix collects as a “business” under the CCPA would be business-to-business (**B2B**) PII, which currently is largely exempt from the CCPA until such exemption expires on 31 December 2021. Nuix otherwise may be subject to the CCPA by virtue of its operations as a service provider and may be requested by its clients to provide access to or delete its clients’ data, among

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other requirements. In Australia, in light of the ACCC's Digital Platform Report, the Australian Government announced it would look to make some proposed initial reforms in 2020 and undertake a more expansive review of the Privacy Act to be completed 2021, which may result in further legislative changes or reform.

In addition, Nuix may have further obligations related to voluntary security certifications it holds or may hold in the future, including ISO/IEC 27001:2013, and the Information Security Registered Assessors Program (IRAP) assessed under the Australian Signals Directorate (ASD) Cyber Security program. As further discussed in Section 3.8.1, Nuix is also currently seeking authorisation under the United States Federal Risk and Authorization Management Program (FedRAMP) that will allow U.S. federal government agencies and contractors to have greater integration with Nuix's platform. FedRAMP authorisation will require Nuix to comply with FedRAMP by taking compliance steps including, for example, meeting the FedRAMP security control requirements outlined in the National Institute of Standards and Technology (NIST) 800-53, Rev. 4 security control baseline for moderate or high impact levels as well as being reviewed by an approved third party assessment organisation.

Further information on risks associated with information security and data privacy laws are described in Section 5.1.8.

2.5.2 INTELLECTUAL PROPERTY REGULATION

Nuix is subject to laws and regulations relating to intellectual property in the jurisdictions in which it operates. The regulation of intellectual property rights tends to differ from region to region and is subject to change. The primary intellectual property assets of Nuix are its patented processing technology, copyrights and trademarks.

Nuix's material patents are currently all located in the United States and Nuix software is developed in Australia and the United States. Key regulations applicable to Nuix's intellectual property rights in these jurisdictions include the following:

- In the United States, patent, copyright, trademark and trade secret rights contained in laws and regulations govern the ownership, prosecution, maintenance, enforcement and infringement of intellectual property. Examples of such laws and regulations are the Patent Act of 1952, Copyright Act of 1976, Digital Millennium Copyright Act of 1998, Lanham Act of 1946, Defend Trade Secrets Act of 2016 and other federal and state laws and regulations; and
- In Australia, laws and regulations such as the *Patents Act 1990* (Commonwealth) and the *Trade Marks Act 1995* (Commonwealth) regulate the recognition and granting of patents and the registration and authorisation of use for symbols, slogans, sounds, and other unique indicators in order to establish an identity of products and services. Protections for copyright, including copyright in software are contained in the *Copyright Act 1968* (Commonwealth).

2.5.3 ANTI-BRIBERY AND CORRUPTION LAWS

Given the global operations of the Company, Nuix is required to comply with anti-corruption laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended, the United Kingdom's Bribery Act 2010, and the *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Commonwealth) in Australia. Such regulations are not specific to the industry verticals in which Nuix operates, however have implications for the engagement with, and onboarding of, new customers.

2.5.4 U.S. EXPORT CONTROLS AND SANCTIONS

Nuix is subject to the U.S. Export Administration Regulations (EAR), as well as the laws, regulations and restrictive measures administered by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC Regulations). The EAR is a set of regulations which govern the export of items from the United States, the re-export of items from a foreign country, or the transfer of items from one person to another in a foreign country – including technology and software. In order to be subject to the EAR, an item must have originated from the United States (irrespective of where it is located), must be located in the United States, or may be a foreign-made product if incorporating certain U.S. origin items or made from certain U.S. technology, software, or equipment.

Nuix's software platform is subject to the EAR given that Nuix maintains a product development and engineering presence in the United States. Nuix's download portal (refer to Section 3.5.6) is also hosted in the U.S. Nuix must therefore comply with the terms of the EAR and ensure that certain of its products are not exported to embargoed countries, to prohibited end users, or for prohibited end uses.

OFAC Regulations generally prohibit persons subject to U.S. jurisdiction from engaging directly or indirectly in transactions or other dealings with embargoed countries or sanctioned persons.

2.5.5 U.S. FEDERAL GOVERNMENT CONTRACTING

Nuix, through USG, is a subcontractor to the U.S. Federal Government. USG mainly provides software products (and occasionally limited services such as installation, implementation and technical analysis) to the U.S. Federal Government through its resellers and partners. Although Nuix's software products are provided to the U.S. Federal Government through resellers and partners, the U.S. Federal Government's use of the software products is governed by Nuix's standard EULA (to the extent it is consistent with U.S. federal contract law).

Federal procurement contracts are subject to the Federal Acquisition Regulation (**FAR**), as well as specific agency and sub-agency supplements to the FAR, which contain numerous contract clauses, many of which are mandatory as a matter of law. Subcontractors are subject to many of the FAR's provisions by operation of law and pursuant to subcontracting arrangements with resellers and distribution partners.

2.5.6 LABOUR LAWS

Nuix's employees are generally employed by local subsidiaries across the regions that it operates in, and accordingly, Nuix is subject to the labour laws of the countries in which it employs its workforce. Many of Nuix's employees are located in the United States, Australia, the United Kingdom, Ireland and the Philippines. Key labour laws that apply in these regions include:

- In the United States, the Fair Labor Standards Act of 1938, the Equal Pay Act of 1963, the Occupational Safety and Health Act of 1970, the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Family and Medical Leave Act of 1993, and Employee Retirement Income Security Act of 1974;
- In Australia, the *Fair Work Act of 2009* (Commonwealth) (**Fair Work Act**), the *Age Discrimination Act 2004* (Commonwealth), the *Disability Discrimination Act 1992* (Commonwealth), the *Racial Discrimination Act 1975* (Commonwealth), the *Sex Discrimination Act 1984* (Commonwealth) and the *Australian Human Rights Commission Act 1986* (Commonwealth);
- In the United Kingdom, the UK Employment Rights Act 1996, the UK Working Time Regulations 1998, and the UK Equality Act 2010;
- In Ireland, the Ireland Unfair Dismissals Act 1977; and
- In the Philippines, certain provisions of the Philippine Constitution providing for basic rights of employees, the Labor Code of the Philippines, Social Security Law of 1997, National Health Insurance Act of 1995, the Home Development Mutual Fund Law of 2009, and their respective implementing rules and regulations.

Laws regulating employment also exist in the United States and Australia at a state or local level.

2.5.7 AUSTRALIAN CORPORATE REGULATION

As a company incorporated in Australia, Nuix is already subject to, and will further be subject to on listing on the ASX, a number of corporate laws and regulations, including the *Corporations Act, Australian Securities and Investment Commission Act 2001* (Commonwealth) (**ASIC Act**) and ASX Listing Rules. ASIC is an independent Australian Government body and regulates corporates, markets, financial services and consumer credit. ASIC is empowered under the ASIC Act and regulates corporate conduct via that Act and other legislation/regulations including the Corporations Act and works closely with the ASX to ensure compliance with the Corporations Act and market integrity rules. The ASX is obliged to notify ASIC of various matters, including suspected contraventions of relevant laws and rules. ASIC has a number of enforcement powers including investigating actual and suspected breaches of the law and compulsory information gathering powers.

As a listed entity, Nuix will be subject to the takeover provisions in Chapter 6 of the Corporations Act, which restrict acquisitions of shares in listed companies if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

2. INDUSTRY OVERVIEW

Continued

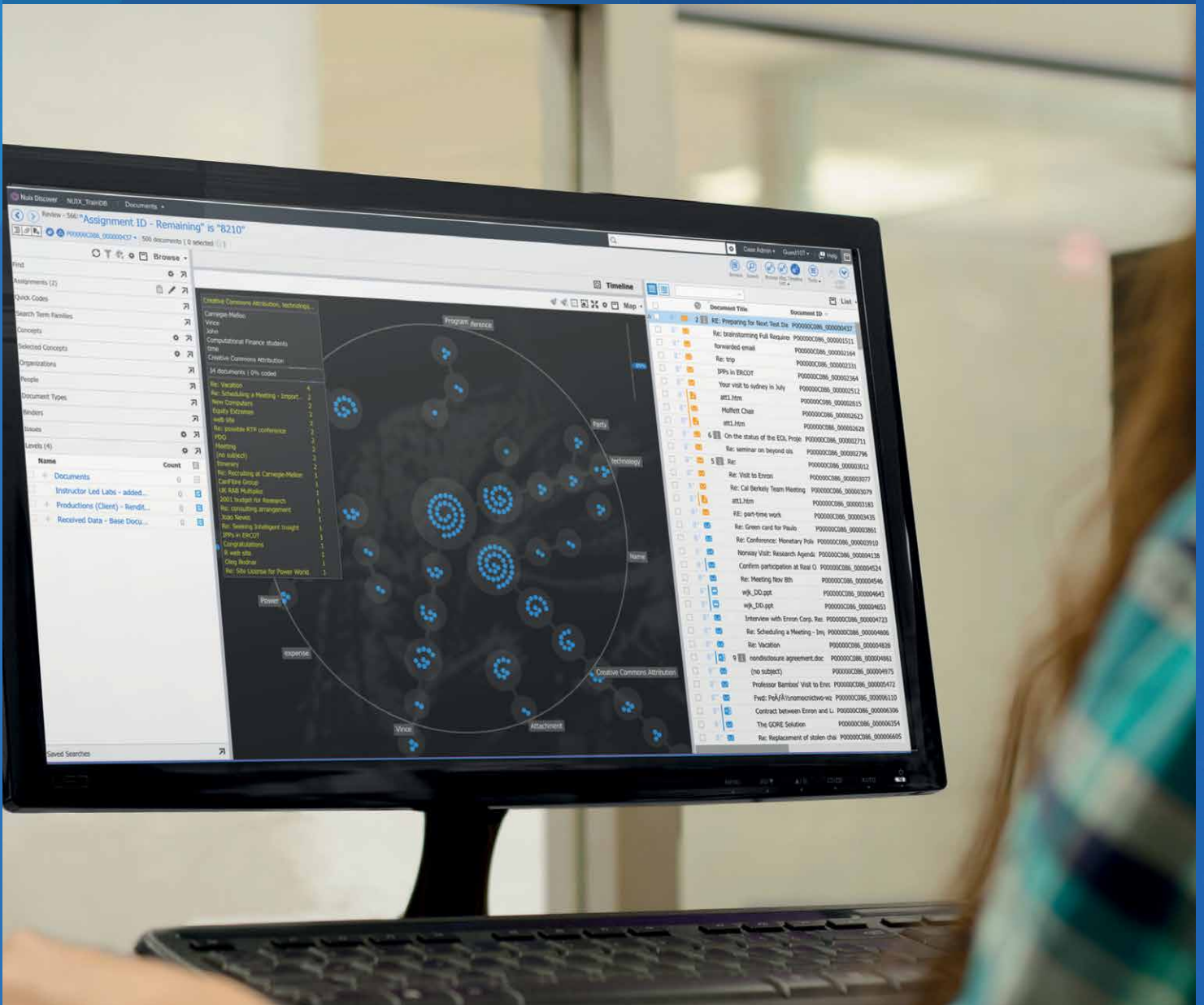
Nuix is also subject to the *Foreign Acquisitions and Takeovers Act 1975* (Commonwealth) (**FATA**), which applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates (substantial interest), or 40% or more by two or more unassociated foreign persons and their associates (aggregate substantial interest). Where a foreign person holds a substantial interest in Nuix or foreign persons hold an aggregate substantial interest in Nuix, Nuix itself will be a “foreign person” for the purposes of the FATA.

Where an acquisition of a substantial interest or an aggregate substantial interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Federal Government’s Foreign Investment Policy (**FATA Policy**) or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a substantial interest or an aggregate substantial interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

In addition, in accordance with the FATA, acquisitions of a direct interest in an Australian company by foreign governments and their related entities must be notified to the Foreign Investment Review Board for approval, irrespective of value. According to the FATA Policy, a “direct interest” will typically include any investment of 10% or more of the shares (or other securities or equivalent economic interest or voting power) in an Australian company but may also include investment of less than 10% where the investor obtains the ability to influence, participate or control the target investment.

3.

COMPANY OVERVIEW



3. COMPANY OVERVIEW

3.1 OVERVIEW OF NUIX

Nuix is a leading provider of investigative analytics and intelligence software with a vision of “finding truth in a digital world”. Nuix’s mission is to create innovative software that empowers organisations to simply and quickly find the truth from any data in a digital world. Nuix software has been used in investigations into some headline events over the last 15 years, including the Panama Papers, the Royal Commission into Misconduct in the Banking, Superannuation and Financial Service Industry in Australia, organised crime rings, corporate scandals and terrorist activities.

This Section provides an overview of Nuix. It includes technical expressions, which are described in Figure 8, to explain what Nuix means when it uses these expressions in this Prospectus.

Nuix software helps customers from around the globe in many different industry verticals process, normalise, index, enrich and analyse data from a multitude of different sources. It is particularly effective at processing unstructured data sets (as described in Section 2.1.3) which are “lumpy” and “messy”, where the underlying data varies in content, size and structure, making it difficult to compare and analyse.

Nuix offers a software platform (the **Nuix platform**) comprising a powerful, proprietary, data processing engine (called the **Nuix Engine**) and a number of software applications. It has been developed in-house, shaped by feedback from long-standing government and private sector customers over the past 15 years, and assists customers in solving many of their complex data challenges. The Nuix platform operates at a “forensic level”, providing users with a highly detailed, contextualised and legally defensible way of viewing and interacting with their data. In simple terms, Nuix’s Engine processes data fed into it by the customer, which is then available for use by the customer through one or more of Nuix’s applications or directly through its APIs and connectors.

The Nuix Engine is at the core of the Nuix platform and can be deployed at varying scales, for example, on a single laptop or across multiple servers depending on the volume of data that requires analysis or the speed at which that analysis is to be delivered. A key part of the processing performed by the Nuix Engine is to “normalise data at its binary level”. The Nuix Engine uses parallel data processing technology to process, normalise, index, enrich and analyse data at speed and scale. Currently, the Nuix Engine can process over 1,000 file types, and this capability is expected to continue growing over time. Customers can also export data processed by the Nuix Engine to third party applications or further enrich that data, for example, by merging data processed by the Nuix Engine with an existing database, creating an enhanced data set from which more informed decisions can be made. This is made possible through open application programming interfaces (or **APIs**) and connectors developed by Nuix.

In addition to the Nuix Engine, the Nuix platform comprises a suite of visualisation, analytics and relationship-mapping software applications (Nuix Workstation, Nuix Investigate, Nuix Endpoint and Nuix Discover) that use the outputs of the Nuix Engine to provide insights and intelligence to customers in many different investigative and analytical situations (referred to as **use cases**). These applications have extended, and continue to extend, the number of use cases for the Nuix platform and assist Nuix to grow into new and broader markets. Examples of these use cases for particular customers are illustrated in Figure 7 below (refer to Section 3.3.5 for further examples of use cases of the Nuix platform across multiple industry verticals).

Figure 7: Example use cases for the Nuix platform

Pharmaceutical company	Running an insider threat detection platform to increase the efficiency of internal investigations by making it easier for the customer to process and interpret data sets within the organisation
Law firm	Running litigation and information governance tools in order to produce evidence for court cases and preserve the chain of custody of that evidence
Law enforcement agency	Assisting in investigation and preparation for prosecuting cases for organised crime, financial crime, criminal gangs, terrorism and cyberattacks
Defence department	Ability to identify and react to cyber security threats, aiming to improve the reaction time of the organisation to such threats
Energy company	Using the platform to assist in complying with regulatory requirements related to data governance
Hospitality company	Analysing and identifying issues within existing data sets to assist with protecting data and private information

Figure 8 below explains some of the expressions used by Nuix in this Section and elsewhere in this Prospectus.

Figure 8: Explanation of certain expressions used by Nuix in this Prospectus

Operating at a forensic level	Operating at a forensic level refers to a methodology that is repeatable, reproducible and accurate at levels that have been measured and are appropriate for the intended use. This means that the methodology can, in principle, be reliable and compared against multiple different file types.
Legal defensibility	Legal defensibility refers to the methodology for storing, categorising, retrieving, producing and destroying documents in a sound and trustworthy manner. This means that all relevant data is handled in a consistent, repeatable and reliable fashion, including all metadata as well as content and associated files, reducing the risk of inadvertent deletion or alteration. This protects the data from a “chain of custody” perspective so that it can be relied upon in court.
Normalise, or normalise data at its binary level	Binary extraction means the process by which the Nuix Engine is able to read the data directly from disk, at its most granular level, and extract content from compound, complex files without relying on third party APIs (for example without having to access Outlook to process an email .PST). Normalisation means the ability to take all manner of different data, each with its own set of metadata and attributes, break it down and organise it in such a way (normalising data into a common schema) that you can search, analyse and report on it consistently.
Parallel processing	Parallel processing means the processing of one or more tasks across multiple processors simultaneously, making efficient use of available computing power.

3. COMPANY OVERVIEW

Continued

Processing data at scale	Processing data at scale is the process of applying data analytics tools and techniques to large volumes of data, typically in data repositories, through the use of specialised algorithms, systems and procedures to review, analyse and present information in a form that is meaningful for organisations or the end user.
Chain of custody	Chain of custody is meant to prove that the evidence (electronically stored information) remained in substantially the same condition from the moment one person took possession until the moment that person released the evidence into the custody of another. Chain of custody is important when working with large amounts of electronically stored information that must be searched for, collected, protected, culled, and reviewed to show that data was not misplaced or deleted.
Application programming interfaces (or APIs) and connectors	<p>An API is a computing interface that allows for interactions between multiple software applications. Users can use APIs to extend their application's existing functionality without the need to transfer information manually. They may also use APIs to programmatically interact with a third party application's existing functionalities.</p> <p>A connector refers to the tool or software code that is developed to allow users to integrate APIs and share information between multiple software applications.</p>

Further information on the Nuix Engine, Nuix's applications and their use cases, and an explanation of the other key computing and technology concepts referred to above, are set out in the remainder of this Section 3.

Nuix provides its software to more than 1,000 customers across 78 countries with 55.5% of its FY20 Total Revenue generated by customers in the United States and Canada (**North America**), 28.2% in Europe, Middle East and Africa (**EMEA**) and 16.3% in Asia Pacific. Nuix's customers are predominantly categorised as follows:

- advisory and service providers (including "Big 4" accounting firms) (35.0% of FY20 Total Revenue);
- governments, including law enforcement agencies and regulators (19.9% of FY20 Total Revenue);
- corporates, including multi-national enterprises (19.4% of FY20 Total Revenue);
- law firms (10.5% of FY20 Total Revenue); and
- new markets (15.2% of FY20 Total Revenue). This category represents a collection of customers across the above industry verticals in Nuix's newer markets including Japan, New Zealand, Germany, India and the Middle East.

Figure 9 and Figure 10 provide an overview of Nuix's Total Revenue and total research and development costs since 2008.

Figure 9: Historical Total Revenue (A\$ million)

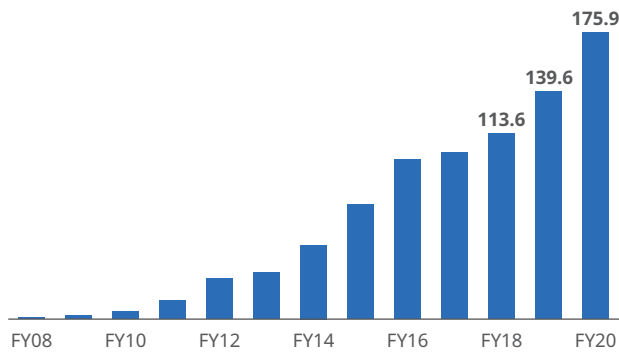
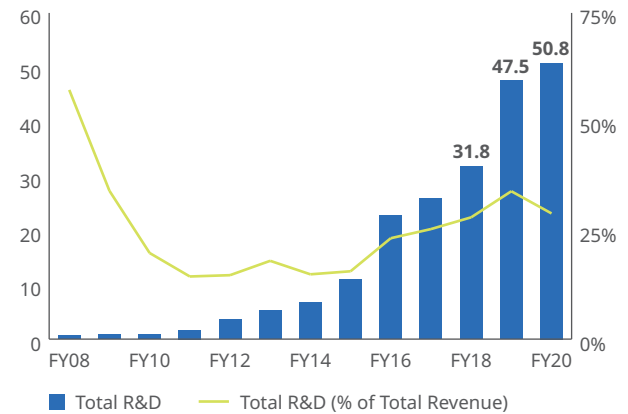


Figure 10: Historical total research and development costs (A\$ million)



Nuix is headquartered in Sydney, Australia and had a total headcount of 421 staff as at 30 June 2020, with a small number engaged through labour hire firms or contractors located across North America, EMEA and Asia Pacific. Figure 11 and Figure 12 provide a breakdown of Total Revenue and staff composition by these regions, respectively.

Figure 11: FY20 Total Revenue by region

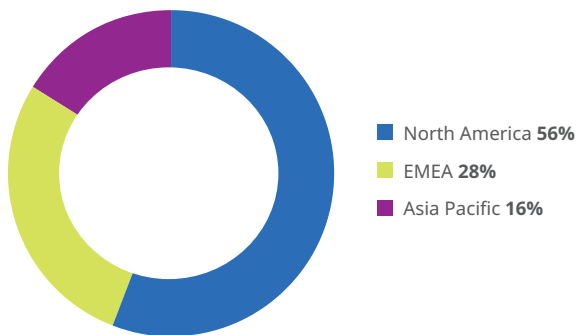
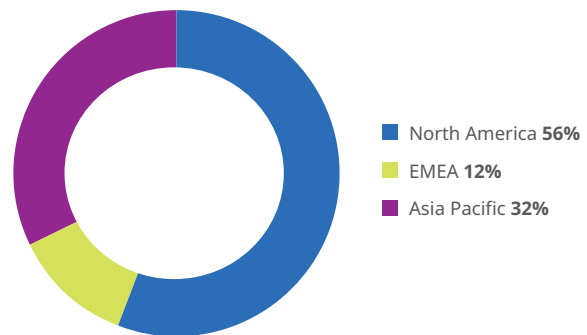


Figure 12: Total headcount by region¹



Notes:

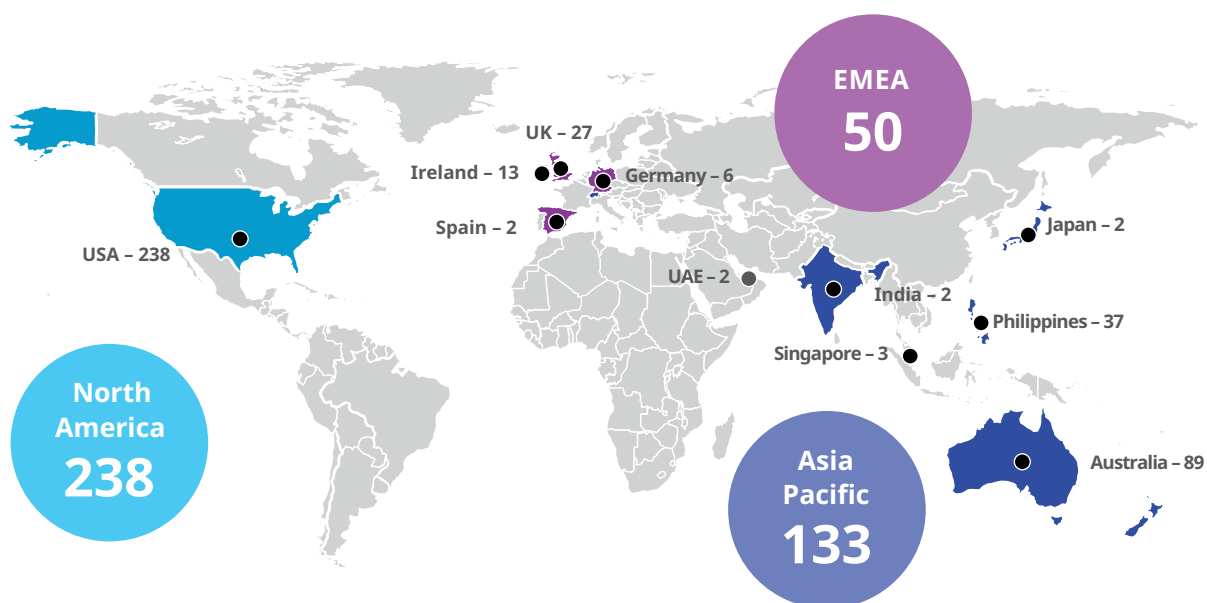
- As at FY20 year end (30 June 2020). Refer to Section 4.3.2 for additional information on Nuix’s Total Revenue by region. Refer to Section 4.11.4 for additional information on Nuix’s staff headcount by region.

Nuix has an established global footprint, successfully expanding from its Sydney headquarters in 2007. Figure 13 provides an overview of the 11 countries in which Nuix staff are located, with 56% of staff based in North America and 32% based in Asia Pacific. Nuix software is developed in America and Australia. Sales and distribution staff are located across 11 countries. Customers in other jurisdictions are reached through Nuix’s partner network as discussed in Section 3.5.3.4. Nuix staff operate from leased premises, serviced offices or virtual offices, including working from home set-ups. Nuix operates an offshore business support function in the Philippines, managed directly from Sydney headquarters, that provides finance, human resources (HR) and IT support services.

3. COMPANY OVERVIEW

Continued

Figure 13: Nuix staff by region as at 30 June 2020



Notes: Nuix staff are predominantly employees, with a small number engaged through labour hire firms or contractors. Figures above represent total closing headcount as at 30 June 2020. Further detail in relation to the above is contained in Section 4.11.4.

Nuix has continued to operate through COVID-19 (and government restrictions to manage the pandemic) with staff carrying out their roles and working remotely where required, in developing software, entering into new customer contracts, supporting and training customers, and operating the business. As at the Prospectus Date, Nuix is requiring or encouraging its staff to work remotely and has implemented work-related travel restrictions on staff. Nuix does not believe that COVID-19 has had a material adverse impact on its business to date, however it has experienced a lengthening in the sales cycle for some prospective and existing customers, and delays in the delivery of professional services and training to some customers. Some customers have delayed Renewal and Upsell Renewal decisions and certain customers have also requested concessions such as extended payment terms or improved pricing. Further, while Nuix has not observed a material impact on its customers' use of the Nuix platform and revenues generated by it due to COVID-19, that impact may not be fully reflected until future periods when, for example, existing longer term contracts come up for Renewal. There is a risk that these and other impacts may continue into the future. The impact of, and key risks in relation to, COVID-19 on Nuix, and concepts of Renewal and Upsell Renewal, are discussed further in Section 4 and Section 5, particularly Section 4.11.2 and Section 5.1.11.

While having regard to the above, trends towards digital transformation, data creation, regulation and the potential for related fraud and cyber security incidents that develop as a result of disruptive events like COVID-19 (refer to Section 2.2) may, however, accelerate data creation and customer data processing requirements, and may lead to additional investigatory and enforcement activities that rely upon the use of Nuix's platform and software, which may, in turn, generate additional opportunities for Nuix in the future.

3.2 COMPANY HISTORY

Nuix was first conceptualised in the early 2000s, by a team led by Nuix's Engineering Founder and current Chief Scientist, with the idea of making unstructured data searchable. Nuix first commercialised its software by applying it to a specific use case with an Australian government agency. Following this deployment, the Company expanded operations, and began to sell its software platform to customers internationally from 2007. Part of the Nuix algorithm¹³ to make unstructured data searchable was patented in 2013 (with further patents being granted since 2013).

The Nuix platform is underpinned by over 15 years of research and development, with over A\$200 million of total research and development costs incurred by Nuix since 2008 (including both capitalised and expensed research and development spend), resulting in the creation of one of the world's leading technologies for processing data at scale. Over the last five years in particular, Nuix has made significant investments in talent, process improvement, sales and marketing, acquisition integration and technology, and improving customer experience, while continuing to enhance the functionality of its platform.

Key milestones in Nuix's operating history include:

- entry into the North America market in October 2007;
- entry into the EMEA market in March 2011;
- acquisition of the endpoint¹⁴ collection technology assets of the MicroForensics platform in 2011;
- expansion in the Asia Pacific market via Singapore in October 2015;
- acquisition of technology assets related to endpoint security from an individual who was responsible for developing those assets in 2015; and
- acquisition of the Ringtail platform (now Nuix Discover), including its software assets and software engineering team from FTI Consulting in September 2018.

Macquarie Corporate Holdings first invested in Nuix in May 2011 and holds 76.2% of Nuix Shares as at the Prospectus Date.

Figure 14 provides a summary of key milestones in Nuix's operating history, as well as growth in Total Revenue and key patents supporting the Nuix Engine, since 1 July 2007.

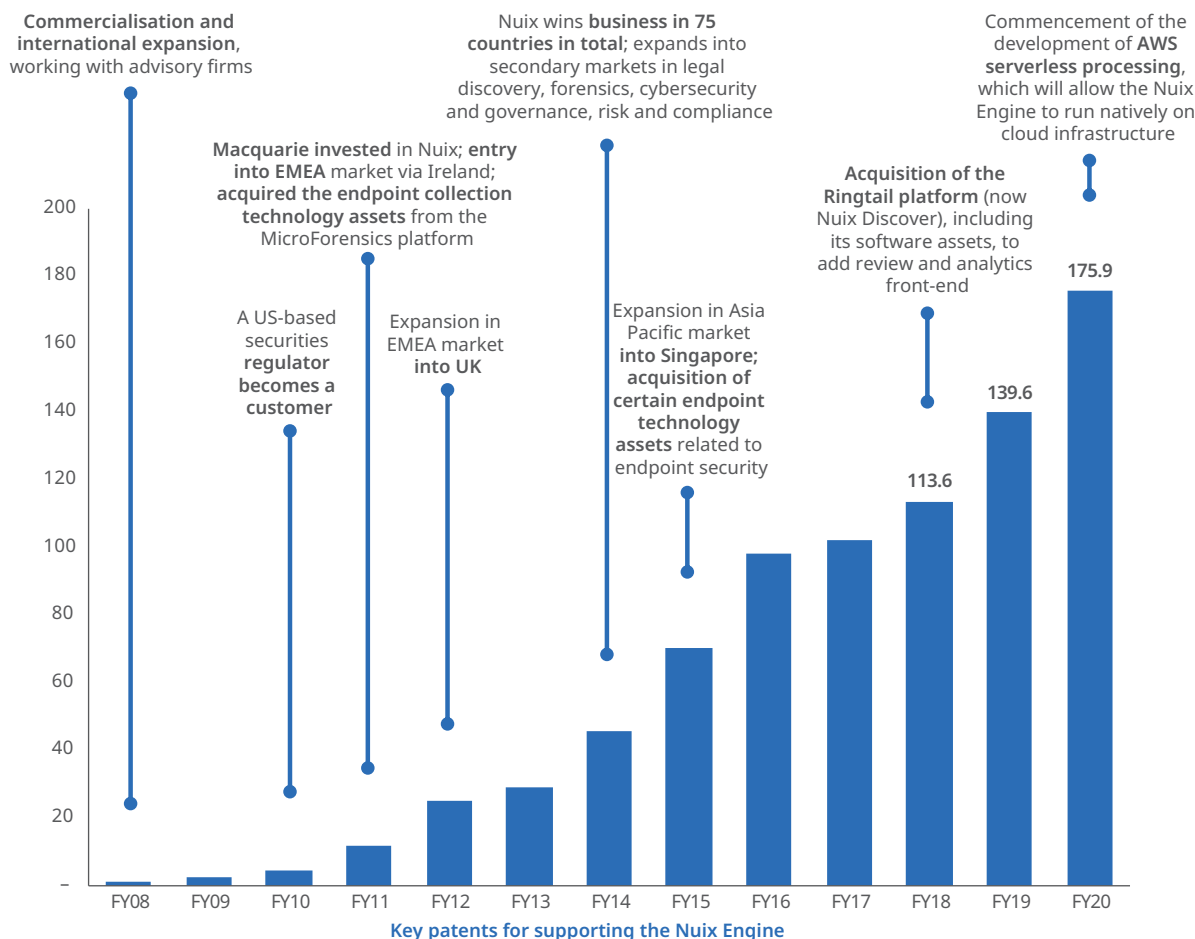
13. An algorithm is a sequence of instructions where the main goal is to solve a specific problem, or perform a certain action or computation. It is a very clear specification or set of rules to be followed for processing data and performing calculations.

14. An endpoint is a remote computing device that communicates back and forth with a network to which it is connected. Examples of endpoints include smartphones, tablets, desktops and laptops.

3. COMPANY OVERVIEW

Continued

Figure 14: Overview of Nuix’s operating history and growth in Total Revenue (A\$ million) and key patents since FY08



Notes: AWS serverless processing is currently in the proof of concept phase. The AWS serverless processing project is seeking to deliver a fully operational environment geared towards leveraging AWS’s cloud for traditional workflows, and continuous processing of small data in real-time. Small data refers to data in a volume and format that makes it accessible and informative to wider audiences. An additional key patent was also granted in November 2020, taking the total number of key patents supporting the Nuix Engine to seven, as referred to in Section 3.8.3.

3.3 NUIX PLATFORM OVERVIEW

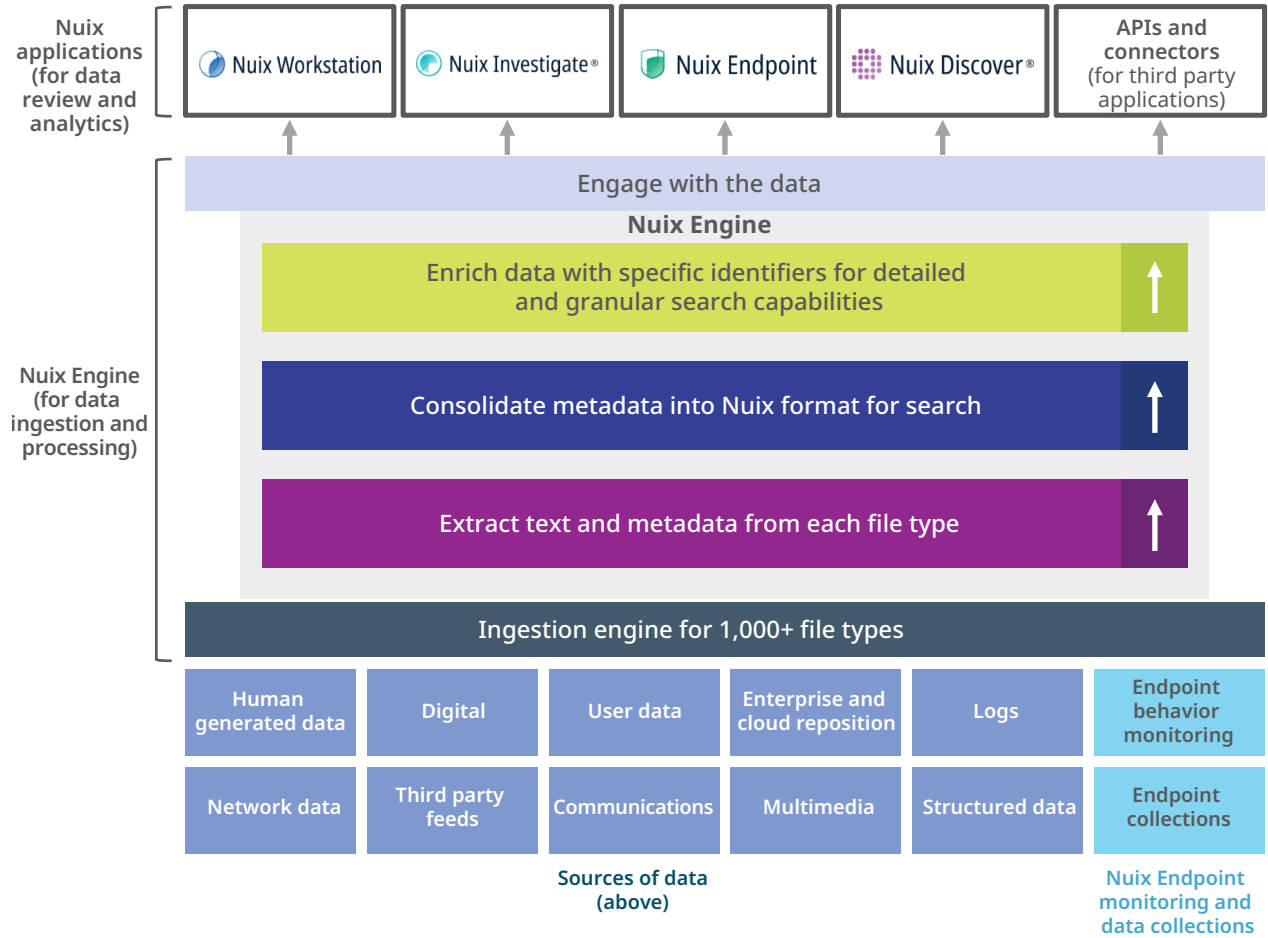
3.3.1 OVERVIEW OF THE NUIX PLATFORM

Nuix is a leading provider of investigative analytics and intelligence software which helps customers from around the world in many different industry verticals process, normalise, index, enrich and analyse data from a multitude of different sources. The Nuix platform comprises:

- the Nuix Engine, that processes, normalises, indexes, enriches and analyses structured, semi-structured and unstructured data at speed and at scale; and
- a number of software applications which provide visualisation, analytics and relationship-mapping tools for customers.

This functionality is illustrated in Figure 15 below.

Figure 15: Overview of the NuiX platform



Notes: Components of the NuiX platform are contained in the black boxes.

The NuiX platform has evolved over time, with 23 major releases and 157 minor releases of the NuiX Engine since 2008 and is integrated into the workflows for many of the world’s major advisory firms, law firms, corporations, law enforcement and other government agencies. Insights and intelligence can be gathered from the NuiX Engine and its applications without the need to export data into third party software tools which can risk disrupting the chain of custody of the data (as explained in Section 3.1) or incur additional data processing and analysis fees.

The NuiX platform supports a range of established use cases, including criminal investigations, financial crime, litigation support, employee and insider investigations, legal eDiscovery, data protection and privacy, and data governance and regulatory compliance. In addition to these well-established use cases, there are a growing number of new use cases to which NuiX is being applied as a result of customer and market demand, including monitoring of user behaviours on endpoint devices (for cyber threat hunting and insider threat detection) and other real-time investigations.

3. COMPANY OVERVIEW

Continued

Nuix software can be installed, accessed and interacted with in a number of ways depending on customer needs and preferences, including:

- through web browser-based user applications;
- being run directly on a customer's local computing platform (for example, in an "air-gapped environment"¹⁵);
- being run on a single, standalone laptop, or across multiple servers; or
- as Nuix-hosted cloud environment, hosted within AWS data centre(s), in the case of Nuix Discover SaaS.

Customers will typically obtain a licence for Nuix for:

- the Nuix Engine alone, which is operated by the user and/or customer through the Nuix Workstation application; and/or
- the Nuix Engine paired with one or more of Nuix's other review and analytics software applications being Nuix Endpoint, Nuix Investigate or Nuix Discover (all of which use the Nuix Engine to process data for the customer's use case). Nuix Endpoint does not, however, have to be paired with the Nuix Engine.

In some instances, a customer may licence multiple Nuix applications for different use cases within the same organisation.

The key elements of the Nuix platform are explained further in Section 3.3.2 to Section 3.3.5 below.

3.3.2 OVERVIEW OF THE NUIX ENGINE

The Nuix Engine is a powerful, proprietary, data processing engine which processes data ingested by it (for example, data that exists on a local hard drive, an enterprise file share, or a cloud-based repository) and forms the core of the Nuix platform. The Nuix Engine processes data by normalising it (extracting data at the binary level, the "ones and zeros") and indexing, enriching and analysing text and metadata¹⁶ extracted from that data. It is particularly effective at processing "lumpy" and "messy" sets of unstructured data at speed and at scale.

The Nuix Engine can process multiple different file types, including human-generated content such as presentations, text files, emails and chat messages, forensic artefacts (such as metadata and contents of deleted files from the recycle bin, cookies, navigation history, cached website data and downloaded files from web browsers) and machine generated data such as logs and network traffic.

The capability of the Nuix Engine today is the result of many years of innovation and consideration of new approaches to processing data by Nuix. Over that time, Nuix has sought to differentiate the Nuix Engine through the combination of:

- binary level data extraction;
- the ability to process multiple file types (rather than focusing on particular types, or "dimensions", of data files as described in Section 3.3.2.1 below);
- parallel processing, which involves splitting data into parts for simultaneous processing by multiple processors; and
- development of open APIs and connectors to allow third party applications to access and read output from the Nuix Engine,

all of which so that Nuix's platform is able to be deployed at scale.

15. An air-gapped environment is physically isolated and not connected to any other network. The only way data can be transferred into or from a computer in an air-gapped environment is by physically inserting a form of removable media, such as a USB or removable disk, or by connecting a transient device like a laptop.

16. Metadata summarises basic information about data, making finding and working with particular instances of data easier. Metadata can be created manually or automatically (for example, by the program in which a document is created or by a camera on which a photo was taken).

3.3.2.1 Nuix's 10 "dimensions" of data

The Nuix Engine can process over 1,000 different file types across multiple instances simultaneously. Nuix currently categorises file types across 10 "dimensions" of data. These dimensions of data, and examples of the file types that the Nuix Engine processes within each dimension, are outlined in Figure 16 below. The Nuix Engine's capability to process new file types is regularly updated. This extensive and expanding file support capability positions the Nuix Engine as one of the most flexible and comprehensive data processing solutions in the market. Even if the Nuix Engine encounters a file type that it does not recognise, it will seek to process, normalise, enrich and analyse the file to extract as much useful metadata and text for indexing as it is able to.

Figure 16: File types across 10 dimensions of data that the Nuix Engine processes

Human Generated Content	Digital and Mobile	User	Enterprise and Cloud	Multimedia
<p>Email files and databases</p> <ul style="list-style-type: none"> Microsoft Exchange (EDB, EWS, STM) Microsoft Outlook (MSG, OST, PST) IBM Lotus Notes/ Domino (NSF) Microsoft Outlook Express (DBX, MBOX, MBX) Other email clients (BOX, EML, EMLX, SML) <p>Documents</p> <ul style="list-style-type: none"> HTML, plain text, RTF Adobe Acrobat (PDF) Microsoft Excel (XLS, XLSX, XLT) Microsoft PowerPoint (POT, PPS, PPT, PPTX) Microsoft Word (DOC, DOCX, DOT) Microsoft Works (WKS, XLR) <p>Images</p> <ul style="list-style-type: none"> BMP, EMF, EMZ, GIF, JP2, JPEG, BPM, PGM, PNG, PPM, RAW, TIFF, WBMP, WMF, WMZ <p>Container files</p> <ul style="list-style-type: none"> ARC, BZ2, GZ, ISO, LHA, LZH, RAR, TAR, ZIP 	<p>Forensic image files</p> <ul style="list-style-type: none"> Nuix logical images Access Data (AD1) EnCase Images (E01, L01) Linux DD Files Mobile images (Cellebrite, MSAB XRY, Oxygen) <p>System files</p> <ul style="list-style-type: none"> Executables (EXE, DLL) LNK, prefetch, jump list files Windows Registry hives in. decoding <p>File system artifacts</p> <ul style="list-style-type: none"> \$LogFile, \$UserJrnl, Object ID Apple property lists Carving from unallocated and file slack space 	<p>User and endpoint behaviours</p> <ul style="list-style-type: none"> DNS queries File system activity Keystrokes Netflow communications Printer activity Processes Registry Removable media activity User sessions Users <p>Location data</p> <ul style="list-style-type: none"> Image file geolocation IP address geolocation Mobile and GPS device logs 	<p>Archive systems</p> <ul style="list-style-type: none"> Autonomy EAS EMC Legato EmailXtender, Source One Veritas Enterprise Vault <p>Cloud repositories</p> <ul style="list-style-type: none"> Amazon Web Services S3 Apple iCloud Box DropBox Google Drive Microsoft Office 365 Microsoft OneDrive <p>Virtual machine images</p> <ul style="list-style-type: none"> Apple Parallels Vmware (VDK, VMDK) 	<p>Multimedia</p> <ul style="list-style-type: none"> Audio files Video files
				<p>Log</p> <p>Log files</p> <ul style="list-style-type: none"> CSV/TSV, syslog, setupAPI Firewall and FTP logs Logstash output Web logs (Microsoft IIS, Apache) Windows event logs (EVT/EVTX)
	<p>Network</p> <p>Network captures</p> <ul style="list-style-type: none"> PCAP packet parsing and TCP / UDP stream building 	<p>Real-time Feeds</p> <p>Third-party intelligence feeds</p> <ul style="list-style-type: none"> CRITS Open IOC Stix/Taxii <p>Social media feeds</p> <ul style="list-style-type: none"> Facebook feeds Twitter feeds 	<p>Communications</p> <p>Communication patterns</p> <ul style="list-style-type: none"> Email Phone call records Skype calls and messages SMS/text messages WhatsApp messages 	<p>Structured</p> <p>Databases</p> <ul style="list-style-type: none"> Microsoft SQL Server (Live, MDF and LDF are text stripped) Oracle SQLite

Notes: This figure highlights some of the major file types that the Nuix Engine processes, but does not attempt to be exhaustive.

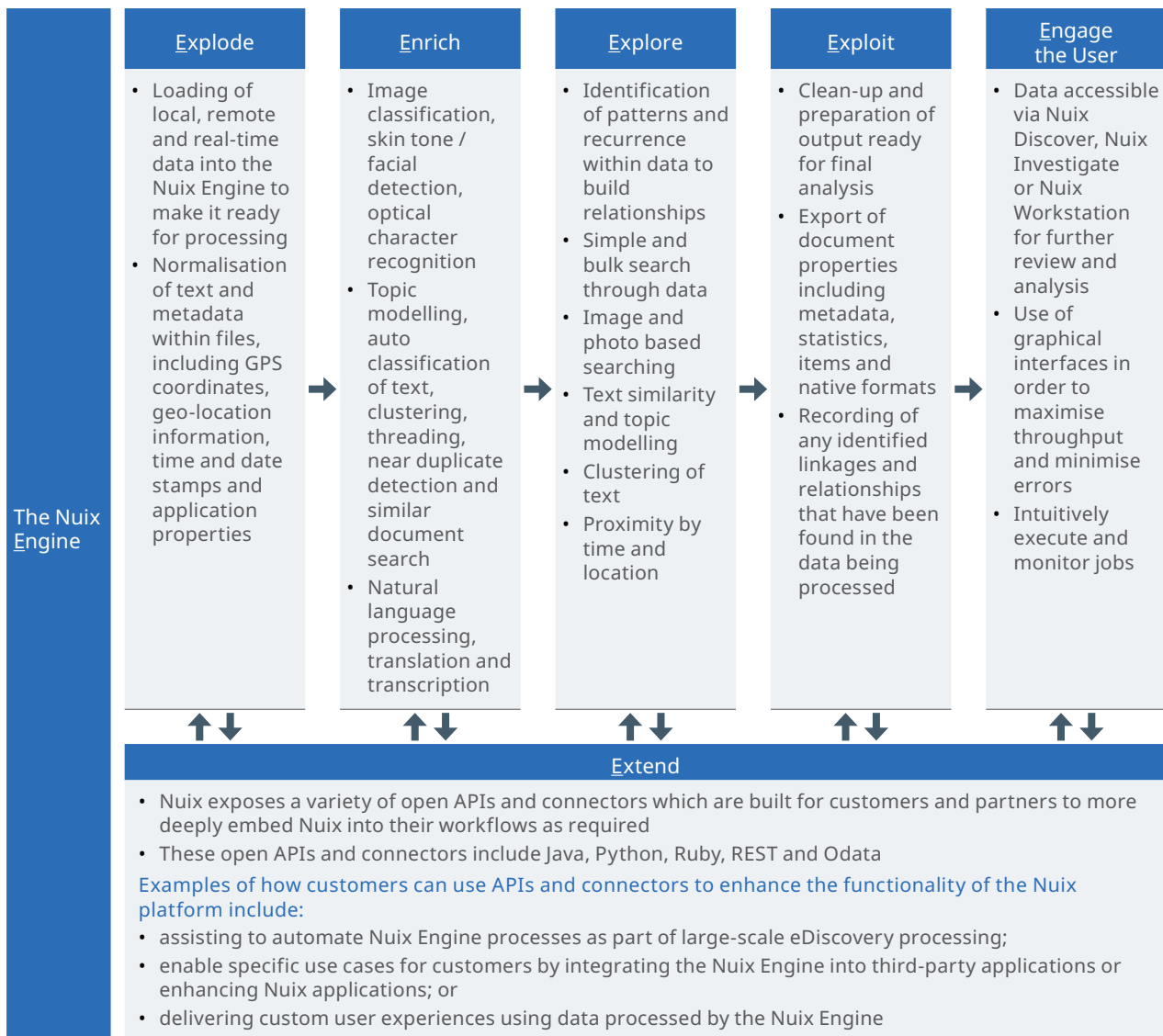
3. COMPANY OVERVIEW

Continued

A key feature of the Nuix Engine is its ability to be “pointed at” and connect easily to a variety of different data storage locations (each of which may contain significant volumes of data) and rapidly and accurately ingest and process, normalise, index, enrich and analyse the data in that location. Users can then interact with the data via Nuix applications so that they can search and make informed decisions about how the data may be further processed or investigated. This pattern of “point, index, search and act” upon data is the cornerstone of many Nuix use cases.

Nuix refers to this process as the “seven Es of data smashing”. “Data smashing” is a process for estimating the similarities between streams of arbitrary data without human intervention and without access to the data sources, and the seven Es are engine, explode, enrich, explore, exploit, engage the user and extend, as illustrated in Figure 17 below. The data smashing process and parallel processing underpins the Nuix’s Engine’s ability to process, normalise, index, enrich and analyse data at speed and at scale.

Figure 17: Nuix’s “seven Es of data smashing”







Once the Nuix Engine has processed ingested data, Nuix also offers software applications that can assist users to gain insights and intelligence through visualisation, analytics and relationship-mapping tools. These applications are the “interface” through which customers can harness the power of the Nuix Engine and are explained further in Section 3.3.3 below.

Nuix APIs and connectors, developed by Nuix’s product development team, also help to expand customer use cases and further enrich (for example, by adding additional use case specific metadata) the information that has been processed by the Nuix Engine as discussed further in Section 3.3.4.

3.3.3 OVERVIEW OF NUIX APPLICATIONS

The Nuix platform can be applied to a wide variety of use cases through the various Nuix applications. It is designed to be extensible, in that it can be used for new use cases, in new industry verticals and in new geographies, as demonstrated through its expansion in recent years into new strategic growth markets such as Japan, New Zealand, Germany, India, and the Middle East, along with its expansion into new customer use cases including compliance, endpoint security and insider threat detection and remediation. Figure 18 provides an overview of Nuix’s key applications, their respective target users and example buyers.

Figure 18: Overview of Nuix applications, target users and example buyers

Application	Description	Target Users	Example Buyers
 Nuix Workstation <i>Refer to Section 3.3.3.1</i>	Powerful search for the “power user” to extract intelligence from ingested data <ul style="list-style-type: none"> User interface for the Nuix Engine (where other Nuix applications are not used) High volume, “coarse grained” culling, search and statistical analysis across multiple file types Automatic identification and correlation “Thick client” — with an extensive range of Nuix Engine features for deep analysis and forensic investigation 	<ul style="list-style-type: none"> ✓ Digital forensic analysts ✓ Data scientists / engineers ✓ Corporate investigators ✓ eDiscovery workflow practitioners 	<ul style="list-style-type: none"> • Chief Risk Officer • Chief Information Security Officer • Chief Data Scientist / Engineer • Head of Investigations / eDiscovery
 Nuix Investigate® <i>Refer to Section 3.3.3.2</i>	Fast insights into the ‘who, what, where, when’ of an event for investigator teams <ul style="list-style-type: none"> Fast route for an investigations team to view Nuix Engine data and link people, objects, locations and events Easy to use data visualisations in a web interface for a broad range of users and skillsets Allows multiple analysts to collaborate simultaneously on the data for faster, more informed decisions 	<ul style="list-style-type: none"> ✓ Police officers ✓ Counter-terrorism analysts ✓ Insider-threat teams ✓ Corporate investigators and compliance officers 	<ul style="list-style-type: none"> • Chief Risk Officer • Chief Information Security Officer • Chief Data Scientist / Engineer • Head of Investigations / eDiscovery
 Nuix Endpoint <i>Refer to Section 3.3.3.3</i>	Extensive visibility into the lowest levels of an endpoint’s operation – the kernel <ul style="list-style-type: none"> Detect security incidents, isolate affected endpoints from the network and continuously record and monitor key digital behaviours Locate company intellectual property or personally identifiable information across the enterprise Forensically image endpoints or logically collect selected data based on keywords or metadata across laptops, desktops, server, enterprise file shares or Sharepoint 	<ul style="list-style-type: none"> ✓ Corporate investigators ✓ Threat hunters ✓ Incident responders 	<ul style="list-style-type: none"> • Chief Risk Officer • Chief Information Security Officer • Chief Technology Officer • Head of Investigations / eDiscovery
 Nuix Discover® <i>Refer to Section 3.3.3.4</i>	Evidence analysis and case construction for litigators that has stood up in court <ul style="list-style-type: none"> Visual analytics and machine learning helps users to forensically analyse data quickly Facilitates deep understanding of content at a document level including privilege analysis Built for the business of review via a range of analytical and visualisation tools, with rigorous structure, self-service (SaaS option) and reporting – with process for charge back 	<ul style="list-style-type: none"> ✓ Solicitors / attorneys ✓ eDiscovery technologists ✓ Regulator case investigators 	<ul style="list-style-type: none"> • General Counsel • Chief Risk Officer • Head of eDiscovery

Notes: “Coarse grained” culling refers to filtering, as part of the electronically stored information collection process, where documents are preserved, but not collected or ingested into the review database (for example, keyword filtering). A “thick client”, or one that is not built to run inside a web browser, is designed to offer a richer, more powerful user experience. An example is to compare the features of Microsoft Office 365 version of Word and the desktop version of Word.

3. COMPANY OVERVIEW

Continued

Further details on Nuix’s applications are provided below in this Section 3.3.3. Nuix’s customers purchase Software Licences to access one or more of Nuix’s applications shown in Figure 18. At present, the most commonly purchased licence type is a Module Licence, which provides a customer with access to a particular Nuix application for a pre-determined period of time at a certain “cost per Core”, “cost per endpoint”, or “cost per user”. In addition, customers may acquire access to a Nuix application on a Consumption Licence, where customers are charged based on the amount of data processed or under management, or on a Perpetual Licence which allows the customer to use the licensed software version indefinitely, for a one-time fee. Customers who purchase Nuix Perpetual Licences often also purchase a Maintenance Licence for a specified time period, under which customers obtain limited updates to software purchased on a Perpetual Licence. Refer to Section 3.5 and Section 4.10.1 for further information on Nuix’s licence and pricing models.

Nuix provides customers with flexibility in the way which they deploy and access the Nuix platform (consisting of the Nuix Engine and Nuix applications), regardless of the selected licence model (refer to Section 4.10 for further information regarding Nuix’s license models).

Nuix’s customers typically access the Nuix platform software by purchasing Software Licences that allow them either to install and run the software on IT infrastructure that is owned and/or controlled by the customer (for example, in an on-premise data centre, private cloud or public cloud) or, in the case of Nuix Discover SaaS, access the application in a Nuix-hosted cloud environment.

Where the Nuix platform (either the Nuix Engine or Nuix’s software applications, or both) is installed in a customer owned and/or controlled IT environment, a licensing agreement will typically comprise one or more of Nuix’s Module Licences, Consumption Licences, S&M Licences and/or Perpetual Licences.

Where a customer chooses to access Nuix Discover SaaS, the licensing agreement will typically comprise Module Licences (where the pricing driver may be the number of users, for example) and Consumption Licences (where the pricing driver may be data under management, for example).

Figure 19 provides an overview of Nuix’s deployment methods. Refer to Section 4.2.4.1 for an overview of Nuix’s revenue recognition policies as they apply to Nuix’s deployment methods.

Figure 19: Summary of Nuix’s deployment methods

Deployment method	Description
Customer-controlled environment	<p>Overview</p> <ul style="list-style-type: none">• Customers deploying Nuix software in a customer-controlled environment will often purchase Nuix under one or more of the following Software Licences:<ul style="list-style-type: none">– Module Licences;– Consumption Licences;– Perpetual Licences; and/or– Support and Maintenance Licences. <p>On-premise</p> <ul style="list-style-type: none">• Customer-controlled, on-premise environments, can, for example, be on a customer owned computer, server or data centre. <p>Cloud</p> <ul style="list-style-type: none">• The Nuix Engine and/or Nuix applications are typically installed in a cloud environment owned and/or controlled by the customer.• Customer-controlled, cloud environments can, for example, be on a private or public cloud.

Deployment method	Description
Nuix-controlled cloud environment	Overview <ul style="list-style-type: none">• Nuix software may also be delivered under a SaaS model, with deployment and access being delivered via a Nuix-hosted cloud environment.• Software delivered via a Nuix-hosted cloud environment will typically comprise Module Licences (where the pricing driver may be the number of users, for example) and/or Consumption Licences (where the pricing driver may be data under management, for example). At present, Nuix's primary application delivered via this model is Nuix Discover SaaS (refer to Section 3.3.3.4).

Nuix's customers have begun to migrate some of their business infrastructure from on-premise computers, servers and data centres to cloud-based solutions, as they look to take advantage of the cloud scalability and cost efficiencies. Nuix is investing in the development of a cloud-enabled Nuix Engine and serverless processing in AWS, which is currently in the proof of concept phase. This is expected to allow the Nuix Engine to run natively on cloud infrastructure and allow Nuix to extend its current SaaS offerings beyond Nuix Discover SaaS.

3.3.3.1 Nuix Workstation

Nuix Workstation is the "power-user" interface of the Nuix Engine. Power users are sophisticated, skilled users who have a high level of familiarity and expertise in using the Nuix Engine and are often specialists in using Nuix within their organisations. They include digital forensic analysts, data scientists or engineers, or corporate investigators.

Features of the Nuix Workstation application include the ability for users to:

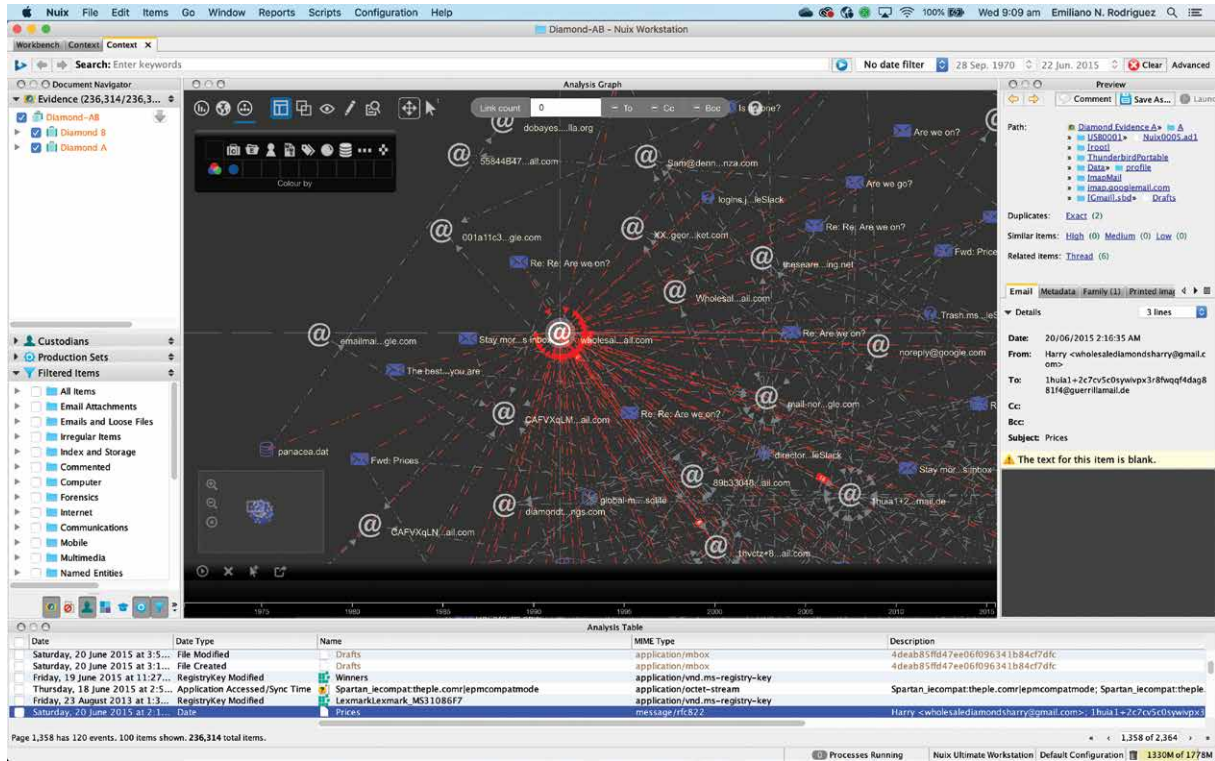
- build a new case to process, monitor, reveal, collect and investigate data from multiple locations or multiple sources;
- investigate and control the processing of more than 1,000 file formats across the 10 data dimensions into meaningful information, accurately, at speed and at scale;
- run high volume search and statistical analysis across data which has been processed by the Nuix Engine; and
- identify and correlate key intelligence items in order to address their own requirements with a high degree of flexibility.

Figure 20 provides a screenshot of the Nuix Workstation application and some of the software features. In this particular screenshot, the user has selected a particular data source and is analysing the linked entities in an email chain. The user is able to determine the depth of analysis they need to conduct into the files, or use a pre-defined processing profile that instructs the Nuix Engine as to how far it should look into each file type. When a user is targeting an email chain, it is difficult to identify what the user is looking for in particular, but by using the Nuix Engine, the user is able to extract the text and metadata from the files, and prepare the data to be searched.

3. COMPANY OVERVIEW

Continued

Figure 20: Nuix Workstation example screenshot



3.3.3.2 Nuix Investigate

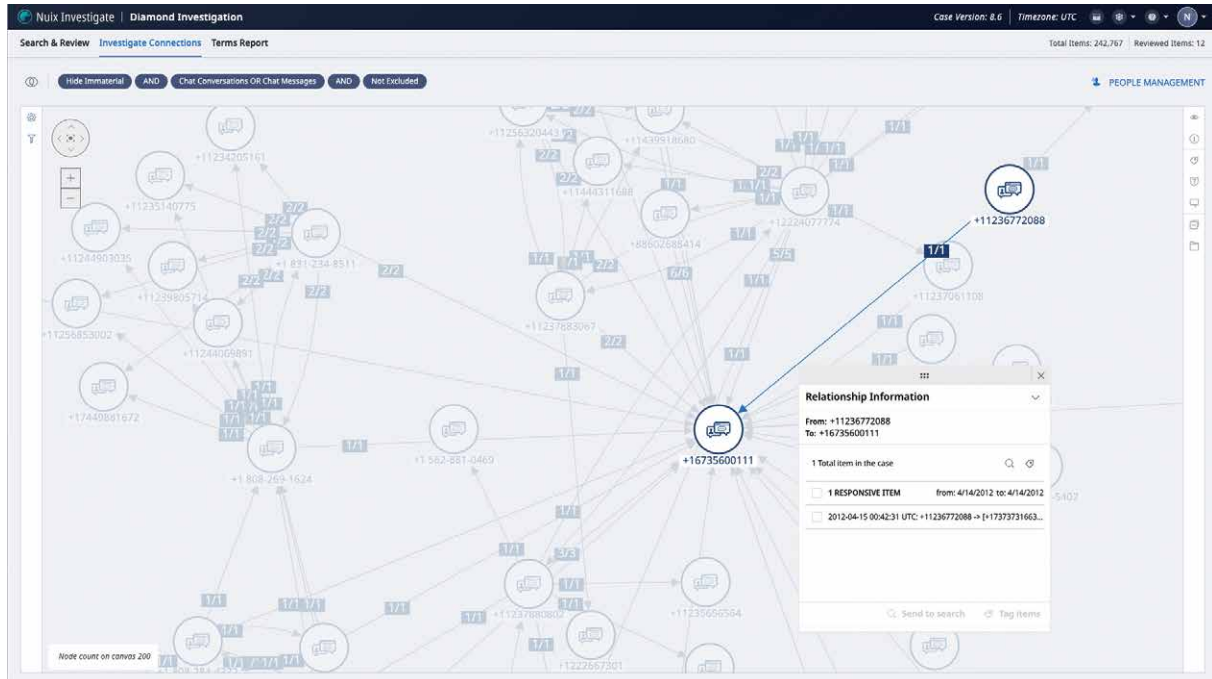
Nuix Investigate provides users with insights into the “who, what, where and when” of an event or situation by overlaying visualisation tools on data processed by the Nuix Engine to show relationships between the data. Nuix Investigate is used to analyse a wide variety of file types including (but not limited to) telephone calls, electronic messages and emails, locations, photographs and sound files or recordings. Events or situations include behaviours of criminal organisations or terrorist cells, insider fraud or data loss within an organisation, and searching data repositories for compliance or regulatory breaches. Users of Nuix Investigate typically include law enforcement analysts, insider threat teams, corporate investigators and compliance officers, and multi-skilled teams including people with these and other areas of expertise.

Features of the Nuix Investigate application include:

- a collaborative environment for technical investigators (such as law enforcement analysts) and non-technical investigators (such as corporate human resources or legal departments) to share, search, and analyse case data any time, from a web browser;
- capacity to save time and increase productivity by enabling analysts to quickly review and analyse large volumes of images/photographs, emails, texts, chats, and various other forensic artefacts consistently across multiple sets of data, cases, locations or systems to help gain clear insights into an event and develop an investigative strategy;
- ability for multiple users to view processed data and link people, objects, locations and events through easy-to-use visualisations in a web interface; and
- facilitation of decision making by identifying patterns of behaviour historically and applying them to future scenarios.

Figure 21 provides a screenshot of the Nuix Investigate application and some of the software features. In this particular screenshot, the investigator is reviewing call and text/chat data sent or received from multiple different mobile devices. Nuix Investigate is able to leverage the metadata extracted by the Nuix Engine to deliver insights into who is talking to whom and the frequency of their communications. The visualisation tool also has the ability to represent relationships between that phone number and other individuals, events or objects that are related to the individual who is at the centre of the investigation.

Figure 21: Nuix Investigate example screenshot



3.3.3.3 Nuix Endpoint

Nuix Endpoint is an endpoint security and investigations software program that provides users with an all-in-one solution for monitoring, threat detection, data protection and collections across organisations. An endpoint is a remote computing device that communicates back and forth with a network to which it is connected. Examples of endpoints include smartphones, tablets, desktops and laptops.

Nuix Endpoint can be coupled with the power of the Nuix Engine to allow for the ingestion and normalisation of remotely collected data, to facilitate analysis and appropriate responses. Specific examples of where Nuix Endpoint may be used by a customer include real-time analysis of unstructured data to identify and remediate cyber security incidents, monitoring of employee behaviours on an organisation's system, or running a post-event investigation following such a security or privacy breach.

Features of the Nuix Endpoint application include:

- ability to collect, in a secure way, data from an organisation's desktops, laptops, file shares and difficult-to-access data repositories such as backup servers;
- capacity to identify insider threats (for example, employees compromising confidential client data), which may prove particularly valuable to organisations that are increasingly reliant on remote working models in response to COVID-19 or otherwise;
- ability to protect and respond to threats to data and digital assets at endpoints in real-time by automatically blocking such actions or switching off network access to a particular device; and
- flexibility to adjust the level of monitoring based on threat assessments and risk profiling, live monitoring of key strokes and screenshots, in order to best optimise processing power.

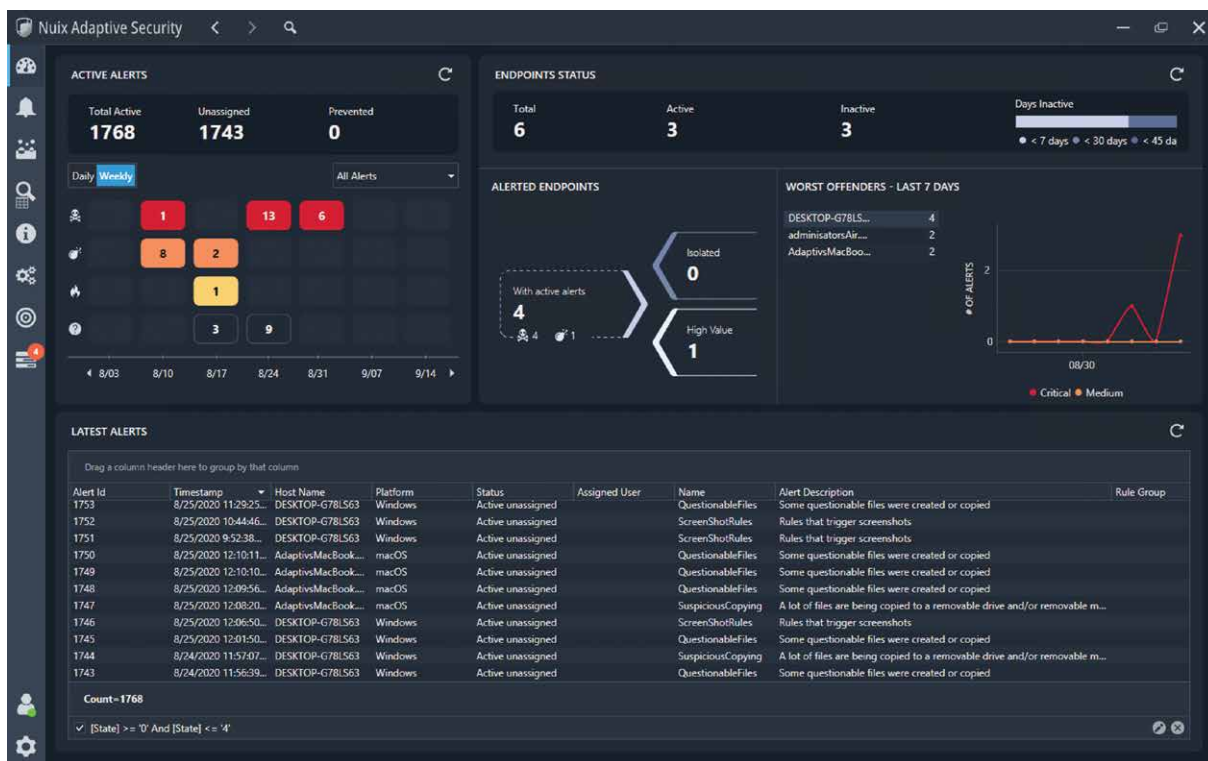
3. COMPANY OVERVIEW

Continued

Nuix Endpoint can track and trace a suspicious process from the moment that the attack spawns and through its lifecycle (for example, child processes,¹⁷ files that it has touched, network connections that it has made and commands that were executed). This helps users understand an attacker’s techniques, commands and controls, which can be mapped, and unravel the extent of an attack. Nuix Endpoint’s visualisation tools can also assist users explain attack patterns to senior executives.

Figure 22 provides a screenshot of the Nuix Endpoint application and some of the software features. In this particular screenshot, the user is observing the digital behaviours of a particular endpoint device using Nuix’s digital behaviour recorder, which logs events such as user sessions, launching of tools, and entering of keystrokes, and compares these events against a local rule set to automatically generate any one of four automated responses. Nuix Endpoint can produce an exact timeline of a user’s digital behaviours, what time they logged in, what websites they visited, and what keystrokes they typed, including screenshots which are automatically captured after suspicious behaviour trips a rule.

Figure 22: Nuix Endpoint example screenshot



3.3.3.4 Nuix Discover

Nuix Discover, which incorporates the Ringtail platform software assets acquired by Nuix in September 2018, is an “end-to-end” eDiscovery solution used by customers to find evidence and build cases for litigation or criminal proceedings, regulatory investigations and compliance audits.

Nuix Discover includes embedded analytical processes and predictive coding and is deeply integrated with the Nuix Engine. It assists users with the collation and review of data from disparate sources so that it can be more effectively used as evidence or to accomplish the customer’s intended objectives. The Nuix Engine maintains a chain of custody for the data it processes by retaining information about the contents of the evidence, but also the metadata associated with the item itself, including where the item existed in the user’s folder structure and a numerical value called a hash (which can be used to identify unique documents and document families). That chain of custody can otherwise be compromised if a customer uses multiple software vendors. This assists law enforcement officials in maintaining the authenticity of the data so it can be used as evidence in court.

17. A child process in computing is a process created by another process. This technique is applicable to multitasking operating systems, and is sometimes called a sub-process or traditionally, a sub-task. A child process is created as its parent process’s copy and inherits most of its attributes. If a child process has no parent process, then it is created directly by the kernel, which is a computer program at the core of a computer’s operating system with control over everything in the system. A kernel connects the application software to the hardware of a computer.

Customers can create and automate their “best practice workflows” for standard legal projects, helping to eliminating errors and costly reworking through an interface which is designed to be easy to use. Nuix Discover is readily scalable and capable of handling extremely complex and large eDiscovery processes.

Features of the Nuix Discover application include:

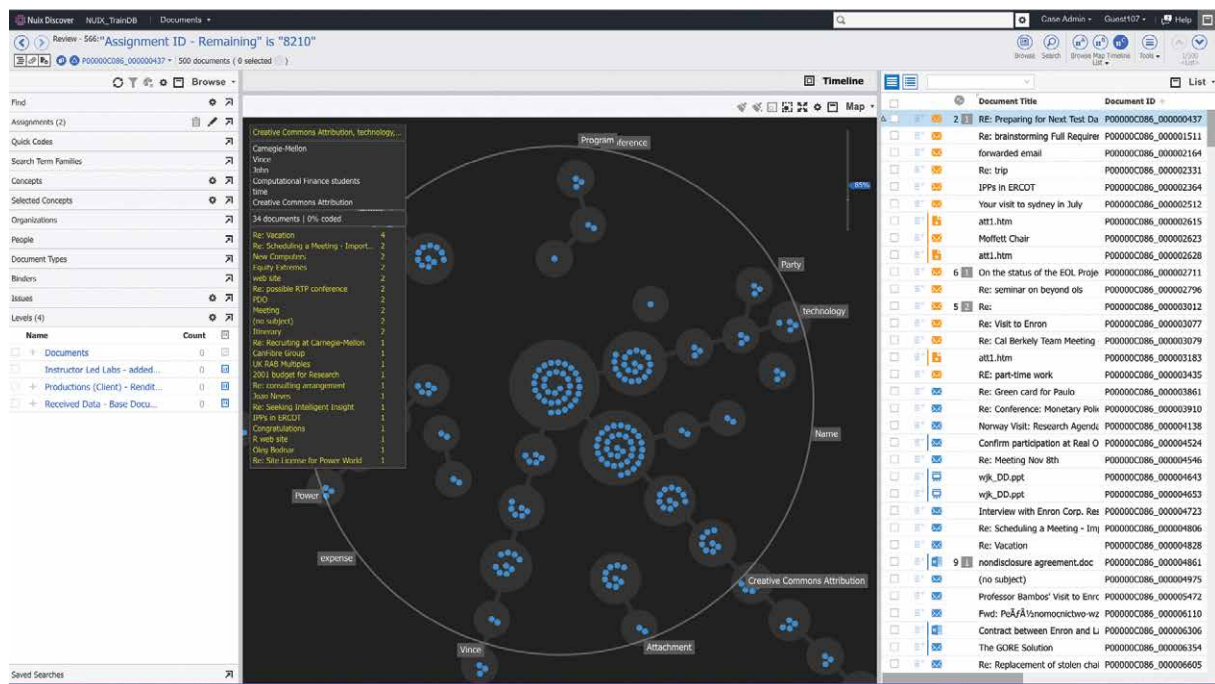
- providing visual analytics and machine learning to help users analyse data quickly;
- potential to reduce the time spent in review through the use of sophisticated algorithms designed to replicate the decision logic of expert (human) users;
- ability to move quickly between documents, document lists and analytics;
- active learning from user decisions to promote review of more relevant documents;
- assisting a deep understanding of content at a document level, including legal privilege analysis; and
- simple customer management features, real-time reporting and object-level security control to protect potentially sensitive and secret data.

Nuix Discover is offered as an “on-premise” solution or in a Nuix-hosted cloud environment, hosted within AWS data centre(s) (referred to as Nuix Discover SaaS). Benefits of Nuix Discover SaaS include:

- dynamically scaling Nuix Engine clusters to provide enhanced processing power, throughput and storage;
- less dependency for the customer on hardware or external storage devices (such as USBs);
- the ability to upload data to the cloud, with a fully automated process preparing the data for review; and
- accessing and working on case files from anywhere.

Figure 23 provides a screenshot of Nuix Discover and some of its software features. In this particular screenshot, the user is utilising Nuix Discover’s visualisation tools to understand the relationships between documents based on their content. This allows Nuix Discover users to more quickly understand the important topics within the data as they formulate their case strategy.

Figure 23: Nuix Discover example screenshot



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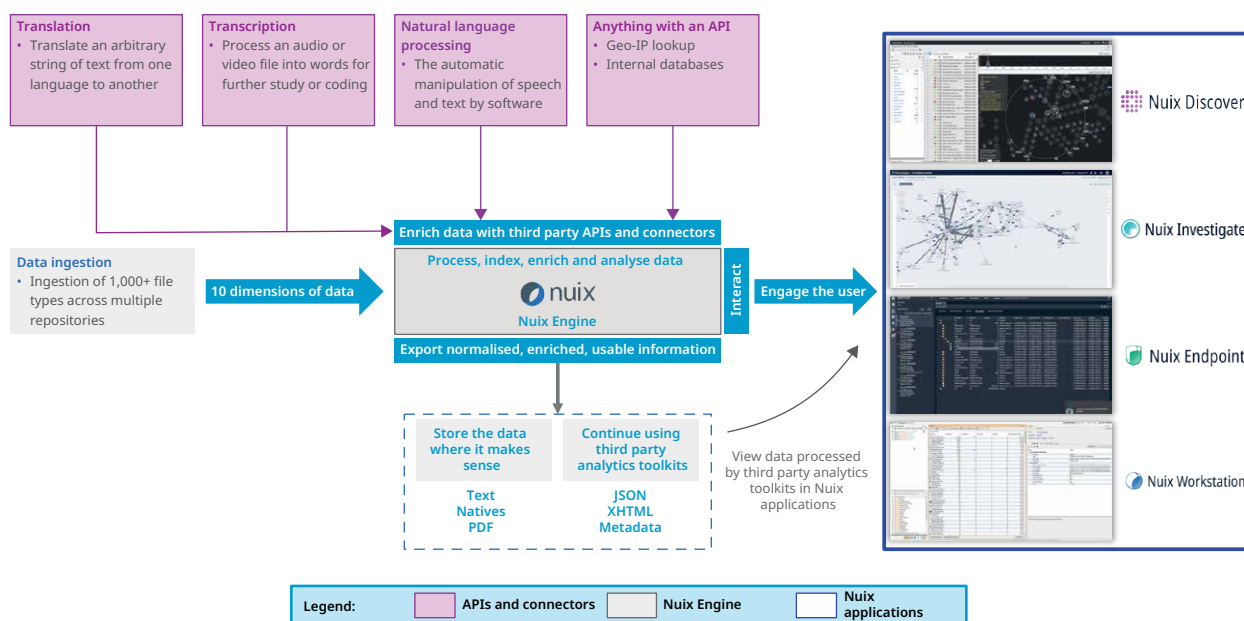
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3.3.4 APIS AND CONNECTORS

Nuix APIs and connectors are developed by Nuix's product development team to help expand customer use cases and further enrich (for example, by adding additional use case specific metadata) the information that has been processed by the Nuix Engine, from the initial loading and normalisation process through to the final engagement with the end user.

Figure 24 provides an overview of how APIs and connectors can be used to enhance the functionality of the Nuix platform.

Figure 24: APIs and connectors used to enhance the functionality of the Nuix platform



Notes: The grey line pointing towards the screenshots of Nuix applications in Figure 24 references the ability for third party analytics toolkits and applications to link back into the Nuix platform to view and interact with the actual items of data that were processed. Many analytics toolkits and applications that provide high level reports are unable to focus on the individual documents, emails and/or behaviours that drove the analytics. For example, if the users are investigating corporate fraud, the user may want to use third party analytics toolkits and applications to classify the documents and emails. However, when the investigators are ready to make the final decision and investigate the fraud, the investigator may need to read the emails and open the spreadsheets. Linking back into the Nuix platform allows customers to close the loop and leverage custom analytic workflows, but still link back to the actual items in Nuix where they can review and tag.

Examples of how customers can use APIs and connectors to enhance the functionality of the Nuix platform include:

- assisting to automate Nuix Engine processes as part of large scale eDiscovery processing;
- enabling specific use cases by integrating the Nuix Engine into third party applications or enhancing Nuix applications, including through the enrichment of processed data; or
- delivering custom user experiences using data processed by the Nuix Engine.

3.3.5 EXAMPLES OF ACTUAL USE CASES OF THE NUIX PLATFORM

Nuix software has been used to solve complex data problems across a broad scope of use cases, demonstrating the breadth and flexibility of the platform. Figure 25 illustrates a selection of specific use cases of Nuix software across multiple industry verticals.

Figure 25: Examples of actual use cases across multiple industry verticals

1	European law enforcement agency 2019	<ul style="list-style-type: none"> • Situation: The customer sought to expand its regional operations in critical high-volume digital forensic investigations as their traditional forensic workflows could not keep up with the volume and variety of digital evidence, leading to processing and reviewing backlogs • Why Nuix?: Nuix has developed a strong relationship with the customer and positioned itself as the tool of choice for this agency's digital forensic investigations • Key Takeaways: Nuix has become a proven platform for digital forensics teams in law enforcement and intelligence agencies that need to collaborate and share intelligence across agencies and jurisdictions
2	Panama Papers 2015	<ul style="list-style-type: none"> • Situation: Nuix was critical to the timely processing, investigation and review of documents leaked as part of the Panama Papers scandal. This included processing, indexing, and analysing 3 terabytes of data, or 11 million documents and emails in a short time frame and in a 100% secure, air-gapped system. The investigation uncovered unlawful events including tax evasion, drug trafficking and fraud • Why Nuix?: Nuix was recommended to journalists at Sueddeutsche Zeitung by the Independent Consortium of Investigative Journalists who could leverage off its processing capability, ease of use, compact deployment footprint and versatility in file types • Key Takeaways: Using Nuix to make sense of the Panama Papers has contributed to many of criminal and civil prosecutions
3	"Big 4" major Australian Bank 2019	<ul style="list-style-type: none"> • Situation: In 2017, several large Australian-based financial institutions were called to take part in the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry • Why Nuix?: The combination of Nuix's flexible network and portable data collection software, the speed and scalability of the Nuix Engine to make the data searchable and the quick, collaborative access to that data via the Nuix Investigate application assisted critical deadlines to be met • Key Takeaways: Nuix represents a defensible approach to establishing and demonstrating compliance through fast, accurate investigations and provision of relevant data both pro-actively and on demand
4	Global Law Firm 2019	<ul style="list-style-type: none"> • Situation: A global law firm needed a technology platform to drive efficiency, competitive edge and scale with the business and has been a customer of Nuix Discover since 2008. This specific global law firm continues to use Nuix Discover for analytics and to accelerate the process and reduce the cost of review • Why Nuix?: Nuix provided a complete eDiscovery workflow solution that supported efficiency-driven innovation. Migrating from an on-premise deployment to Nuix Discover SaaS offered further flexibility to answer challenges presented by other use cases and customer concerns • Key Takeaways: The extensibility and embedded analytics within the Nuix platform helps customers leverage their investment for use cases beyond traditional eDiscovery and investigations

3.4 CUSTOMER BASE

3.4.1 OVERVIEW

Nuix's customer base consists of more than 1,000 existing customers as at 30 June 2020,¹⁸ including large government agencies, regulators, corporations and professional services firms. Nuix software is sold directly by Nuix and indirectly through a partner network of 163 partners¹⁹ who actively market, and in some cases support, the Nuix platform.

18. The number of existing customers is defined as Nuix customers who have an active Software Licence and/or generated Other Revenue in FY20.

19. Nuix uses the expression "partner" in a commercial sense. Nuix is not in a partnership in the legal sense with these organisations.

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Direct sales contributed 73%, and indirect sales contributed 27% of Nuix’s FY20 Total Revenue. Nuix’s top ten partners (ranked by Total Revenue contribution in FY20) accounted for 58% of Total Revenue in FY20 from indirect sales. Of Nuix’s top ten customers (ranked by Total Revenue contribution in FY20), eight are large advisory or service provider firms that are in a position to offer Nuix applications or the Nuix platform as part of their solutions for their end customers. This provides Nuix with access to a large and diverse pool of customers who seek advice from professional service and consultancy firms. Refer to Section 3.5.3.1 for additional information on Nuix’s combined direct and indirect sales approaches, including partner sales.

Nuix’s customers operate across multiple industry verticals and regions. Some of Nuix’s customers include well recognised companies such as AIG, Amazon, Barclays, Grant Thornton, Jaguar Land Rover, Thomson Reuters and “Big 4” accounting firms. In addition to Nuix’s private sector customers, Nuix’s solutions are used by government and public sector organisations globally, including the Australian Securities and Investments Commission (ASIC), the Securities and Exchange Commission (SEC) and the United States Department of Justice. Figure 26 displays selected customers of Nuix by industry segment.

Figure 26: Selected customers of Nuix by industry vertical

Government	Advisory and Service Providers	Legal Service Vendors
Government, Law Enforcement and Regulators	‘Big 4’ Accounting Firms and Consulting Firms	Legal Services and Consulting Companies
<ul style="list-style-type: none"> • ASIC • Australian Federal Police • Generalzoll-direktion • National Crime Agency • SEC • U.S. Department of Justice 	<ul style="list-style-type: none"> • BDO • Deloitte • EY • Grant Thornton • KPMG • PwC 	<ul style="list-style-type: none"> • Consilio • Epiq • FTI Consulting • Kroll • Lighthouse eDiscovery • Thomson Reuters
Corporates	Law Firms	Partners and Resellers
Financial Services, Energy, Telecommunications and Other	Global, Regional and Local Law Firms	Legal Services and Consulting Companies
<ul style="list-style-type: none"> • AIG • Airbus • Amazon • Barclays • Vodafone • Westpac 	<ul style="list-style-type: none"> • Baker McKenzie • Clayton Utz • DLA Piper • Dorsey & Whitney • Paul Hastings • Sidley Austin 	<ul style="list-style-type: none"> • DLT • Fujitsu • Infinigate • Ingram • SVA • Zapproved

Notes: List of customers is not exhaustive.

In September-October 2020, Nuix commissioned surveys comprising of an online eDiscovery and digital forensics survey of 63 Nuix customers (quantitative survey) and interviews with 20 Nuix customers (qualitative survey). The majority of respondents believed that Nuix:

- has the fastest processing engine;
- can review the most file types;
- can handle the largest volume of data; and
- has more extensibility across use cases.²⁰

20. Conclusions drawn from these surveys are those of Nuix and not the third parties commissioned to administer them. Quantitative survey participants were asked to consider Nuix against 14 other leading market participants. Respondents to the quantitative survey are included in these statements where they responded with a rating of eight or higher out of ten in response to the question: for example, 78% responded with eight or higher out of ten to the question “On a scale of 1-10 does Nuix have the fastest eDiscovery processing engine?”; and 66% responded with eight or higher out of ten to the question “On a scale of 1-10 does Nuix have the fastest digital forensics processing engine?”

Further, the majority of respondents to the quantitative survey believed that the following were leading buying factors on which NuiX is highly rated for both eDiscovery and digital forensics:

- richness of functionality;
- quality and promptness of customer support;
- quality and promptness of technical support; and
- market share, presence, and reputation.²¹

NuiX believes that the responses to these surveys reflect NuiX's position as one of the world's leading technologies for processing data at scale, in particular in its most significant markets, and key underpinnings of its strong customer retention profile and attractive unit economics discussed in this Section 3.4.

3.4.2 CUSTOMER DIVERSIFICATION

NuiX's customers are diversified by region and industry as illustrated in Figures 27 to 30. NuiX assesses customer diversification by reference to Total Revenue. Customer tenure and concentration are assessed on an Annualised Contract Value (ACV) basis which is, in summary, the annualised (or 12 month equivalent) value of all revenue from the sale of Software Licences at the end of a given financial period as well as the last 12 months of Other Revenue.²² NuiX's largest customer in FY20 represented approximately 4% of FY20 ACV and the top 20 customers represented approximately 41% of FY20 ACV, as seen in Figure 29.

Figure 27: FY20 Total Revenue by region

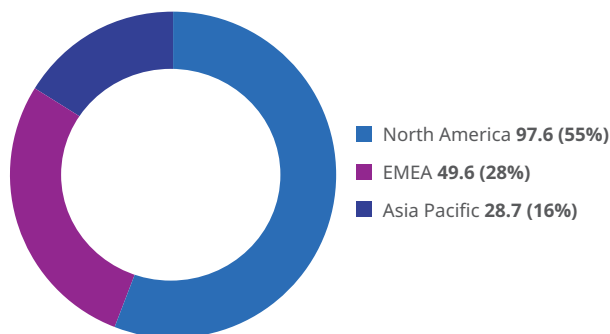


Figure 28: FY20 Total Revenue by industry vertical

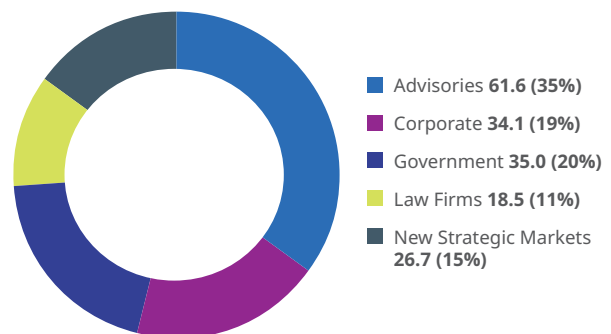


Figure 29: Customer concentration as at 30 June 2020 by FY20 ACV

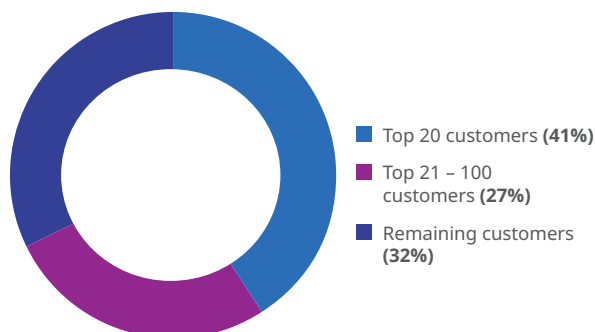
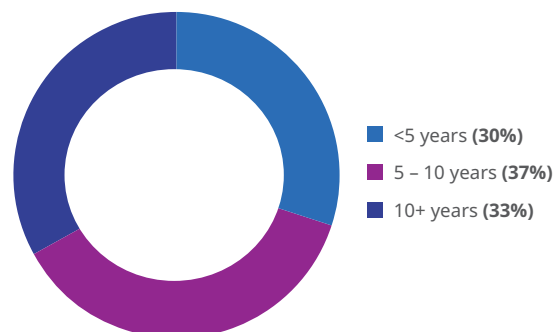


Figure 30: Customer tenure as at 30 June 2020 by FY20 ACV



Notes: ACV is a non-IFRS measure and does not represent Total Revenue in accordance with AAS or NuiX's accounting policies or cash receipts from customers. Refer to Section 4.11.3 for additional information on ACV.

21. Respondents are included in these statements where they responded with a rating of four or higher out of five in response.

22. The metric is used by NuiX to assess NuiX's total contract value on an annualised basis and to mitigate the fluctuations in NuiX's Total Revenue which results from the upfront revenue recognition of multi-year deals from Subscription Licences required under Australian Accounting Standards and NuiX's accounting policies. Refer to Section 4.2.6.1 for further information on how NuiX calculates ACV.

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3.4.3 NUIX'S CUSTOMER VALUE PROPOSITION

Nuix seeks to provide its customers with a differentiated product and service offering. Figure 31 describes key elements of Nuix's customer value proposition.

Figure 31: Nuix's customer value proposition

1	A powerful data processing technology	<ul style="list-style-type: none"> • A platform built around the Nuix Engine, a powerful, proprietary, data processing engine, supported by seven key patents. • Capable of processing large volumes of unstructured, semi-structured and structured data at speed and at scale. • Powerful parallel processing that can process more than 1,000 file types across multiple instances simultaneously. • Customers report Nuix offers the fastest eDiscovery and digital forensics processing engine that can review the most file types.²³
2	Global pedigree and real-world software experience	<ul style="list-style-type: none"> • The Nuix Engine is the product of over 15 years of engineering and technological innovation, rather than being reverse-engineered to supplement an existing review tool or workflow solution. • Enables data to be processed accurately, in a legally defensible manner and while maintaining the chain of custody. • Designed to be flexible and adaptable to changing use cases and business models. • Broad application from a completely air-gapped, standalone laptop to installations on multiple servers available for collaborative web review, or via a Nuix-hosted cloud environment, hosted within AWS data centre(s), in the case of Nuix Discover SaaS.
3	Wide range of use cases and blue chip customer base	<ul style="list-style-type: none"> • A customer base across many industry verticals that includes many of the world's largest government agencies, regulators, corporations and professional services firms. Nuix has been trusted by many customers for over ten years. • A wide variety of use cases, including criminal investigations, financial crime, litigation support, employee and insider investigations, legal eDiscovery, data protection and privacy, and data governance and regulatory compliance, that has expanded year on year. • Customers have built service offerings and internal processes with Nuix software at their core.
4	User applications designed to offer fast, efficient windows on users' data	<ul style="list-style-type: none"> • A platform offering a suite of front-end software applications that are integrated with the Nuix Engine and can be tailored to users' workflows to assist with their most important data goals. • Designed for a broad range of users including forensic power users, multi-skilled case investigation teams, corporate compliance experts, litigation support teams, and business users who simply need to engage with these teams. • Embedded analytics to assist users gain immediate efficiencies and insights within their workflows – many use cases involve no data movement outside the Nuix platform, and therefore reduce risks from making extra copies, or add-on fees which may limit usage.

23. Responses to September-October 2020 Nuix commissioned surveys referred to in Section 3.1.

<p>5</p>	<p>Extensive array of third party APIs and connectors</p>	<ul style="list-style-type: none"> • Nuix provides APIs and connectors that are used by customers to develop software and deliver services that have interoperability with, and rely on, the Nuix platform. • Nuix files can be exported to a variety of third party database and analytics applications, making Nuix an attractive option given this high degree of flexibility. • Continuing investment and development hours being dedicated to new APIs and connectors, allowing Nuix to do more for a broader range of customers.
<p>6</p>	<p>Flexible licensing approach and customer service</p>	<ul style="list-style-type: none"> • A sales team empowered to provide customers with flexibility on scope, size and length of contracts, allowing offerings to be tailored to the needs of a particular customer (refer to Section 3.5 and Section 4.10.1 for an overview of Nuix's revenue model and the licence and pricing models). • Customers can acquire additional capacity or functionality on top of their existing licences for periods of high activity. • Customers report that Nuix's customer support and technical support teams are leading buying factors on which Nuix is highly rated.²⁴
<p>7</p>	<p>High frequency of product upgrades and new features</p>	<ul style="list-style-type: none"> • Nuix has a well-developed cadence of product development and innovation – 23 major releases and 157 minor releases of the Nuix Engine since 2008. • A core philosophy to deliver the best possible product and customer feature requests to all customers in a timely manner to differentiate itself from other software vendors in the investigative analytics and intelligence software market.

Nuix believes that these features of its customer value proposition can assist customers to:

- reduce operating costs associated with investigative search, analytics and related functions;
- improve data capture and processing;
- achieve more accurate investigatory and analytical outcomes; and/or
- lower regulatory and compliance risks.

3.4.4 CUSTOMER RETENTION AND UNIT ECONOMICS

In FY20, 89% of Total Revenue generated by Nuix was from the sale of Subscription Licences (with 7% from Perpetual Licences and 4% as Other Revenue). Nuix considers that the revenues it receives from its Module Licences, Consumption Licences and S&M Licences to be reliable revenue streams for at least the duration of the relevant customer contract (typically three to five years). Historically, Nuix's customer contracts have had a reasonable probability of being renewed at the same or higher value at the end of the Subscription Licence term. While Nuix does not typically enter into software contracts with a term exceeding five years, and the level of customer revenue is not always fixed on a customer by customer basis, Nuix's experience is that these revenue streams have historically had a high degree of consistency period to period. This characterisation is supported by:

- the high level of annual Net Dollar Retention (**NDR**) historically, which was above 100% in FY18, FY19 and FY20 (refer to Section 3.4.4.1 below and Section 4.3.3);
- the long tenure of Nuix's customer cohorts, with 70% of FY20 ACV generated by parties that have been Nuix customers since 2016 or earlier (refer to Section 3.4.4.2);
- the low levels of Churn, which represented 4.7% as at 30 June 2020 (refer to Section 3.4.4.1 below in addition to Section 4.2.6.1); and
- the requirement for customers to renew their Subscription Licences (or procure another Software Licence) should they wish to retain access to the Nuix platform.

24. Responses to September-October 2020 Nuix commissioned surveys referred to in Section 3.1.

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3.4.4.1 Net Dollar Retention and Churn rates

Nuix measures the NDR of its customers which, expressed as a percentage, compares the ACV from the sale of Subscription Licences (excluding short-term Software Licences, or licences with a term of less than 12 months, but including Consumption Licences) from a constant set of customers across financial periods (refer to Section 4.2.6.1 for further information related to the calculation of NDR).

This measurement is used by Nuix to assess its success in retaining and growing the contract value generated by a constant customer set over time. Achieving an NDR of 100% or higher indicates that the net ACV from Renewals and Upsell Renewals in a given financial period exceeds any ACV diminution from Downsell Renewals or Churn.

Over the Historical Period, Nuix has a record of positive customer retention, recording an NDR rate of 107% for FY20. Nuix has experienced NDR rates greater than 100% as a Group over the Historical Period, with the Company also achieving NDR rates of 102% in FY18 and 125% in FY19. The growth in the FY19 NDR rate was partially driven by the acquisition of Ringtail in September 2018. The decline in the NDR rate in FY20 was primarily driven by the transition of a large customer from a Subscription Licence to a lower based Consumption Licence. The NDR rates between FY18 and FY20 are illustrated in Figure 32 below (refer to Section 4.2.6.1 and Section 4.3.3 for additional information, including the methodology for how the NDR rate is calculated by Nuix).

Nuix also measures its Churn rate which, expressed as a percentage, reflects the lost customer ACV from Subscription Licences (excluding short-term Software Licences, or licences with a term of less than 12 months, but including Consumption Licences in respect of a 12 month period which are terminated or not renewed, as a proportion of ACV from Subscription Licences at the start of that period).

Over FY18 to FY20, Nuix's Churn was 6.0%, 3.5% and 4.7% in FY18, FY19 and FY20 respectively, indicating it has retained a significant proportion of its ACV through customer contract Renewals over time, and reflecting the strength of many of its long-standing customer relationships. The Churn rates between FY18 and FY20 are illustrated in Figure 33 below (refer to Section 4.2.6.1 for additional information, including the methodology for how Churn is calculated by Nuix).

Figure 32: Net Dollar Retention rates

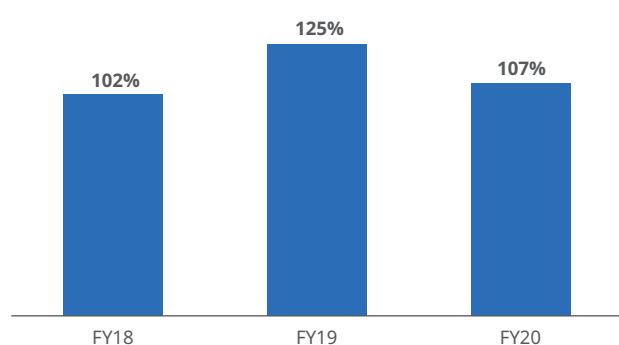
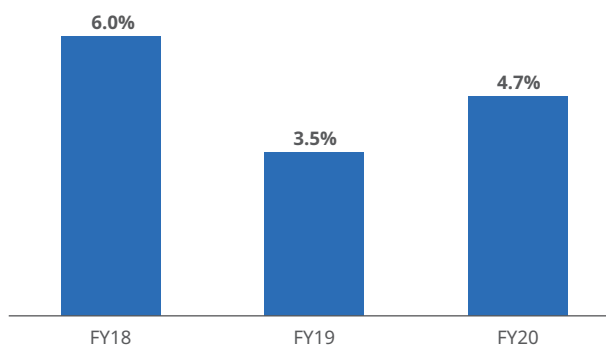


Figure 33: Churn rates



Notes: Net Dollar Retention and Churn are non-IFRS measures. Refer to Section 4.2.6 for additional information on the calculation of the NDR and Churn rates.

Nuix attributes its NDR and Churn rates to:

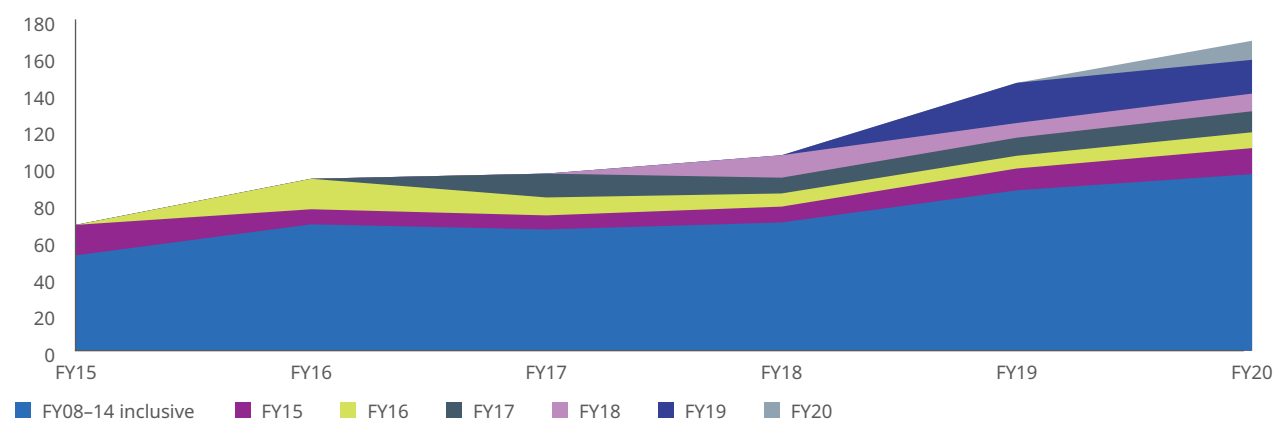
- recruitment of experienced industry-focused sales staff, driving an industry-led sales model, which has resulted in growth in Nuix's sales, active management of existing customer accounts resulting in Renewal and Upsell Renewal growth (net of Downsell Renewal customers) and a more streamlined experience when dealing with Nuix (refer to Section 4.11.1.1 for additional information on Nuix Upsell Renewals to existing customers);
- continued investment in the education of Nuix's sales and marketing teams, particularly for the sales team in Nuix Discover where the total sales team has grown from one credentialed salesperson at the time of the acquisition of Ringtail in September 2018. Following this acquisition, Nuix has trained all of its sales and marketing teams to sell Ringtail's software and assets (now Nuix Discover);
- Upsell Renewal (including through partners) of additional products to customers, including Nuix Discover following the completion of the acquisition of Ringtail in September 2018 (refer to Section 4.11.1.1 for more additional information on Nuix Upsell Renewals to existing customers); and

- increased customer satisfaction with Nuix software, evidenced by an increase in the number of multi-year deal commitments and the proportion of long-term contracts from customers, and the gradual move away from Perpetual Licences to Module and/or Consumption Licences for customers.

3.4.4.2 ACV by sales cohort

Many of Nuix's relationships with its customers are long-term in nature, with 70% of FY20 ACV generated by parties that have been Nuix customers since 2016 or earlier. The value that existing customers have contributed to Nuix over the long term following their initial licence purchase is assessed by Nuix by considering ACV contribution by sales cohort over time. A customer is included in the sales cohort for a particular year if it generated revenue for Nuix in that year for the first time. Nuix has grown the value of its sales cohort, measured by ACV, at a CAGR of approximately 19.8% between FY15 and FY20. Nuix's sales cohort data illustrates that customer cohorts have provided a meaningful contribution to Nuix over a long period of time as illustrated in Figure 34.

Figure 34: ACV by sales cohort (A\$ million)



3.4.4.3 Lifetime value and customer acquisition cost

Nuix's platform is a key driver of its attractive customer unit economics. Nuix measures customer unit economics through a customer lifetime value to customer acquisition cost (LTV/CAC) ratio. This ratio measures the multiple of the lifetime value calculated for customers over the costs of acquisition.

- CAC is a measure of the cost to acquire additional ACV, and represents the total amount spent on customer acquisition through sales and marketing activities in a period. ACV is described in Section 3.4.2 and Section 4.2.6.1.
- LTV represents the lifetime value of ACV for new customers acquired, in addition to Renewal and Upsell Renewal customers (net of Downsell Renewal customers) in that period. LTV is calculated by Nuix as its gross profit margin (using the average over the last 12 months) divided by Churn (calculated over the same historical period and based on the methodology as calculated in Section 4.2.6.1). LTV is based on historical metrics and is not a forecast of revenues that any particular customer will generate from Nuix. It is a measure to evaluate the potential financial benefit of acquiring or renewing (at the same or at a higher contract value) a customer and does not purport to be a forecast of the value that any particular customer or customers may deliver in the future.

For FY20, Nuix achieved an LTV/CAC ratio of 8.0x, indicating that, on average, each customer generates ACV (net of gross profit margin) over the lifetime of the customer equal to 8.0 times the value of the sales and distribution expense incurred to acquire that customer. This ratio was 7.7x for the last 12 months to December 2019. The LTV/CAC ratio of 8.0x for the FY20 period demonstrates Nuix's efficiency at attracting and retaining customers, as the lifetime value of the customers is greater than the cost of acquiring them as reflected in the LTV/CAC ratio. The LTV/CAC ratio for the December 2019 and FY20 periods both include Ringtail's software and assets for a full 12 month period post-completion of the Ringtail acquisition.

Nuix will continue to seek opportunities to renew (at the same or at a higher contract value) its existing customer base as a core part of its ongoing growth strategy as described in Section 3.6.

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3.5 BUSINESS AND REVENUE MODEL

3.5.1 OVERVIEW

Nuix generates revenue through a number of different software licensing models, including Subscription Licences and Perpetual Licences. Nuix's key expenses include payments to resellers or distributors for sales of Nuix software, the cost of infrastructure hosting for Nuix's SaaS instances, personnel costs (including wages, commissions, bonuses, payroll tax and benefits) and related costs (including travel, facilities and subscriptions), development costs (including software development, improvement and infrastructure design), marketing costs, and non-personnel costs (including professional service fees, occupancy, travel and administration expenses) as described in Section 4.10.2 and Section 4.12.4.

This Section 3.5 provides an overview of:

- Nuix's revenue model and the licence and pricing models that Nuix offers to its customers in Section 3.5.2;
- Nuix's sales and marketing approach in Section 3.5.3; and
- how Nuix contracts with its customers in Section 3.5.5.

Refer also to Section 4.10.1 for further information in relation to the above, and Section 4.10.2 and Section 4.12.4 for detailed information relating to Nuix's key expense categories.

3.5.2 REVENUE MODEL

Nuix's revenue types can be broadly segmented by software revenue (96% of Total Revenue in FY20) and Other Revenue (4% of Total Revenue in FY20). Nuix typically charges a licence fee based on customer requirements and access to the Nuix platform as a whole (rather than billing a customer separately for use of the Nuix Engine and its software applications).

Nuix generates software revenue from Software Licences, comprising Subscription Licences and Perpetual Licences, as described below:

- **Subscription Licences:**
 - **Module Licences:** annual or multi-year Software Licences that entitle customers to access Nuix software during the term of the licence agreement. Module Licences are typically sold on a "cost per Core" basis, where the purchase of each single Module Licence provides customers with one instance of the Nuix Engine which is typically used on one processing Core of the customer's local or server-based computing hardware. To facilitate faster data processing, or to increase their capacity to take on larger scale data processing activities, customers may purchase multiple Module Licences. In limited instances, customers may also purchase additional Module Licences for a short-term period, known as a short-term Module Licence. This provides customers with a temporary increase in processing capacity by allowing them to use additional Cores for an agreed fixed period;
 - **Consumption Licences:** under a Consumption Licence, the customer is charged based on the volume of data processed or under management in each licence period. Customers are charged on a tiered "cost per gigabyte" basis, typically with minimum annual volume/revenue commitments. Nuix typically does not restrict the number of Cores that a customer may request to use, which may fluctuate over the Consumption Licence period;
 - **Support and Maintenance Licences:** annual fees charged to customers who acquire software under Nuix's Module or Perpetual Licence models. S&M Licences acquired with or for Perpetual Licences are typically sold for a three year initial period with a single Perpetual Licence, with Renewals occurring thereafter. S&M Licences provide software updates as and when they become available;
- **Perpetual Licences:** Perpetual Licences are a Software Licence structure which entitles the customer to access the Nuix platform with no fixed term or expiry and are typically priced on a "cost per Core" basis (similar to the pricing drivers of a Module Licence). A Perpetual Licence is typically sold for a one-time licence fee which is higher than a comparable price for the same number of Cores sold under a Module Licence, and usually accompanied by an S&M Licence subscription to provide customers with software upgrades over time.

Nuix generates Other Revenue from the provision of implementation, training and services relating to the enablement of Nuix software, and third party software and hardware sales. This revenue stream is ad-hoc in nature, however, is broadly correlated to the signing of new customers who subsequently engage their personnel in training programs for the Nuix platform, and the training of Nuix partners who increase the coverage of Nuix's sales capability.

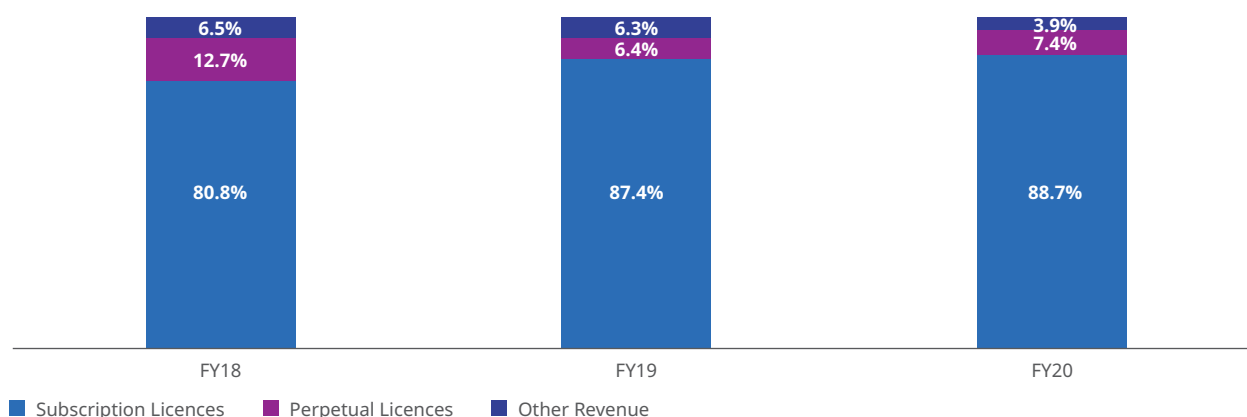
Further information related to Nuix's revenue model and the licence and pricing models are outlined in Section 4.10.1.

Nuix customers have begun to migrate, at their own choice, to Subscription Licences from Perpetual Licences. Many customers that previously had Perpetual Licences with Nuix now have Subscription Licences. Revenue derived from Perpetual Licences revenue was 7% of Total Revenue in FY20, down from 13% in FY18 (refer to Section 4.10.1 for further information).

Customers typically enter into annual licences or contracts with tenure greater than one year, referred to as multi-year deals (refer to Section 3.5.5 for additional information on customer contracts). Nuix's standard contractual terms provide for upfront payment for annual contracts, or either upfront or annual payment for multi-year deals (refer to Section 4.2.4.1 for information on Nuix's revenue recognition policy).

Figure 35 shows a breakdown of Nuix's Total Revenue.

Figure 35: Breakdown of Total Revenue



Section 4.10.1 contains additional information on Nuix's revenue model and the licence and pricing models in addition to further details on the key elements of Nuix's business model.

3.5.3 SALES AND MARKETING APPROACH

Nuix has been effective at winning and growing both major, global accounts and a regional customer base as a result of its blended direct and indirect sales model, coupled with a focus on customer-centric support and marketing.

Nuix's sales and distribution resources are organised around industry verticals, to leverage industry expertise and relationships, and create repeatable use cases and solutions, while also servicing customers at a regional, country and global level depending on the nature of the customer.

Within each industry, sales and marketing strategies focus on:

- winning new customers; and
- growing usage of software applications contracted by existing customers (referred to as **Upsell Renewals**).

3. COMPANY OVERVIEW

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Upsell Renewals involve customers renewing at a higher aggregate sales contract value, which typically results from the sale of additional Cores (or Software Licences and application add-ons) of the application currently used by the customer to expand their use cases or workflow capabilities and the number of the customer's users. A number of factors may drive Upsell Renewals including:

- customer's demand for additional Cores or processing capacity to process increased data volumes and/or process data in a shorter timeframe;
- customer's decision to purchase additional Nuix software (for example, to purchase licences for Nuix applications if the customer previously only had a licence for the Nuix Engine);
- conversion of a Module Licence to a Consumption Licence, creating increased alignment between revenue and data volumes processed; and
- extension of S&M Licences tied to existing Module and/or Perpetual Licences.

The remainder of this Section 3.5.3 provides an overview of the sales and marketing approach of Nuix.

3.5.3.1 Combined direct and indirect sales

Nuix has two sales approaches as part of its sales and marketing strategy: direct (both direct sales and "inside" sales teams) and indirect sales programs. These are described below:

- **Direct sales:** Nuix's direct sales team consists of approximately 71 full-time equivalent employees globally as at 30 June 2020 organised in industry-centric sales teams which engage directly with customers in each region. Teams are referred to as industry-centric as they focus their sales efforts on a specific industry group, such as highly regulated corporates, government agencies, law firms or advisory firms. The focus for these sales teams is to deliver net new sales revenue, together with Upsell Renewal and contract Renewals for large accounts. The direct sales team often engages directly with customers around a specific use case (for example, incident response, litigation support or insider threat), technical architecture (for example, to align with customer digital transformation or cloud migration strategies) or buying drivers (for example, in response to an event or data breach). This approach can lead to a "proof of concept" prior to a deal, which allows a customer to better understand how Nuix can solve its problem(s) and deliver value. For government customers, Nuix typically drives business through the technology procurement functions of each agency, leveraging cross-agency references where possible.
- **Direct sales – inside sales team:** Nuix's inside sales team consists of approximately nine full-time equivalent employees globally as at 30 June 2020, and focuses on new lead qualification, the sale of new Software Licences and Renewal of existing contracts or deals. It follows an outbound sales approach, following up on leads from Nuix's marketing campaigns – however the inside sales team may also handle inbound enquiries if appropriate. Inside sales team members are allocated to a specified number of accounts and Renewals which they are responsible for tracking.
- **Indirect sales:** Nuix also sells through partners, which, for sales purposes, includes entities referred to by Nuix as resellers and distributors (described further in Section 3.5.3.4). Nuix's partners help to extend the coverage and capacity of Nuix's distribution network. Partners represent an ecosystem of skilled advocates that can actively promote the Nuix platform to their own clients. The flagship program for Nuix partners is known as the Partner Connect Program, which involves the tiering of partners to deliver a strategic focus by Nuix on high revenue generating partners and an efficient support framework for those with less sales frequency and volume. Partners are compensated by receiving a margin on the sales volumes they achieve in selling Nuix software. As part of the Partner Connect Program, these partners are required to undergo sales certification training and are encouraged to also undergo technical certification examinations that are connected to their specific area of focus.

3.5.3.2 Typical sales cycle

For direct sales opportunities, Nuix's sales cycle typically follows a series of steps from initial lead generation to delivery and implementation. An illustration of Nuix's sales cycle for a new customer is provided in Figure 36 below.

Figure 36: Example of Nuix's sales cycle for a new customer

1	Events and digital campaigns	<ul style="list-style-type: none"> • Sales conferences, seminars, trade shows and group briefings with target customer base and industries • One-on-one business development meetings and events • Digital advertising campaigns
2	Qualified sales leads	<ul style="list-style-type: none"> • Follow-up from group or individual events to determine level of interest and parameters of potential use case • Understand customer needs in terms of time and scale • Arrange follow-up sessions on product and features
3	Product engagement and testing	<ul style="list-style-type: none"> • Engagement with product team to run demonstrations, pilot programs or allow limited access to products for leads • Customer testing and optimisation • Better understand parameters of customer use cases
4	Pricing management	<ul style="list-style-type: none"> • Gather precedent pricing models based on industry, size of customer, potential for up-sell and size of potential order • Consult with global pricing guides; determine appropriate discount (if any) based on specific opportunity
5	Deal desk	<ul style="list-style-type: none"> • Onboarding of new customer • Preparation of sales invoice once parameters of sale confirmed with new customer (including licence volume, pricing structure, length of contract, minimum volumes) • Customer contract executed, invoice issued and sales commission calculated
6	Delivery and implementation	<ul style="list-style-type: none"> • Technology Services team to assist with installation and implementation of Nuix within customer's organisation • Potential upsell for services upon implementation • On-call technical support if required

New direct sales opportunities may involve a competitive tender process that includes an evaluation of Nuix's software capabilities and the breadth of its solutions against alternative offerings. This may involve product demonstrations, technical due diligence and review of internal data control procedures and necessary compliance requirements (for example, GDPR and physical and cyber security measures) by the potential customer.

Nuix provides software solutions that are configurable, but do not require customisation by professional service teams in order to get up and running. Where the software is used as part of a self-contained workflow and little integration is required with a customer's internal systems, users can commence exploring the software and access training materials almost immediately after onboarding (described in Section 3.5.4), contracting (described in Section 3.5.5) and delivery of the software (refer to Section 3.5.6). Generally, the installation of Nuix software within a customer's system takes between one hour to two weeks for a typical on-premise order (depending on the software stack), or around one hour for setting up Nuix Discover SaaS. More time and support may be required where a customer chooses to integrate Nuix software into more complex workflows involving multiple software solutions (either in-house applications or from other vendors, for example, a proprietary advisory managed service solution).

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The total length of the sales cycle may take, for example, between three to nine months but can be shorter or longer and vary between industry verticals, customers within those industry verticals, the parts of the Nuix platform being licensed by the customer, the timing requirements of a customer and whether or not customer staff are already trained in Nuix software or the sale is replacing an existing competitor. During COVID-19, the Company has completed some deals more quickly than the typical sales cycle, driven by the lower travel requirements, however, it has also experienced deals that have taken longer than the Company's typical sales cycle.

3.5.3.3 Nuix's sales pipeline

Nuix's sales leads in each region regularly engage with existing customers and potential new customers, as well as partners (in conjunction with the Partner Connect team), to evaluate Nuix's rolling sales opportunity pipeline (or **sales pipeline**) and understand trends and conversion rates for Renewals, Upsell Renewals and new customers. Such engagements can take the form of:

- discussions and negotiations with potential new customers to acquire Software Licences or discussions and negotiations with existing customers to renew (at the same or at a higher contract value) their existing Software Licences (which may take the form of expanding the scope of an existing contract or entering into a new contract for additional or alternative products or services, such as migrating from a Module Licence to a Consumption Licence); or
- working with partners who actively market the Nuix platform as part of a standalone or combined offering to end customers, who ultimately contract for Nuix products and services.

Nuix uses a cloud-based customer relationship management (**CRM**) platform to track and assess its sales pipeline and to assess the expected impact on Total Revenue and NDR, and to seek to reduce the risk of Downsell Renewal or Churn events occurring. In addition, the CRM platform assists Nuix to forecast orders and focus efforts on translating these opportunities into sales, and assess protected key performance indicators (**KPIs**) like NDR.

The sales pipeline is managed by its sales leads in each region, and opportunities are classified on a tiered structure using the salesperson's judgement based on the probability of closing within the current financial period, for example:

- **best case:** an opportunity where there is some risk associated with the opportunity, but the salesperson believes there is a greater than 50% chance of conversion;
- **committed opportunity:** the salesperson is confident that a transaction will be closed in the current financial period; and
- **other:** an opportunity with greater risk than best case.

Opportunities within the sales pipeline, including committed opportunities, are not subject to binding sales contracts, and therefore there is no guarantee that such opportunities will materialise. Nuix's sales pipeline typically builds over the course of a financial year as new opportunities are identified, including for Renewal and Upsell Renewal opportunities which may arise three to six months out from contract Renewal dates, and new customer opportunities which, for example, can require six to nine months of engagement.

Nuix's assessment of its ability to convert its sales pipeline into revenue in a given period is informed by a range of factors tracked in its CRM platform, including the expected size and scope of the potential contract, pipeline stage, estimated close date, nature of the Software Licence being negotiated and its impact on revenue recognition, target feedback and engagement history to date.

3.5.3.4 Partners and the Partner Connect Program

Nuix uses two key types of partner organisations in order to pursue indirect sales of its software: resellers and distributors. A reseller is an intermediary that acts as an agent on behalf of Nuix and sells Nuix software to third parties. A distributor also sells Nuix software to third parties, however, the distributor may also appoint sub-distributors or agents to market and sell Nuix products on their behalf. There are a number of other types of organisations that Nuix considers to be partners that do not support indirect sales in the same way as a reseller or distributor. These partnerships include advisories and service providers, integrations partners, authorised training partners, original equipment manufacturing (**OEM**) partners and transactional resellers. These relationships all contain elements of combined go-to-market opportunities that generate equitable revenue for both partners.

Nuix also leverages technology partners that provide enhancements to the core capabilities of Nuix software in a way that provides market differentiation to a customer. These partners provide Nuix's customers with enhanced functionality or features on top of the Nuix platform.

Nuix's customers that are service providers may also act as "partners" as they provide ancillary services including deployment, configuration, support, workflow management or other industry-relevant services, either at their own cost or through additional fees to their customers, in a way that utilises Nuix software. The end customer is generally an existing customer of the service provider that has a need for the technical solution provided by Nuix software but lacks the technical expertise to bring such a solution to fruition.

Nuix's partner sales channel strategy focuses on:

- **expanding geographical reach:** assisting Nuix to sell into geographies where Nuix may not have an existing presence (or has a smaller presence);
- **enabling advisory and service providers:** encouraging and enabling advisory and service provider customers of Nuix (for example, "Big 4" accounting firms) to use the Nuix platform in their provision of services to their end clients; and
- **expanding through joint go-to-market and "sell with" and "sell through" strategies:** being instances where Nuix works with a partner to solve complex use cases that require a combination of Nuix software and professional services, hardware, infrastructure or additional specialist software components, in order to deliver high value solutions to customers. In many such instances, multiple partners may be included in the opportunity.

As noted above regarding service providers, partners that sell Nuix products to their own customer networks may also be direct customers of Nuix.

Nuix has dedicated staff that are responsible for managing partner programs and relationships, including drafting bespoke contract agreements that reflect business relationships, assisting in joint go-to-market opportunities and subsequently closing sales as well as ensuring relevant program elements, support and training programs are made readily available and easily accessible to the end user. This is embodied in the Partner Connect Program, which has the core objective of driving greater revenue via indirect sales by providing additional support and assistance to partners. The program does so by:

- extending the coverage and capability of Nuix's sales and distribution network to capture customer demand for Nuix software in both existing and new geographies, industry verticals and use cases;
- promoting Nuix software across selected industry verticals and addressable markets (as outlined in Section 2) as an important component of a potential customer's data management infrastructure; and
- developing and nurturing a community of skilled professionals who have a deep understanding of the capabilities of the Nuix platform, and for whom Nuix is the preferred solution for investigative analytics and intelligence activities.

Nuix's Partner Connect Program partners include Deloitte, DLT, Fujitsu, Grant Thornton, SVA, Thomson Reuters and Zapproved. At present, Nuix has a total of 163 partners that facilitate sales and service activities in 74 countries. Partners contract with Nuix using a variety of agreements depending on the type of partner and/or arrangement that is in place between Nuix and the partner. Agreements are typically generated from a Nuix template based on the classification of partner but are flexible in nature to reflect the business relationship that has been mutually agreed upon by both Nuix's and the partner's respective leadership teams.

A summary of key terms of Nuix's typical partner agreement is contained in Section 3.8.7.

3.5.4 ONBOARDING NEW CUSTOMERS

In order to ensure that no transactions are conducted with parties located in countries that the U.S. maintains comprehensive sanctions against, currently the Crimea region of Ukraine, Cuba, Iran, North Korea, and Syria (**Prohibited Destinations**) or parties named on the various sanctions and export screening lists maintained by the U.S. and other governments (**Prohibited Parties**), all transactions are subject to and conditioned upon successful completion by Nuix of the following procedures:

- screening of all transactions (including at the time of order entry and shipment) for Prohibited Destinations.

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- screening of all new leads, contacts and opportunities against the U.S. Consolidated Screening List and other international economic sanctions and export screening lists (for example, BIS Denied Persons/Unverified List, Most Wanted Terrorist List (FBI), the Office of the Superintendent of Financial Institutions (OSFI) (Canada), HM Treasury Sanction List (UK), European Union Consolidated Financial Sanctions List, United Nations Security Council Consolidated List).
- identification and notification to the Legal Department of any “red flags” or other indications that shipment may present a risk of diversion.

All positive hits and red flags are reported to Nuix’s legal department before any action is taken or commitment is made.

Because the Prohibited Parties and Prohibited Destinations lists are modified frequently, Nuix screens the entire customer database periodically to ensure that existing Nuix customers subsequently designated as a Prohibited Party are identified.

3.5.5 CONTRACTING WITH CUSTOMERS

Nuix’s software agreements have two main categories: one for the use of Nuix software on-premise, and the other for the use of Nuix Discover SaaS. These contracts vary in their terms depending on the customer, jurisdiction and products offered,²⁵ but are tailored for the specific services, agreed pricing and term. Nuix’s pricing models and structure, as summarised in Section 3.5.2, are set out in the relevant contracts. Nuix is responsible for delivering the agreed products and services to certain agreed service levels. There are contractual consequences if Nuix breaches these relevant obligations. These range from rectification within an agreed timeframe to service credits, and potentially, damages and/or termination.

A summary of key terms of Nuix’s typical customer contracts is contained in Section 3.8.7.

3.5.6 DELIVERY AND DEPLOYMENT METHODS

Traditionally, Nuix has sold licences to customers for on-premise software applications, such as Nuix Workstation. In 2019, Nuix launched Nuix Discover SaaS which operates in a Nuix-hosted cloud environment, hosted within AWS data centre(s). Customers can now access Nuix applications through a cloud managed licensing portal via a Nuix cloud licence server (CLS) licence. Figure 37 summarises how Nuix software is delivered to customers in these licensing examples.

Figure 37: Customer interactions with a selection of Nuix licensing options

1	Traditional licence delivery	<ul style="list-style-type: none">• The customer purchases the Nuix software and is delivered a licence, either via a physical dongle (USB thumb drive) or a soft dongle (licence file) that will allow the software to operate.• Nuix creates an account and licence for the customer in the Nuix portal to give the customer access to download the software.• The customer downloads and installs the software which will only operate if the licence key and dongle serial number match.
2	Nuix Discover SaaS	<ul style="list-style-type: none">• The customer purchases Nuix Discover SaaS.• Nuix creates a set of access credentials (for example, a username and password) which are provided to the customer.• The customer accesses Nuix Discover SaaS through a web browser using the internet, using their access credentials.

25. Services are provided under separate service orders or service agreements and typically adopt the general terms of the related end user licence agreement.

3

Nuix CLS

- Customer purchases the Nuix software.
- Nuix creates an account for the customer in the Nuix portal giving the customer access to download all Nuix software (which will not operate without a valid licence).
- Nuix creates an account with the purchased licence(s) for the customer in Nuix CLS.
- The customer, downloads, installs and commences to launch/configure the software. The customer is prompted to provide their CLS credentials.
- If provided credentials match, the customer can start using the software.

3.5.7 CUSTOMER SUPPORT, TRAINING AND ENGAGEMENT

Nuix has an experienced team of solutions consultants, trainers and technical support specialists available to assist customers. These specialists collaborate with customers to optimise their use of Nuix's applications and educate them on their capabilities to extend the use cases for that customer. Nuix specialists also prepare "self-service" content for customers via Nuix's website, and attend conferences and events to promote engagement with customers.

Nuix offers public, classroom-based and online training services, as well as private on-site, online, and customised training for customers if required. The outcome of this training is to provide certification for users of Nuix software, which recognises a user's understanding of the Nuix platform and is a credential that may be recognised or even required by potential future employers of that user. In addition, Nuix supports higher education institutions that offer coursework in eDiscovery and electronic investigation by providing software and training for academic staff who teach these disciplines.

Nuix provides support to its users through both the dedicated Nuix support team (including an online portal where users can submit a ticket, manage instances, tasks and accounts) and the Nuix Community. The Nuix Community is a platform that allows customers to share learnings and feedback, both with other Nuix users and direct with the Nuix team. It fosters collaboration across the ecosystem of Nuix users that drives wider adoption and encourages use of Nuix as an integral part of customer workflows. These resources encourage a community of self-service support, which can be used in conjunction with Nuix's formal training and certification programs. Key benefits of the Nuix Community for customers can include:

- direct line of communication with Nuix development and product teams to provide an avenue for customers to test and provide feedback on Nuix prototypes;
- ability to interact with other customers who share similar or the same business problems and receive regular content from Nuix experts on ways to gain the most from Nuix products and learn about other Nuix products and services;
- gain an understanding of Nuix's proposed software development roadmaps and receive information on upcoming releases before they are released;
- access to the Nuix Blog, which is an unstructured blog by Nuix experts and guest authors providing industry insights, ideas and information; and
- access to the most recent releases of Nuix software (as discussed in Section 3.5.8.2).

3. COMPANY OVERVIEW

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3.5.8 ENGINEERING PHILOSOPHY AND APPROACH

3.5.8.1 Overview

Nuix's mission is to create innovative software that empowers organisations to simply and quickly find the truth from any data in a digital world. Nuix's software engineering philosophy and approach is centred around this mission and focuses on a blend of innovation both to enhance the existing platform and to develop new solutions.

The key business outcomes that the engineering team look to deliver are to improve the existing customer experience, support new customer acquisition, reduce costs, and ultimately to drive growth.

Nuix values customer feedback as a critical part of its product development initiatives as it ensures that new software applications and enhancements are developed to service customer needs, existing use cases and emerging use cases. Nuix adopts an agile framework for software development, with the continuous improvement of its software offering underpinned by investment in research and development to enhance or customise functionality and usability.

Refer to Section 3.5.8.2 for further information regarding Nuix's product development framework.

3.5.8.2 Product development at Nuix

As at 30 June 2020, 174 full-time equivalent employees within Nuix were responsible for product development, design and engineering, with the most of those staff based in North America. The product development team executes on five key activities within Nuix, being:

- continuous engineering of the Nuix Engine and Nuix applications, focused on writing and updating code;
- fixing undesired behaviours within the code (also known as "bug fixes"), typically by writing test cases which generally prevent bugs from occurring or being released into production;
- requests for new features from either users or Nuix management;
- development of new products (for example, Nuix CLS, which helps to improve the customer experience by delivering self-service licences and account management) and improving the design, performance and features of existing products; and
- development of code interface designed to allow Nuix software to integrate with third party vendors through APIs and connectors.

Nuix has an active product development and enhancement process, having rolled out 23 major releases and 157 minor releases of the Nuix Engine since 2008. In addition, the Company has rolled out a number of versions of the software applications that sit on top of the Nuix Engine (for example, Nuix Investigate has rolled out 13 major releases and 52 minor releases since 2014) to provide enhanced functionality for users. Nuix typically rolls out an update to its software every three months for the Nuix Engine and Nuix applications, except for Nuix Discover SaaS which is updated automatically on a weekly basis.

Nuix operates an "agile development" methodology based around the Scaled Agile Framework (SAFe)²⁶ to structure its software development initiatives. Under this SAFe, there are broadly three key stages in Nuix's software development cycle, including:

- **research:** involves product roadmap development and program increment (or **PI**) planning;
- **development:** program increment development occurs over a "sprint" or limited time period in which developers design, test, code and debug the planned PI in the form of software which is ready for release to customers; and
- **support and maintenance:** ongoing product support following release of the PI.

SAFe helps Nuix's global product development team to increase productivity and quality by aligning roadmaps, prioritisation and architecture. Each development location focuses around a core set of products in a centre of excellence model, which allows for specialisation and efficiency. Mapping of resourcing, dependencies and risks are coordinated centrally to minimise constraints. Software engineering practices are based around extreme

26. The Scaled Agile Framework (SAFe) is a set of organisation and workflow patterns for implementing agile practices at enterprise scale. The framework is a body of knowledge that includes structured guidance on roles and responsibilities, how to plan and manage the work, and values to uphold. SAFe intends to promote alignment, collaboration, and delivery across large numbers of agile teams.

programming²⁷ techniques including test-driven development²⁸, pair programming and coding standardisation. A core tenant of product engineering focuses on innovation and prototyping, these concepts that are shared internally or externally via partner networks, strategic customer forums and a dedicated innovation team.

Nuix software can be provisioned in numerous environments including air-gapped, on-premise or cloud (via Azure, Amazon and/or Google Cloud, for example) using the same codebase. Nuix employs automated and performance test suites which include over 20,000 tests to assess the quality of its software. All of Nuix's software is automatically scanned for vulnerabilities both for code and third party libraries. During FY20, the product development team released over 450 new features.

3.5.9 TECHNOLOGY SERVICES

Within the sales teams, there were 28 full-time equivalent staff (as at 30 June 2020) that operated as technical solutions consultants. The team is focused on the critical operational infrastructure to implement Nuix's applications flexibly, securely and with customer support, which helps to build customer trust, mitigate operational risk and drive efficiencies.

Together with the sales representatives, the solutions consultants engage with customers before a sale is made to understand their requirements, recommend the appropriate Nuix software and support proof of concept activities. Once a sale is made, they may also continue collaborating with the customer to ensure successful deployment of the software in the customer's environment and support early training and configuration for users. This team is considered to be an important part of the sales and marketing function of Nuix, given that they are responsible for ensuring that customers have a positive experience using Nuix. This can help to build confidence in the delivery of Nuix software, and in turn, drive potential Renewals or Upsell Renewal activity within the existing customer base.

3.5.10 SUPPLIERS AND INFRASTRUCTURE

While the Nuix platform has been designed and built internally, the Company also embeds software from a variety of other suppliers in its solution in order to provide its software products to customers. For example, Nuix uses third party database software, document translation and optical character recognition software, all of which are integrated with the Nuix platform. Some of the relevant third party software is open source software. Nuix has policies and procedures in place to manage the incorporation of open source software into the Nuix platform and reduce the risk of breaching the terms of the relevant open source licences or giving rise to a risk that Nuix proprietary source code must be disclosed.

3.6 GROWTH OPPORTUNITIES

3.6.1 OVERVIEW OF GROWTH OPPORTUNITIES FOR NUIX

The ability of the Nuix Engine to effectively process large quantities of data, and the development of specific software applications for an increasing number of use cases, has been the driving force behind Nuix's growth to date. This Section 3.6 provides an overview of strategies that Nuix intends to deploy to drive growth in the future.

3.6.1.1 Win new customers

Nuix is focused on continuing to expand its presence across geographies and in targeted industry verticals by winning new customers, including from competitors, to drive increased penetration of Nuix's addressable market.

Nuix's near-term vision is focused on accelerating expansion in North America, EMEA and Asia Pacific, increasing penetration in the industry verticals of existing customers and focusing on highly regulated industry verticals (such as banking and financial services, pharmaceuticals, and energy and utilities industry verticals). The Nuix sales team currently has a pipeline of global opportunities. Nuix's expansion strategy has proved successful in winning new customers in the past, as shown in Figure 38, and Nuix intends to continue implementing this strategy to help win new customers.

Nuix also expects to further utilise its indirect sales channel, particularly to enter new geographies and win new customers through using existing reference customers.

27. Extreme programming (XP) is an agile software development framework that aims to improve software quality and responsiveness to changing customer requirements more productively. XP attempts to reduce the cost of changes in requirements by having multiple short development cycles, rather than a long development cycle.

28. Test-driven development (TDD) is a software development process that relies on the repetition of a very short development cycle. Requirements are turned into very specific test cases and the code is then improved in order for the tests to pass.

3. COMPANY OVERVIEW

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3.6.1.2 Industry-centric “land and expand” strategy

Nuix employs, and will continue to deploy, an industry-centric “land and expand” strategy across industry verticals that Nuix targets with its software platform. This involves the following elements in order to drive new customer acquisition, as well as to drive both Upsell Renewal and Renewal of existing customers:

- focusing on improving the productivity of quota-carrying sales representatives to drive increased return on sales and marketing expenditure for both direct and indirect sales. Such productivity improvements are a result of developing deep relationships and industry-specific expertise that makes new sales activity more efficient;
- aligning of employees within industry groups to facilitate increased specialisation in those groups and a deeper understanding of their target customer requirements with a view to driving improved sales conversion rates;
- driving more sales volume through existing partners (via the Partner Connect Program), which can be an efficient method of customer acquisition with limited upfront investment; and
- exploring new channel and OEM partnerships with systems integrators, technology consultants, risk consultants and providers of technology marketplaces or cloud infrastructure.

Nuix’s industry-centric “land and expand” strategy is based on a number of components described in Figure 38.

Figure 38: Key strategies related to Nuix’s industry-centric “land and expand” strategy

1	Advisory and service providers	Continue to assist and encourage advisories and service providers in building their investigative and eDiscovery technology offerings on top of the Nuix Engine for large scale “factory processing” for both existing and new use cases.
2	Government	Ensure coordination with regulators, law enforcement and intelligence agencies as a critical driver of growth in established markets and to accelerate entry into new markets. Nuix intends to focus on its reputation as a trusted vendor of forensically sound, fast and scalable software, and proven ability to reduce case backlogs and assist in achieving successful investigative outcomes, to drive further expansion in the government sector.
3	Corporates	Promote Nuix’s capability to help corporates understand their enterprise data and be able to respond to time and reputation-critical regulatory compliance, internal investigations or data breach scenarios. This, in turn, can lower the risks of penalties, risks and litigation – and position Nuix through education and marketing as a “must have” technology integral to enterprise data infrastructure.
4	Law firms	Focus on tech-enabled efficiency and cost saving industry trends by promoting Nuix Discover as an end-to-end platform, with early case assessment for cost and risk control and flexible deployment options, including SaaS – also creating opportunities for competitor displacement.
5	... and across all key industry verticals	Further expand sales and marketing efforts (leveraging existing customer references) of the Nuix platform, particularly Nuix Discover, in Nuix’s new markets and across new industry verticals to grow geographic diversification.

3.6.1.3 Investment to extend the Nuix platform

Nuix intends to continue to extend the functionality of its software platform in order to drive growth by creating features that help to attract new customers, or drive Upsell Renewal or Renewal activity for existing customers. Key initiatives of this nature include:

- **Expanding the reach of APIs and connectors:** focusing on growing the suite of APIs and connectors it has with third party applications or partners, with the goal of ensuring that the Nuix platform can reach all customer data, no matter where it resides and can be used easily to integrate with a greater range of use cases using such APIs and connectors;
- **Expansion of real-time use cases:** investing in “always on” processing, which delivers a potential (or existing) customer with the ability to automate unstructured data processing based on new data which is created or imported into an organisation, and produces real-time alerts or analytics based on such data feeds. An example of such a real-time use case may be to assist in the normalisation and review of data produced from COVID-19 contact tracing applications;
- **Cloud-scale processing:** developing the Nuix Engine to allow customers to upload their data and have it processed by the Nuix Engine running natively in a cloud environment (either Nuix-hosted, Nuix partner-hosted or in a customer-controlled cloud environment), as opposed to a customer’s own computers or servers. Potential advantages of this structure for customers include benefiting from the cost efficiencies and flexible capacity of cloud infrastructure, not needing to maintain their own servers or data storage, and full access to their data from any location at any time; and
- **Developing artificial intelligence and machine learning to automate certain manual processes:** implementing artificial intelligence software to learn patterns in processed data and identify relationships and correlations automatically without user interference.

3.6.1.4 Operating efficiency

Nuix intends to continue to examine and improve its operating efficiency and seek to extract potential benefits of increased scale as the business grows, to drive improvements in its operating margin. Efficiency areas identified to date include:

- **Cost of Goods Sold (COGS):** driving improved partner performance through the Partner Connect Program, including focus on partner enablement to further scale customer support, together with capitalising on the deep relationship with Nuix’s cloud service provider(s) to fully leverage investments to date and accelerate the cloud strategy;
- **Sales and Distribution expense (S&D):** continued transition to an industry-centric go-to-market model to drive productivity improvements, including a faster sales cycle and lower customer acquisition costs, in addition to increasing the focus on virtual event marketing and thought leadership to drive cost savings in marketing spend;
- **General and Administrative expense (G&A):** rationalising the number of premises through implementation of a longer term remote working model where appropriate, and continued investment into building structural and execution advantages that Nuix aims to drive cost benefits from. Specifically, these relate to digital transformation initiatives (such as the ongoing implementation of a comprehensive human resources information system, for example) which are expected to result in operating efficiencies; and
- **Research and Development expense (R&D):** completing the transition to “agile-based” development methodologies to enhance responsiveness to customers and the dynamic allocation of resources, further investment in software testing automation and infrastructure to ensure consistently high quality releases, and enhancing the Nuix CLS to allow customers to manage their licences online.

Refer to Section 4.10.2 and Section 4.12.4 for detailed information relating to Nuix’s key expense categories.

3. COMPANY OVERVIEW

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3.6.1.5 Partner considerations

Nuix is focused on building a network of strategic partners that can provide complementary delivery and market expansion capabilities that will help Nuix expand technical solution capabilities and drive future revenue sources. Additional strategic services partners will be sought to support new implementations of Nuix software to assist Nuix to scale more effectively and accelerate the adoption of its software by new customers. The expanded network of strategic partners is referred to as the Ecosystem, and focuses on collaboration and cooperation. This model also assists in the selection of new partners by assessing factors such as expertise, capabilities geographic location and industry focus. Ecosystem partners include technology partners that provide Nuix capabilities outside of its core competency that are difficult to replicate (for example, transcribing audio files into text), as well as sales partners that provide Nuix with an accelerated go-to-market capability into a new geography or industry with limited upfront investment. The Company also has partners that licence Nuix software on an OEM basis to embed Nuix as a core processing technology marketed and implemented by third parties.

3.6.2 VALUE ACCRETIVE M&A

In addition to the organic growth opportunities explained in Section 3.6.1, Nuix takes a considered approach to mergers and acquisitions (M&A), assessing opportunities based on strategic fit, relevance and synergies, and targeting the acquisition of capabilities rather than revenue alone. Nuix's acquisition focus is on broadening and extending adoption of the Nuix platform through the acquisition of complementary software solutions that can directly, and immediately, extend the value of Nuix's existing software solutions.

Nuix maintains an active pipeline of M&A opportunities, and may choose to partner with particular companies before considering an acquisition. Such early partnership opportunities help to extend and broaden the applicability of the Nuix Engine, or create new growth platforms through new use cases or revenue streams, which can help to demonstrate the value of the partner prior to considering an M&A transaction.

Examples of Nuix's previous acquisitions include:

- **Enterprise Collections Centre (2011):** software for enterprise-wide data collections;
- **Adaptive Security (2015):** an endpoint security platform; and
- **Ringtail (2018):** an eDiscovery review platform.

When considering potential acquisitions, the Company typically looks for one or more of the following characteristics:

- new geographies or countries, particularly in new markets;
- new, complex, adjacent competencies that can allow Nuix to acquire specialist market knowledge to support product development;
- where the time to penetrate a new capability, geography or vertical organically is expected to be long, or involve high cost and/or high risk, including for example, as result of existing domestic competition;
- where complex compliance requirements exist, such as in the banking and financial services, pharmaceuticals, and energy and utilities industry verticals, and an M&A opportunity helps to accelerate Nuix's position in these markets; or
- the existence of an opportunity to generate "network effects" as a result of a connected customer ecosystem, whereby market participants are influenced by, and benefit from, increased adoption of Nuix by other groups.

An example of a strategic acquisition executed by Nuix is the acquisition of Ringtail (from FTI Consulting) in September 2018 for US\$55 million. Ringtail (now incorporated within Nuix Discover) provides Nuix with a competitive review solution in the eDiscovery market, and enhanced revenue in a number of Nuix's targeted industry verticals. Prior to the acquisition, Ringtail was already integrated with the Nuix Engine. As a result of the existing integration and the potential benefits to customers using both products, Nuix Discover has provided Nuix with the opportunity to grow the use of the Nuix Engine by pre-Nuix Ringtail customers, and conversely the use of Nuix Discover by Nuix Engine users.

3.6.3 POTENTIAL OPPORTUNITIES TO ASSIST CUSTOMERS DEAL WITH COVID-19 RELATED DATA DEMANDS

A discussion on the impact of COVID-19 to date on Nuix is contained in Section 3.1 and Section 4.11.2. Key risks to Nuix in relation to COVID-19 are discussed in Section 5.1.11. As mentioned in Section 3.1, however, organisations may also face increased demands on their ability to organise and analyse their data as a direct or indirect result of a disruptive event like COVID-19. As a result, the Nuix platform may be able to assist customers in a number of different ways. Such opportunities may include the following:

- **Emergency response related waste, fraud and abuse:** as a result of COVID-19, there has been an increase in emergency response related financial assistance in the form of government stimulus, as well as the propensity for organisations to access insurance claims for business continuity and other forms of loss. Nuix has an opportunity to support customers with increased volumes of fraud or forensic investigations related to such financial support;
- **Managing the aftermath of COVID-19 across countries and economies:** assisting with document-intensive corporate actions, including insolvencies, litigation, restructurings, divestments and M&A which have been driven by, or have arisen because of, the impacts of COVID-19. The role of Nuix in such circumstances can be to perform enhanced due diligence and build legal cases if required;
- **Systematic data collections in remote working environments:** with an increased focus on remote working as a result of COVID-19, Nuix has the opportunity to apply its endpoint technology to offer services related to the analysis of human digital behaviours on endpoint devices, monitoring of electronic communications, and surveillance of employees working remotely in highly regulated industry verticals such as financial services; and
- **Pharmaceutical and medical digital transformation:** in order to try to develop a solution to control the spread of COVID-19 across countries, additional funding and resources are being placed into the pharmaceutical and medical research industry verticals. Nuix has the opportunity to build a use case to manage sensitive patient and research data for medical trials. In addition, the Nuix platform could be used to enhance or replace government contact tracing activities.

3.7 EMPLOYEES AND CULTURE

3.7.1 OVERVIEW

As at 30 June 2020, Nuix had 421 full-time equivalent staff, which includes employees and contractors. Figures Figure 39, Figure 40 and Figure 41 below provide a breakdown of the Company's employees by region and by function, and show the change in the number of Nuix's employees and the functions in which they were employed over the periods FY18, FY19 and FY20.

Figure 39: Total headcount by region

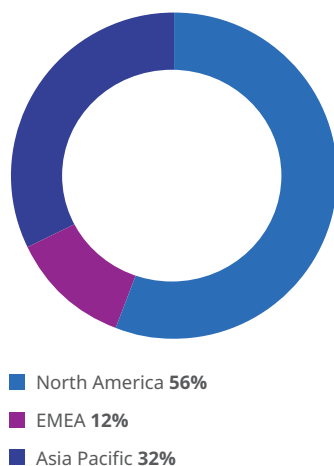


Figure 40: Employees by function

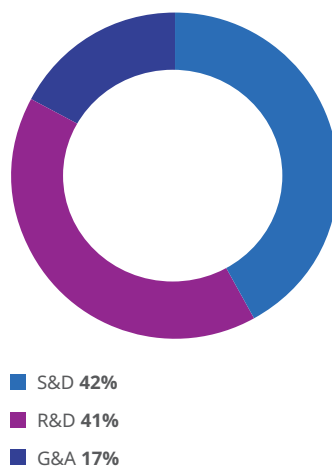
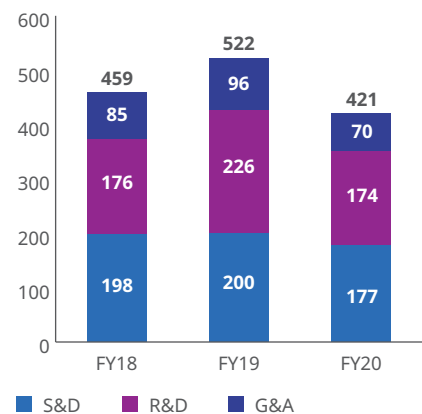


Figure 41: Change in number of full-time employees



Notes: As at 30 June 2020. S&D headcount includes headcount from Cost of Sales, including Support and TechOps.

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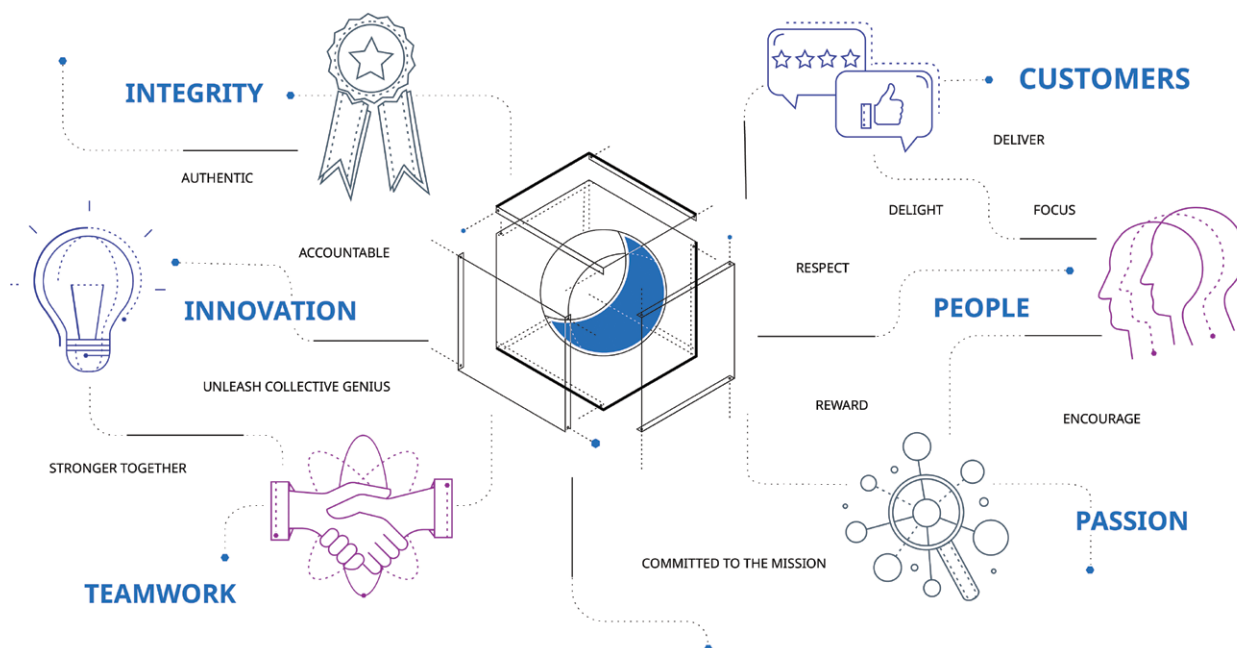
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Nuix's headquarters and business leadership are based in Australia and led by the Group Chief Executive Officer, Rod Vawdrey. Refer to Section 6.2 for more information on the Senior Leadership Team. As at 30 June 2020, 56% of full-time equivalent employees were based in North America, 32% were based in Asia Pacific (including Australia) and 12% were based in EMEA. In April 2020, as part of ongoing business-wide initiatives to engage appropriate staff levels by function, Nuix undertook a headcount reduction (refer to Section 4.11.4) and other cost reduction measures (including reductions in sales and marketing expenses and travel costs due to the implementation of global travel restrictions as a result of COVID-19).

3.7.2 CORE VALUES

Nuix's vision is "finding truth in a digital world". Nuix strives to foster a customer-collaborative and innovative culture through a talented team of employees who are motivated to build software with purpose and assist its customers to contribute to a wider public and social good. All Nuix employees are encouraged to follow the six core values of Nuix, which are illustrated below in Figure 42.

Figure 42: Core values of Nuix



Nuix believes these values underpin it as an organisation and are core to the culture of Nuix. Nuix's culture of innovation has been key to the Company's historical success, with Nuix encouraging staff to work together with passion and the utmost integrity to provide the best possible solutions for Nuix's customers. Nuix wants each of its employees to feel integral to the present and future business success, and that their experience and work matters. To Nuix this means creating and building a holistic, compelling experience for employees.

Nuix is evolving its human resources function and supporting staff in its transition to becoming a listed company through a number of initiatives, including focus on:

- **Values:** further embedding the six core values (as referenced in Figure 42) into the Nuix culture;
- **Leadership:** further developing the understanding of employee roles as leaders and how they "show up" to their teams, increasing capability through training, coaching and toolkits, developing a more disciplined approach to the creation of toolkits and engaging leaders in communications and the role they play;
- **Employee engagement:** implementation of processes for obtaining regular staff feedback across locations and teams;
- **Communication:** increasing the subtle link to Nuix's core values in all forms of communication, diversifying the forms of communication and ensuring messages are received in multiple forms;

- **Talent acquisition and retention:** refining the recruitment process, enhancing processes for identification of talent and ensuring clear development and career plans are in place;
- **Diversity:** building awareness of inclusion and the importance of creating an inclusive environment and better leveraging diversity initiatives such as broadening the impact of Women in Nuix (discussed below in Section 3.7.2.1), increasing awareness of biases and tools for ensuring an inclusive work environment;
- **Process improvements:** providing more structure to staff in relation to key people processes (for example, performance reviews, KPIs and remuneration), revising and enhancing existing processes (such as setting KPIs, providing access to training and evolving performance reviews and providing greater communication tools for managers; and
- **Enhancing the human resources function:** Nuix has engaged with workplace consultants to assess the strengths and weaknesses of the business from a leadership, people and culture perspective and to ensure that its culture reflects its core values. The consultants retained by Nuix have made recommendations to continue to strengthen Nuix's human resources, leadership, culture and communication functions which continue to be implemented across its business. In addition, in July 2020 Nuix appointed a Vice President of Human Resources with over 20 years of experience in a listed company environment.

3.7.2.1 Diversity

Nuix has a commitment to increasing the diversity of its employee base over time, from both a gender and ethnicity perspective.

As at 30 June 2020, the split of Nuix employees globally was 28% female and 72% male, which was unchanged from 30 June 2019. The Company has a number of initiatives in place to try and improve female representation in the workplace, including briefings of talent acquisition partners, as well as the Women in Nuix program. The Women in Nuix program is a group of female and male staff from Nuix who are focused on raising awareness of the importance of diversity. In addition, the Women in Nuix program actively focuses on ensuring balance is achieved between genders for external events and promotions related to Nuix, such as podcasts, webinars, white papers and conferences. The group also looks to support, empower and elevate women in Nuix through mentoring, development, information sharing, and allowing women to take the opportunity to give back through volunteering and charity work.

Ethnic diversity has been measured across employees in the United States only. As at 30 June 2020, 82% of Nuix employees in the United States identified as white, 12% identified as Asian, and the remaining 6% identified as Black, African American and Hispanic/Latino. Nuix is an equal opportunity employer, and is committed to driving further diversity in its employee base through implementing hiring programs that promote diversity.

3.7.2.2 The Nuix Foundation

The Company recently formed the Nuix Foundation, which is a philanthropic initiative dedicated to enriching the communities and organisations it serves. The Nuix Foundation aims to assist in protecting and defending vulnerable groups by donating software and services to agencies and not-for-profits that carry-forward certain missions, including positive learning outcomes in digital discovery and forensics, in addition to building schools, providing literacy materials, and sponsoring higher education paths. These activities reflect Nuix's core values by partnering with progressive organisations that strive to make a positive contribution to society. The Nuix Foundation builds on Nuix's longstanding support of Room to Read, a not-for-profit organisation for improving literacy and gender equality in education in developing countries.

During 2020, the Nuix Foundation has continued to build on its past success by donating its investigation software, and associated training, to Freeland and TRAFFIC, enabling these organisations to tackle human and wildlife trafficking crimes. Nuix is currently in discussion with other not-for-profits as to how Nuix may be able to help solve problems that they are facing. Engaging with TRAFFIC in 2020 has already led to Nuix being referenced in a recent World Wildlife Fund (WWF) and TRAFFIC report targeted at Nuix's core law enforcement and government markets.

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3.8 FURTHER INFORMATION ON NUIX

3.8.1 DATA AND CYBER SECURITY

Adequate security and compliance are crucial to how effectively Nuix earns and maintains its customers' trust. Nuix has based its data protection and cyber security protocols on reputable and trusted standards worldwide, including:

- ISO 27000:2013 suite of standards licensed;
- Information Security Registered Assessors Program (IRAP) assessed under the Australian Signals Directorate (ASD) Cyber Security program; and
- U.S. National Institute of Standards and Technology Special Publication 800-53.

Nuix Discover SaaS is a Nuix-hosted cloud environment, hosted within AWS data centre(s), which is secured by certifications such as SOC II, ISO 27001:2013, 27017:2015, 27018:2019, C5, FedRAMP Moderate (regions in the United States only) and HIPAA. All of these certifications are inherited by Nuix as part of using the AWS platform.

Nuix Discover has been ISO27001:2013 certified and IRAP assessed to host Australian Government data classified at the "protected" classification level. As at the Prospectus Date, this platform has not experienced any security or perimeter breaches since its launch in February 2019. Nuix Discover SaaS, Investigate SaaS and Processing SaaS (Investigate SaaS and Processing SaaS are both under development) are undergoing FedRAMP High readiness which, if completed, will make Nuix Discover SaaS, Investigate SaaS and Processing SaaS (once product development has been completed) accessible to government entities via the Nuix cloud.

Nuix's own platforms regularly undergo third party testing and auditing.

3.8.2 PRIVACY AND DATA PROTECTION

The majority of jurisdictions in which Nuix operates have their own privacy and data protection legal frameworks.

Nuix has based its internal privacy practices on the GDPR which applies to organisations established in the EU or organisations established outside of the EU where their processing activities relate to the offering of goods or services or to the monitoring of the behaviour of data subjects in the EU. Under the GDPR, an individual or undertaking that processes personal data will do so as a controller or a processor. Nuix operates as a "processor" in respect of personal data received from customers, and as such its primary obligation is to act in accordance with the instructions of the relevant customer and to ensure it has in place appropriate technical and organisational measures which ensure an adequate level of security against potential risks when processing personal data.

Nuix has developed local policies and procedures, where required, in order to address country and jurisdiction-specific privacy regulations (Australian Privacy Principles, for example) where the GDPR based internal privacy practices may not fully address compliance. These policies are further addressed in Section 2.5.1.

3.8.3 INTELLECTUAL PROPERTY AND PATENTS

Nuix's core intellectual property includes the source code of the Nuix Engine and Nuix applications, as well as the operational processes and technologies involved in delivering these products. To protect its intellectual property, Nuix:

- **Copyright:** asserts, maintains and enforces copyright on all its software and creative works. These include source code, marketing content, product documentation and specifications. Nuix's content consists of written, visual and audio content;
- **Contractual terms and conditions of employment:** requires its employees, contractors, consultants and partners to sign standard agreements that cover acceptable use policy and non-disclosure. Additionally, employee and contractor agreements contain confidentiality obligations and other restrictive covenants, including non-compete clauses; and
- **Trademarks and legal counsel:** employed external counsel to register its name and logo as registered trademarks in key jurisdictions. External counsel is also engaged to perform regular monitoring of Nuix's trademarks and software applications to identify any attempts by a third party to register trademarks which are identical or substantially identical to Nuix's name or logo.

Additionally, Nuix relies upon unpatented trade secrets and conditional know-how and continuing technology innovation to develop and maintain its competitive position. Nuix seeks to protect its intellectual property, in part, through contractual provisions and restrictions governing access to the Company's proprietary technology. In relation to the Nuix's core technology, Nuix enters into confidentiality agreements with its employees, consultants, contractors and partners. Employees and contractors who work on material software are also employed or engaged under agreements that contain intellectual property ownership and confidentiality provisions, pursuant to which Nuix retains the rights to core technology that they develop for Nuix. Third party consultants and contractors are generally engaged by Nuix on standard form template contracts, which also contain provisions that all relevant intellectual property shall belong to the Company or, where applicable, its customers. Nuix also licences software from third parties for integration into the Nuix platform, including open source software and other software available on commercially reasonable terms.

The Nuix Engine is supported by seven key patents (which are due to expire between March 2031 and July 2035), which were all granted in the United States. In general, these patents cover an unstructured data indexing engine which has a unique parallel-processing approach for processing unstructured data. They also cover the deployment of the Nuix Engine into a cloud-based environment, as well as through the use of virtual machines. Including the seven key patents granted to Nuix, there are a total of 107 patents and applications in existence that relate to the Nuix platform. In addition, at the Prospectus Date, Nuix had three patents pending for the Nuix Engine and two patents pending for the Nuix Endpoint application.

Nuix's industry is characterised by the existence of a large number of patents and frequent claims and litigation regarding patents and other intellectual property rights.

For more information regarding intellectual property law and regulations which have an impact on Nuix and associated risks, refer to Section 2.5 and Section 5.1.

3.8.4 IT INFRASTRUCTURE

Nuix has an "always on" cloud operations team located in Sydney (Australia), Cork (Ireland) and Herndon (United States). There are approximately nine members of this team covering Infrastructure and Systems Engineering, Database Administration and Security Information and Event Management. Maintenance on the server fleet is conducted monthly, unless an emergency change is required. The Nuix Discover application is updated weekly.

Nuix's hardware and infrastructure architecture has been built to allow for scalability and easy maintenance, in order to ensure that both customers and Nuix employees have smooth experiences using the Nuix platform, and to deliver the Nuix platform to customers in an efficient and secure way. Nuix uses AWS for cloud management, which also manages infrastructure for certain functional areas within Nuix (including development operations, engineering, technology operations and the broader IT functions).

3.8.5 RISK MANAGEMENT PROCEDURES

Nuix has adopted a Risk Management Policy, the purpose of which is to ensure that:

- appropriate systems are in place to identify to the extent reasonably practicable all material risks that may impact on the Company's business;
- the financial and non-financial impact of identified risks is understood, and appropriate internal control systems are in place to limit the Company's exposure to such risks; and
- appropriate responsibilities are delegated to control the identified risks effectively.

The Board is responsible for risk oversight and the management and internal control of the processes by which risk is considered for both ongoing operations and prospective actions.

The Audit and Risk Management Committee will consider whether the Company's risk management framework continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board.

Nuix has also implemented risk management measures in accordance with ISO/IEC 27001:2013 – Information Technology – Security Techniques – Information Security Risk Management (Second Edition) Standard. Such measures help to mitigate risk, for example, relating to the Nuix-hosted cloud environment, hosted within AWS data centre(s). In this scenario, although the customer has full control over the document data that is uploaded into Nuix Discover SaaS, Nuix is responsible for the security and availability of the data. Nuix currently, however, only hosts data for Nuix Discover SaaS customers, with the customer being responsible for the hosting of its data in other software deployment scenarios.

3. COMPANY OVERVIEW

Continued

Nuix also has an IT Security and Risk Committee which consists of four people who have over 100 years of combined IT security experience. This committee undertakes monthly assessments of an IT risk register, which was established in 2019 to detail the key IT risks facing Nuix. The Nuix IT team has already addressed a number of security improvements since that time.

3.8.6 INSURANCE

In consultation with brokers, Nuix obtains insurance that it considers to be necessary and prudent for a business of this nature. Policies taken out by Nuix include those at a group level, as well as a number that cover a single jurisdiction or Group company. Policies in place currently include, without limitation, coverage for public/products liability, directors and officers, professional indemnity, cyber liability, computer crime, certain adverse events with respect to employees, extortion, cyber extortion and business travel insurance. The policies have various self-insured retentions, terms, conditions and exclusions as agreed between Nuix and its insurers. As the needs of the business change, so may Nuix's approach to insurance. Not all risks are insurable and there is no guarantee that the insurance policies Nuix holds will protect it against all risks and liabilities (refer to Section 5.1.34).

3.8.7 CONTRACTING WITH CUSTOMERS AND PARTNERS

As referred to in Section 3.5.5, Nuix has two main categories of software agreements, being for on-premise products (Nuix Engine and Nuix Workstation, for example) and cloud-based products (currently Nuix Discover SaaS). Nuix will generally contract with customers using Nuix template agreements or, where required, agreements that are proposed by, and negotiated with, the customer (customer specific agreements). Figure 43 below sets out the main contracts in use for on-premise and cloud-based products and how they are sourced.

Figure 43: Key on-premise and cloud-based agreements

Channel	Classification	Key on-premise agreements	Key cloud-based agreements
Direct sales	Customer contracts	<ul style="list-style-type: none"> • End user licence agreement (EULA) • Master Software Licence and service agreement (MSLSA)¹ • Customer specific agreements¹ • Original equipment manufacturer (OEM) agreements¹ 	<ul style="list-style-type: none"> • SaaS master services agreement (MSA)¹
Indirect sales	Customer contracts Contracts with third parties used to generate customer sales	<ul style="list-style-type: none"> • EULA • MSLSA¹ or customer specific agreements¹ • Reseller or distributor agreements 	<ul style="list-style-type: none"> • Nuix Discover SaaS partner agreement¹

Notes:

1. Final form typically subject to negotiation/amendment.

Alongside the standard set of commercial agreements (which encompass the vast majority of Nuix's revenue base), Nuix has a number of other agreements with, but not limited to, customers, partners and vendors, which facilitate contracting. These include non-disclosure agreements, proof of concept agreements, technology partner agreements and referral agreements.

Nuix has typically focused its direct sales on customers in the advisory and service providers, government, corporates, legal service vendors and law firms industry verticals in its key geographies (the United States, Australia and the UK, for example). In other regions Nuix relies on resellers and distributors. Figure 44 below describes the typical customer agreements entered into by Nuix by customer type/region.

Figure 44: Contracts by customer industry vertical/key geographies¹

Industry vertical	Agreement
Advisory and service providers	MSLSA or customer specific agreements (typically negotiated)
Government	United States EULA via resellers or distributors (as modified by the Federal Acquisition Regulations)
	Australia Customer specific agreements (standard form government contracts, for example) – direct channel
	The UK EULA via resellers and distributors and MSLSA
Corporate	MSLSA or customer specific agreements (typically negotiated)
Law firms/legal service vendors	MSLSA or customer specific agreements (typically negotiated)
Other regions²	EULA via resellers or distributors

Notes:

1. The United States, Australia and the UK.
2. India, Japan, New Zealand, Germany, Austria, Switzerland, Middle East and South East Asia.

3.8.7.1 Template customer contracts

Nuix’s customer contracts will generally follow the form of the template agreements, however there are variations in terms depending on the client, jurisdiction and products offered (services are provided under separate service orders or service agreements and typically adopt the general terms of the related core software agreement, but are tailored for the specific services, agreed pricing and term). Figure 45 below provides a general summary of key templates used by Nuix when contracting with customers. More detailed summaries of the EULA and MSA are included in Figure 46 and Figure 47.

Figure 45: Key template agreements for on-premise and cloud-based products

Contract type	Description
On-premise	
End user licence agreement (EULA)	<p>Standard click wrap agreement whereby Nuix grants to a customer a non-exclusive, non-transferable, terminable, non-assignable, limited licence to install a copy of the relevant software in Licensee’s production environment (on-premise) and to use the software and any ancillary software.</p> <p>Fees and software type are set out in an order form which is incorporated into the agreement by reference. The majority of customers agree to the standard EULA (whether via Nuix’s click wrap installer, a reseller “pass through” of EULA to end user, or an order form which references the EULA).</p>

3. COMPANY OVERVIEW

Continued

Contract type	Description
Master Software Licence and service agreement	Customers who seek to negotiate standard terms provided in the EULA enter into an MSLSA with Nuix. Key terms that are negotiated with customers in the MSLSA include restrictions on use, limitation of liability and standard indemnities. Nuix allows customers to “order off” the MSLSA for subsequent purchases of software using an order form.
Order form	The order form is the “ordering document” for customer agreements. If a customer has an existing contract (an MSLSA, for example) with Nuix, it can order new software using an order form and the terms of the underlying contract will apply by reference. A new customer without an existing contract may also purchase software using an order form (and in that case the EULA will apply).
Service provider addendum for MSLSA	<p>The service provider addendum provides allowances for service providers to use the software and/or to allow their clients to use the software.</p> <p>Unlike the MSLSA, the service provider addendum provides allowances for use of the software beyond internal purposes so that service providers can provide services to clients (and/or for their clients to use the software) and other deployment allowances.</p>
OEM agreement	Under an OEM agreement, Nuix grants to the customer a royalty or fee-bearing non-exclusive, non-transferable, non-assignable limited licence to integrate Nuix’s proprietary software into the customer’s products and to distribute Nuix software as integrated into the customer’s products.
Cloud-based	
SaaS master services agreement (MSA)	<p>Under an MSA, Nuix grants to the customer a non-exclusive, non-transferable right to access and use Nuix Discover SaaS for the customer’s own internal business purposes.</p> <p>As this is a service agreement, terms differ from the licensing agreements above. These agreements contain an “enhanced view” on service levels and data protection. Otherwise, general legal terms (intellectual property protections, liability, indemnities, and warranties, for example) typically take a similar approach to the above licensing agreements.</p>
Nuix Discover service level agreement (SLA)	The SLA is attached to the MSA and governs the delivery of any services provided by Nuix pursuant to an MSA (or any other ordering document as applicable).
Other	
Support and maintenance services agreement	This agreement governs the delivery of any support and maintenance services by Nuix pursuant to the EULA, SLA or any other ordering document as applicable.

Figure 46: Template EULA

Topic	Comment
Term	Term set out in the order form (typically, annually or three years for multi-year deals).
Termination for convenience	Licensee is not permitted to terminate the agreement during the term for convenience. Nuix may discontinue offering the software at the conclusion of the initial term.
Payment terms	Licensee must pay all fees within 30 days of the date of the applicable invoice, or prior to the commencement of the Renewal term in the case of a Renewal order.
Restrictions on use	Extensive restrictions are imposed on the customer (licensee) in respect of the software, ancillary software and the product. Licensee may make one copy of the software solely for disaster recovery or archival purposes. Licensee must use the software solely in accordance with the usage limits set forth in the order form.
Intellectual property rights/developments	Licensee acknowledges that Nuix owns all rights, title and interest (or is an authorised licensee) in all intellectual property rights in the software and the documentation. The licence granted to the Licensee does not convey any express or implied intellectual property rights in the software or the documentation. Nuix will also own all intellectual property rights in any copy, translation, modification, adaptation or derivation of the software or documentation including but not limited to any improvements or developments in the software or documentation.
Warranties	Other than warranties that by law cannot be excluded, restricted or modified, Nuix excludes all other warranties.
Limitations of liability	Except for claims of intentional misconduct, gross negligence, death or personal injury, or claims that cannot be limited by law, Nuix excludes liability for claims in the nature of indirect/consequential loss and loss of goodwill/profits and claims made more than one year after any such cause of action first arose. Liability is limited to the amount of the licence fee paid in the preceding 12 months, less amounts previously paid to satisfy liability under the agreement.
Change of control	No change of control restriction in respect of Nuix.

As noted above, a customer seeking to negotiate terms of the EULA will typically contract using the MSLSA. The MSLSA contains similar terms and provisions to the EULA, however key differences include:

- **Limitations of liability:** Nuix may agree to multiply their standard liability cap, normally maxing out at a five times multiple and may exclude 12 month limit for time period to which cap relates;
- **Restrictions on use:** restrictions on the provision of Nuix software to third parties and use of Nuix software involving, but not limited to, outsourcing, renting and sublicensing, are often permitted for service providers;
- **Warranties:** in certain cases the MSLSA may include limited warranties by Nuix; and
- **Indemnification:** in certain cases the MSLSA may include indemnification by Nuix in favour of customer for intellectual property infringement.

3. COMPANY OVERVIEW

Continued

Figure 47: Template SaaS MSA

Topic	Comment
Term	Term set out in the order form (typically, annually or three years for multi-year deals).
Termination for convenience	Not permitted for Licensee.
Payment terms	Customer shall pay all fees within 30 days of the date of the applicable invoice.
Restrictions on use	Extensive restrictions are imposed on the customer in respect of the services, software and the product.
Intellectual property rights/developments	Customer acknowledges that, as between customer and Nuix, Nuix owns all right, title, and interest, including all intellectual property rights, in and to Nuix's intellectual property.
Warranties	Nuix warrants that the services will conform in all material respects with the documentation, however Nuix does not make any representations or guarantees regarding uptime or availability of the services unless specifically identified in the SLA. Nuix disclaims all other warranties.
Limitations of liability	<p>Nuix excludes for claims in the nature of indirect/consequential loss and loss of goodwill/profits, claims for loss of data or breach of data or security system and claims for cost of replacement goods/services.</p> <p>Nuix limits liability to the total amounts paid to Nuix under the agreement in the one year period preceding the event giving rise to the claim. Nuix has no liability for loss because of a service suspension.</p>
Change of control	No change of control restriction in respect of Nuix.

3.8.7.2 Government contracting

As referred to in Section 3.4.1, Nuix has a number of government clients, with these contracts providing 20% of Total Revenue in FY20 (refer to Section 3.4.2), and forming an important part of Nuix's customer base. As stated in Section 3.8.1, Nuix has obtained and is in the process of obtaining, a number of certifications which enable Nuix to contract with the government to host highly sensitive government data. At present, Nuix's key government contracts are with the Australian, United States, UK and German governments, with Nuix looking to expand this customer base in other geographies.

Australia

In Australia, Nuix contracts directly with Australian government entities. These Australian government customers will contract under either the standard Nuix templates (EULA or MSLSA) or customer specific agreements which are negotiated with Nuix and may contain more customer-favourable terms, for example, more onerous data privacy and information security provisions and warranties are provided by Nuix, whilst categories of uncapped liability may be broader than the template agreements.

United States

In the United States, Nuix has established a subsidiary, Nuix USG Inc. (**USG**) to contract directly with the United States Federal Government. USG mainly provides the Group's software products (and occasionally limited services such as installation, implementation and technical analysis) to the United States Federal Government through its resellers. The U.S. government's use of Nuix software products is generally governed by Nuix's standard EULA (to the extent it is consistent with U.S. federal contract law), Federal Acquisition Regulations and any other applicable U.S. government agency regulations. U.S. federal government procurement contracts typically establish demanding compliance obligations for prime contractors and subcontractors, for example, a contractor may be subject to affirmative action obligations for various types of minority employees, small business subcontracting obligations, requirements for human trafficking prohibition policies and country of origin requirements. There are also certain requirements under federal government contract law for intellectual property purposes, in which the government can obtain expansive rights in intellectual property either by intent or by company omissions of essential protective measures. Refer to Section 5.1.14 for further detail regarding risks related to government contracting and how Nuix mitigates such risks.

Where there is an unenforceable provision in the EULA/Nuix agreement, this will often be replaced by standard U.S. government provisions which provide for similar terms as the EULA (modified as necessary for U.S. government requirements).

3.8.7.3 Partner agreements

Nuix generally contracts with its partners using template agreements (and customer specific forms where required). Resellers will typically contract with Nuix using the template reseller agreement, whilst distributors contract with Nuix using the template distributor agreement. Figure 48 provides a brief description of these key sales parent agreements.

Figure 48: Key sales parent agreements

Contract type	Description
Reseller agreement	Under a reseller agreement, Nuix appoints the counterparty as an independent, non-exclusive reseller to solicit orders for, and market, promote, demonstrate, sell and distribute Nuix's software and services to end users. Unlike the distributor agreement, the reseller agreement does not grant the reseller the right to appoint or engage sub-distributor(s), agent(s), dealer(s) and/or any other representative(s) to market and resell Nuix's software and/or services.
Distributor agreement	Under a distributor agreement, Nuix appoints the counterparty as an independent, non-exclusive distributor to solicit orders for, and market, promote, demonstrate, sell and distribute Nuix software and services. The agreement also grants the distributor the right to appoint or engage sub-distributor(s), agent(s), dealer(s) and/or any other representative(s) (collectively Resellers) to market and resell Nuix products.
Nuix Discover SaaS partner agreement	Under a Nuix Discover SaaS partner agreement, Nuix grants a SaaS partner a limited, non-exclusive, non-transferable, revocable right to provide subscribers (sourced entirely by the SaaS partner) access to the Nuix Discover SaaS software. Each subscriber and SaaS partner is required to enter into a "SaaS partner subscriber agreement" that incorporates the relevant terms of use from the Nuix Discover SaaS partner agreement.

3. COMPANY OVERVIEW

Continued

3.8.7.4 IT and intellectual property contracts and licences

Nuix relies on a number of IT providers in providing services and in supporting its software programs. The key types of contracts in use are:

- escrow agreements in relation to software products offered by Nuix;
- integrated software contracts; and
- IT supply/operations contracts used to support internal operations and SaaS functions.

The Nuix-hosted cloud environment (in the case of Nuix Discover SaaS) is hosted within multiple AWS data centres worldwide, with Nuix having a high availability of architecture to ensure service availability to customers. The terms and conditions with AWS and other suppliers are typically on standard vendor terms, however in some instances Nuix will agree to specific provisions as negotiated with the provider.

Examples of third party software providers Nuix contracts with include Abbyy (optical character recognition software used in the Nuix Engine), Splunk (enterprise security software, and which Nuix currently utilises for ISO, IRAP, and future FedRAMP certification), Salesforce (customer relationship management software), NetSuite (enterprise business management software), Microsoft Office 365 (enterprise business productivity software), and Zadara (enterprise Storage-as-a-Service).

4.

FINANCIAL INFORMATION



4. FINANCIAL INFORMATION

4.1 INTRODUCTION

4.1.1 FINANCIAL INFORMATION

4.1.1.1 Overview

The Statutory Financial Information and the Pro Forma Financial Information are together referred to as the Financial Information. The Financial Information contained in Section 4 includes the Historical Financial Information for the financial years ended 30 June 2018 (FY18), 30 June 2019 (FY19) and 30 June 2020 (FY20); the Statement of Financial Position as at 30 June 2020; and the Forecast Financial Information for the financial year ending 30 June 2021 (FY21F).

Figure 49: Overview of the Financial Information

	Statutory Financial Information	Pro Forma Financial Information
Historical Financial Information	<p>Statutory Historical Financial Information comprises the:</p> <ul style="list-style-type: none"> statutory historical consolidated income statements for FY18 (as restated), FY19 (as restated) and FY20 (Statutory Historical Income Statements); statutory historical consolidated cash flows for FY18 (as restated), FY19 (as restated) and FY20 (Statutory Historical Cash Flows); and statutory historical consolidated statement of financial position as at 30 June 2020 (Statutory Historical Statement of Financial Position). 	<p>Pro Forma Historical Financial Information comprises the:</p> <ul style="list-style-type: none"> pro forma historical consolidated income statements for FY18, FY19 and FY20 (Pro Forma Historical Income Statements); pro forma historical consolidated cash flows for FY18, FY19 and FY20 (Pro Forma Historical Cash Flows); and pro forma historical consolidated statement of financial position as at 30 June 2020 (Pro Forma Historical Statement of Financial Position).
Forecast Financial Information	<p>Statutory Forecast Financial Information comprises the:</p> <ul style="list-style-type: none"> statutory forecast consolidated income statement for FY21F (Statutory Forecast Income Statement); and statutory forecast consolidated cash flows for FY21F (Statutory Forecast Cash Flows). 	<p>Pro Forma Forecast Financial Information comprises the:</p> <ul style="list-style-type: none"> pro forma forecast consolidated income statement for FY21F (Pro Forma Forecast Income Statement); and pro forma forecast consolidated cash flows for FY21F (Pro Forma Forecast Cash Flows).

The Historical Financial Information presented in this Prospectus has been reviewed by PricewaterhouseCoopers Securities Ltd (PwCS, or **Investigating Accountant**) in accordance with the Australian Standard on Assurance Engagements (ASAE) ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Investigating Accountant's Report on the Historical Financial Information. Investors should note the scope and limitations of the Investigating Accountant's Report on the Historical Financial Information (refer to Section 8).

The Forecast Financial Information presented in this Prospectus is unaudited and has been reviewed by PwCS in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Investigating Accountant's Report on the Forecast Financial Information. Investors should note the scope and limitations of the Investigating Accountant's Report on the Forecast Financial Information (refer to Section 8).

The Financial Information in this Section 4 should be read in conjunction with Nuix's Significant Accounting Policies set out in Section 4.2.4 and in further detail in Appendix A, the risk factors described in Section 5, the Independent Limited Assurance Reports on the Historical Financial Information and the Forecast Financial Information set out in Section 8 and the other information in this Prospectus.

Also summarised in Section 4 are:

- the basis of preparation and presentation of the Financial Information (refer to Section 4.2.2 and Section 4.2.3);
- adoption of new accounting standards (refer to Section 4.2.4);
- an explanation of certain non-IFRS and other financial measures used (refer to Section 4.2.6);
- pro forma adjustments and reconciliations of the Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information to the Statutory Historical Financial Information and the Statutory Forecast Financial Information, respectively (refer to Section 4.3.4, Section 4.4.2 and Section 4.5 and Appendix B);
- details of the cash and cash equivalents of Nuix and its pro forma cash position at the assumed date of Completion (refer to Section 4.6);
- information regarding liquidity, capital resources and indebtedness (refer to Section 4.7 and Section 4.8);
- information regarding the contractual obligations, commitments and contingent liabilities of Nuix (refer to Section 4.9);
- further details of Nuix's business model (refer to Section 4.10);
- management's discussion and analysis of the Pro Forma Historical Financial Information (refer to Section 4.11);
- general and specific assumptions underlying the Forecast Financial Information (refer to Section 4.12.1 and Section 4.12.2);
- management's discussion and analysis of the Pro Forma Forecast Financial Information (refer to Section 4.12.3);
- an analysis of the sensitivity of the Pro Forma Forecast Financial Information to changes in certain key assumptions (refer to Section 4.13); and
- a summary of the proposed dividend policy of Nuix (refer to Section 4.14).

The Appendix also includes:

- selected reconciliations, including line item reconciliations of the Statutory Historical Financial Income Statement to the Pro Forma Historical Income Statement presented in Section 4 and Appendix B;
- a description of Nuix's Significant Accounting Policies as set out in Section 4.2.4 and in further detail in Appendix A, and its critical accounting estimates and assumptions (refer to Section 4.2.5); and
- a description of Nuix's financial risk management framework (refer to Appendix A).

Unless otherwise noted, all amounts disclosed in Section 4 and the Appendices are presented in Australian dollars (**AUD** or **A\$**), which is the Company's presentational and functional currency, and are rounded to the nearest A\$0.1 million. Some numerical tables included in this Prospectus have been subject to rounding adjustments. Any differences between totals and the sum of components in tables contained in this Prospectus are due to rounding.

4. FINANCIAL INFORMATION

Continued

4.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

4.2.1 OVERVIEW OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

The Financial Information in this Prospectus has been prepared in accordance with the measurement and recognition principles of Australian Accounting Standards (AAS) adopted by the Australian Accounting Standards Board (AASB), which are consistent with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The Financial Information is presented in abbreviated form and does not include all of the disclosures, statements or comparative information required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. Nuix's Significant Accounting Policies are described in Section 4.2.4 and in further detail in Appendix A, and its critical accounting estimates and assumptions are described in Section 4.2.5.

The Pro Forma Historical Financial Information has been prepared solely for inclusion in this Prospectus and does not reflect the actual financial results and cash flows of Nuix for the periods indicated. Nuix believes that the Pro Forma Historical Financial Information provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis with the Pro Forma Forecast Financial Information.

The Forecast Financial Information is based on the specific and general assumptions of Nuix set out in Section 4.12.1 and 4.12.2. The Forecast Financial Information presented in this Prospectus is unaudited.

Nuix manages its operations as a single business operation and there are no parts of the business that qualify as operating segments under AASB 8 *Operating Segments* (AASB 8). Nuix assesses the financial performance of the Group on an integrated basis and accordingly, the Group is managed on the basis of a single segment. Total Revenue by revenue type (refer to Section 4.10.1) is monitored by Nuix and elsewhere in this document for information purposes only.

Nuix's accounting policies have been consistently applied in the preparation of the Financial Information, including, in relation to the Pro Forma Historical Financial Information.

The Directors are responsible for the preparation and presentation of the Financial Information.

4.2.2 PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

The Statutory Historical Financial Information has been extracted from the audited general purpose consolidated financial statements of Nuix Pty Limited (now known as Nuix Limited) and controlled entities for FY20, which include restated comparatives for FY18 and FY19 (together, the **Audited Financial Statements**). During FY18, FY19 and FY20 (and until 6 November 2020) Nuix Limited was a proprietary company known as Nuix Pty Limited. The Audited Financial Statements therefore refer to the company as Nuix Pty Limited. The Audited Financial Statements were prepared in accordance with AAS as issued by the AASB which is consistent with IFRS as issued by the IASB. The Audited Financial Statements were audited by PricewaterhouseCoopers (PwC) in accordance with the Australian Auditing Standards and included restated comparatives for FY18 and FY19. PwC issued an unmodified audit opinion on the financial report of the Company for FY20. The financial reports for FY18 and FY19 (prior to their restatement) were also audited by PwC in accordance with Australian Auditing Standards and PwC issued an unmodified opinion on those financial reports. Details of the material changes made to restate the FY18 and FY19 comparatives in the FY20 financial report are set out below.

In preparation of the Audited Financial Statements, the Company identified certain line items which required correction to prior period balances. The material changes relate to:

- the treatment of revenue from Software Licences to recognise a higher allocation of revenue from S&M Licences over time, resulting in a reduction in Total Revenue and EBITDA of A\$1.1 million in FY18 and A\$8.0 million in FY19;
- the accounting treatment involving resellers, which resulted in a reduction to Total Revenue of A\$0.1 million in FY18 and A\$1.9 million in FY19 with no corresponding reduction to EBITDA; and
- the revenue recognition relating to financial statement cut off procedures resulting in a reduction in Total Revenue and EBITDA in FY18 of A\$6.1 million.

Nuix also adopted AASB 16 *Leases (AASB 16)* from 1 July 2017 in the restated comparative for FY18 and FY19. This had no impact on Total Revenue but increased EBITDA by A\$2.1 million and A\$3.0 million in FY18 and FY19, respectively. These adjustments, along with other items, are outlined in further detail in the notes to the Audited Financial Statements, extracted in Appendix A. The Audited Financial Statements and the Historical Financial Information give effect to these adjustments.

The Audited Financial Statements have been lodged with the ASX and are available at www.nuixshareoffer.com. Investors should note that past results are not a guarantee of future performance.

4.2.2.1 Overview of Pro Forma Historical Information

The Pro Forma Historical Financial Information has been prepared solely for inclusion in this Prospectus and has been derived from the Statutory Historical Financial Information. Details of the pro forma adjustments are provided in Section 4.2.2.2 to Section 4.2.2.4.

Selected reconciliations provided in this Prospectus include:

- Reconciliation of Pro Forma net profit/(loss) after tax to Statutory net profit/(loss) after tax for the Historical Income Statements (refer to Figure 56 in Section 4.3.4) and detailed line item reconciliations (refer to Appendix B);
- Reconciliation of pro forma net cash flow to Statutory net cash flow for the Historical Cash Flow Statements (refer to Figure 59 in Section 4.4.2); and
- Reconciliation of the Pro Forma Statement of Financial Position to the Statutory Statement of Financial Position as at 30 June 2020 (refer to Figure 61 in Section 4.5).

4.2.2.2 Pro forma adjustments to Historical Income Statements

In preparing the Pro Forma Historical Income Statements, pro forma adjustments have been made to the Statutory Historical Income Statements to:

- reflect the estimated costs associated with operating as a listed public company as if they were incurred from 1 July 2017 (**Pro Forma Adjustment 1**);
- remove estimated costs associated with certain corporate actions, including the Ringtail acquisition (refer to Section 4.11.1.3) and a sale process explored by Nuix Limited as an alternative to the Offer (**Pro Forma Adjustment 2**);
- reflect the expected impact of the change in capital structure due to the repayment of Debt Facilities following Completion (**Pro Forma Adjustment 3**);
- remove the expected impact of the Offer, including Offer costs that are expensed and costs that are offset against equity (**Pro Forma Adjustment 4**);
- reflect the impact of removing share-based payment expenses in respect of Existing Options that will be cancelled on Completion; the expenses associated with Existing Options that will remain in place on Completion; and the expenses associated with grants of New Options under the Nuix Incentive Plan on Completion (**Pro Forma Adjustment 5**); and
- reflect the estimated tax impact of Pro Forma Adjustment 1 through to Pro Forma Adjustment 5 above (**Pro Forma Adjustment 6**).

Figure 56 in Section 4.3.4 sets out the pro forma adjustments made to the Statutory Historical Income Statements and a reconciliation of the Pro Forma Historical Income Statements to the Statutory Historical Income Statements for net profit/(loss) after tax, and Appendix B provides a detailed line item reconciliation.

4.2.2.3 Pro forma adjustments to Historical Cash Flow Statements

In preparing the Pro Forma Historical Cash Flows, certain pro forma adjustments were made to the Statutory Historical Cash Flows. These include Pro Forma Adjustment 1 through to Pro Forma Adjustment 4 and Pro Forma Adjustment 6.

Figure 59 in Section 4.4.2 sets out the pro forma adjustments to the Statutory Historical Cash Flows and a reconciliation of the Pro Forma Historical Cash Flows to the Statutory Historical Cash Flows.

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4.2.2.4 Pro forma adjustments to the Historical Statement of Financial Position

In preparing the Pro Forma Historical Statement of Financial Position, pro forma adjustments have been made to the Statutory Historical Statement of Financial Position to reflect:

- the impact of the Offer as if it had occurred as at 30 June 2020 (Pro Forma Adjustment 4), including the repayment of Debt Facilities, the cancellation of Existing Options, grant of New Options and recognition of deferred tax assets in respect of Offer costs; and
- the tax impact of the above adjustment (Pro Forma Adjustment 6).

Figure 61 in Section 4.5 outlines the pro forma adjustments to the Statutory Historical Statement of Financial Position, and provides a reconciliation of the Pro Forma Historical Statement of Financial Position to the Statutory Historical Statement of Financial Position.

4.2.3 PREPARATION OF THE FORECAST FINANCIAL INFORMATION

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus. The Forecast Financial Information is presented on both a statutory and pro forma basis for FY21F.

The Forecast Financial Information has been prepared by Nuix based on an assessment of current economic and operating conditions and on general and specific assumptions regarding future events and actions set out in Section 4.12. The disclosure of these assumptions is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and the effect on the Forecast Financial Information if they do not occur and is not intended to be a representation that the assumptions will occur. Investors should be aware that the assumptions may not eventuate in full or in part and investors are cautioned not to place undue reliance on the Forecast Financial Information. The Forecast Financial Information is subject to the risk factors as set out in Section 5.

Nuix believes the general and specific assumptions set out in Section 4.12, when taken as a whole, to be reasonable at the time of preparing the Prospectus. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and that this may have a material positive or negative effect on Nuix's actual financial performance, financial position and cash flows. In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of Nuix and SaleCo, and their respective directors, and are not reliably predictable. Accordingly, none of Nuix and SaleCo, and their respective directors or any other person can give investors any assurance that the outcomes disclosed in the Forecast Financial Information will be realised. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on Nuix's financial performance, cash flows or financial position.

Nuix does not intend to update or revise the Forecast Financial Information or other forward-looking statements or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law or regulation or ASX continuous disclosure obligations.

The Pro Forma Forecast Income Statement and Pro Forma Forecast Cash Flows have been derived from the Statutory Forecast Income Statement and Statutory Forecast Cash Flows, after adjusting to reflect Nuix's expected operating and capital structure following Completion, including:

- Pro Forma Adjustment 1 and Pro Forma Adjustment 3, for the five months from 1 July 2020 to Completion of the Offer;
- Pro Forma Adjustment 2 and Pro Forma Adjustment 4, for estimated costs incurred related to a sale process explored by Nuix Limited as an alternative to the Offer, the Offer costs expected to be expensed and costs that are expected to be offset against equity for the five months between 1 July 2020 and 30 November 2020;
- Pro Forma Adjustment 5, for the impact of removing share-based payment expenses in respect of Existing Options that will be cancelled on Completion; the expenses associated with Existing Options that will remain in place on Completion; and the expenses associated with grants of New Options under the Nuix Incentive Plan on Completion; and
- Pro Forma Adjustment 6, for the estimated tax impact of the above adjustments. These adjustments reflect the net tax impact of the pro forma adjustments at the relevant tax rates on the deductible amounts.

The Forecast Financial Information is based on various specific and general assumptions for FY21F, including those set out in Section 4.12. The Forecast Financial Information for FY21F includes the actual results of Nuix for the three months to 30 September 2020, as extracted from unaudited management accounts for that period, and forecast financial results for the nine months ending 30 June 2021.

Figure 56 in Section 4.3.4 sets out a reconciliation of Forecast net profit/(loss) after tax on a pro forma basis to Forecast net profit/(loss) after tax on a statutory basis for FY21F. Figure 59 in Section 4.4.2 sets out a reconciliation of Forecast net cash flow disclosed in the Pro Forma Forecast Cash Flows and Statutory Forecast Cash Flows for FY21F.

Due to its nature, the Forecast Financial Information does not represent the actual or prospective financial performance or cash flows of Nuix for the periods presented. The Forecast Financial Information should be read in conjunction with:

- Nuix's Significant Accounting Policies set out in Section 4.2.4 and in further detail in Appendix A;
- critical accounting estimates and judgements set out in Section 4.2.5;
- the general and specific assumptions set out in Section 4.12;
- the sensitivity analysis described in Section 4.13;
- the risk factors described in Section 5;
- the Independent Limited Assurance Report on Forecast Financial Information set out in Section 8; and
- the other information in this Prospectus.

4.2.4 NUIX'S SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF NEW ACCOUNTING STANDARDS TO THE HISTORICAL FINANCIAL INFORMATION

Nuix's key accounting policies with respect to revenue recognition and capitalised development costs are briefly described below. Nuix's Significant Accounting Policies are set out in this Section 4.2.4 and in further detail in Appendix A.

4.2.4.1 REVENUE RECOGNITION

AASB 15 Revenue from Contracts with Customers

Nuix adopted AASB 15 *Revenue from Contracts with Customers* (AASB 15) from 1 July 2017, which established a five step model before revenue can be recognised. The five steps require Nuix to:

1. Identify the contract with the customer;
2. Identify the performance obligations, (for example, delivery of software or rendering of support and maintenance services);
3. Determine the transaction price (for example, the S&M component of annual/multi-year deal Subscription Licences needs to be segregated from the annual/multi-year deal Subscription Licence revenue);
4. Allocate the transaction price; and
5. Recognise revenue.

These steps are applied on a case-by-case basis subject to the terms of each contract. Refer to Appendix A.18 and Appendix A.25 for further information.

Figure 50 below provides an illustrative example of how Nuix applies the five step model outlined in AASB 15 to Nuix's key licences and associated accounting treatment. Performance obligations relating to the delivery of software are categorised as:

- a **right to access licence** (revenue recognised over time); or
- a **right to use licence** (revenue recognised when software risk transferred).

Module Licences, Consumption Licences, S&M Licences and Perpetual Licences (being examples of Nuix Software Licences) typically:

- are delivered on-premise or in a customer-hosted cloud environment;
- require limited (if any) updates to maintain the continued utility of the software;

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- contain limited or no contractual obligation to update the software; and
- have limited risk of cancellation and low collectability risk.

As such, Nuix typically considers these Software Licences to be “right to use licences” under AASB 15.

Figure 50: Summary of Nuix’s revenue recognition policy application

Software Licence type	General approach to revenue recognition
Delivery of Nuix software on-premise or in a customer-hosted cloud environment	<p><i>Multi-year deals – S&M Licence revenue</i></p> <p>For all multi-year deals, Nuix will segregate the Support and Maintenance component (S&M Component) of the contract value (estimated at 16.7% of the contract value) and defer recognition of that value in line with the S&M Licence revenue recognition policy described below.</p> <p><i>Multi-year deals – remaining contract value</i></p> <p>The total contract value, excluding the S&M Component of multi-year Module Licences (remaining contract value), will be recognised on a pro rata basis over the term of the contract or on an upfront recognition basis, depending on the terms of the contract as set out below.</p> <p>Annual revenue recognition</p> <p>In instances where multi-year deals contain cancellation or termination clauses, Nuix would recognise the remaining contract value on an annual revenue recognition basis, assuming other relevant criteria are satisfied. These contracts are described as annual multi-year deals.</p> <p>As an illustrative example, if at the beginning of FY20 Nuix entered into a three year multi-year Module Licence for an aggregate price of A\$1.5 million, and the contract satisfied the criteria for annual revenue recognition, then Nuix would ordinarily:</p> <ul style="list-style-type: none">• segregate approximately A\$0.3 million of the contract value as being value for the S&M Component. This will be treated as deferred revenue, which would be recognised equally over FY20, FY21 and FY22;• recognise A\$0.4 million of the remaining contract value as Total Revenue in FY20;• recognise A\$0.4 million of the remaining contract value as Total Revenue in FY21; and• recognise A\$0.4 million of the remaining contract value as Total Revenue in FY22. <p>Upfront revenue recognition</p> <p>In instances where multi-year deals contain no cancellation or termination clauses, Nuix would recognise the remaining contract value at the time in which the contract is entered, assuming other relevant criteria (for example, if contracts only require minor patches or have no or minimal risk of cancellation and their low collectability risk) are satisfied. These contracts are described as upfront multi-year deals.</p> <p>As an illustrative example, if in FY20 Nuix entered into a three year multi-year Module Licence for an aggregate price of A\$1.5 million, and the contract satisfied the criteria for upfront revenue recognition, then Nuix would ordinarily:</p> <ul style="list-style-type: none">• segregate approximately A\$0.3 million of the contract value as being value for the S&M Component. This will be treated as deferred revenue, which will be recognised equally over FY20, FY21 and FY22; and• recognise A\$1.2 million of the remaining Total Revenue in FY20. <p>Nuix assesses each Software Licence which it enters into based on the contract’s terms before any revenue recognition decision is made. Upfront revenue recognition may be applied to Module Licences and Perpetual Licences.</p>

Software Licence type	General approach to revenue recognition
Delivery of Nuix software in a Nuix-hosted cloud environment	<p>Software Licences which deliver the Nuix software via a Nuix-hosted cloud environment based instance are often considered “right to access licences” under AASB 15. If these (and any other relevant criteria) are satisfied, Nuix would recognise the value of services provided in the relevant period (usage basis revenue recognition).</p> <p>Nuix assesses each Software Licence which it enters into based on the contract’s terms before any revenue recognition decision is made. Usage basis revenue recognition is applied to Consumption Licences which are often delivered via a Nuix-hosted cloud environment. Nuix’s primary application which is sold to customers under a Consumption Licence is Nuix Discover SaaS (refer to Section 3.3.3.4).</p> <p>As an illustrative example, if Nuix entered into a Consumption Licence for Nuix Discover SaaS in FY19, which satisfied the criteria for usage basis revenue recognition, and the customer incurred A\$0.5 million of processing charges in FY19 and A\$1.0 million of processing charges in FY20, then Nuix would ordinarily recognise A\$0.5 million in Total Revenue in FY19 and A\$1.0 million of Total Revenue in FY20 (assuming no revenue deferral was required).</p>
S&M Licences	<p>S&M Licences are typically bundled with Module Licences or Perpetual Licences.</p> <p>Nuix separates the value of the S&M Licence in accordance with its accounting policies and is recognised as “deferred revenue” (i.e. contract liabilities) on the Statement of Financial Position. This deferred revenue is accordingly recognised pro rata as Total Revenue over the term of the contractual period (over time revenue recognition).</p>

Other Revenue predominantly relates to revenue for the provision of ad-hoc professional services, mainly including fees charged for consulting and training services, or the sale of third party software and hardware. Revenue from a contract to provide consulting and training services or third party software or hardware sales is recognised at the time the consulting and training services are completed or item delivered. 4% of FY20 Total Revenue resulted from Other Revenue.

The information in Figure 50 and above should be read in conjunction with Nuix’s Significant Accounting Policies which outline a detailed description of the application of AASB 15 at Appendix A.18 and contain additional information on Nuix’s revenue recognition approach to various revenue classifications.

4.2.4.2 Capitalised development costs

Nuix’s software development and engineering teams use a project management methodology known as Software Agile Framework (**SAFe**) to structure its software development initiatives (refer to Section 3.5.8 for additional information on SAFe). Under this framework, there are broadly three key stages in Nuix’s software development cycle:

- **research:** involves product roadmap development and program increment (or **PI**) planning;
- **development:** program increment development occurs over a “sprint” or limited time period in which developers design, test, code and debug the planned PI in the form of software which is ready for release to customers; and
- **support and maintenance:** ongoing product support following release of the PI.

Under AASB 138 *Intangible Assets (AASB 138)*, Nuix capitalises development expenditure related to the development phase of a project, including design and testing of new or improved PIs. This expenditure is recognised as an intangible asset and classified as “intellectual property” on the Statement of Financial Position when Nuix determines that it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits. This intangible asset is subsequently amortised at a rate of 10% per year from the point at which the asset is ready for use on a straight-line basis over its useful life, currently estimated at ten years.

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The expenditure which is capitalised relates to any directly attributable costs (predominantly employment costs for developers, subscriptions, and legal costs related to intellectual property matters) and an appropriate proportion of overheads (including communications, travel and accommodation and facility costs, for example). Nuix uses third party software tools commonly used by organisations adopting a SAFe development methodology to record and monitor time spent by developers in the development phase to support the application of AASB 138.

Any expenditure which does not relate to the development phase, including expenditure related to the research phase, is expensed as it is incurred.

Refer to Nuix's Significant Accounting Policies, which are set out in this Section 4.2.4 and in further detail in Appendix A, for additional information on Nuix's approach to capitalisation of development costs.

4.2.4.3 Uncertain tax positions

Nuix is subject to tax in numerous jurisdictions. Significant judgement is required in recognising and measuring current and deferred tax assets and liabilities as there are transactions in the ordinary course of business and calculations for which the ultimate tax treatment on examination by a relevant taxation authority or, in the event of dispute, decision by a court is uncertain.

Nuix recognises liabilities based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amount that was initially recognised, such differences will impact on the results for the year and the respective income tax and deferred tax assets or provisions in the year in which such determination is made. Nuix recognises tax assets based on expectations of future profits against which those assets may be utilised.

Nuix recognises and measures uncertain tax treatments in accordance with the accounting policy stated in the Audited Financial Statements (refer to Note A.4iii contained in Appendix A). Further detail concerning judgements that Nuix has exercised in recognising and measuring the tax benefit of certain R&D tax offsets under Australian tax legislation are included in the Audited Financial Statements (refer to Note A.25iii contained in Appendix A).

In respect of FY12 to FY19, Nuix has claimed uplift benefits totalling A\$11.3 million from Australia's R&D tax incentive that is a self-assessment program jointly administered by the Australian Taxation Office and AusIndustry, designed to encourage companies to engage in R&D. A further uplift benefit is intended to be claimed for FY20. Broadly, the R&D tax incentive provides a tax offset, which is calculated by reference to an amount of eligible expenditure that can be used to offset a company's current year tax liability (or, if unused, be carried forward for future years, which can be used subject to satisfying certain carry-forward tests). Of the total benefit received, or proposed to be received by Nuix, approximately A\$2.8 million has been identified as an uncertain tax position (UTP) in Nuix's Audited Financial Statements and a deferred tax asset has not been recognised. This UTP is in respect of expenditures claimed, or proposed to be claimed, as an R&D tax offset for certain overseas expenditure incurred in FY19 and FY20.

The R&D tax offset regime is an area of focus for the ATO in relation to its taxpayer compliance activities. Nuix proposes to engage with the ATO in order to clarify the availability of the tax offset for FY19 and FY20 prior to filing its Australian income tax return for FY20 and finalisation of the Audited Financial Statements for FY21F. In the event that the availability of the R&D tax offset is confirmed, Nuix will make the claim for eligible R&D expenditures in FY20 in its FY20 Australian income tax return. Alternatively, if the relevant expenditures in FY19 and FY20 are not eligible for the R&D tax offset, Nuix will amend its lodged FY19 tax return which will result in a reduction to its carried forward tax offsets.

There is a risk (refer to Section 5.1.28) that the ATO and AusIndustry may review Nuix's R&D other offset claims for projects since FY12 and determine that previously claimed benefits were not available. While Nuix believes that those claims have been correctly made and should not be disputed, if this is not the case, a greater portion of the A\$11.3 million of benefits claimed since FY12 may be required to be forfeited. If this occurred, Nuix does not expect that it would result in a material cash tax payment, as it is unlikely all of the offset would be lost, and likely that deductions would be expected to arise as a result of amendments to prior year tax returns which would offset the denial of the R&D tax benefits previously claimed.

4.2.4.4 AASB 16

Nuix adopted AASB 16 from 1 July 2017. AASB 16 is an AAS and IFRS accounting policy which introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of greater than 12 months, unless the underlying asset is of low value. This affects how Nuix accounts for corporate office leases.

Under the previous lease accounting standard AASB 117 *Leases (AASB 117)*, Nuix accounted for its corporate office leases as rent expense on a straight-line basis over the lease term. Lease incentives received were initially recorded in trade payables and other liabilities in the Statement of Financial Position and subsequently recorded on a straight-line basis over the lease term through rent expense in the income statement.

AASB 16 instead requires these leases to be accounted for as a right-of-use asset, net of lease incentives, in non-current assets and the relevant lease obligation measured at the present value of the liability in the Statement of Financial Position. The right-of-use asset is then amortised over its useful life with the expense included in depreciation and amortisation in the income statement. Interest expense on lease liabilities is recognised in the income statement as a portion of each lease payment accrued in each period. The timing of expense recognition materially changes as a greater amount of interest expense is recognised in the earlier periods of the lease liability.

AASB 16 has no effect on Nuix's aggregate cash flows. Under the previous lease accounting standard AASB 117, rent payments and receipts were included in operating cash flows. AASB 16 instead requires that lease payments or receipts be classified and presented between the interest portion of the payment or receipt, included in interest paid or received, and the principal portion of the payment or receipt, included in operating cash flows and financing cash flows, respectively.

Nuix applied AASB 16 to the restated comparatives for FY18 and FY19 in the FY20 Audited Financial Statements from 1 July 2017. Accordingly, the application of AASB 16 is consistently reflected in the Statutory Financial Information for each period presented therein. FY21F was prepared on a consistent basis. No pro forma adjustments were required.

4.2.5 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Preparing financial statements in accordance with AAS requires Nuix to make judgements, estimates and assumptions about the application of accounting policies that affect the reported revenues and expenses, carrying values of assets and liabilities and the disclosure of contingent liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods. Judgements that have been made in the application of AAS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next financial year are disclosed, where applicable, in the relevant notes to Nuix's financial statements when these are prepared.

Key areas in which critical estimates and judgements are applied include revenue recognition, share-based payments transactions, estimation of capitalisation and useful lives of intangible assets, and uncertain tax positions, as described in Note A.25 of Nuix's Significant Accounting Policies outlined in Appendix A.

4.2.6 EXPLANATION OF CERTAIN NON-IFRS AND OTHER FINANCIAL MEASURES

In addition to Nuix's financial information presented in accordance with AAS and IFRS, Nuix uses certain measures to manage and report on its business that are not recognised under AAS or IFRS. These measures are collectively referred to in this Section 4 and under Regulatory Guide 230 Disclosing Non-IFRS Financial Information published by ASIC as **non-IFRS financial measures**. The principal non-IFRS financial measures that are referred to in this Prospectus are outlined in this Section 4.2.6.

Although Nuix believes that these measures provide useful information about the financial performance of the business because they provide consistency and comparability with past financial performance, they are presented for supplemental informational purposes only, have limitations as analytical tools, and should not be considered in isolation or as a substitute to the financial information measures that have been presented in accordance with AAS and IFRS. As these financial measures are not based on AAS or IFRS, they do not have standard definitions, and the way Nuix calculates and presents these measures may differ from similarly titled

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measures used by other companies, including subscription software providers, and may therefore not be comparable to similarly titled metrics used by other companies.

Additional limitations and considerations associated with particular metrics are described further below. Investors should therefore not place undue reliance on these non-IFRS financial measures.

4.2.6.1 Key performance indicators

Nuix monitors a number of KPIs which are based on the annualised value of its customer contracts (calculated across the contract periods).

Nuix's product and licence strategy has evolved over time to address the changing needs of its diverse customer base. This has included:

- the transition from Perpetual Licences to Subscription Licence models for the majority of customers (refer to Section 4.11.1.2);
- the introduction of a Nuix-hosted cloud software delivery model as an alternative to on-premise installation (refer to Section 3.5.6); and
- the introduction of Consumption Licences which better align Nuix's revenues generated from certain licences with its customers' growing need to process increasing volumes of data at scale and speed (refer to Section 4.10.1).

The rate of adoption of new licences, pricing or software delivery models has varied across Nuix's diverse customer base. As such, Nuix maintains a flexible approach to the sale of its software to meet customer demand, which has resulted in a mix of licence, pricing and delivery models outlined in Section 4.10.

The application of Nuix's revenue recognition policies (described in Section 4.2.4.1) varies across these criteria. Nuix monitors three KPIs (ACV, NDR and Churn), that:

- align the contract values of Nuix's various licences, pricing and delivery models;
- assist Nuix in assessing its growth and the annualised impact of its sales, including its success in renewing existing customer contracts, executing on its "land and expand" strategy through Upsell Renewals, and acquiring new customers; and
- assist Nuix in assessing trends and performance of customers who acquire Subscription Licences, which accounted for 89% of FY20 Total Revenue.

Annualised Contract Value (ACV)

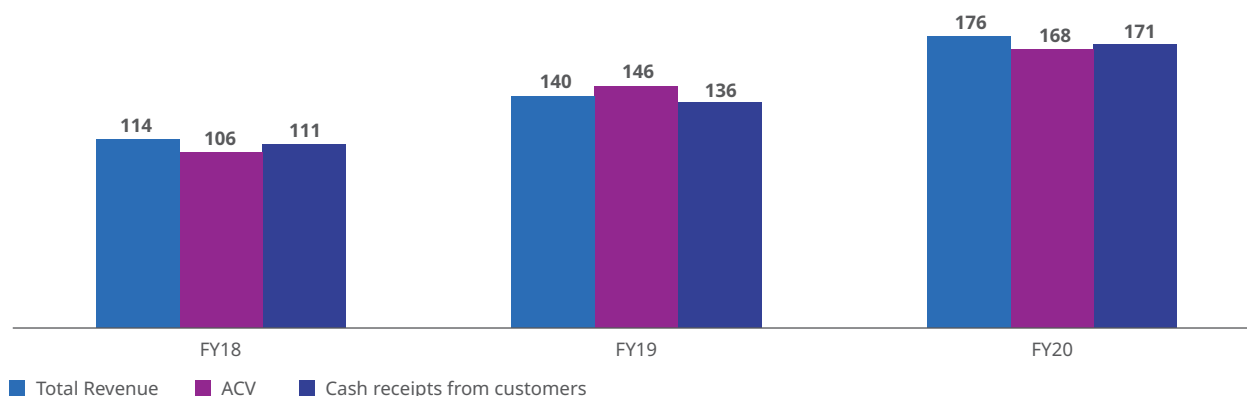
ACV is used by Nuix to assess the total contract value of its software contracts on an annualised basis (removing fluctuations from multi-year deals in Nuix's Total Revenue which results from its revenue recognition policies).

The calculation of ACV at the end of the relevant financial period adjusts Total Revenue to account for:

- revenue generated from Subscription Licences with a term of 12 months or more which exists at the end of the relevant financial period (i.e. at a point in time) is treated as though the contract value is apportioned on a straight-lined monthly basis over the relevant contract period, and recognised on an annualised basis in the given financial year;
- revenue generated from short-term Software Licences over the last 12 months; and
- the last 12 months contribution of Other Revenue.

As illustrated in Figure 51, there has historically been a general alignment between Total Revenue, ACV and cash receipts from customers over time, which reflects the subscription-like elements of Nuix's operating model (described in Section 4.10).

Figure 51: Nuix Total Revenue, Annualised Contract Value (ACV) and cash receipts from customers over time (A\$ million)



Notes: Cash receipts from customers as sourced from the Historical Statutory Cash Flow Statements and presented net of GST, VAT and sales tax collected.

ACV also facilitates the calculation of other KPIs, including NDR and Churn (described below). Nuix also uses ACV (in addition to Total Revenue) to assess customer diversification (refer to Section 3.4.2).

ACV is an adjusted, non-IFRS measure and does not represent Total Revenue in accordance with AAS or Nuix’s accounting policies or cash receipts from customers.

Churn

Expressed as a percentage, Churn reflects the lost customer ACV from certain Subscription Licences in respect of a 12 month period which are terminated or not renewed, as a proportion of ACV from Subscription Licences at the start of that period.

Churn is calculated by Nuix as:

$$\frac{\text{Current year churned ACV}}{\text{Prior year ACV}} \%$$

where

- **Current year churned ACV:** the ACV of Subscription Licences (excluding short-term Software Licences, or licences with a term of less than 12 months, but including Consumption Licences) on the final day of the current reporting periods of the Churn constant customer set which is lost through termination or non-Renewal of the Subscription Licence; and
- **Prior year ACV:** the ACV of Subscription Licences (excluding short-term Software Licences, or licences with a term of less than 12 months, but including Consumption Licences) on the final day of the prior reporting period.

The customer set used to calculate the prior year ACV determines the customers included in the Churn constant customer set.

A Subscription Licence is lost through termination or non-Renewal for the purpose of calculating Churn in a given period if the Subscription Licence ceased to be on foot during the period, unless it was renewed or recommenced within three months of the end of the given period.

Over FY18 to FY20, Nuix’s Churn was 6.0%, 3.5% and 4.7% in FY18, FY19 and FY20, respectively (refer to Section 3.4.4 for further information), reflecting the long-term nature of many of its contracts, indicating it has retained a significant proportion of its ACV through customer Renewals and Upsell Renewals over time.

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Some of the limitations of Churn include that the measure:

- if the customer does renew their Subscription Licence and the contract starts post-three calendar months of the contract ending, this customer will be determined to have terminated or not renewed for the purpose of calculating Churn, however the customer has not been lost to Nuix;
- is reflective of past performance at a static point in time, and is not indicative of the future performance;
- is sensitive to the point in time at which the calculation is performed in relation to the Churn component; and
- excludes the impact in ACV from new customers.

Net Dollar Retention (NDR)

Expressed as a percentage, NDR represents the ACV from the sale of certain Subscription Licences from a constant set of customers across comparable periods (i.e. it excludes the impact of new customers acquired in the subsequent (i.e. more recent period)), taking into account the impact of Upsell Renewal, Downsell Renewal and Churn (as described below) between these two periods.

NDR is calculated by Nuix as:

$$\frac{\text{Current year ACV for NDR}}{\text{Prior year ACV for NDR}} \%$$

where

- **Current year ACV for NDR:** the ACV of Subscription Licences (excluding short-term Software Licences, or licences with a term of less than 12 months, but including Consumption Licences) on the final day of the current reporting period contributed by the NDR constant customer set. Current year ACV for NDR captures the impact of changes in contract terms from the NDR constant customer set, including Upsell Renewal, Downsell Renewal and Churn, in respect of the NDR constant customer set; and
- **Prior year ACV for NDR:** the ACV of Subscription Licences (excluding short-term Software Licences, or licences with a term of less than 12 months, but including Consumption Licences) on the final day of the prior reporting period.

The customer set used to calculate the prior year ACV for NDR determines the customers included in the NDR constant customer set.

This measurement is used by Nuix to assess its success in retaining and growing the contract value generated by a constant customer set over time (less Churn) (refer to Section 3.4.4 for further information on Nuix's customer retention strategies). An NDR of 100% or higher indicates that the net ACV from Renewals and Upsell Renewals in a given financial period exceeds any ACV diminution from Downsell Renewals or Churn for certain Subscription Licences (as defined above). Over FY18 to FY20, Nuix has consistently maintained an NDR above 100% in each respective financial year (refer to Section 3.4.4.1).

Some of the limitations of NDR include that the measure:

- reflects past performance at a static point in time, and is not indicative of future performance;
- is sensitive to the point in time at which the calculation is performed in relation to the Churn component; and
- excludes the impact of growth in ACV from new customers.

ACV, NDR and Churn are used by Nuix as a means of assessing its success in retaining customers over time, and assist in assessing the likelihood of future customer contracting opportunities and software revenue generation. Refer to Section 3.4.4 for a further discussion of Nuix's strategy in respect of customer retention and the utility of the measures discussed above in monitoring retention and customer economics.

4.2.6.2 Income Statement information

EBITDA represents earnings or losses before interest, taxation, depreciation and amortisation.

EBITDA margin is EBITDA expressed as a percentage of Total Revenue.

Nuix uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation, amortisation and before interest and taxation. EBITDA is also used to help understand the cash generation potential of the business available to fund investing and financing activities such as software development. EBIT, EBITDA, EBIT margin and EBITDA margin should not be considered as an alternative to measures of cash flow under IFRS or AAS and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the results of Nuix's operations.

EBIT represents earnings before interest and taxation.

EBIT margin is EBIT expressed as a percentage of Total Revenue.

Some of the limitations of EBITDA and EBIT (and EBITDA margin and EBIT margin) include:

- these measures do not reflect Nuix's available cash or Capital Expenditure (including capitalised development costs) or changes in Nuix's working capital needs;
- Nuix's accounting policies in relation to expensing versus capitalising development costs may differ to that of other companies, including software companies;
- these measures do not consider the cash requirements necessary to service interest payments or principal repayments in respect of any borrowings or the cash requirements to service lease commitments. Following the adoption of AASB 16, the cash cost of operating leases for property and equipment leases is recorded as a depreciation and as an interest charge for the leased assets (below EBITDA); and
- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised may have to be replaced in the future and there will likely be cash requirements for such replacements.

4.2.6.3 Statement of Financial Position information

Working capital

Nuix defines working capital as trade and other receivables and other current assets less trade and other payables, accruals, deferred revenue, current provisions and other current liabilities. Working capital assists Nuix in monitoring its short-term liquidity, but it does not reflect all Nuix's future requirements for working capital, Capital Expenditure, or contractual commitments.

Net debt/(cash)

Net debt/(cash) represents total loans and borrowings and bank overdrafts, less cash and cash equivalents. Net debt/(cash) assists Nuix to assess its level of borrowings after cash and cash equivalents, however it should be noted that cash and cash equivalents may be required for purposes other than debt reduction. If cash and cash equivalents exceed the level of borrowings, this represents a net cash position for Nuix.

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4.2.6.4 Cash flow information

Capital Expenditure

Primarily represents costs related to the acquisition of property, plant and equipment.

Capitalised development costs

Related to significant enhancements to Nuix's platform from which Nuix expects to derive a future benefit, and are capitalised in accordance with AASB 138.

EBITDA less non-cash items

Represents EBITDA after the removal of non-cash items in EBITDA (share-based payment expenses, impairment of receivables, differences in exchange rates).

Free cash flow

Represents operating cash flow less capitalised development costs and other Capital Expenditure. Nuix uses free cash flow as a measure of the net cash generated by Nuix before tax, interest and other investing cash flows.

4.2.6.5 Other

Total research and development costs

Represents R&D expense plus capitalised development costs, which Nuix uses as a measure of its total R&D investment. Total R&D costs expressed as a percentage of Total Revenue is a ratio which Nuix calculates and uses to consider the total investment in R&D relative to the Total Revenue of the business from period to period.

Total R&D does not indicate the quantum of spend on R&D in a given year that is expensed compared to the quantum which is capitalised.

4.3 HISTORICAL AND FORECAST INCOME STATEMENTS

4.3.1 PRO FORMA HISTORICAL AND FORECAST INCOME STATEMENTS AND STATUTORY FORECAST INCOME STATEMENT

Figure 52 sets out Nuix's Pro Forma Historical Income Statements, Pro Forma Forecast Income Statement and Statutory Forecast Income Statement.

The Pro Forma Historical Income Statements and Pro Forma Forecast Income Statement are reconciled to the Statutory Historical Income Statements and the Statutory Forecast Income Statement, respectively, in Figure 56 in Section 4.3.4 and on a line item basis in Appendix B. The Pro Forma Forecast Income Statements and Statutory Forecast Income Statements are subject to the general and specific assumptions underlying the Forecast Financial Information (refer to Section 4.12).

Figure 52: Summary of Pro Forma Historical Income Statements and Pro Forma Forecast Income Statement and Statutory Forecast Income Statement

A\$ million	Notes	Pro Forma Historical			Pro Forma Forecast	Statutory Forecast
		FY18	FY19	FY20	FY21F	FY21F
Software revenue	1,2	106.3	130.9	169.0	184.7	184.7
Other Revenue	1,3	7.3	8.8	6.9	8.8	8.8
Total Revenue	1	113.6	139.6	175.9	193.5	193.5
COGS		(12.3)	(15.6)	(20.7)	(26.8)	(26.8)
Gross profit		101.3	124.0	155.2	166.7	166.7
S&D		(52.8)	(54.9)	(60.7)	(56.7)	(56.7)
R&D		(5.7)	(9.8)	(8.2)	(6.8)	(6.8)
G&A		(28.4)	(30.1)	(30.8)	(39.6)	(74.7)
Operating expenses		(86.9)	(94.9)	(99.7)	(103.1)	(138.2)
EBITDA		14.4	29.1	55.5	63.6	28.6
Depreciation	4	(4.0)	(5.0)	(5.1)	(4.9)	(4.9)
Amortisation	5	(8.7)	(17.1)	(23.4)	(31.2)	(31.2)
EBIT		1.6	7.0	27.1	27.5	(7.5)
Net finance income/(expense)	6	(0.8)	(1.4)	(1.5)	(2.0)	(2.3)
Profit/(loss) before tax		0.7	5.6	25.5	25.6	(9.9)
Tax expense	7	1.0	(2.2)	(6.8)	(5.6)	2.2
Net profit/(loss) after tax		1.7	3.4	18.8	20.0	(7.7)

Notes:

- In Nuix's Audited Financial Statements, Nuix reports "Revenue" (comprising software, services and third party software or hardware revenues, and equivalent to "Total Revenue" in Figure 52) and other income (which comprises government grant income and bank interest) on the Consolidated Statement of Comprehensive Income. In addition to monitoring trends in Total Revenue over time, Nuix also assesses the performance of certain product groupings reflected in the line items in Figure 52 comprising "Software revenue" and "Other Revenue". For the purposes of deriving these values in this Prospectus, Nuix has disaggregated Total Revenue based on these product groupings reflected in the line items comprising:
 - Software revenue (as described in Section 4.10.1.1), which aligns to "Software" revenue category in Note 3 of the Nuix Audited Financial Statements
 - Other Revenue (as described in Section 4.10.1.2), which aligns to the sum of "Hardware" and "Services" revenue category in Note 3 of the Nuix Audited Financial Statements

The sum of software revenue and Other Revenue equals Total Revenue, which reconciles to Revenue as presented in the Consolidated Statement of Comprehensive Income in Nuix's Audited Financial Statements. Refer to Appendix B for reconciliations to Nuix's Audited Financial Statements for the historical financial periods.
- Nuix generates the majority of its revenue from the sale of Nuix software to customers under various licence arrangements: Module Licences, Consumption Licences, S&M Licences and Perpetual Licences (refer to Section 4.10 for further information). As software is the core product generated and sold by Nuix, the performance and trends related to revenue generated by the sale of software is assessed separately from Other Revenue. Software Licences (other than Perpetual Licences) are renewable annual or multi-year deals, often with minimum pricing commitments. Under AASB 15, revenue recognition varies based on the terms of the relevant contract. Refer to Figure 50 in Section 4.2.4.1 for a high level summary of the illustrative application of Nuix's revenue recognition policies for its Software Licences and Nuix's Significant Accounting Policies which provides a detailed description of the application of AASB15 in Appendix A.18.
- Other Revenue predominantly relates to revenue for the provision of ad-hoc professional services, mainly including fees charged for consulting and training services, or the sale of third party software and hardware. Revenue from a contract to provide consulting and training services or third party software or hardware sales is recognised at the time the consulting and training services are completed or item delivered.

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4. Depreciation relates to the depreciation of property, plant and equipment. Assets are depreciated over their useful lives in accordance with Nuix's Significant Accounting Policies set out in Section 4.2.4 and in further detail in Appendix A.
5. Amortisation represents amortisation of internally developed software and intellectual property. Assets are amortised over their useful lives in accordance with Nuix's Significant Accounting Policies set out in Section 4.2.4 and in further detail in Appendix A.
6. Net finance costs relate to the interest component recognised in accounting for leases under AASB 16 as well as the interest expense incurred on Debt Facilities.
7. Tax expense represents taxable profit at the tax rates relevant to the jurisdictions in which Nuix operates. Taxable profit also includes adjustments for non-deductible items, share-based payments and expenditure that is eligible for the R&D tax incentive. As a result, the effective tax rate for Nuix varies each year depending on taxable profits in each jurisdiction and the level of adjustments for non-deductible items and R&D tax incentives.

Refer to Figure 57 which sets out the Statutory Historical Income Statements for FY18, FY19 and FY20.

4.3.2 TOTAL REVENUE BY REGION

As discussed in Section 4.2.1, Nuix manages its operations as a single business unit and there are no parts of the Group that qualify as operating segments under AASB 8. Notwithstanding that the Group is managed as a single segment, Nuix prepares revenue data categorised by revenue type and by region.

Figure 53 summarises Nuix's Historical Total Revenue by region. In general, a large amount of revenue is generated by customers that are global, from transactions that cross multiple countries and where the source of revenue can be unrelated to the location of users using or accessing the software. Accordingly, geographic breakdowns of revenue by region are subject to judgements and estimates, including using judgements for customers that Nuix classifies in more than one region.

Figure 53: Historical Total Revenue by region, FY18 to FY20

A\$ million	Notes	Historical ¹		
		FY18	FY19	FY20
North America		59.2	78.4	97.6
EMEA		35.2	38.5	49.6
Asia Pacific		19.2	22.7	28.7
Total Revenue		113.6	139.6	175.9

Notes:

1. Extracted from Nuix's Audited Financial Statements for FY20, including comparatives.

Refer to the notes for Figure 52 for further information regarding Total Revenue by type and refer to Appendix B for further information.

4.3.3 KEY OPERATING AND FINANCIAL METRICS

Nuix uses certain operating and financial metrics to manage and report on the business which are not recognised by IFRS or AAS. Refer to Section 4.2.6 for a description of these operating and financial metrics.

Figure 54 sets out Nuix's key historical operating and financial metrics for FY18, FY19 and FY20, and the key forecast operating and financial metrics for FY21F on a pro forma basis. This information is derived from the Pro Forma Financial Information presented elsewhere in this Prospectus. The pro forma metrics presented in Figure 54 are presented on the same basis as the corresponding Statutory metrics, with the exception of G&A (% of Total Revenue) and EBITDA margin, the presentation of which on a statutory basis are outlined in Figure 55.

Figure 54: Pro Forma Historical and Forecast operating and financial metrics for FY18 to FY21F

	Notes	Pro Forma Historical			Pro Forma Forecast
		FY18	FY19	FY20	FY21F
Key revenue, customer and operating metrics					
Subscription Revenue (% of Total Revenue)		80.8%	87.4%	88.7%	91.7%
Software revenue (% of Total Revenue)		93.5%	93.7%	96.1%	95.5%
Upfront multi-year deals (% of Total Revenue)		17.1%	15.6%	25.4%	15.0%
Annualised Contract Value (ACV)		106.2	145.5	168.4	199.6
Net Dollar Retention (NDR)		102.0%	125.4%	106.9%	112.8%
Total headcount	1	459	522	421	456
Key Pro Forma financial metrics					
Total Revenue growth (% increase YoY)		-	22.9%	25.9%	10.0%
ACV growth (% increase YoY)		-	37.0%	15.7%	18.6%
Gross profit growth (% increase YoY)		-	22.5%	25.1%	7.5%
Gross profit margin (%)		89.1%	88.8%	88.2%	86.2%
S&D (% of Total Revenue)		46.5%	39.3%	34.5%	29.3%
R&D (% of Total Revenue)		5.0%	7.1%	4.7%	3.5%
G&A (% of Total Revenue)		25.0%	21.6%	17.5%	20.5%
EBITDA margin (% of Total Revenue)		12.6%	20.8%	31.5%	32.9%
Research and Development expense (A\$ million)	2	5.7	9.8	8.2	6.8
Capitalised development costs (A\$ million)		26.1	37.7	42.6	44.7
Total R&D costs (A\$ million)		31.8	47.5	50.8	51.5
Total R&D costs (% of Total Revenue)		28.0%	34.0%	28.9%	26.6%

Notes:

1. Represents total closing headcount on a full-time equivalent basis at the end of each respective financial period.
2. Research and Development expense related to research and development costs which are expensed in a given financial period, and is sourced from the line item "R&D" in Figure 52 in Section 4.3.1.

4. FINANCIAL INFORMATION

Continued

Figure 55: Statutory Historical and Forecast operating and financial metrics for FY18 to FY21F

	Notes	Statutory Historical			Statutory Forecast
		FY18	FY19	FY20	FY21F
Key Statutory financial metrics					
G&A (% of Total Revenue)		19.1%	17.2%	13.4%	38.6%
EBITDA margin (% of Total Revenue)		18.6%	25.2%	35.6%	14.8%

Notes:

1. Other key statutory financial metrics are presented in Figure 54.

4.3.4 PRO FORMA ADJUSTMENTS TO STATUTORY HISTORICAL AND FORECAST INCOME STATEMENTS

Figure 56 sets out the pro forma adjustments that have been made to the net profit/(loss) after tax in the Statutory Historical Income Statements and Statutory Forecast Income Statement (which are set out in Section 4.3.1 and Section 4.3.5). No pro forma adjustments have been made to Total Revenue.

Refer to Appendix B for further detailed reconciliations of the Statutory Forecast Income Statements to the Pro Forma Income Statements on a line item basis for FY18 to FY21F.

Figure 56: Pro forma adjustments to the Statutory Historical Income Statements and the Statutory Forecast Income Statement for FY18 to FY21F

A\$ million	Notes	Historical			Forecast
		FY18	FY19	FY20	FY21F
Statutory net profit/(loss) after tax		6.3	7.4	23.6	(7.7)
Incremental public company costs (Pro Forma Adjustment 1)	1	(7.2)	(7.2)	(7.2)	(3.0)
Corporate actions (Pro Forma Adjustment 2)	2	-	1.6	-	3.1
Net finance costs (Pro Forma Adjustment 3)	3	0.2	0.3	0.3	0.3
Offer costs (Pro Forma Adjustment 4)	4	-	-	-	32.7
Share-based payment expense (Pro Forma Adjustment 5)	5	0.4	(0.6)	(0.1)	2.3
Tax impact (Pro Forma Adjustment 6)	6	2.0	1.7	2.1	(7.8)
Pro Forma net profit/(loss) after tax		1.7	3.4	18.8	20.0

Notes:

1. **Reflects incremental public company costs:** Nuix's estimate of the incremental annual costs that Nuix will incur as a result of being a listed company. These costs include director's fees, ASX listing fees, share registry costs, audit and legal fees, directors' and officers' insurance premiums, investor relations costs, annual general meetings costs, annual report costs and other public company costs. The adjustment for FY21F reflects the inclusion of estimated costs on a pro rata basis for seven months, being such period before Nuix expects to be a listed company.
2. **Removes non-recurring transaction costs arising from certain corporate actions:** these adjustments remove the one off offer costs relating to the acquisition of Ringtail in FY19 and the costs of a sale process explored by Nuix Limited as an alternative to the Offer in FY21F.
3. **Removes net finance costs:** this adjustment removes the interest paid on Debt Facilities during the relevant historical and forecast period and replaces it with pro forma costs of Debt Facilities. The pro forma cost reflects the line fees payable as the facility will have a zero drawn balance following the use of the proceeds of the Offer to repay the existing balance drawn. Further details are included in the description of Debt Facilities (refer to Section 4.7).
4. **Removes one off Offer costs:** total transaction fees related to the Offer are estimated at A\$46.0 million, of which A\$13.3 million (before tax) is directly attributable to the issue of new Shares by Nuix and will be offset against equity raised in the Offer. The remaining A\$32.7 million (before tax) relates to the sale of Shares by the Selling Shareholders and is treated as an expense (within G&A) with A\$32.7 million expensed in the FY21F Statutory Forecast Income Statement.
5. **Removes share-based payment expense:** this adjustment removes share-based payment expenses in respect of Existing Options that will be cancelled on Completion; and adds the expenses associated with grants of New Options under the Nuix Incentive Plan on Completion to reflect the effect of the Offer across the Historical Period. The expected cost of continuing Existing Options and New Options in FY21F has been included in the Pro Forma Forecast in G&A for FY21F.
6. **Tax impact of the above adjustments:** these adjustments reflect the net tax impact of the pro forma adjustments at the relevant tax rates on the deductible amounts.

4.3.5 STATUTORY HISTORICAL INCOME STATEMENTS

Figure 57 sets out the Statutory Historical Income Statements which have been extracted and summarised from the Audited Financial Statements. Refer to Appendix B for a reconciliation between Figure 57 and the Audited Financial Statements.

Figure 57: Statutory Historical Income Statements for FY18 to FY20

A\$ million	Notes	Statutory Historical		
		FY18	FY19	FY20
Software revenue	1,2	106.3	130.9	169.0
Other Revenue	1,3	7.3	8.8	6.9
Total Revenue	1	113.6	139.6	175.9
COGS		(12.3)	(15.6)	(20.7)
Gross profit		101.3	124.0	155.2
S&D		(52.8)	(54.9)	(60.7)
R&D		(5.7)	(9.8)	(8.2)
G&A		(21.7)	(24.0)	(23.6)
Operating expenses		(80.2)	(88.8)	(92.5)
EBITDA		21.1	35.3	62.7
Depreciation	4	(4.0)	(5.0)	(5.1)
Amortisation	5	(8.7)	(17.1)	(23.4)
EBIT		8.3	13.1	34.3
Net finance income/(expense)	6	(1.0)	(1.7)	(1.9)
Profit/(loss) before tax		7.3	11.4	32.4
Tax expense	7	(1.0)	(4.0)	(8.8)
Net profit/(loss) after tax		6.3	7.4	23.6

Notes:

- In Nuix's Audited Financial Statements, Nuix reports "Revenue" (comprising software, services and third party software or hardware revenues, and equivalent to "Total Revenue" in Figure 57) and other income (which comprises government grant income and bank interest) on the Consolidated Statement of Comprehensive Income. In addition to monitoring trends in Total Revenue over time, Nuix also assesses the performance of certain product groupings reflected in the line items in Figure 57 comprising "Software revenue" and "Other Revenue". For the purposes of deriving these values in this Prospectus, Nuix has disaggregated Total Revenue based on these product groupings reflected in the line items comprising:
 - Software revenue (as described in Section 4.10.1.1), which aligns to "Software" revenue category in Note 3 of the Nuix Audited Financial Statements
 - Other Revenue (as described in Section 4.10.1.2), which aligns to the sum of "Hardware" and "Services" revenue category in Note 3 of the Nuix Audited Financial Statements
The sum of software revenue and Other Revenue equals Total Revenue, which reconciles to Revenue as presented in the Consolidated Statement of Comprehensive Income in Nuix's Audited Financial Statements. Refer to Appendix B for reconciliations to Nuix's Audited Financial Statements for the historical financial periods.
- Nuix generates the majority of its revenue from the sale of Nuix software to customers under various licence arrangements: Module Licences, Consumption Licences, S&M Licences and Perpetual Licences (refer to Section 4.10 for further information). As software is the core product generated and sold by Nuix, the performance and trends related to revenue generated by the sale of software is assessed separately from Other Revenue. Software Licences (other than Perpetual Licences) are renewable annual or multi-year deals, often with minimum pricing commitments. Under AASB 15, revenue recognition varies based on the terms of the relevant contract. Refer to Figure 50 in Section 4.2.4.1 for a high level summary of the illustrative application of Nuix's revenue recognition policies for its Software Licences and Nuix's Significant Accounting Policies which provides a detailed description of the application of AASB15 in Appendix A.18.
- Other Revenue predominantly relates to revenue for the provision of ad-hoc professional services, mainly including fees charged for consulting and training services, or the sale of third party software and hardware. Revenue from a contract to provide consulting and training services or third party software or hardware sales is recognised at the time the consulting and training services are completed or item delivered.
- Depreciation relates to the depreciation of property, plant and equipment. Assets are depreciated over their useful lives in accordance with Nuix's Significant Accounting Policies set out in Section 4.2.4 and in further detail in Appendix A.
- Amortisation represents amortisation of internally developed software and intellectual property. Assets are amortised over their useful lives in accordance with Nuix's Significant Accounting Policies set out in Section 4.2.4 and in further detail in Appendix A.
- Net finance costs relate to the interest component recognised in accounting for leases under AASB 16 as well as the interest expense incurred on Debt Facilities.
- Tax expense represents taxable profit at the tax rates relevant to the jurisdictions in which Nuix operates. Taxable profit also includes adjustments for non-deductible items, share-based payments and expenditure that is eligible for the R&D tax incentive. As a result, the effective tax rate for Nuix varies each year depending on taxable profits in each jurisdiction and the level of adjustments for non-deductible items and R&D tax incentives.

4. FINANCIAL INFORMATION

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4.4 HISTORICAL AND FORECAST CASH FLOWS

4.4.1. PRO FORMA HISTORICAL AND FORECAST CASH FLOWS AND STATUTORY FORECAST CASH FLOWS

Figure 58 sets out Nuix's Pro Forma Historical Cash Flows, the Pro Forma Forecast Cash Flows, and the Statutory Forecast Cash Flows. The Pro Forma Historical Cash Flows and Pro Forma Forecast Cash Flows are reconciled to the Statutory Historical Cash Flows (which are set out in Figure 60 in Section 4.4.3) and the Statutory Forecast Cash Flows, (which are set out in Figure 58 in this Section 4.4.1) respectively.

Figure 58: Summary Pro Forma Historical and Forecast Cash Flows and Statutory Forecast Cash Flow

A\$ million	Notes	Pro Forma Historical			Pro Forma Forecast	Statutory Forecast
		FY18	FY19	FY20	FY21F	FY21F
EBITDA	1	14.4	29.1	55.5	63.6	28.6
Add back non-cash items	1	(0.1)	2.9	5.1	0.5	2.8
EBITDA excluding non-cash items	1	14.2	32.0	60.6	64.1	31.3
Net (increase)/decrease in working capital	2	3.6	(10.5)	(6.9)	(9.1)	(9.1)
Cash taxes	3	(0.3)	(0.3)	(0.4)	(1.3)	(1.3)
Operating cash flow		17.6	21.2	53.2	53.7	20.9
Capital Expenditure – property, plant and equipment		(2.2)	(0.6)	(1.4)	(2.7)	(2.7)
Capital Expenditure – intangible assets	4	(26.6)	(38.4)	(43.5)	(44.7)	(44.7)
Investing cash flow		(28.7)	(39.1)	(44.8)	(47.4)	(47.4)
Free cash flow		(11.2)	(17.8)	8.4	6.4	(26.4)
Ringtail acquisition	5	-	(75.9)	-	-	-
Issued capital	6	9.0	86.4	-	-	275.6
Capitalised costs of the Offer		-	-	-	-	(13.3)
Proceeds from borrowings	7	5.0	5.7	-	-	-
Repayment of Debt Facilities		-	-	-	-	(25.5)
Cancellation of options – cash settled	8	-	-	-	-	(175.6)
Lease payments		(2.1)	(2.1)	(2.8)	(4.0)	(4.0)
Other financing cash flow	9	(0.8)	(1.3)	(1.6)	(2.0)	(2.3)
Financing cash flow		11.1	12.8	(4.4)	(6.0)	54.9
Net cash flow		(0.1)	(5.0)	4.0	0.4	28.4

Notes:

1. EBITDA in the table has been adjusted to reflect the pro forma adjustments to the Statutory Historical Income Statements for FY18, FY19 and FY20 (respectively) and Statutory Forecast Income Statement for FY21F. EBITDA excluding non-cash items includes the removal of non-cash items such as share-based payment expenses, impairment of receivables and differences in exchange rates.
2. Change in working capital comprises changes in trade and other receivables, other current assets, trade and other payables, accruals, deferred revenue, provisions, and other current liabilities.
3. Nuix is anticipated to pay cash tax of approximately A\$1.3 million in FY21F, primarily due to tax payable in the United States. No tax payments are expected in Australia due to the forecast taxable income and availability of carry-forward tax attributes.
4. **Capital Expenditure – intangible assets:** represents payments for salaries and wages in respect of development costs to intellectual property, which is amortised over 10 years on a straight-line basis. Capitalised costs primarily relate to staff costs, and other related costs including other travel and subscriptions.
5. The Ringtail acquisition amount of A\$75.9 million relates to fixed assets, brand and goodwill acquired as part of the acquisition in September 2018. The acquisition was financed through the issuance of shares (reflected in the net movements in equity).
6. Issued capital relates to a buyback of options by the Company in FY18, the capital issued in FY19 to fund the Ringtail acquisition and the impact of the primary offer.
7. Proceeds from borrowings related to drawdowns on Debt Facilities.
8. **Cancellation of options – cash settled:** reflects the payment of A\$175.6 million in cash to optionholders in respect of Existing Options that will be cancelled on Completion. Refer to Section 6.3 for more information.
9. Other financing cash flows related to interest expense, repayments of Debt Facilities as well as the finance expense associated with accounting for leases under AASB 16.

4.4.2 PRO FORMA ADJUSTMENTS TO THE STATUTORY HISTORICAL CASH FLOWS AND STATUTORY FORECAST CASH FLOWS

Figure 59 sets out the pro forma adjustments that have been made to net cash flow in the Statutory Historical Cash Flows and Statutory Forecast Cash Flows (which are set out in Figure 58 in Section 4.4.1 and Figure 60 in Section 4.4.3).

Figure 59: Pro forma adjustments to the Statutory Historical and Statutory Forecast net cash flow

A\$ million	Notes	FY18	FY19	FY20	FY21F
Statutory net cash flow		6.8	0.2	10.8	28.4
Incremental public company costs (Pro Forma Adjustment 1)	1	(7.2)	(7.2)	(7.2)	(3.0)
Corporate actions (Pro Forma Adjustment 2)	2	-	1.6	-	3.1
Net finance costs (Pro Forma Adjustment 3)	3	0.2	0.3	0.3	0.3
Offer costs (Pro Forma Adjustment 4)	4	-	-	-	46.0
Offer proceeds (Pro Forma Adjustment 4)	5	-	-	-	(275.6)
Loan repayment (Pro Forma Adjustment 3)	6	-	-	-	25.5
Cancellation of Options – cash settled (Pro Forma Adjustment 5)	7	-	-	-	175.6
Pro forma net cash flow		(0.1)	(5.0)	4.0	0.4

Notes:

1. **Reflects incremental public company costs:** Nuix's estimate of the incremental annual costs that Nuix will incur as a result of being a listed company. These costs include director's fees, ASX listing fees, share registry costs, audit and legal fees, directors' and officers' insurance premiums, investor relations costs, annual general meetings costs, annual report costs and other public company costs. The adjustment for FY21F reflects the inclusion of estimated costs on a pro rata basis for seven months, being such period before Nuix expects to be a listed company.
2. **Removes non-recurring transaction costs arising from certain corporate actions:** these adjustments remove the one off offer costs relating to the acquisition of Ringtail in FY19 and the costs of a sale process explored by Nuix Limited as an alternative to the Offer in FY21F.
3. **Removes net finance costs:** this adjustment removes the interest paid on Debt Facilities during the relevant historical and forecast period and replaces it with pro forma costs of Debt Facilities. The pro forma cost reflects the line fees payable as the facility will have a zero drawn balance following the use of the proceeds of the Offer to repay the existing balance drawn. Further details are included in the description of Debt Facilities (refer to Section 4.7).

4. FINANCIAL INFORMATION

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- Removes one off Offer costs:** total transaction fees related to the Offer are estimated at A\$46.0 million, of which A\$13.3 million (before tax) is directly attributable to the issue of new Shares by Nuix and will be offset against equity raised in the Offer. The remaining A\$32.7 million (before tax) relates to the sale of Shares by the Selling Shareholders and is treated as an expense (within G&A) with A\$32.7 million expensed in the FY21F Statutory Forecast Income Statement.
- Offer proceeds:** reflects the forecast of gross proceeds to be raised from the issuance of new Shares under the Offer to be A\$275.6 million.
- Loan repayment:** Reflects the repayment of borrowings outstanding under Debt Facilities which will be repaid down to nil out of the Offer proceeds.
- Cancellation of options – cash settled:** reflects the payment of A\$175.6 million in cash to optionholders in respect of Existing Options that will be cancelled on Completion. Refer to Section 6.3 for more information.

4.4.3 STATUTORY HISTORICAL CASH FLOW STATEMENTS

Figure 60 sets out the Statutory Historical Cash Flow Statements, which are extracted from the Audited Financial Statements.

Figure 60: Statutory Historical Cash Flow Statements for FY18 to FY20

		Statutory Historical		
A\$ million	Notes	FY18	FY19	FY20
EBITDA		21.1	35.3	62.7
Add back non-cash items		0.3	2.3	5.0
EBITDA excluding non-cash items	1	21.4	37.6	67.7
Net (increase)/decrease in working capital	2	3.6	(10.5)	(6.9)
Cash taxes		(0.3)	(0.3)	(0.4)
Operating cash flow	3	24.7	26.8	60.4
Capital Expenditure – property, plant and equipment		(2.2)	(0.6)	(1.4)
Capital Expenditure – intangible assets		(26.6)	(38.4)	(43.5)
Investing cash flow	4	(28.7)	(39.1)	(44.8)
Free cash flow		(4.0)	(12.3)	15.5
Ringtail acquisition		–	(75.9)	–
Issued capital		9.0	86.4	–
Capitalised costs of the Offer		–	–	–
Proceeds from borrowings		5.0	5.7	–
Repayment of Debt Facilities		–	–	–
Lease payments		(2.1)	(2.1)	(2.8)
Other financing cash flows		(1.0)	(1.6)	(1.9)
Financing cash flow	5	10.9	12.5	(4.7)
Net cash flow		6.8	0.2	10.8

Notes:

- EBITDA excluding non-cash items includes the removal of non-cash items such as share-based payment expenses, impairment of receivables and differences in exchange rates.
- Change in working capital comprises changes in trade and other receivables, other current assets, trade and other payables, accruals, deferred revenue, provisions, and other current liabilities.
- Operating cash flow:** excludes interest on lease expenses from the audited Statutory Historical Financial Statement presentation which is presented in financing cash flow.
- Investing cash flow:** excludes Ringtail acquisition from the audited Statutory Historical Financial Statement presentation which is presented in financing cash flow.
- Financing cash flow:** includes interest on lease expenses and Ringtail acquisition which are presented in the Operating and Investing cash flows in the audited Statutory Historical Financial Statements.

4.5 CONSOLIDATED HISTORICAL STATEMENT OF FINANCIAL POSITION

Figure 61 sets out the Statutory Historical Statement of Financial Position and the pro forma adjustments that have been made to prepare the Pro Forma Historical Statement of Financial Position for Nuix. These adjustments take into account the effect of the Offer proceeds, transaction costs, repayment of Debt Facilities (which are expected to continue), cancellation of Existing Options and grant of New Options as if those transactions had occurred or been in place as at 30 June 2020. The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of Nuix's view of its financial position upon Completion or at a future date.

Figure 61: Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position as at 30 June 2020

A\$ million	Notes	Statutory Historical As at 30 June 2020	Pro Forma Adjustment ⁴ Proceeds raised under Offer	Pro Forma Adjustment ³ Repayment of Debt Facilities	Pro Forma Adjustment ⁵ Cancellation of Options – cash settled	Pro Forma Adjustment ⁴ Offer costs	Pro Forma Historical As at 30 June 2020
Cash and cash equivalents	1	38.5	275.6	(25.5)	(175.6)	(46.0)	67.0
Other current assets		1.9	-	-	-	-	1.9
Trade and other receivables		60.2	-	-	-	-	60.2
Total current assets		100.6	275.6	(25.5)	(175.6)	(46.0)	129.1
Deferred tax assets		0.5	-	-	-	13.8	14.3
Intangible assets	2	197.2	-	-	-	-	197.2
Right-of-use assets		12.9	-	-	-	-	12.9
Property and equipment		2.4	-	-	-	-	2.4
Total non-current assets		212.9	-	-	-	13.8	226.7
Total assets		313.6	275.6	(25.5)	(175.6)	(32.2)	355.8
Current property lease liability		(3.7)	-	-	-	-	(3.7)
Current provisions		(2.7)	-	-	-	-	(2.7)
Current tax liabilities		(0.3)	-	-	-	-	(0.3)
Deferred revenue		(47.8)	-	-	-	-	(47.8)
Trade and other payables		(20.7)	-	-	-	-	(20.7)
Borrowings	3	(25.5)	-	25.5	-	-	-
Total current liabilities		(100.7)	-	25.5	-	-	(75.2)
Deferred tax liabilities		(5.3)	-	-	-	-	(5.3)
Non-current property leases liability		(11.5)	-	-	-	-	(11.5)
Non-current provisions		(0.5)	-	-	-	-	(0.5)
Total non-current liabilities		(17.4)	-	-	-	-	(17.4)
Total liabilities		(118.1)	-	25.5	-	-	(92.6)
Net assets		195.5	275.6	-	(175.6)	(32.2)	263.3
Issued capital	4	104.2	275.6	-	-	(8.6)	371.2
Reserves	5	5.1	-	-	(175.6)	(0.7)	(171.2)
Retained earnings	6	86.1	-	-	-	(22.9)	63.2
Total equity		195.5	275.6	-	(175.6)	(32.2)	263.3

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Notes:

1. **Cash and cash equivalents:** expected to increase by A\$28.5 million as a result of the proceeds of the Offer (A\$275.6 million), assuming the issue of 51.9 million new Shares at A\$5.31 per Share, offset by the cash impact of Offer costs (A\$46.0 million), the payment to optionholders in respect of Options to be cancelled on Completion (A\$175.6 million) and repayment of Debt Facilities (A\$25.5 million).
2. **Intangible assets:** primarily relate to capitalised development costs net of amortisation.
3. **Borrowings:** reflect Debt Facilities which will be repaid with Offer proceeds (refer to Section 4.6 and Section 4.7 for further information).
4. **Issued capital:** expected to increase by A\$267.0 million as a result of 51.9 million new Shares issued under the Offer, offset by the transaction costs directly attributable to the issue of new Shares which are applied against shareholders' equity (A\$8.6 million).
5. **Cancellation of options – cash settled:** relates to the cancellation and cash settlement of certain Existing Options (A\$175.6 million) and reflects the impact of removing share-based payment accounting expenses in respect of Existing Options that will be cancelled on Completion (A\$0.7 million).
6. **Retained earnings:** forecast to decrease by A\$22.9 million, representing A\$32.7 million (before tax) of Offer costs not directly attributable to the issue of new Shares. EBITDA in the table has been adjusted to reflect the pro forma adjustments to the statutory historical consolidated statements of financial performance for FY18, FY19 and FY20, respectively.

4.6 CASH AND CASH EQUIVALENTS AND BORROWINGS

Figure 62 sets out the net debt/(cash) position as at 30 June 2020 on a statutory basis (without giving effect to the Completion) and on a pro forma basis (giving effect to the Completion as if it had occurred as at 30 June 2020).

The net cash position of Nuix as at 30 June 2020 on a statutory basis (without giving effect to the Completion) was A\$13.0 million, and is expected to be A\$67.0 million on Completion (representing A\$67.0 million of cash less nil balance of borrowings on a pro forma basis adjusted for receipt of the net proceeds of the Offer and repayment of Debt Facilities to a nil balance as if these actions had taken place as at 30 June 2020).

The pro forma balance of net cash as at 30 June 2020 reflects only those adjustments expressly described herein and therefore does not reflect the change in cash position between 30 June 2020 and Completion resulting from various anticipated cash requirements of the business over this period.

The statutory indebtedness of Nuix as at 30 June 2020 was A\$25.5 million on a gross basis. Nuix intends to repay the drawn balance on Debt Facilities of A\$25.5 million from Offer proceeds following Completion. Following repayment of Debt Facilities, Nuix's net cash position on a pro forma basis giving effect to the Completion as if it had occurred as at 30 June 2020 is expected to be A\$67.0 million.

Part of Nuix's available Debt Facilities is reduced to support bank guarantees, which is not included in borrowings, but reduces the level of Debt Facilities accessible to Nuix. The quantum of Debt Facilities utilised to support bank guarantees is treated as debt for covenant testing purposes.

Figure 62: Statutory and Pro Forma Cash as at 30 June 2020

		Statutory Historical	Pro Forma Adjustment 3	Pro Forma Adjustment 4	Pro Forma Historical
A\$ million	Notes	As at 30 June 2020	Repayment of Debt Facilities	Impact of Offer	As at 30 June 2020
Cash and cash equivalents	1	38.5	-	28.5	67.0
Total cash and cash equivalents		38.5	-	28.5	67.0
Borrowings	2	(25.5)	25.5	-	-
Total current borrowings		(25.5)	25.5	-	-
Borrowings		-	-	-	-
Total non-current borrowings		-	-	-	-
Total borrowings		(25.5)	25.5	-	-
Net cash/(debt)		13.0	25.5	28.5	67.0

Notes:

1. Cash and cash equivalents: expected to increase by A\$28.5 million as a result of the proceeds of the Offer (A\$275.6 million), assuming the issue of 51.9 million new Shares at A\$5.31 per Share, offset by the cash impact of Offer costs (A\$46.0 million), the payment to optionholders in respect of Options to be cancelled on Completion (A\$175.6 million) and repayment of Debt Facilities (A\$25.5 million).
2. Nuix will repay Debt Facilities of A\$25.5 million using the proceeds of the Offer.

4.7 DESCRIPTION OF DEBT FACILITIES

Nuix has entered into a secured facilities agreement letter relating to the provision by Commonwealth Bank of Australia (the **Lender**) of secured three year Australian dollar denominated and U.S. dollar denominated credit facilities (**Debt Facilities**). The borrower under the Debt Facilities is Nuix Limited. Nuix intends to repay Tranche A and Tranche B of the Debt Facilities following Completion but leave the Debt Facilities in place until it elects to refinance those facilities in the future.

4.7.1 AMOUNT

The facility limit under the first revolving cash advance facility (**Tranche A**) is A\$40,000,000, and is available for drawings in Australian dollars by way of cash advances.

The facility limit under the second revolving cash advance facility (**Tranche B**) is US\$7,500,000, and is available for drawings in U.S. dollars by way of cash advances.

The facility limit under the corporate card facility (**Corporate Card Facility**) is A\$150,000, and is available for drawings in Australian dollars.

The facility limit under the bank guarantee facility (**Bank Guarantee Facility**) is A\$746,460, and is available for drawings in Australian dollars by way of the provision of bank guarantees.

4.7.2 MATURITY DATE

Tranche A and Tranche B will mature on 11 September 2022. At maturity, all amounts owing under Tranche A and Tranche B will be repayable. Amounts repaid under Tranche A and Tranche B prior to maturity are available to be redrawn.

The Corporate Card Facility and the Bank Guarantee Facility are reviewed annually, and the Lender may demand repayment of these two Debt Facilities after each annual review date.

At maturity (being on 11 September 2022), all amounts owing will be repayable.

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4.7.3 USE OF FUNDS

Facility A may be applied towards funding acquisitions, including a “Permitted Acquisition” (as defined in the financing documentation), and to assist with the working capital and general Capital Expenditure requirements of Nuix.

Facility B may be applied towards funding acquisitions, including a Permitted Acquisition, and to assist with the working capital and general Capital Expenditure requirements of Nuix.

The Corporate Card Facility may be used to assist with the working capital requirements of Nuix.

The Bank Guarantee Facility may be used to assist Nuix to provide bank guarantees in the ordinary course of its business.

4.7.4 GUARANTEES

The Debt Facilities are guaranteed by Nuix North America Inc., Nuix Technology UK Ltd and Nuix Ireland Limited (each a **Guarantor** and together, the **Guarantors**).

4.7.5 SECURITY

The security from Nuix and the Guarantors comprises general security in respect of all obligations under the Debt Facilities.

4.7.6 INTEREST RATES AND PAYMENTS

The Debt Facilities attract a variable rate of interest, comprising the applicable base rate for borrowings in Australian dollars (**BBSY**) and U.S. dollars (**LIBOR**) plus a margin.

Interest is payable on the last day of each three month interest period. A default interest rate is payable on overdue amounts only.

4.7.7 FACILITY FEES

Fees payable in connection with the Debt Facilities are market for facilities of this type and include the following:

- an establishment fee (which has already been paid);
- a line fee payable quarterly in advance from the “First Effective Date” until the Maturity Date; and
- a bank guarantee fee payable quarterly in advance on the outstanding amount of any issued bank guarantee.

4.7.8 FINANCIAL COVENANTS

The financial covenants under the Debt Facilities include the following:

- a gross leverage ratio;
- an interest cover ratio;
- a guarantor coverage test (95%); and
- a minimum cash balance requirement (of A\$10,000,000).

The financial covenants are tested on 30 June and 31 December each year. A breach of a financial covenant will be an event of default under the Debt Facilities.

4.7.9 OTHER COVENANTS AND UNDERTAKINGS AND REPRESENTATIONS AND WARRANTIES

The Debt Facilities include affirmative and negative covenants which are usual for facilities of their nature, including the following:

- provision of financial statements to the lenders;
- provision to the Lender of notice of an event of default or potential event of default or review event;
- negative pledge;
- maintaining the secured property;

- no change to core business; and
- restrictions on incurring financial indebtedness, providing financial accommodation, giving guarantees, making acquisitions, entering into joint ventures, making disposals, capital reductions and share buybacks, entering into mergers and making distributions other than as permitted.

The Debt Facilities also include representations and warranties usual for facilities of their nature.

4.7.10 EVENTS OF DEFAULT

The Debt Facilities contain certain events of default which are usual for facilities of their nature.

4.7.11 REVIEW EVENT

A review event will occur under the Debt Facilities where:

- there is a change of control; or
- any “Material Contract” (as defined in the financing documentation) is terminated, rescinded or repudiated by any party to it without the Lender’s prior written consent.

Unless alternative arrangements are agreed by the Lender during a negotiation period of 30 business days, the Lender may require repayment of the Debt Facilities in full on 30 business days’ notice.

Nuix has received Lender’s approval to the change of control which will occur in connection with the Offer, such approval being conditional only upon payment of consent fee and satisfaction of certain customary documentary conditions precedent which are within Nuix’s control. It is noted that the cash advance facilities (being Tranche A and Tranche B) are being repaid to nil with the proceeds of the Offer in any event.

4.7.12 OPTIONAL REPAYMENT

Voluntary repayments of Tranche A and Tranche B in whole or in part, are permitted on 30 business days’ notice (but, if in part, in a minimum amount of A\$1,000,000 or US\$1,000,000).

4.7.13 ABILITY TO PAY DIVIDENDS

Payment of dividends and distributions is permitted under the Debt Facilities if:

- no actual or potential event of default is continuing; and
- the aggregate of all distributions in any financial year does not exceed 100% of net profit after tax.

4.8 LIQUIDITY AND CAPITAL RESOURCES

Following Completion, Nuix’s principal sources of funds are expected to be operating revenues and cash on hand. Net cash raised from the Offer will be used to repay the existing Debt Facilities and to pay Offer costs leaving a cash balance of A\$67.0 million in addition to the undrawn cash advance facilities described in Section 4.7.

Following Completion, Nuix expects that its primary uses of cash will be to fund operations, working capital, Capital Expenditure and to support Nuix’s growth initiatives. Historical and forecast Capital Expenditure and working capital trends are described in Section 4.11.5.1, Section 4.11.5.2, Section 4.12.5.1 and Section 4.12.5.2. Nuix believes that from Completion it will have sufficient cash from the proceeds of the Offer and its operations to meet its operational and working capital requirements and stated business objectives during the Forecast Period.

Nuix’s ability to generate sufficient cash depends on its future performance which, to a certain extent, is subject to a number of factors beyond Nuix’s control including general economic, financial and competitive conditions. Over time, Nuix may seek additional funding from a range of sources to diversify its funding base. Quantitative and qualitative disclosures about market risk sensitive instruments are addressed in Appendix A.

Part of Nuix’s available Debt Facility is reduced to support bank guarantees, which is not included in borrowings, but reduces the level of the Debt Facility accessible to Nuix. The quantum of Debt Facility utilised to support bank guarantees is treated as debt for covenant testing purposes.

At Completion of the Offer, the Debt Facilities will be undrawn. The Debt Facilities attract a line fee on undrawn amounts, and have a number of covenant conditions outlined in Section 4.7.

4. FINANCIAL INFORMATION

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4.9 CONTRACTUAL OBLIGATIONS, COMMITMENTS, CONTINGENT LIABILITIES AND OFF-BALANCE SHEET ARRANGEMENTS

Nuix had no material contractual obligations or commitments, contingent liabilities or other off-balance sheet arrangements as at 30 June 2020.

Refer to Section 6.9 in this Prospectus for further information in relation to litigation matters that have arisen subsequent to 30 June 2020.

4.10 FURTHER DETAIL ON NUIX'S BUSINESS MODEL

This Section 4.10 provides a discussion of the composition of Nuix's revenue and expenses. The key drivers of revenue and expenses across the Historical Period and Forecast Period are described in further detail in Section 4.11.

4.10.1 OVERVIEW OF NUIX'S REVENUE MODEL

Nuix's revenues are predominantly generated from the sale of its software solutions to customers (described as software revenue), along with the sales of third party software or hardware and provision of services (described as Other Revenue). Revenue is categorised according to the licence or contract type under which it is generated, as outlined in Figure 63.

Figure 63: Nuix's revenue model and revenue mix

Revenue Type ¹	Software 96% FY20 Total Revenue				Other 4% FY20 Total Revenue
Software Licence	Subscription 89% FY20 Total Revenue			Perpetual 7% FY20 Total Revenue	Third party software, hardware and services
	Module	Consumption	Support and Maintenance (S&M)		
Primary volume drivers	Number of Module Licences	Gigabytes processed or under management	Perpetual Licences held	Perpetual Licences held	
Typical pricing/tenure model	Annual/Multi-year deals (MYDs)			Upfront fee Often paired with Subscription S&M	Ad-hoc
	Generally priced on an annual "cost per Core" or "cost per user" basis	Tiered "cost per gigabyte" processed (often with minimum volume commitments) or "cost per user" basis	Priced on a "cost per Perpetual Licence" basis	Priced on a one-time "cost per Core" basis	

Notes:

- In assessing the performance of Total Revenue, Nuix has disaggregated Total Revenue based on certain product groupings reflected in the line items comprising software revenue and Other Revenue. Refer to Appendix B for a reconciliation of software revenue and Other Revenue to Total Revenue.

4.10.1.1 Overview of software revenue

Nuix generates software revenues through the sale of Subscription Licences and Perpetual Licences that allow customers to use or access and use Nuix software. Nuix software revenues are primarily derived from Subscription Licences (being Module Licences, Consumption Licences and S&M Licences), which accounted for 92.3% of software revenue and 88.7% of Nuix's Total Revenue in FY20.

Nuix's pricing mechanisms have evolved over time to include the licence models outlined in Figure 64 below.

Figure 64: Nuix's Software Licence models

<p>Subscription Licences <i>89% of FY20 Total Revenue</i></p>	<p>Module Licences</p> <p>Module Licences are the most significant contributor of software revenue on an aggregate basis and are currently sold to customers on an annual (one year term licence) or a multi-year deal basis.</p> <p>Annual or multi-year deal licences entitle customers to use Nuix software during the term of the licence agreement. Module Licences are typically sold on a "per Core" basis, where the purchase of each single Module Licence provides customers with one instance of the Nuix Engine which is typically used on one processing Core of the customer's local or server-based computing hardware.</p> <p>Module Licences are typically subject to annual or upfront revenue recognition (as described in Figure 50 in Section 4.2.4.1).</p> <p>To facilitate faster data processing, or to increase their capacity to take on larger scale data processing activities, customers may purchase multiple Module Licences. For example, if a customer seeks to optimise processing performance (by processing a fixed quantum of data more efficiently, or to process a larger volume of data in a fixed period of time, for example) it may purchase eight instances of the Nuix Engine (or Cores) to be used on an eight core computer.</p> <p>Customers may also acquire a licence for Nuix applications under a Module Licence.</p> <p>In limited instances, customers may also purchase additional Module Licences for a short-term period (typically less than 12 months), known as a short-term Module Licence. This provides customers with a temporary increase in processing capacity by allowing them to use additional Cores for an agreed fixed period. This licence category may assist customers with an increase in data volumes to process or a compressed timeframe to process data, particularly when the customer does not expect those circumstances to persist or reoccur in the future. Short-term Module Licences are typically priced at a premium to an annual or multi-year Module Licence to incentivise customers to purchase longer term contracts. Short-term Module Licences accounted for approximately 3% of FY20 Total Revenue.</p>
	<p>Consumption Licences</p> <p>Under a Consumption Licence, the customer is charged based on the volume of data processed or under management in each licence period. Customers are charged on a tiered "Cost per gigabyte" basis, typically with minimum annual volume/revenue commitments. Nuix typically does not restrict the number of Cores that a customer may request to use, which may fluctuate over the Consumption Licence period.</p> <p>Consumption Licences are typically subject to "usage basis revenue recognition" (as described in Figure 50 in Section 4.2.4.1).</p> <p>In FY20, Consumption Licences were predominantly sold to new or renewing customers who were acquiring a Software Licence to access Nuix Discover SaaS, provided via a Nuix-hosted cloud environment.</p> <p>Consumption Licences can also be used in a customer-hosted cloud environment.</p>

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<p>Subscription Licences <i>89% of FY20 Total Revenue¹</i> continued</p>	<p>S&M Licences Annual fees charged to customers who acquire software under Nuix’s Module Licence or Perpetual Licence models. For S&M Licences acquired with or for Perpetual Licences, they are typically sold for a three year initial period with a single Perpetual Licence, with Renewals occurring thereafter. S&M Licences provide software updates as and when they become available. S&M Licences are typically subject to “over time revenue recognition” (as described in Figure 50 in Section 4.2.4.1).</p>
<p>Perpetual Licence <i>7% of FY20 Total Revenue</i></p>	<p>Perpetual Licences are a Software Licence structure which entitles the customer to use the Nuix platform with no fixed term or expiry and are typically priced on a “per Core” basis (similar to the pricing drivers of a Module Licence). A Perpetual Licence is typically sold for a one-time licence fee which is higher than a comparable price for the same number of Cores sold under a Module Licence, and usually accompanied by a subscription to an S&M Licence to provide customers with software upgrades over time. As described in Section 4.11.1.2, Nuix has actively transitioned the majority of its customers that were previously engaged under Perpetual Licence models and they accounted for 7% of Total Revenue in FY20. However, Nuix expects a baseline of Perpetual Licence sales to remain in the future as a number of government customers in North America and EMEA prefer or are required to enter into Perpetual Licences.</p>

Subscription Licences are structured as annual licence agreements or multi-year deals which are typically invoiced in total upfront, or on an annual basis. Other than with Perpetual Licences, customers cease to be able to use Nuix software once their licence expires, unless it is renewed or temporarily extended by Nuix pending a Renewal.

Nuix considers that the revenues it receives from its Module Licences, Consumption Licences and S&M Licences to be reliable revenue streams for at least the duration of the customer agreement (typically three to five years) and historically have had a high probability of being renewed at the same or higher value at the end of the Subscription Licence term. This characterisation is supported by:

- the high level of Nuix’s NDR rate annually, which was above 100% in FY18, FY19 and FY20 (refer to Section 3.3.4 and Section 4.3.3);
- the long tenure of Nuix’s customer cohorts, with 70% of FY20 ACV generated by parties that have been Nuix customers since 2016 or earlier (refer to Section 3.4.4.2);
- the low levels of Churn, which represented 4.7% in FY20 (refer to Section 3.4.4.1 and Section 4.2.6.1); and
- the requirement for customers to renew their Subscription Licences (or procure another Software Licence) should they wish continue to use the Nuix platform.

4.10.1.2 Overview of Other Revenue

Other Revenue comprised 3.9% of Nuix’s FY20 Total Revenue.

Other Revenue predominantly relates to revenue for the provision of ad-hoc professional services, mainly including fees charged for consulting and training services or the sale of third party software and hardware.

4.10.1.3 Overview of Nuix's sales channels

As discussed in Section 3.5.3, Nuix operates direct and indirect sales models. The indirect sales channel consists of partners who extend the capacity of Nuix's distribution networks and are paid a margin to market and sell Nuix software to their own customers.

Partner rates can vary from 2% to 30%, depending on the level of support that is required by Nuix both pre-sale and post-sale, as well as the characterisation of the acquired business (Renewal, Upsell Renewal or new customers, for example).

4.10.2 EXPENSES

Nuix presents its expense categories within the Historical Income Statements and Forecast Income Statement using the following functional categories: COGS, S&D, R&D and G&A. Nuix believes this presentation style, along with other information such as the level of capitalised costs relating to product design and development, assists it to consider the level of product design and development, sales and distribution expenses and other results of the Group.

An overview of Nuix's key expense categories is outlined below:

- **Cost of Goods Sold (COGS)** consists of expenses directly associated with securely hosting the Group's services and providing support to customers. Costs predominantly comprise payments to partners for sales of Nuix software (described as "indirect" sales in Section 3.5.3), the cost of infrastructure hosting for Nuix's SaaS instances, as well as the wages, salaries and allocated facilities costs of support and technology operations personnel directly associated with cloud infrastructure and the global customer support team.
- **Sales and Distribution expense (S&D)** consists of personnel costs (including wages, commissions, bonuses, payroll tax and benefits) and related costs (including travel, facilities and subscriptions) directly associated with the sales and marketing team's activities to acquire new customers and grow revenue from existing customers. Other costs included are external advertising, digital platforms, rent, marketing and promotional events as well as allocated overheads.
- **Research and Development expense (R&D)** primarily represents the personnel and related costs directly associated with Nuix's research and development employees, as well as direct costs of research and development (including subscriptions) and allocated overheads. When future economic benefits from development of an intangible asset are determined probable and the development activities are capable of being reliably measured, the costs are capitalised as an intangible asset and then amortised to profit or loss over the estimated life of the asset created. Any expenditure which does not relate to the development phase, including expenditure related to the research phase, is expensed as it is incurred (for more information on Nuix's capitalisation policy, refer to Section 4.2.4.2).
- **General and Administrative expense (G&A)** consists of personnel (including wages, commissions, bonuses, payroll tax and benefits) and related costs for Nuix's Board of Directors, finance, legal, human resources, corporate strategy, Chief Information Security Officer (CISO), and IT employees. G&A also includes other non-personnel costs, including professional service fees, acquisition and integration costs, occupancy, travel and administration expenses.

4.11 MANAGEMENT DISCUSSION AND ANALYSIS OF THE HISTORICAL INFORMATION

4.11.1 KEY DRIVERS AND TRENDS

This Section 4.11 provides an overview of the key drivers and trends affecting Nuix's historical performance. It is intended to provide a summary only and does not detail all factors that have affected the historical operating and financial performance of Nuix, nor everything that may affect its operations and financial performance in the future.

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4.11.1.1 Growth in demand for Nuix software

General factors influencing demand

Revenue generated from the sale of Nuix's Software Licences is generally driven by underlying customer demand for investigative analytics and intelligence solutions. Demand for Nuix software is subject to a variety of factors, including, though not limited to:

- market-wide factors, such as the overall level of economic activity and the impact that has on business and government spending generally, and in the software industry specifically; and
- changes in customer demand to process and analyse data, which is impacted by the ongoing growth in data volumes, the proliferation of unstructured data, the increased focus on governance, risk and compliance and the consequence of data breaches. Further details of the key drivers of customer demand in the markets in which Nuix operates are outlined in Section 2.3.

Nuix believes these factors, alongside its investment in product development and innovation, which creates new use cases for the Nuix platform, have and will continue to influence demand from Nuix's two key revenue sources being Renewal revenue from existing customers and new customer revenue, as outlined below.

Renewal and Upsell Renewal of existing customers

Nuix has a targeted sales strategy to actively manage existing customer accounts to renew (at the same or at a higher contract value) their Subscription Licences over time (refer to Section 3.5.3), which Nuix believes provides a high degree of visibility over its customer Renewal pipeline, including the timing of contract expiry and each customer's future contracting intentions. Nuix categorises these intentions as:

- **Renewal:** renews their current licence at the same contract value; or
- **Upsell Renewal:** expands their current licence by purchasing more Nuix products, typically at a higher contract value; and
- **Downsell Renewal:** reduces their current licence purchases, typically at a lower contract value.

Revenue generated from existing customers is described as Renewal revenue (including the impact of any Upsell Renewal and Downsell Renewal) and has increased from 71.8% of Total Revenue in FY18 to 87.5% in FY20, and was the primary driver of revenue growth over the Historical Period. As Nuix expects to continue to retain many customers acquired in prior periods through Renewals of their licences, Nuix anticipates that Renewal revenue will continue to drive growth and contribute a material proportion of Total Revenue.

Existing customers have a high propensity to renew (at the same or at a higher contract value) their Subscription Licences, as indicated by:

- Nuix's ability to retain and expand revenue from existing customers over time as evidenced by its NDR rate (the calculation of which is explained in Section 4.2.6.1), which has consistently been maintained above 100% over the Historical Period (102.0%, 125.4% and 106.9% in FY18, FY19 and FY20 respectively, refer to Section 3.4.4 and Section 4.3.3);
- low levels of Churn (6.0%, 3.5%, and 4.7% in FY18, FY19 and FY20 respectively, refer to Section 3.4.4 and Section 4.3.3); and
- the long tenure of Nuix's customer cohorts, which indicates the strong relationship Nuix has with its existing customers, with 70% of FY20 ACV generated from parties that have been Nuix customers since 2016 or earlier (refer to Section 3.4.4.2);

Nuix's ability to drive Renewals of existing Software Licences is underpinned by the fixed term structure of Nuix's Subscription Licences which require customers to enter a subsequent Software Licence to continue to use the Nuix platform, for example, for new cases or to access prior investigations. Nuix is focused on increasing the value its customers derive from the Nuix platform through its "land and expand" strategy, as discussed in Section 3.6.1.2.

New customer acquisition

Revenue contribution from new customers decreased from 28.2% of Total Revenue over FY18 to 12.5% in FY20, predominantly driven by the increasing contribution of Nuix's Renewal revenue (described above), however Nuix has continued to acquire new customers over the Historical Period.

New customer acquisition is driven primarily by Nuix's regional sales teams, which implement region-specific sales strategies, including:

- deepening penetration in existing industry verticals in Nuix's current regions (for example, in the government industry vertical, selling the Nuix platform to government departments which have not previously purchased Nuix);
- targeting new end user customer types in Nuix's current regions (for example, targeting the pharmaceutical industry vertical in Nuix's current regions); and
- expanding into new countries or markets where Nuix has limited or no current sales penetration.

Refer to Section 3.5.3.2 for a description of Nuix's sales cycle for new customer acquisitions.

Nuix's ability to add new customers may be negatively impacted by current economic uncertainty in light of COVID-19 and potential industry consolidation that may arise in certain industry verticals (refer to Section 5.1.11), however Nuix will continue to focus on new customer acquisition by investing in sales and marketing to build brand awareness, expanding its partner and reseller community.

4.11.1.2 Software revenue composition and changes in licence mix

Changes in the mix of Nuix's revenues across licensing models (refer to Section 4.10.1.1 for further information) can result in fluctuations in Nuix's Total Revenue composition from period to period, both due to pricing structure and the different revenue recognition treatment applied to the various licence models (refer to Section 4.2.4.1 and Section 4.2.6.1).

Over the Historical Period, Nuix has implemented sales strategies which have influenced its licensing mix, including:

- continuing the transition of its customers to Subscription Licences (predominantly on Module Licences) from Perpetual Licences, such that Subscription Licence revenues accounted for 88.7% of Total Revenue in FY20 (compared to 87.4% in FY19 and 80.8% in FY18); and
- the introduction of Consumption Licences on select applications to support customer flexibility in relation to software delivery models (refer to Section 3.5.6) and better align Nuix's revenues generated from certain licences with its customers' demands for increased data processing capabilities. At present, Consumption Licences are predominantly sold to new or renewing customers who are acquiring access to Nuix Discover.

Module Licences

Module Licences were the most significant contributor to software revenue on an aggregate basis over the financial period, and are currently sold to customers on an annual or multi-year deal basis. As described in Section 4.2.4.1 and Section 4.10.1, Nuix recognises the remaining contract value of Module Licences sold under multi-year deals annually or upfront in the financial year in which the Software Licence contract was entered into.

Whilst revenue derived from Module Licences has continued to grow over the Historical Period, their contribution declined to 64.4% of Total Revenue in FY20 from 66.2% of Total Revenue in FY18, as a result of the introduction of alternative Subscription Licence models, including Consumption Licences, described below.

Existing customers have a high propensity to renew (at the same or at a higher contract value) their Module Licences once they reach the end of their contract term (refer to Section 4.10.1.1).

Consumption Licences

The contribution of Consumption Licences to Total Revenue increased to 11.7% of Total Revenue in FY20 from 2.5% of Total Revenue in FY18, and Nuix expects this trend to continue as select new and/or existing customers elect to migrate to Consumption Licences when purchasing Nuix software. Nuix is selectively pursuing this transition with certain customer types, which is expected to align Nuix's revenues generated from certain Subscription Licences with its customers' growing need to process increasing volumes of data at scale and speed. Nuix also typically secures minimum annual volume/revenue commitments under Consumption Licences.

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As described in Section 4.2.4.1, Consumption Licences typically result in the recognition of revenue over multiple financial years (as contrasted with, for example, an upfront multi-year Module Licence for an equivalent product, which would typically result in the recognition of revenue, other than deferred S&M revenue, upfront). Whilst this transition results in recognition of revenue over multiple financial periods (often based on monthly payments in arrears based on actual usage, subject to minimum commitments) and can in some instances result in an initial Downsell Renewal event with existing customers, Nuix is targeting growth in the aggregate customer spend over time under a Consumption Licence model compared to what may have been achieved through the Renewal of Modules Licences, as customers increase the volume of gigabytes processed or data under management over time.

Perpetual Licences

The contribution of Perpetual Licences to Total Revenue declined from 12.7% of Total Revenue in FY18 to 7.4% of Total Revenue in FY20.

Notwithstanding Nuix's strategic shift towards Subscription Licences, sales of Perpetual Licences have continued and are expected to continue to occur in the future, as certain customers, such as certain government agencies and regulators in North America and EMEA, are restricted from entering Subscription Licence agreements for their core software purchase or have strong preferences to enter into Perpetual Licences.

In conjunction with Perpetual Licences, Nuix typically enters S&M Subscription Licences to provide periodic software updates (see below). S&M Licences add a "subscription element" to the Perpetual Licence sales cycle and provide a platform for Nuix to re-engage with Perpetual Licence customers to facilitate Renewals or Upsell Renewals.

As described in Section 4.2.4.1, Nuix typically recognises the remaining contract value of Perpetual Licences upfront in the financial year in which the Software Licence was entered.

S&M Licences

The contribution of S&M Licences to Total Revenue increased to 12.6% of Total Revenue in FY20 from 12.1% of Total Revenue in FY18.

As described in Section 4.2.4.1, revenue from S&M Licences is often subject to over time revenue recognition. As such, Nuix's deferred revenue balance has grown from A\$28.5 million in FY18 to A\$38.9 million in FY19 and further grown to A\$47.8 million in FY20. Deferred revenue will continue to be released from the Statement of Financial Position and recognised under Total Revenue in subsequent financial periods, in accordance with Nuix's accounting policies.

4.11.1.3 Ringtail acquisition

In September 2018, Nuix acquired Ringtail for a total consideration of US\$55 million from FTI Consulting (refer to Section 3.2). The transaction was primarily an acquisition of eDiscovery software capabilities, including Ringtail's advanced eDiscovery review application (now Nuix Discover) and Ringtail's staff and customer base. Upon acquisition, Nuix integrated Ringtail (including its products and people) into Nuix, and introduced the "Nuix Discover" application and brand which has been cross-sold to Nuix's existing customers and new customers since the acquisition.

As a result of this acquisition, Nuix's Total Revenue in FY19 increased by A\$15 million, reflecting the nine month benefit post acquisition of Ringtail's direct customer contract revenues (including from customers who were either exclusive Ringtail or joint Nuix and Ringtail customers at the time of acquisition) and the incremental Nuix Discover revenue received by Nuix following acquisition.

4.11.1.4 Continued investment in product development and innovation

Nuix success depends, in part, on its active product development and enhancement process (refer to Section 3.5.8.2), as well as its ability to sustain innovation and technology leadership in order to maintain the competitive advantages of the Nuix Engine (refer to Section 3.3.2 for additional information relating to how Nuix seeks to differentiate the Nuix Engine and Section 3.4.1 for responses to September-October 2020 Nuix commissioned surveys). Over the Historical Period, Nuix spent A\$31.8 million (28.0% of Total Revenue) in FY18, A\$47.5 million (34.0% of Total Revenue) in FY19 and A\$50.8 million (28.9% of Total Revenue) in FY20 in total research and development costs. The significant increase in total research and development costs in FY19 was the result of the addition of 54 R&D staff as part of the Ringtail acquisition. The majority of total research and development costs in the Historical Period were capitalised (82.2% in FY18, 79.3% in FY19 and 83.9% in FY20), which resulted in 23.0%, 27.0% and 24.2% of development expenditure as a percentage of Total Revenue being

capitalised over the Historical Period. Refer to Section 4.2.4.2 for further information on Nuix's capitalisation policy. Nuix expects to continue to invest in research and development to develop and enhance its platform features and functionality, and drive operating leverage on research and development via productivity initiatives.

Additionally, Nuix will continue to evaluate opportunities to acquire or invest in businesses, offerings, technologies, or talent that it believes could complement or expand its platform, enhance its technical capabilities, or otherwise offer growth opportunities.

4.11.1.5 Seasonality

Nuix's financial performance reflects an element of seasonality arising from purchases from new customers and existing customers which impacts revenue generation.

Contract completions are typically weighted towards the end of Nuix's financial half years. Nuix's revenue seasonality arises from:

- **purchases and Renewals aligned to regional customer financial year ends** (for example, revenue generation is weighted towards December in the United States and EMEA, March in Canada and the UK, and June in Asia Pacific);
- **industry-specific expenditure** (for example, revenue generated from the United States Federal Government typically increases in September); and
- **other factors**, including the timing of revenue recognition for upfront multi-year deals and the timing of annual revenue recognition from other significant non-multi-year deals, which typically align to purchasing at quarter ends.

Total Revenue at the end of the first half of FY18, FY19 and FY20 accounted for 54%, 55% and 51% of full year Total Revenue, respectively. Total Revenue is generally weighted towards each quarter end, as was the case in FY18, FY19 and FY20.

The decrease in the contribution of first half Total Revenue relative to the full year Total Revenue in FY20 compared to the two prior fiscal years was primarily driven by a strong second half, with significant accounts renewing during that period. Nuix expects these seasonal trends, particularly the relatively high weighting of revenues being recognised towards the ends of financial half years, will continue to be a feature of its operating model in the future.

In contrast, the majority of Nuix's expenses do not vary directly with Total Revenue and have a higher degree of consistency. Nuix's expenses are predominantly personnel related, and as such Nuix does not experience significant seasonal fluctuations in the timing of expenses from period to period.

4.11.1.6 Foreign exchange

The Financial Information is presented in Australian dollars (**AUD** or **A\$**), Nuix's reporting currency. Nuix invoices customers in a variety of currencies with U.S. dollars (**USD** or **US\$**) accounting for 59% of revenue in FY20, followed by AUD (16%), British pounds (**GBP**) (15%) and euros (**EUR**) (9%).

To date, Nuix has generally been able to offset exposure to USD foreign exchange movements through a natural hedge in the cost base due to a large portion of the U.S. operations comprising U.S. staff costs. Relatively fewer costs are incurred in EUR and GBP, where Nuix has fewer expenses to provide a natural hedge, hence Nuix has increased exposure to movements in these currencies.

4.11.2 IMPACT OF COVID-19

COVID-19 was declared a pandemic by the World Health Organisation on 11 March 2020. The outbreak and the response of governments in dealing with the pandemic are interfering with general activity levels within the community and the economy. The scale and duration of these developments continue to remain uncertain as at the Prospectus Date.

Nuix has continued to operate through COVID-19 (and government restrictions to manage the pandemic) with the majority of staff able to carry out their roles, working remotely where required, in developing software, entering into new customer contracts, supporting and training customers, and operating the business. Nuix is currently requiring or encouraging its staff to work remotely and has implemented work-related travel restrictions on staff.

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Nuix does not believe that COVID-19 has had a material adverse impact on its business to date, however it has experienced a lengthening in the sales cycle for some prospective and existing customers, and delays in the delivery of professional services and training to some customers. Some customers have delayed Renewal and Upsell Renewal decisions and certain customers have also requested concessions such as extended payment terms or improved pricing. Further, while Nuix has not observed a material impact on its customers' use or access of the Nuix platform and revenues generated by it due to COVID-19, that impact may not be fully reflected until future periods when, for example, existing longer term contracts come up for Renewal. In April 2020, as part of ongoing business-wide initiatives to engage appropriate staff levels by function that were accelerated in light of the impact and uncertainties arising from COVID-19, Nuix undertook a headcount reduction (refer to Section 4.11.4) and other cost reduction measures (including reductions in sales and marketing expenses and travel costs due to the implementation of global travel restrictions as a result of COVID-19).

Nuix has made certain general and specific assumptions in preparing the Forecast Financial Information which it believes to be reasonable having regard to, for example, its operating and financial results since the outbreak of COVID-19 and its existing Sales Pipeline and its view on the broader impact that COVID-19 may have on its business, its customers and the general economic environment for the remainder of FY21F, including based on discussions with customers, resellers and partners and review of publications including industry reports. Key assumptions, relating to the Forecast Financial Information assumptions and management discussion and analysis, are described in Section 4.12.

Nuix believes that trends towards digital transformation, data creation, regulation and the potential for related fraud and cyber security incidents that develop as a result of disruptive events like COVID-19 (refer to Section 2.2) may accelerate data creation and customer data processing requirements, and may lead to additional investigatory and enforcement activities that rely upon the use of the Nuix platform, which may, in turn, generate additional opportunities for the Company in the future (refer to Section 3.6.3 for additional information). However, no assurances can be made that such opportunities will materialise in the future, and, as a result, Nuix has not assumed it will generate any revenue from these opportunities in its Forecast Financial Information.

Refer to Section 5.1.11 for a further discussion of risks and uncertainties that Nuix faces in relation to COVID-19.

4.11.3 TOTAL REVENUE AND ACV

Figure 65 and Figure 66 below illustrate Nuix's historical Total Revenue and ACV over FY18 to FY20. The majority of the historical revenue of Nuix is comprised of software revenue, which accounted for 93.5%, 93.7% and 96.1% of Total Revenue in FY18, FY19 and FY20, respectively.

Figure 65: Total Revenue (A\$ million)

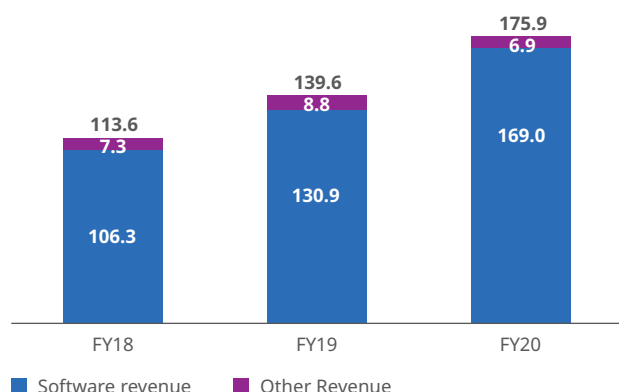
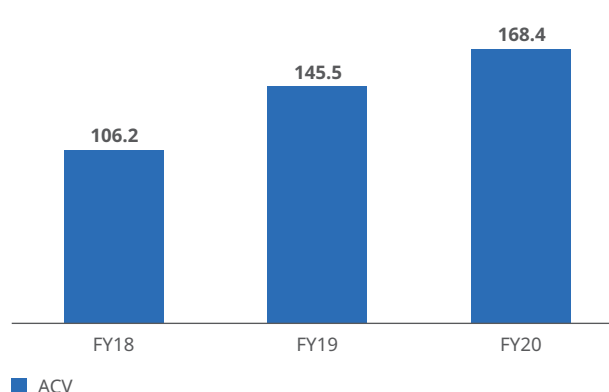


Figure 66: ACV (A\$ million)



4.11.3.1 ACV

Nuix generated approximately A\$106.2 million of ACV in FY18, which grew at a CAGR between FY18 and FY20 of approximately 25.9% to reach approximately A\$168.4 million in FY20.

FY18 to FY19

ACV increased from A\$106.2 million in FY18 to A\$145.5 million in FY19 (representing a FY18 to FY19 growth rate of 37%). This increase in ACV was driven by:

- A\$20.2 million growth in net existing customer ACV, which resulted from Renewal and Upsell Renewal growth from greater penetration across the existing customer base due to customers requiring increased Cores/expansion of services and increased Nuix Discover sales following the acquisition of Ringtail in September 2018. This increase was partially offset by Churn and Downsell Renewals within the period;
- A\$19.3 million growth in new customer ACV over FY19, was driven by key account wins in the law firms, corporate and government industry verticals; and
- A\$0.1 million decrease in Perpetual Licence sales, services and third party software and short-term Software Licence sales (**Other ACV**), predominantly driven by a reduction in Perpetual Licence sales relative to FY18, offset by growth in Services sales.

FY19 to FY20

ACV increased from A\$145.5 million in FY19 to A\$168.4 million in FY20 (representing a FY19 to FY20 growth rate of 15.7%). This increase in ACV comprised:

- A\$9.3 million growth in net existing customer ACV, which resulted from Renewal and Upsell Renewal revenue from greater penetration across the existing customer base due to customers requiring increased Cores/expansion of services and increased Nuix Discover sales following the acquisition of Ringtail in September 2018. This increase was partially offset by Churn and Downsell Renewals within the period;
- A\$9.8 million growth in new customer ACV over FY20 was driven by key account wins in the law firms, corporate and government industry verticals; and
- A\$3.8 million increase in net Other ACV, predominantly driven by strong growth in Perpetual Licence sales.

ACV is an adjusted, non-IFRS measure and does not represent Total Revenue in accordance with AAS or Nuix's accounting policies or cash receipts from customers.

4.11.3.2 Total Revenue

Nuix generated A\$113.6 million of Total Revenue in FY18, which grew at a CAGR between FY18 and FY20 of 24.4% to reach A\$175.9 million in FY20.

FY18 to FY19

Total Revenue increased from A\$113.6 million in FY18 to A\$139.6 million in FY19 (representing a FY18 to FY19 growth rate of 22.9%). This increase in Total Revenue comprised:

- A\$115.9 million in Renewal revenue from existing customer Renewals and Upsell Renewals (net of Downsell Renewals) in FY19, which increased by 42.1% relative to FY18; and
- A\$23.7 million in new customer revenues in FY19, which decreased by 26.0% relative to FY18.

Revenue growth from FY18 to FY19 included A\$15 million that resulted from the acquisition of Ringtail from FTI in September 2018. Refer to Section 4.11.3.5 for further information in relation to software revenue and Section 4.11.3.6 in relation to Other Revenue.

FY19 to FY20

Total Revenue increased from A\$139.6 million in FY19 to A\$175.9 million in FY20 (representing a FY19 to FY20 growth rate of 25.9%). This increase in Total Revenue comprised:

- A\$154.0 million in Renewal revenue from existing customer Renewals and Upsell Renewals (net of Downsell Renewals) in FY20, which increased by 32.8% relative to FY19;
- A\$21.9 million in new customer revenues in FY20, which decreased by 7.6% relative to FY19; and

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- revenue growth from FY19 to FY20 included the full year benefit of the acquisition of Ringtail from FTI (whereas FY19 only included nine months from the acquisition in September 2018).

Refer to Section 4.11.3.5 for further information in relation to software revenue and Section 4.11.3.6 in relation to Other Revenue.

4.11.3.3 Total Revenue by region

Nuix's sales function is managed on a global operating structure, with sales coverage in three key regions: United States and Canada (**North America**), Europe, the Middle East and Africa (**EMEA**) and Asia Pacific.

FY18 to FY19

In FY19, the Total Revenue by region was A\$78.4 million, A\$38.5 million and A\$22.7 million across North America, EMEA and Asia Pacific, respectively. This compares to FY18, where Total Revenue by region was A\$59.2 million, A\$35.2 million and A\$19.2 million across North America, EMEA and Asia Pacific, respectively.

The Total Revenue contribution by region was 56.2%, 27.5% and 16.3% across North America, EMEA and Asia Pacific, respectively. This compares to FY18, where Total Revenue by region was 52.1%, 31.0% and 16.9% across North America, EMEA and Asia Pacific, respectively. The changing Total Revenue composition by region over this period reflects the following:

- North America maintained robust growth, mainly through government and law firms, resulting in the largest regional increase in Total Revenue contribution;
- Asia Pacific experienced high levels of revenue growth in FY19 as a newly expanded sales team gained traction and added new customer accounts, particularly across corporate, government and law firms; and
- EMEA's share of Total Revenue decreased, primarily as a result of slower growth relative to the strong Asia Pacific growth as described above.

FY19 to FY20

In FY20, the Total Revenue by region was A\$97.6 million, A\$49.6 million and A\$28.7 million across North America, EMEA and Asia Pacific, respectively. The Total Revenue contribution by region was 55.5%, 28.2% and 16.3% across North America, EMEA and Asia Pacific, respectively. The changing Total Revenue composition by region over this period reflects continued expansion from EMEA and Asia Pacific in their respective regions through new multi-year deal wins, specifically:

- expansion in Asia Pacific was driven by growth in the Asia market and continued expansion of the customer base, particularly across the government industry vertical;
- EMEA experienced strong growth across the corporate industry vertical, also supported by the strategic decision to enter the Germany, Austria and Switzerland (**DACH**) markets; and
- North America's share of Total Revenue decreased marginally as a result of the factors described above.

4.11.3.4 Total Revenue by channel

As described in Section 4.10.1.3, Nuix generates revenue through direct and indirect sales channels, with the indirect sales channel consisting of various partners, as described in Section 3.5.3.

FY18 to FY19

In FY19, the Total Revenue by channel was A\$97.4 million and A\$42.2 million for direct and indirect sales, respectively. This compares to FY18, where the Total Revenue by channel was A\$71.5 million and A\$42.1 million for direct and indirect sales, respectively.

The contribution by channel was 69.8% and 30.2% for direct and indirect sales, respectively. This compares to FY18, where Total Revenue by channel was 63.0% and 37.0% for direct and indirect sales, respectively. The changing Total Revenue composition by channel over this period primarily reflects an increasing contribution from the direct sales channel arising from the acquisition of Ringtail in FY19 due to the majority of revenue relating to Nuix Discover being direct in nature.

FY19 to FY20

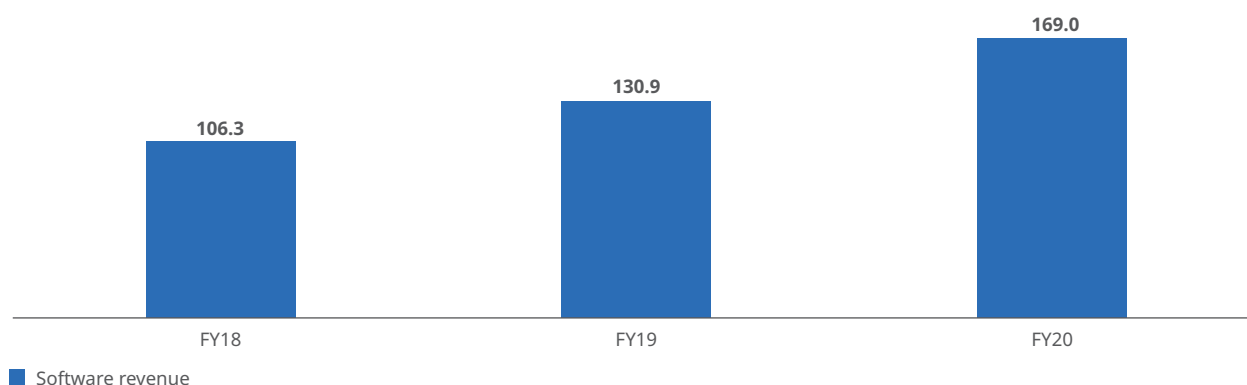
In FY20, the Total Revenue by channel was split 73.0% and 27.0% for direct and indirect sales, respectively. This compares to FY19, where Total Revenue by channel was 69.8%, 30.2% for direct and indirect sales, respectively. The changing Total Revenue composition by channel over this period primarily reflects an increasing contribution from the direct sales channel arising from the acquisition of Ringtail in FY19 due to the majority of revenue relating to Nuix Discover being direct in nature.

4.11.3.5 Software revenue

Figure 67 below illustrates Nuix's software revenue over FY18 to FY20. Key drivers of software revenue growth during this period have been:

- Upsell Renewals of Subscription Licences from existing customers;
- the acquisition of new customers across all regions (North America, EMEA and Asia Pacific) and industry verticals (including law firms, government, advisory, corporates and new markets); and
- migration of customers from Perpetual Licences to Subscription Licences.

Figure 67: Software revenue (A\$ million)



FY18 to FY19

From FY18 to FY19, Nuix reported an increase in software revenue of A\$24.6 million, or 23.2%, from A\$106.3 million to A\$130.9 million.

Select customer transactions contributing to software revenue growth and composition over this period included:

- growth in revenue from Module Licences from Upsell Renewals in relation to existing customers and new customers purchasing multi-year deal Subscription Licences across all industry verticals. In particular, this included a large deal with a government customer in North America and EMEA who both expanded their number of renewed Module Licences; and
- growth in sales under Consumption Licences, in particular, with revenue being generated from clients in the law firm industry vertical.

In FY19, Nuix completed the acquisition of Ringtail, which was primarily the acquisition of eDiscovery software and capabilities (refer to Section 4.11.1.3). Nuix's FY19 Total Revenue increased by A\$15 million as a result of this acquisition, resulting from the nine month impact of Ringtail customer contract revenues which were acquired as part of the Ringtail acquisition.

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Growth in FY19 software revenue was partially offset by:

- the adverse impact from overall foreign currency exchange rate movements, mainly driven by the U.S. dollar;
- a reduction in Total Revenue from Perpetual Licences in FY19 as a result of elevated levels of spend in FY18 due to the cyclical nature of purchases of Perpetual Licences. Specifically, this was due to an increase in spend (Upsell Renewal) from a large U.S. government customer and two new customer wins from both Middle Eastern and Asian government customers contributing to Total Revenue from new markets; and
- customer consolidation in the advisory industry vertical, with one of Nuix's advisory customers acquiring another customer of Nuix. This consolidation resulted in an aggregate Downsell Renewal outcome for Nuix, with the combined customer group rationalising its overall level of purchases from Nuix.

Over FY19, Subscription Licences generated 87.4% of Total Revenue and Perpetual Licences represented 6.4% of Total Revenue. This compares to FY18, when Subscription Licences generated 80.8% of Total Revenue and Perpetual Licences represented 12.7% of Total Revenue. The changing software revenue mix is consistent with Nuix's pricing and licence model strategies described in Section 4.11.1.2 which include:

- the continued transition of customers to Subscription Licence models from Perpetual Licences; and
- the introduction of Consumption Licences as an alternative to Perpetual Licences or Module Licences.

FY19 to FY20

From FY19 to FY20, Nuix reported an increase in software revenue of A\$38.1 million, or 29.1%, from A\$130.9 million to A\$169.0 million.

Select customer transactions contributing to software revenue growth and composition over this period included:

- sustained growth in revenue from Module Licences from Upsell Renewals, new multi-year deals across all industry verticals and an increase in the number of customers on multi-year deals. Over this period, there were a number of significant multi-year deal contract wins, including a number of government regulators across North America and Asia Pacific, and contract conversions to multi-year deals across the corporate industry vertical with a number of large customers transitioning;
- the full year revenue impact of Nuix Discover which benefitted from high Upsell Renewals, and new customer multi-year deal contract wins allowed for greater penetration, particularly with law firms and government customers;
- Perpetual Licence revenue growth significantly contributed to software revenue growth as a result of new contract purchases from a number of U.S. government customers;
- growth in revenue from S&M Licences, primarily from the renewed Perpetual Licences as described above; and
- the three month full year impact of Ringtail customer contract revenues which were acquired as part of the Ringtail acquisition. FY19 only included nine months of Ringtail post-acquisition in September 2018.

Growth in FY20 software revenue was partially offset by:

- Nuix transitioning two large clients in the advisory industry vertical from Module Licences to Consumption Licences over the period. This had the impact of lowering growth in Module Licence revenue in FY20 as these customers shifted from upfront payments to monthly in arrears payments. However, Nuix is selectively pursuing this transition with certain customer types and expects that it will drive growth in the future as data volumes increase (refer to Section 4.11.1.2).

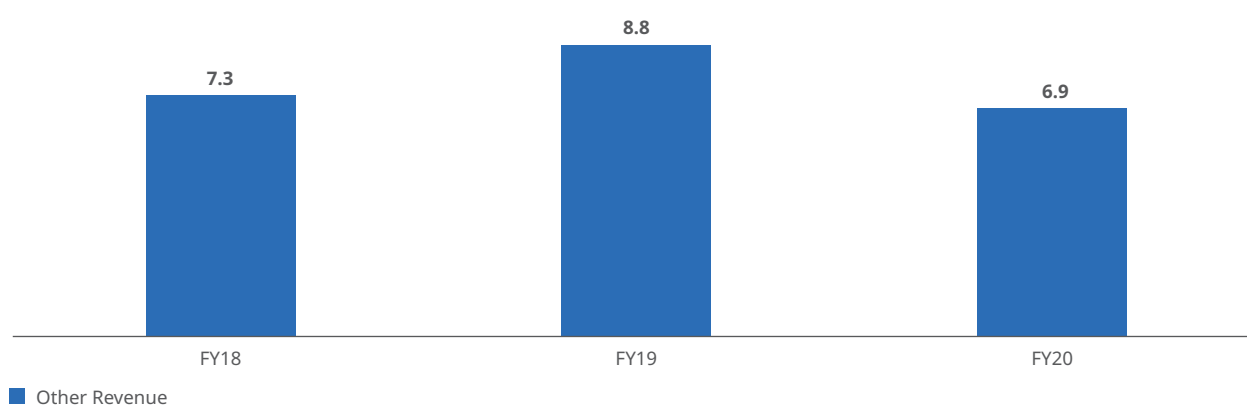
Over FY20, Subscription Licences generated 88.7% of Total Revenue and Perpetual Licences represented 7.4% of Total Revenue. This trend is consistent with Nuix's pricing and licence model strategies described above and in Section 4.11.1.2. Over FY20, Consumption Licence pricing models contributed an increased proportion of Total Revenue, reflecting the full year impact of new and transitioned licences entered into in FY20 and additional sales over this period.

4.11.3.6 Other Revenue

Other Revenue represents revenue generated from the provision of implementation, training and services relating to the enablement of NuiX software, and third party hardware and software sales. This revenue stream is ad-hoc in nature, however is broadly correlated to the signing of new customers who subsequently engage their personnel in training programs for the NuiX platform, and the training of NuiX partners who increase the coverage of NuiX's sales capability.

Other Revenue increased from A\$7.3 million in FY18 to A\$8.8 million in FY19 and decreased to A\$6.9 million in FY20.

Figure 68: Other Revenue (A\$ million)



FY18 to FY19

NuiX reported an increase in Other Revenue of A\$1.4 million, or 19.2%, from A\$7.3 million to A\$8.8 million, primarily due to the release of A\$4.2 million in Ringtail deferred revenue related to customers in the law firms industry vertical and which NuiX considered to be predominantly non-recurring in nature.

FY19 to FY20

Other Revenue reduced by A\$1.9 million, or 21.3%, from A\$8.8 million to A\$6.9 million, primarily due to the elevated level in FY19 as a result of the release of the Ringtail deferred revenue, as described above.

4.11.4 EXPENSES

4.11.4.1 Overview

NuiX presents its expense categories using the following functional categories:

- Cost of Goods Sold (COGS);
- Sales and Distribution expense (S&D);
- Research and Development expense (R&D); and
- General and Administrative expense (G&A).

Further detail in relation to the composition of these functional expense categories is outlined in Section 4.10.2.

Employee related expenses

Employee related expenses such as salaries, payroll taxes and benefits and sales commissions are allocated across these expense categories according to the functions on which personnel spend their time. NuiX employee related costs are the largest individual cost by category, comprising 73.1% (net of capitalised development costs) of total expenses for FY20, on a pro forma basis. On a statutory basis, employee related costs comprised 71.8% (net of capitalised development costs) for FY20.

Throughout FY20, 42.0% of NuiX staff headcount was focused on R&D functions. Where their activity is directly attributable to development and can be reliably measured and where future economic benefits from the development are probable, the costs related to that activity are capitalised (refer to Section 4.2.4.2).

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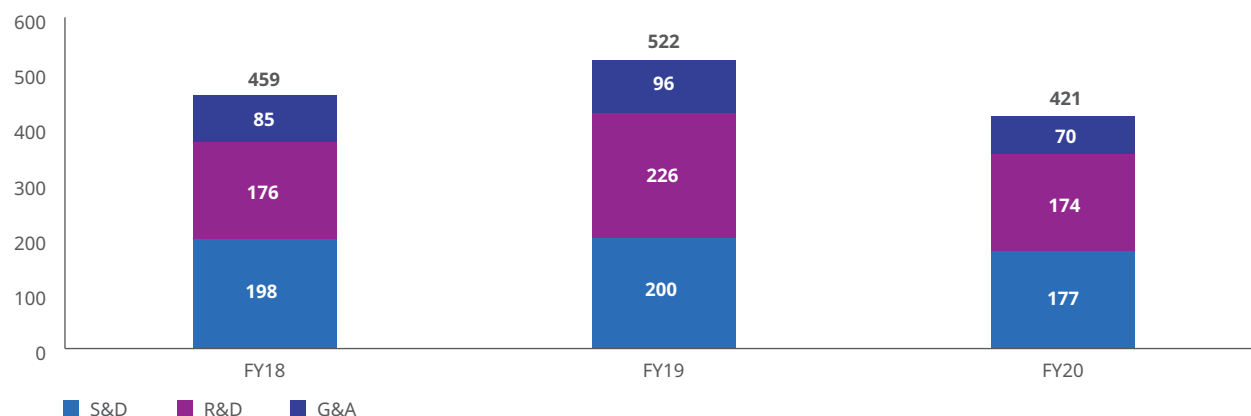
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Figure 69 below illustrates the historical headcount comprising both full-time and part-time employees and contractors by department from FY18 to FY20 at the end of the financial period. In FY20, headcount was split 56.8%, 11.6% and 31.6% across North America, EMEA and Asia Pacific, respectively. This has stayed relatively stable across the period, compared to the FY18 split of 54.2%, 13.9% and 31.8% across North America, EMEA and Asia Pacific, respectively.

Nuix's headcount has been influenced by a number of organisational changes over the past three fiscal years. In FY19, Nuix completed the Ringtail acquisition (refer to Section 4.11.1.3) which resulted in an aggregate headcount increase of 83 across the Engineering, Product and S&D functions. Following this acquisition, Nuix implemented a number of business-wide initiatives to realign the Company's operating model which resulted in a reduction of non-business critical headcount over the period, including:

- reorganisation of Nuix's S&D function to an industry-centric sales model to optimise sales productivity, facilitate targeted growth strategies and increase transparency across the sales function. This process resulted in the creation of new industry-specific sales head roles and resulted in the rationalisation of 25 S&D roles over the Historical Period;
- restructure of Nuix's R&D function, consolidating numerous satellite offices into a more centralised model focussed on business critical projects. This process resulted in the rationalisation of 15 sales roles over the Historical Period; and
- a consolidation of 14 roles in the G&A department initiated as part of a restructuring initiatives in April 2020, focused on rationalising non-business critical roles.

Figure 69: Change in number of full-time employees



Notes: Represents total closing headcount at the end of each respective financial period. S&D headcount includes headcount from Cost of Sales, including Support and TechOps.

4.11.4.2 Cost of Goods Sold, total expenses and operating expenses

Figure 70 and Figure 71 below illustrate Nuix's total expenses (comprised of COGS and operating expenses), total expenses as a percentage of Total Revenue and operating expenses as a percentage of Total Revenue from FY18 to FY20.

Movements in total expenses are discussed on a pro forma and statutory basis. For details of the adjustments made in arriving at the pro forma numbers, refer to the discussion on the individual expense categories presented below.

Figure 70: COGS and pro forma operating expenses by function (A\$ million)

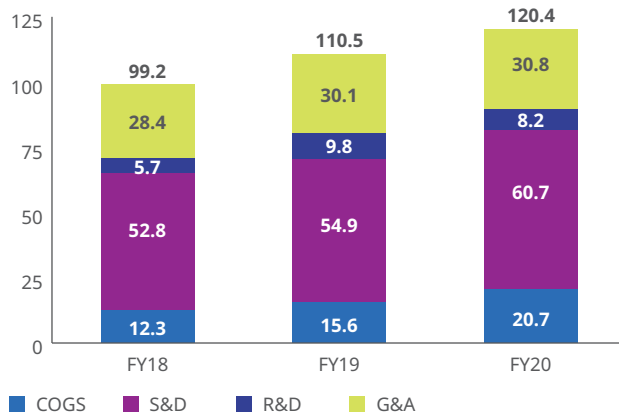
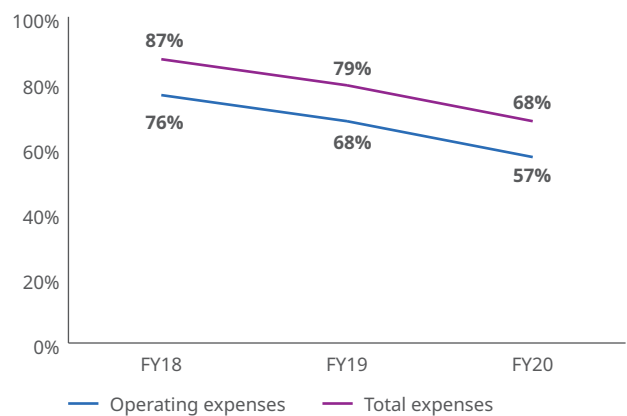


Figure 71: Pro forma operating expenses and total expenses as a % of Total Revenue (%)



COGS and operating expenses on a pro forma basis increased by A\$21.2 million, from A\$99.2 million in FY18 to A\$120.4 million in FY20 at a CAGR of 10.1%. This was primarily driven by increases in R&D and COGS due to investment into hosted SaaS instances across the world to support the build out of Nuix’s cloud-enabled software infrastructure.

As a percentage of Total Revenue, total expenses reduced from 87.4% in FY18 to 68.5% in FY20, primarily driven by operating leverage on its growing revenue base (as a result of 80% of the cost base being largely fixed people cost related) and a greater efficiency in headcount spend across the various functions.

COGS and operating expenses on a statutory basis increased by A\$20.7 million, from A\$92.5 million in FY18 to A\$113.2 million in FY20 at a CAGR of 10.6% for the reasons discussed above.

4.11.4.3 Cost of Goods Sold

The following discussion of the factors affecting historical COGS is presented on one basis as there have been no pro forma adjustments made to COGS expense. As such, COGS on a pro forma basis is equal to COGS on a statutory basis.

Refer to Section 4.2.2.2 and Appendix B for an overview of pro forma adjustments and reconciliations applied to the Historical Financial Information.

Figure 72 and Figure 73 below illustrate COGS and gross profit across FY18 to FY20, respectively.

Figure 72: Cost of Goods Sold (A\$ million and % of Total Revenue)

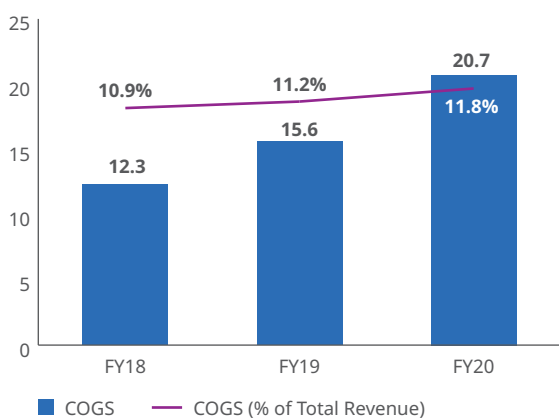
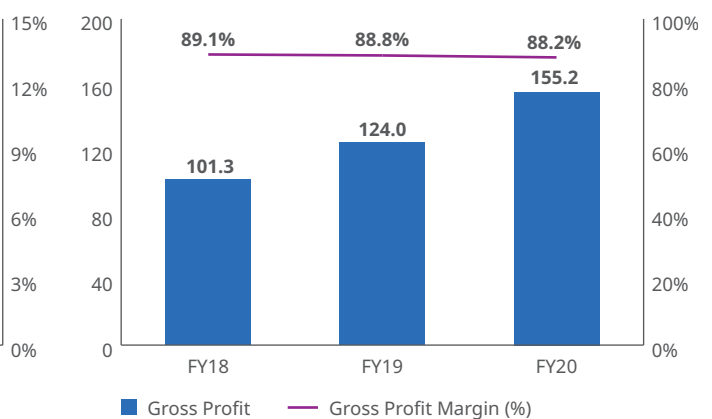


Figure 73: Gross profit (A\$ million and % of Total Revenue)



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Continued

COGS predominantly comprises payments to partners for sales of Nuix software, the cost of infrastructure hosting for Nuix's SaaS instances, payments for the use of third party products (primarily licence fees) and the wages, salaries, and allocated facilities costs of support and technology operations employees who provide critical implementation and ongoing support for Nuix software.

Of these, the primary component driving COGS is reseller margins which represented 40.4% in FY20. This cost represents a percentage of sales that is paid to third parties who market and sell Nuix software.

FY18 to FY19

COGS increased by A\$3.3 million, from A\$12.3 million to A\$15.6 million, an increase of 26.6%, resulting in COGS as a percentage of Total Revenue increasing from 10.9% to 11.2% and a gross profit margin reduction from 89.1% to 88.8%. Key drivers included:

- reseller margin increases which was primarily driven by growth in sales through the partner network across the government and new market industry verticals;
- increases in technology operations support staff average cost per head as a result of a higher mix of senior roles acquired as part of the Ringtail acquisition. The function of these roles involves supporting the provision of Nuix Discover; and
- the introduction of SaaS instance hosting fees related to the Ringtail acquisition and the subsequent requirement for data centres to host Nuix Discover.

Growth in COGS was partially offset by a reduction in licence fees for a third party software provider of document recognition, data capture and language processing services and a reduction in hardware costs.

FY19 to FY20

COGS increased by A\$5.1 million, or 32.4%, from A\$15.6 million to A\$20.7 million, resulting in COGS as a percentage of Total Revenue increasing from 11.2% to 11.8%, leading to gross profit margin reduction from 88.8% to 88.2%. Key drivers included:

- an increase in support staff costs following the commencement of new roles within the customer support function;
- an increase in technology operations staff costs due to the full year impact of the Ringtail acquisition, with an increase in performance and retention related bonuses paid, driving an uplift in average costs per head; and
- an increase in hardware costs attributable to the one off purchase of hardware that was sold as part of a transaction with a government customer based in Asia Pacific in December 2019. Hardware sold as part of this sale assisted to establish the customer's investigations lab which runs Nuix software.

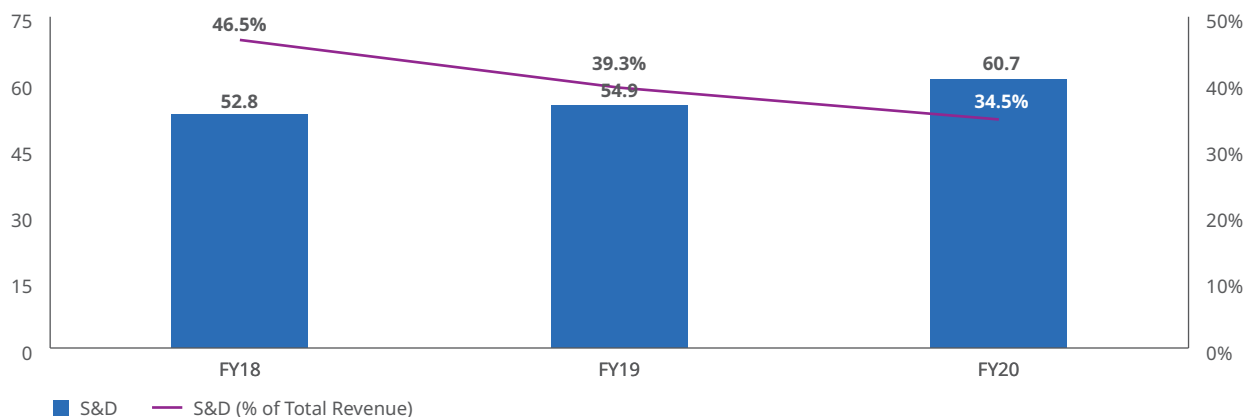
4.11.4.4 Sales and Distribution expense

The following discussion of the factors affecting historical S&D is presented on one basis as there have been no pro forma adjustments made to S&D. As such, S&D on a pro forma basis is equal to S&D on a statutory basis.

Refer to Section 4.2.2.2 and Appendix B for an overview of pro forma adjustments and reconciliations applied to the Historical Financial Information.

Figure 74 illustrates S&D across FY18 to FY20.

Figure 74: Sales and Distribution (A\$ million and % of Total Revenue)



S&D predominantly represents personnel (including wages, commissions, bonuses, payroll tax and benefits) and related costs (including travel, accommodation, facilities, and subscriptions) and marketing costs directly associated with Nuix's efforts to acquire new customers and to facilitate the maintenance, Renewal and growth of revenues from existing clients.

S&D has remained relatively stable between FY18 and FY20, despite the addition of 29 S&D roles from the Ringtail acquisition, due to offsetting headcount reductions and streamlining across Nuix's three key regions. S&D is weighted towards employee related costs which represented 80.6% in FY20, with non-people related costs accounting for 19.4%. This compares to FY18 and FY19 where employment expense represented 77.4% and 76.4%, respectively.

FY18 to FY19

S&D increased by A\$2.1 million, from A\$52.8 million to A\$54.9 million. This represents a 4.0% increase in S&D, however S&D as a percentage of Total Revenue decreased from 46.5% to 39.3% over this period. The key factors affecting this movement included:

- an increase in wage costs resulting from the shift to an industry-centric sales model. This shift led to the creation of a number of new industry lead sales roles for each respective sales region. These roles were filled either by direct appointment of existing employees or through external hires; and
- commissions increased commensurate with the above and due to the attainment of full year targets.

Growth was partially offset by a decrease in sales headcount costs in North America (including wage costs and associated sales commissions), both as a result of natural attrition and Nuix's subsequent decision to streamline the department by not replacing these roles.

FY19 to FY20

S&D increased by A\$5.8 million, from A\$54.9 million to A\$60.7 million. This represents a 10.5% increase in S&D, however S&D as a percentage of Total Revenue decreased from 39.3% to 34.5% over this period. Key contributing factors affecting this movement included:

- the introduction of a new commission structure aimed at more appropriately aligning the incentives of industry leads and other sales representatives with Nuix's revenue model (described in Section 4.11.1.2). Under this structure, securing new customer contracts is associated with the highest commission rate, followed by Renewals and Upsell Renewals. Each sales representative has a different responsibility, whereby account managers are more heavily weighted towards Renewals and sales executives are more weighted towards new customer sales. Implementing this new structure resulted in commissions and bonus expenses increasing; and
- full year impact of employee related costs in relation to the Ringtail acquisition and subsequent establishment of the Nuix Discover department recognised in FY20. The Nuix Discover department was established to support Nuix Discover customers and the expense represents department costs and wages relating to new roles in this department.

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Growth was partially offset by a reduction in travel and marketing costs in FY20, down 29.2% on FY19 driven by the implementation of a stricter firmwide travel policy from FY19 onwards and COVID-19 induced global travel restrictions in FY20. The decrease in marketing costs was primarily driven by a digital transformation and COVID-19, both reducing the number of face-to-face events.

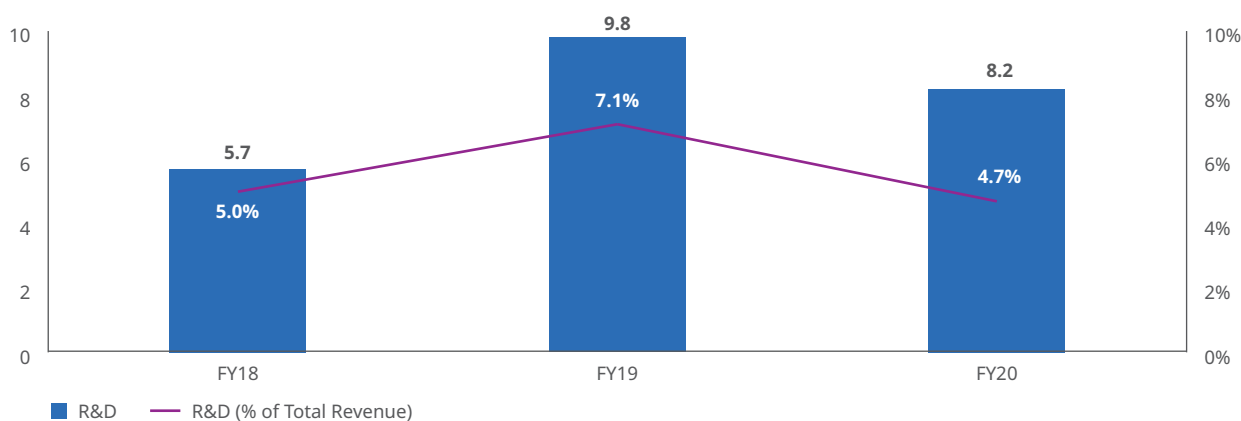
4.11.4.5 Research and Development expense

The following discussion of the factors affecting historical R&D is presented on one basis as there have been no pro forma adjustments made to R&D. As such, R&D on a pro forma basis is equal to R&D on a pro forma basis.

Refer to Section 4.2.2.2 and Appendix B for an overview of pro forma adjustments and reconciliations applied to the Historical Financial Information.

Figure 75 illustrates R&D for FY18 to FY20 on a pro forma basis.

Figure 75: Research and Development (A\$ million and % of Total Revenue)



R&D predominantly represents personnel (including wages, commissions, bonuses, payroll tax and benefits) and related costs (including travel, facilities and subscriptions) associated with development projects, such as software development, improvement and infrastructure design. These projects are aimed at addressing market needs to help position Nuix ahead of its competitors.

Engineering roles account for 76.0% of total R&D headcount with product roles accounting for 24.0% as at 30 June 2020. This has remained relatively stable over the Historical Period and compares to 30 June 2018 where engineering and product roles represented 87.5% and 12.5%, respectively.

The majority of engineering and product employee costs are recorded in the United States, with the remainder of costs captured in EMEA and Asia Pacific.

In addition, R&D is split approximately evenly between employee related costs which represented 52.2% in FY20, and non-people related costs, which accounted for 47.8%. This compares to FY18 and FY19 where employment expenses represented 62.7% and 68.5%, respectively.

FY18 to FY19

R&D increased by A\$4.2 million over FY19, from A\$5.7 million to A\$9.8 million. This represents a 73.8% increase in R&D, and R&D as a percentage of Total Revenue similarly increased from 5.0% to 7.1% over this period. The key factors affecting this movement include:

- an increase in personnel expense, driven by the addition of 54 R&D heads (44 engineering and 10 product) as a result of the Ringtail acquisition. These roles are primarily focused on Nuix Discover;
- the full year impact of 44 net headcount additions (in addition to those acquired through the Ringtail acquisition);
- Subscription Licence fees as a result of the Ringtail acquisition; and
- an increase in travel and accommodation over FY19 driven by increased travel in various regions.

FY19 to FY20

R&D decreased by A\$1.7 million over FY19, from A\$9.8 million to A\$8.2 million. This represents a 16.9% decrease in R&D, and R&D as a percentage of Total Revenue similarly decreased from 7.1% to 4.7% over this period. The key factors affecting this movement included a reduction in R&D personnel expenses due to a redundancy program implemented in April 2020 with R&D headcount reducing by 15 non-critical roles as outlined in Section 4.11.4.1.

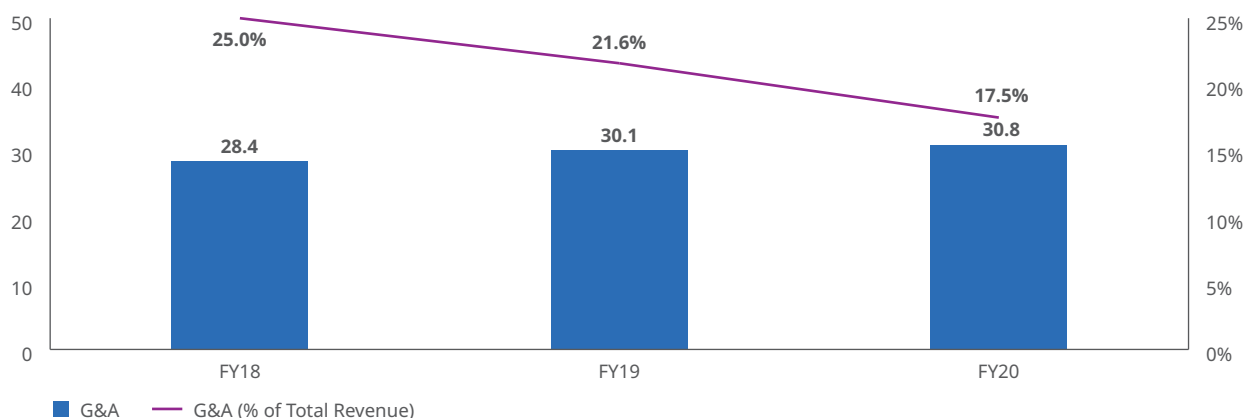
These movements were partially offset by higher costs per head in FY20 primarily driven by higher bonuses paid to engineering staff.

4.11.4.6 General and Administrative expense

The following discussion of the factors affecting historical G&A is presented on a pro forma basis and statutory basis.

Figure 76 illustrates G&A for FY18 to FY20 on a pro forma basis.

Figure 76: Pro Forma General and Administrative (A\$ million and % of Total Revenue)



G&A represents personnel (including wages, commissions, bonuses, payroll tax and benefits) and related costs for Nuix's executive team, finance, legal, human resources and group information technology and security functions. G&A also includes other non-personnel costs, including professional service fees, travel and administration expenses.

G&A is weighted towards employee related costs which represented 63.8% of G&A in FY20, on a pro forma basis, and non-people related costs represented 36.2% of G&A in FY20. This compares to FY18 and FY19 where employee related costs represented 60.7% and 64.5%, respectively, on a pro forma basis. On a statutory basis, G&A is split approximately evenly between employee related costs (55.7% of G&A in FY20) and non-people related costs (44.3% of G&A in FY20). This compares to FY18 and FY19 where employee related costs represented 51.7% and 51.6%, respectively, on a statutory basis.

FY18 to FY19

On a pro forma basis, G&A increased by A\$1.7 million over FY19, from A\$28.4 million to A\$30.1 million. This represents a 6.0% increase in G&A, however G&A as a percentage of Total Revenue decreased from 25.0% to 21.6% over this period. The key factors affecting this movement included:

- an increase in employment related costs corresponding with an increase in average headcount attributable to additional roles within the HR and CISO departments;
- an increase in third party subscription licence fees as a result of the Ringtail acquisition; and
- a decrease in professional fees which reduced in FY19. FY18 was elevated was due to additional external advisory spend and costs relating to strategic initiatives (primarily relating to EMEA business development costs).

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On a statutory basis, G&A increased by A\$2.3 million over FY19, from A\$21.7 million to A\$24.0 million, an increase of 10.6%. This predominantly results from the factors described above. In addition to the factors noted above, the differences to G&A on a pro forma basis and G&A on a statutory basis include:

- public company costs of A\$7.2 million (Pro Forma Adjustment 1);
- Ringtail acquisition costs of A\$1.6 million (Pro Forma Adjustment 2); and
- removal of statutory share-based payments expense above the expected pro forma expense of A\$(0.6) million (Pro Forma Adjustment 5)

Refer to Section 4.2.2 and Appendix B for an overview of pro forma adjustments and reconciliations applied to the Historical Financial Information.

FY19 to FY20

On a pro forma basis, G&A increased by A\$0.7 million over FY20, from A\$30.1 million to A\$30.8 million. This represents a 2.3% increase in G&A and G&A as a percentage of Total Revenue decreased from 21.6% to 17.5% over this period.

Key contributing factors included:

- a reduction in employee related costs due to a redundancy program implemented in April 2020 as outlined in Section 4.11.4.1;
- headcount spend reducing as a result of consolidation of roles and attrition; and
- reduction in travel and accommodation driven by COVID-19 induced global travel restrictions.

These were partially offset by:

- elevated professional fees in FY20, driven by additional Board advisory spend alongside the roll-out of several strategic initiatives and finance enhancement projects; and
- an increase in IT costs per head driven by new hires and the appointment of consultants employed to work on a network security project.

On a statutory basis, G&A decreased by A\$0.4 million over FY20, from A\$24.0 million to A\$23.6 million, a decrease of 1.6%. In addition to the factors noted above, the differences between G&A on a pro forma basis and G&A on a statutory basis include:

- public company costs of A\$7.2 million (Pro Forma Adjustment 1); and
- removal of statutory share-based payments expense above the expected pro forma expense of A\$0.1 million (Pro Forma Adjustment 5).

Refer to Section 4.2.2 and Appendix B for an overview of pro forma adjustments and reconciliations applied to the Historical Financial Information.

4.11.4.7 EBITDA and EBITDA margin

The following discussion of the factors affecting historical EBITDA and EBITDA margin is presented on a pro forma basis and statutory basis. In preparing the Pro Forma Financial Information, EBITDA has been adjusted based on the cumulative impacts of the pro forma adjustments and reconciliations applied to the Historical Financial Information, described in Section 4.2.2 and Appendix B.

The key differences between Statutory Historical EBITDA and Pro Forma Historical EBITDA over these periods include cumulative impacts of the pro forma adjustments and reconciliations applied to the Historical Financial Information, described in Section 4.2.2 and Appendix B.

FY18 to FY19

On a pro forma basis, historical EBITDA increased by A\$14.7 million, from A\$14.4 million to A\$29.1 million, an increase of 102.6%. The Pro Forma EBITDA margin increased by 8.2%, from 12.6% to 20.8% over the same period. The key driver for the increase in EBITDA and EBITDA margin is enhanced operating leverage through the factors outlined in Section 4.11.4.4 to Section 4.11.4.6.

On a statutory basis, historical EBITDA increased by A\$14.1 million, from A\$21.1 million to A\$35.3 million, an increase of 67.0%. The Statutory EBITDA margin increase by 6.7%, from 18.6% to 25.2% over the same period.

FY19 to FY20

On a pro forma basis, historical EBITDA increased by A\$26.4 million, from A\$29.1 million to A\$55.5 million, an increase of 90.6%. The Pro Forma EBITDA margin increased by 10.7%, from 20.8% to 31.5% over the same period. The key driver for the increase in EBITDA and EBITDA margin is enhanced operating leverage through the factors outlined in Section 4.11.4.4 to Section 4.11.4.6.

On a statutory basis, historical EBITDA increased by A\$27.4 million, from A\$35.3 million to A\$62.7 million, an increase of 77.8%. The Statutory EBITDA margin increased by 10.4%, from 25.2% to 35.6% over the same period.

4.11.4.8 Depreciation and amortisation

The following discussion of the factors affecting historical depreciation and amortisation (D&A) is presented on one basis as there have been no pro forma adjustments made to D&A. As such, D&A on a pro forma basis is equal to D&A on a statutory basis.

On a pro forma basis, depreciation is a non-cash expense that predominantly relates to the ongoing use of the fixed asset base of Nuix, including items such as IT equipment, furniture and leasehold improvements that have been capitalised, and the impact of AASB 16. Amortisation is a non-cash expense that relates to both internally and externally developed intangible assets. Depreciation and amortisation are based on an existing useful life profile, with any new Capital Expenditure being depreciated over its useful life in accordance with Nuix's accounting policies.

FY18 to FY19

On a pro forma basis, D&A increased by A\$9.3 million, or 73.1%, from A\$12.8 million in FY18 to A\$22.1 million in FY19. Key factors affecting this movement included:

- the amortisation of intellectual property acquired as part of the Ringtail acquisition;
- the increase in amortisation of capitalised development costs due to an increased level of development costs incurred in FY19, including a nine month impact of an increase in capitalised development costs as a result of the additional R&D employees acquired as part of the Ringtail acquisition; and
- an increase in the level of depreciation in FY19 of leased assets recognised under AASB 16.

FY19 to FY20

On a pro forma basis, D&A increased by A\$6.3 million, or 28.3%, from A\$22.1 million in FY19 to A\$28.4 million in FY20. The key factors affecting the movement over this period included:

- the amortisation of intellectual property acquired as part of the Ringtail acquisition;
- the increase in amortisation of capitalised development costs due to the full year of amortisation of development costs capitalised in FY19 and amortisation of development costs capitalised in FY20 (including a full year of the additional R&D employees acquired as part of the Ringtail acquisition); and
- an increase in the level of depreciation in FY20 of leased assets recognised under AASB 16.

4.11.4.9 EBIT

The following discussion of the factors affecting historical EBIT and EBIT margin is presented on a pro forma basis and statutory basis. In preparing the Pro Forma Financial Information, EBIT has been adjusted based on the cumulative impacts of the pro forma adjustments and reconciliations applied to the Historical Financial Information, described in Section 4.2.2 and Appendix B.

The key differences between Statutory Historical EBIT and Pro Forma Historical EBIT over these periods include cumulative impacts of the pro forma adjustments and reconciliations applied to the Historical Financial Information, described in Section 4.2.2 and Appendix B.

FY18 to FY19

On a pro forma basis, historical EBIT increased by A\$5.4 million, from A\$1.6 million to A\$7.0 million, an increase of 341.3%. The Pro Forma EBIT margin increased by 3.6%, from 1.4% to 5.0% over the same period. The key drivers of the increase in EBIT are outlined in Section 4.11.4.7 to Section 4.11.4.8.

On a statutory basis, historical EBIT increased by A\$4.8 million, from A\$8.3 million to A\$13.1 million, an increase of 57.8%. The Statutory EBIT margin increased by 2.1%, from 7.3% to 9.4% over the same period.

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FY19 to FY20

On a pro forma basis, historical EBIT increased by A\$20.1 million, from A\$7.0 million to A\$27.1 million, an increase of 288.0%. The Pro Forma EBIT margin increased by 10.4%, from 5.0% to 15.4% over the same period. The key drivers of the increase in EBITDA are outlined in Section 4.11.4.7 to Section 4.11.4.8.

On a statutory basis, historical EBIT increased by A\$21.2 million, from A\$13.1 million to A\$34.3 million, an increase of 161.2%. The Statutory margin increased by 10.1%, from 9.4% to 19.5% over the same period.

Refer to Section 4.2.2.2 and Appendix B for an overview of pro forma adjustments and reconciliations applied to the Historical Financial Information.

4.11.5 CASH FLOW

The following discussion of the factors affecting historical Cash Flows is presented on a pro forma basis and a statutory basis. Where there have been no pro forma adjustments made, numbers have been presented on one basis as pro forma items are equal to statutory items.

Refer to Section 4.2.2.2 and Appendix B for an overview of pro forma adjustments and reconciliations applied to the Historical Financial Information.

Figure 77 sets out the Pro Forma Historical Cash Flow Information for FY18 to FY20 and the Pro Forma and Statutory Forecast Cash Flow Information for FY21F.

Figure 77: Pro Forma Historical Cash Flow Information for FY18 to FY20 and the Pro Forma Forecast Cash Flow Information for FY21F

A\$ million	Notes	Pro Forma Historical			Pro Forma Forecast	Statutory Forecast
		FY18	FY19	FY20	FY21F	FY21F
EBITDA	1	14.4	29.1	55.5	63.6	28.6
Add back non-cash items	1	(0.1)	2.9	5.1	0.5	2.8
EBITDA excluding non-cash items	1	14.2	32.0	60.6	64.1	31.3
Net (increase)/decrease in working capital	2	3.6	(10.5)	(6.9)	(9.1)	(9.1)
Cash taxes	3	(0.3)	(0.3)	(0.4)	(1.3)	(1.3)
Operating cash flow		17.6	21.2	53.2	53.7	20.9
Capital Expenditure – property, plant and equipment		(2.2)	(0.6)	(1.4)	(2.7)	(2.7)
Capital Expenditure – intangible assets	4	(26.6)	(38.4)	(43.5)	(44.7)	(44.7)
Investing cash flows		(28.7)	(39.1)	(44.8)	(47.4)	(47.4)
Free cash flow		(11.2)	(17.8)	8.4	6.4	(26.4)
Ringtail acquisition	5	-	(75.9)	-	-	-
Issued capital	6	9.0	86.4	-	-	275.6
Capitalised costs of the Offer		-	-	-	-	(13.3)
Proceeds from borrowings	7	5.0	5.7	-	-	-
Repayment of Debt Facilities		-	-	-	-	(25.5)
Cancellation of Options – cash settled	8	-	-	-	-	(175.6)
Lease payments		(2.1)	(2.1)	(2.8)	(4.0)	(4.0)
Other financing cash flow	9	(0.8)	(1.3)	(1.6)	(2.0)	(2.3)
Financing cash flow		11.1	12.8	(4.4)	(6.0)	54.9
Net cash flow		(0.1)	(5.0)	4.0	0.4	28.4

Notes:

1. EBITDA in the table has been adjusted to reflect the pro forma adjustments to the Statutory Historical Income Statements for FY18, FY19 and FY20 (respectively) and Statutory Forecast Income Statement for FY21F. EBITDA excluding non-cash items includes the removal of non-cash items such as share-based payment expenses, impairment of receivables and differences in exchange rates.
2. Change in working capital comprises changes in trade and other receivables, other current assets, trade and other payables, accruals, deferred revenue, provisions, and other current liabilities.
3. Nuix is anticipated to pay cash tax of approximately A\$1.3 million in FY21F, primarily due to tax payable in the United States. No tax payments are expected in Australia due to the forecast taxable income and availability of carry-forward tax attributes.
4. **Capital Expenditure – intangible assets:** represents payments for salaries and wages in respect of development costs to intellectual property, which is amortised over 10 years on a straight-line basis. Capitalised costs primarily relate to staff costs, and other related costs including other travel and subscriptions.
5. The Ringtail acquisition amount of A\$75.9 million relates to fixed assets, brand and goodwill acquired as part of the acquisition in September 2018. The acquisition was financed through the issuance of shares (reflected in the net movements in equity).
6. Issued capital relates to a buyback of options by the Company in FY18, the capital issued in FY19 to fund the Ringtail acquisition and the impact of the primary offer.
7. Proceeds from borrowings related to drawdowns on Debt Facilities.
8. **Cancellation of Options – cash settled:** reflects the payment of A\$175.6 million in cash to optionholders in respect of Existing Options that will be cancelled on Completion. Refer to Section 6.3 for more information.
9. Other financing cash flows related to interest expense, repayments of Debt Facilities as well as the finance expense associated with accounting for leases under AASB 16.

4.11.5.1 Operating cash flow and operating cash flow conversion

On a pro forma basis, Nuix's operating cash flow has increased by A\$35.6 million from A\$17.6 million in FY18 to A\$53.2 million in FY20, an increase of 202.9%. On a pro forma basis, operating cash flow conversion decreased by 26.3%, from 122.3% to 95.9% over the same period. This high operating cash flow conversion is a result of the majority of Subscription Licences being booked and paid upfront.

On a statutory basis, Nuix's operating cash flow has increased by A\$35.6 million from A\$24.7 million in FY18 to A\$60.4 million in FY20, an increase of 144.2%. On a statutory basis, operating cash flow conversion decreased by 20.8%, from 117.1% to 96.3% over the same period.

The key drivers of the increase in operating cash flow are outlined in this Section 4.11.5.1.

Non-cash items

Non-cash items include share-based payment expense, net exchange rate differences as well as fixed asset and receivables write offs.

FY18 to FY19

On a pro forma basis, net cash inflow from non-cash items was A\$2.9 million in FY19, compared to a net cash outflow of A\$0.1 million in FY18, an increase of A\$3.0 million. The increase of A\$3.0 million was due to exchange rate differences, asset write offs and share-based payments.

FY19 to FY20

On a pro forma basis, net cash inflow from non-cash items was A\$5.1 million in FY20, compared to a net cash inflow of A\$2.9 million in FY19, an increase of A\$2.2 million. The increase of A\$2.2 million was due to exchange rate differences, asset write offs and share-based payments.

Changes in working capital

Changes in working capital relate to the movement in assets and liabilities which are operating in nature.

FY18 to FY19

In FY19, the net increase in working capital on a pro forma basis was A\$10.5 million, compared to a net decrease in FY18 of A\$3.6 million, an increase of A\$14.1 million. This was primarily driven by increases in debtors and unbilled receivables, net of increases in deferred revenue. Unbilled receivables relate to customers on multi-year deals where revenue has been recognised upfront, however the contract value is subject to an annual billing schedule in arrears over the contract term.

FY19 to FY20

In FY20, the net increase in working capital on a pro forma basis was A\$6.9 million, compared to a net increase of A\$10.5 million in FY19, a decrease of A\$3.6 million. The additional increase in net working capital was due to increases in debtors and unbilled receivables net of increases in deferred revenue.

4. FINANCIAL INFORMATION

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Taxes

Income tax expense included in the Historical Financial Information has been based on the actual and effective tax rates applicable to the relevant countries in which Nuix operates. Historically, the Australian entity has not been in a cash tax payable position as the tax liability has been largely offset by R&D claims and historical tax losses.

4.11.5.2 Investing cash flow

On a pro forma basis, Nuix's investing cash flow has increased by A\$16.1 million from A\$28.7 million in FY18 to A\$44.8 million in FY20, an increase of 55.9%. There have not been any pro forma adjustments made to investing cash flow and, as such, investing cash flow on a pro forma basis is equal to investing cash flow on a statutory basis.

The key drivers of the increase in investing cash flow result from Capital Expenditure, as outlined in this Section 4.11.5.2.

Capital Expenditure

Capital Expenditure primarily relates to intangible assets which largely include the capitalisation of development costs (salaries and wages). Capital Expenditure also includes movements in relation to the purchase of IT equipment and leasehold improvements.

FY18 to FY19

In FY19, pro forma Capital Expenditure increased by A\$10.3 million, from A\$28.7 million in FY18 to A\$39.1 million in FY19, an increase of 35.8%. This was primarily driven by increased capitalised development costs predominantly related to the employees joining Nuix following the Ringtail acquisition and spend on IT equipment and leasehold improvements in regard to the Pittsburgh and Seattle offices.

FY19 to FY20

In FY20, pro forma Capital Expenditure increased by A\$5.8 million, from A\$39.1 million in FY19 to A\$44.8 million in FY20, an increase of 14.8%. This was primarily driven by capitalised development costs and SaaS instance costs associated with the Ringtail acquisition.

4.11.5.3 Financing cash flow

Over the Historical Period, on a pro forma basis, Nuix's financing cash flow has decreased by A\$15.5 million from A\$11.1 million in FY18 to A\$(4.4) million in FY20, a decrease of 139.9%.

On a statutory basis, Nuix's financing cash flow has decreased by A\$15.6 million from A\$10.9 million in FY18 to A\$(4.7) million in FY20, a decrease of 143.7%.

The key drivers of the increase in investing cash flow are outlined in this Section 4.11.5.3.

FY18 to FY19

On a pro forma basis, financing cash flow increased A\$1.8 million in FY19 from A\$11.1 million in FY18 to A\$12.8 million in FY19, an increase of 15.9%. This primarily consisted of:

- an increase in issued capital of A\$77.4 million, from A\$9.0 million in FY18 to A\$86.4 million in FY19 as a result of net proceeds from the issuance of shares to fund the Ringtail acquisition;
- an increase in cash of A\$5.7 million in proceeds from borrowings;
- a decrease in cash of A\$75.9 million to fund the acquisition of the fixed assets, brand and goodwill of Ringtail as part of the acquisition in September 2018;
- a decrease of A\$2.1 million in cash as a result of lease payments; and
- a decrease of A\$1.3 million in other financing cash flows.

On a statutory basis, financing cash flow increased A\$1.6 million in FY19 from A\$10.9 million in FY18 to A\$12.5 million in FY19, an increase of 14.7%. This was primarily a result of the factors described above. The key difference between financing cash flow on a statutory basis and financing cash flow on a pro forma basis over this period is interest expense on Debt Facilities of A\$0.3 million.

FY19 to FY20

On a pro forma basis, financing cash flow decreased A\$17.2 million in FY20 from A\$12.8 million in FY19 to A\$(4.4) million in FY20, a decrease of 134.4%. This primarily consisted of:

- a decrease of A\$2.8 million in cash as a result of lease payments; and
- a decrease of A\$1.6 million in other financing cash flows.

On a statutory basis, financing cash flow decreased A\$17.2 million in FY20 from A\$12.5 million in FY19 to A\$(4.7) million in FY20, a decrease of 138.1%. This was primarily a result of the factors described above. The key difference between financing cash flow on a statutory basis and financing cash flow on a pro forma basis over this period is interest expense on Debt Facilities of A\$0.3 million.

Net finance income/(expense)

Net finance income/(expense) includes both interest income generated on cash balances and interest expense relating to borrowings. Nuix will repay borrowings under Debt Facilities with the proceeds from the Offer and therefore does not expect to have indebtedness outstanding on a pro forma basis. Accordingly, for the financing cash flow on a pro forma basis, interest expense relating to the drawn Debt Facilities has been removed over the Historical Financial Information. However, Nuix does incur a line fee on the undrawn Debt Facilities, the costs of which are included within interest income/(expense).

On a statutory basis, net finance income/(expense) includes interest expense on the loan facility up until when the loan is expected to be repaid.

4.12 FORECAST FINANCIAL INFORMATION ASSUMPTIONS AND MANAGEMENT DISCUSSION AND ANALYSIS

4.12.1 FORECAST FINANCIAL INFORMATION AND GENERAL ASSUMPTIONS

The Forecast Financial Information is based on various specific and general assumptions, including those set out in this Section 4.12. In preparing the Forecast Financial Information, Nuix has undertaken an analysis of historical performance and applied assumptions where appropriate in order to forecast future performance for FY21F.

The assumptions upon which the Forecast Financial Information are based have been prepared to the best of management's knowledge and belief based on Nuix's expected results of operations and sources and uses of cash for the Forecast Period and are by nature subject to significant uncertainties and contingencies, many of which are outside the control of Nuix and SaleCo, and their respective directors, and are not reliably predictable. Accordingly, none of Nuix and SaleCo, and their respective directors or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. However, actual results are likely to vary from those forecasts and any variation may be materially positive or negative and events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The assumptions in this Section 4.12 should be read in conjunction with Nuix's Significant Accounting Policies set out in Section 4.2.4 and in further detail in Appendix A, critical accounting estimates and judgements set out in Section 4.2.5, the sensitivity analysis described in Section 4.13, the risk factors described in Section 5, the Independent Limited Assurance Report on Forecast Financial Information set out in Section 8 and the other information in this Prospectus. A reconciliation of the Pro Forma Forecast Income Statement to the Statutory Forecast Income Statement is set out in Section 4.3, Section 4.4 and Section 4.5.

The following general assumptions are relevant to the Forecast Financial Information:

- no material change in the competitive and operating environments in which Nuix operates;
- no material deviation from current market expectations of economic and trading conditions relevant to the industry in which Nuix operates, including business confidence, consumer sentiment, economic growth, inflation, fiscal and taxation policies throughout the countries in which Nuix operates (including, but not limited to Australia, New Zealand, the United States, Canada and the United Kingdom);
- no material changes in foreign currency exchange rates, particularly as they relate to the AUD, USD, GBP or EUR, amongst others;
- no material interruptions, disturbances, disruptions or departures from expectations in relation to the performance or availability of the Nuix platform or its software, or third party software;
- no material customer, partner, reseller or contract losses;
- no material intellectual property infringement or loss, cyber security attack or IT incidents;

4. FINANCIAL INFORMATION

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- no material industrial or employee relations disputes, actions or other disturbances, litigation legal claims or environmental costs and the proceedings referred to in Section 6.9.2 are not determined adversely to Nuix;
- no material changes in key personnel, including Senior Leadership Team, and Nuix being able to continue to recruit and retain personnel who will be required to support the future growth of Nuix;
- no material industry disturbances, disruptions to the continuity of operations of Nuix or other material changes in its business, including acquisitions, disposals, restructurings, strategic partnerships or investments or change in the corporate or funding structure of Nuix other than as contemplated by this Prospectus;
- the Offer proceeds are received in accordance with the timetable set out in Section 7 of this Prospectus;
- no material change in applicable IFRS, AAS, the Corporations Act, the ASX Listing Rules or other mandatory professional reporting requirements which have a material effect on the financial performance or cash flows of Nuix, its financial position, accounting policies, or financial reporting or disclosures other than those set out in this Prospectus;
- no material changes in government regulation and policy that impact Nuix;
- none of the key risks listed in Section 5 occur, or if they do, none of them has a material adverse impact on the operations, financial position or performance of Nuix; and
- no significant further impact on operations as a result of COVID-19 other than as described in Section 4.11.2.

4.12.2 SPECIFIC ASSUMPTIONS

The Forecast Financial Information is based on various best estimate assumptions, including those set out below. In preparing the Forecast Financial Information, Nuix has analysed historical performance, including the current rates of revenue and expenses, and applied assumptions, where appropriate, across the business. The assumptions in this Section 4.12 should be read in conjunction with Nuix's Significant Accounting Policies set out in Section 4.2.4 and in further detail in Appendix A, critical accounting estimates and judgements set out in Section 4.2.5, the sensitivity analysis described in Section 4.13, the risk factors described in Section 5, the Independent Limited Assurance Report on Forecast Financial Information set out in Section 8 and the other information in this Prospectus.

4.12.2.1 Total Revenue assumptions

Total Revenue for FY21F is forecast to increase A\$17.6 million from A\$175.9 million in FY20 to A\$193.5 million in FY21F, an increase of 10.0%. This forecast assumes:

- **Renewal revenue** contribution from existing customer Renewals and Upsell Renewals (net of Downsell Renewals) of A\$164.1 million, an increase of A\$10.1 million or 6.6% relative to FY20. This is lower than the 32.8% growth and 42.1% growth in FY20 and FY19, respectively (refer to Section 4.11.3); and
- **new customer** revenue contribution of A\$29.4 million, an increase of A\$7.5 million or 34.4% relative to FY20, from prospective new customer opportunities predominantly in the United States, based on Nuix's assessment of its current sales pipeline opportunities.

Based on preliminary and unaudited management accounts, Nuix achieved A\$37.9 million of Total Revenue in the first quarter of FY21F. In addition, some sales completed in the first quarter of FY21F have contributed to Nuix's deferred revenue balance, of which Nuix estimates that A\$6.3 million would be recognised as Total Revenue in FY21F. For the first quarter of FY21F, Nuix recognised A\$4.0 million of Total Revenue generated from new customer sales.

The FY21F Total Revenue forecast is based on a range of factors and assumptions, including the following key items:

Pipeline size and conversion

Nuix expects to achieve its forecast Total Revenue through a combination of the following:

- **current opportunities:** conversion of opportunities currently identified in its sales pipeline into completed sales contracts which contribute to Total Revenue in FY21F are assumed to be converted at relatively similar levels to those achieved during the Historical Period. Nuix's assessment of its ability to convert sales pipeline opportunities into Total Revenue in a given period is informed by a range of factors tracked in its CRM platform, including the expected size and scope of the potential contract, pipeline stage, estimated close date, nature of the Software Licence being negotiated and its impact on revenue recognition, target feedback and engagement history to date; and

- **additional opportunities:** Nuix expects that the sales pipeline will continue to build for both existing and new customer opportunities for the remainder of FY21F in line with historical experience, with conversion of a proportion of these opportunities contributing to Total Revenue in FY21F. Renewal and Upsell Renewal opportunities typically arise three to six months out from contract Renewal dates, and new customer opportunities typically require six to nine months of engagement.

Seasonality

Forecast Total Revenue is assumed to be generated in line with the historical seasonality of contracting bookings experienced by Nuix. Nuix customers often transact close to the conclusion of their respective financial year ends.

This has historically resulted in Nuix's Total Revenue generation by financial quarter to be unequally distributed, with a higher proportion of Total Revenue being delivered in the final months of its financial half year ends (i.e. in December 2020 and June 2021 for the first half of FY21F and the second half of FY21F, respectively).

Nuix therefore assumes that:

- the first quarter of FY21F will be its smallest quarter by Total Revenue for FY21F; and
- the fourth quarter of FY21F will be its largest quarter by Total Revenue for FY21F.

Multi-year deal sales

In FY21F, Nuix has assumed A\$29.0 million of upfront multi-year deal revenue which is A\$15.7 million lower than FY20. As a proportion of Total Revenue compared to previous financial years, FY21F upfront multi-year deal revenue is assumed to account for 15.0% of FY21F Total Revenue, significantly lower than in FY20 (25.4%), and comparable to FY19 (15.6%) and FY18 (17.1%).

Sales of new annual multi-year deals in FY21F, where annual revenue recognition is applied, have been assumed to be broadly consistent with the Historical Period.

Revenue mix

Nuix's FY21F Total Revenue forecast reflects the following:

- **licence mix:** Subscription Revenue is assumed to contribute a higher proportion of software revenue compared to FY20. Whilst Subscription Licence sales growth is expected, Perpetual Licences are expected to be lower than the elevated levels in FY20. This is consistent with the FY19 mix, Nuix's current sales pipeline and its pricing and licence model strategy.
- **region mix:** revenue generated in North America is assumed to contribute 63.2% of Total Revenue in FY21F (compared with 55.5% in FY20), growing faster than the EMEA and Asia Pacific regions.
- **channel mix:** FY21F direct revenue contribution is assumed to be consistent with the FY20 contribution (73% in FY20 and 72% in FY21F).

Refer to Section 4.12.3.2 for further information.

Deferred revenue

Nuix assumes A\$21.7 million of deferred revenue from the S&M Component from prior periods will be released from the Statement of Financial Position and recognised in software revenue in FY21F.

Additionally, A\$21.7 million of S&M Component revenue is expected to be generated from sales made in FY21F, which is expected to be recognised in Total Revenue in the FY21F period. A\$26.8 million of Total Revenue is estimated to be deferred, and recognised as Total Revenue in subsequent reporting periods.

Cost of Goods Sold

The Forecast Financial Information is based on the following key COGS assumptions:

- COGS relating to cloud hosting costs and support and technology costs are expected to increase in line with Nuix cloud-hosted revenue growth over FY21F; and
- reseller margins as a percentage of Total Revenue sold through resellers is assumed to remain consistent with FY20 levels.

4. FINANCIAL INFORMATION

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4.12.2.2 Operating expenses

The Forecast Financial Information is based on the following pro forma operating expense assumptions.

To the extent that these assumptions relate to employee costs, the additional cost for the relevant functions is based on bottom-up assumptions for new employees, including anticipated start dates, wage inflation and salary requirements. All new hires have been assumed to be brought on at the average salary for the function within that region and based on the experience, skillset and profile:

- S&D is forecast to decrease by A\$4.1 million as a result of the full year impact of a net reduction in headcount in April 2020. This is expected to be partially offset by the addition of 16 S&D headcount in the North America and Asia Pacific regions in FY21F. A net reduction in travel expense has been assumed as a result of the current COVID-19 travel restrictions. This is assumed to be partially offset by an increase in salaries and wages of S&D staff. Marketing and other costs have been assumed to remain at a consistent level with FY20 (refer to Section 4.12.4.2 for further information);
- R&D is forecast to decrease by A\$1.4 million due to reductions across a number of R&D categories, including headcount. This is expected to be partially offset by an increase in salaries and wages of R&D staff, and an increase in AWS usage expense for product development and innovations (refer to Section 4.12.4.3 for further information); and
- G&A is forecast to increase by A\$8.8 million, as a result of an increase in consulting expenses related to the investment in systems and initiatives across the business and an increase in salaries and wages of G&A staff. This is assumed to be partially offset by a decrease in G&A headcount in FY21F (refer to Section 4.12.4.4 for further information).

4.12.3 MANAGEMENT DISCUSSION AND ANALYSIS OF THE FORECAST FINANCIAL INFORMATION

Figure 78 and Figure 79 illustrate the historical Total Revenue and ACV over FY18 to FY20 for Nuix. The majority of the historical revenue of Nuix is comprised of software revenue, which accounted for 93.5%, 93.7% and 96.1% of Total Revenue in FY18, FY19 and FY20, respectively.

Figure 78: Historical Total Revenue for FY18 to FY20 and forecast Total Revenue for FY21F (A\$ million)

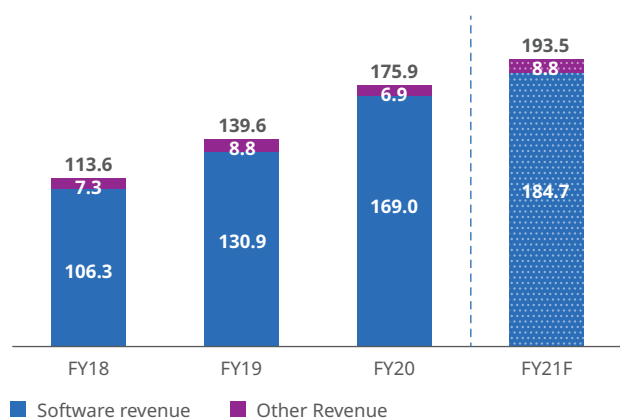
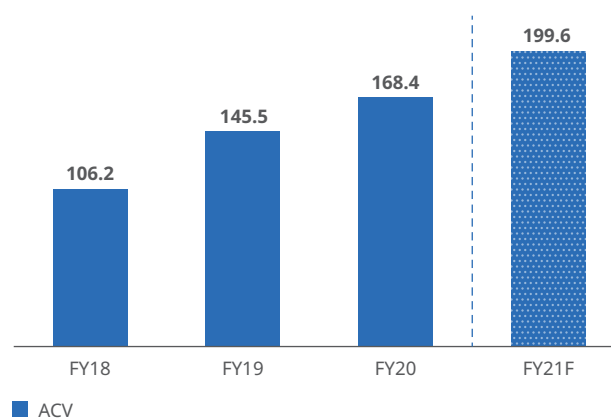


Figure 79: Historical ACV for FY18 to FY20 and forecast ACV for FY21F (A\$ million)



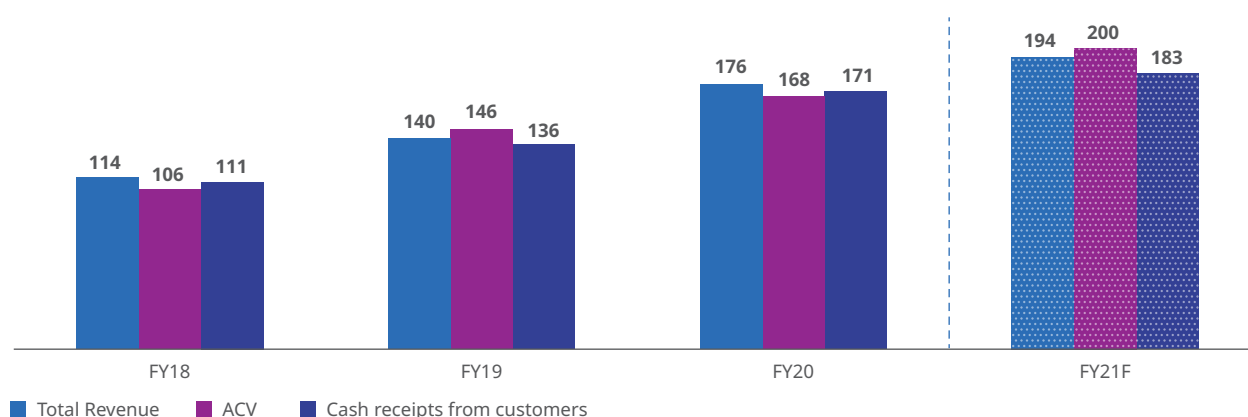
4.12.3.1 ACV

ACV is forecast to increase from A\$168.4 million in FY20 to A\$199.6 million in FY21F, an increase of 18.6%. The growth in ACV is impacted by, amongst other factors, the performance and composition of Total Revenue in FY21F. Key drivers of the growth in ACV in FY21F are expected to include:

- A\$18.0 million growth in net existing customer ACV, which is expected to result from Renewals and Upsell Renewals through greater penetration across the existing customer base. This increase is expected to be partially offset by Churn and Downsell Renewals within the period;
- A\$20.7 million growth in new customer ACV, expected to result from the conversion of Nuix's current sales pipeline opportunities; and
- A\$5.7 million decrease in Other ACV items, predominantly driven by lower expected sales of Perpetual Licences compared to FY20.

As illustrated in Figure 80, Nuix expects the historical alignment between Total Revenue, ACV and cash receipts from customers over time (described in Section 4.2.6.1) to continue in FY21F.

Figure 80: Nuix Total Revenue, Annualised Contract Value (ACV) and cash receipts from customers over time (A\$ million)



Notes: Cash receipts from customers as sourced from the Historical Statutory Cash Flow Statements and presented net of GST, VAT and sales tax collected.

ACV is an adjusted, non-IFRS measure and does not represent Total Revenue in accordance with AAS or Nuix's accounting policies or cash receipts from customers.

4.12.3.2 Total Revenue by region and channel

Total Revenue is forecast to increase A\$17.6 million from A\$175.9 million in FY20 to A\$193.5 million in FY21F, an increase of 10.0%.

Total Revenue contribution by region in FY21F is forecast to be 63.2%, 23.4% and 13.5% across North America, EMEA and Asia Pacific, respectively. This compares to FY20, where Total Revenue by region was 55.5%, 28.2% and 16.3% across North America, EMEA and Asia Pacific, respectively. The forecast change in Total Revenue composition by region reflects the expectation of stronger growth in North America relative to the EMEA and Asia Pacific regions.

Total Revenue contribution by channel in FY21F is forecast to be 72.3% and 27.7% across direct and indirect sales, respectively. This compares to FY20, where Total Revenue by channel was 73.0% and 27.0% across direct and indirect sales, respectively.

4.12.3.3 Software revenue

From FY20 to FY21F, software revenue is forecast to increase from A\$169.0 million to A\$184.7 million, an increase of 9.3%. This is expected to be driven by the following:

- Renewals and Upsell Renewals across Subscription Licences from the existing customer base covering law firms, advisory and new market industry verticals (A\$164.1 million). This is expected to be attained in the form of additional Cores, licences and application add-ons, and represents 85% of FY21F Total Revenue; and
- new customer revenue of A\$29.4 million representing 15.2% of FY21F Total Revenue. This is above historical levels and is the result of Nuix's assessment of the state of the sales pipeline as at the date of this Prospectus, and the potential to expand the sales pipeline over FY21F.

Growth in FY21F software revenue is assumed to be partially offset by:

- a forecast reduction in upfront multi-year deal revenue, from A\$44.7 million in FY20 to A\$29.0 million in FY21F;
- a forecast reduction in Total Revenue generated by Perpetual Licences, from A\$13.0 million in FY20 to A\$7.3 million in FY21F due to an above average level of Perpetual Licence deals in FY20 driven by customers in the government industry vertical in North America; and
- S&M Licence revenue that will continue to be aligned with Total Revenue generated by Perpetual Licences, given the majority of this revenue stream is derived as a percentage of the initial value of these contracts.

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4.12.3.4 Other Revenue

The forecast uplift in Other Revenue in FY21F of 27.5% from A\$6.9 million to A\$8.8 million is expected to be driven partially as a result of services sales to a customer in North America and government agency in Asia Pacific.

4.12.4 EXPENSES

4.12.4.1 Cost of Goods Sold

The following discussion of the factors affecting forecast COGS is presented on one basis as there have been no pro forma adjustments made to COGS. As such, forecast COGS on a pro forma basis is equal to forecast COGS on a statutory basis.

Refer to Section 4.3.4 and Appendix B for an overview of pro forma adjustments and reconciliations applied to the Forecast Financial Information.

Figure 81 and Figure 82 illustrate the forecast COGS and gross profit for FY21F.

Figure 81: Historical COGS for FY18 to FY20 and forecast COGS for FY21F (A\$ million)

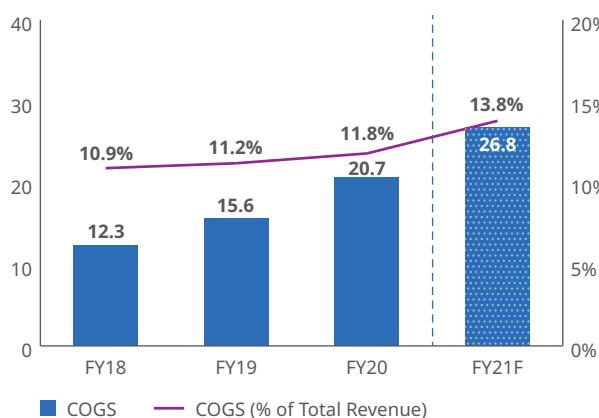
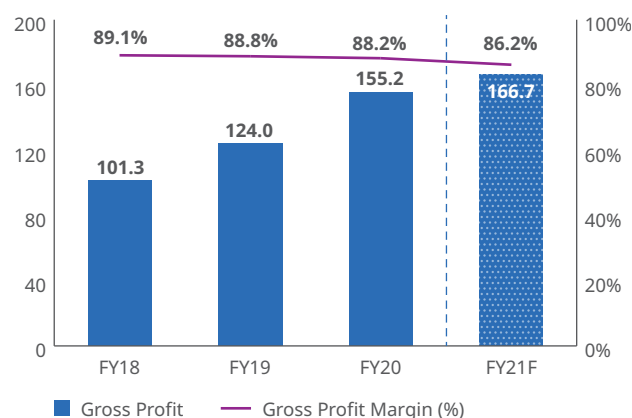


Figure 82: Historical gross profit for FY18 to FY20 and forecast gross profit for FY21F (A\$ million)



From FY20 to FY21F, COGS is expected to increase by A\$6.1 million, from A\$20.7 million to A\$26.8 million, an increase of 29.3%. This results in forecasted COGS as a percentage of Total Revenue increasing from 11.8% in FY20 to 13.8% in FY21F. Key factors that are expected to contribute to this movement include:

- reseller margins are expected to increase as this channel grows and the partner network achieves success deploying the “land and expand” sales strategy;
- increasing SaaS instance fees as a result of the growth in SaaS-based users and the addition of an additional SaaS-based product environment; and
- support and technology operations costs are expected to increase, primarily driven by salary increases and the budgeted addition of additional headcount.

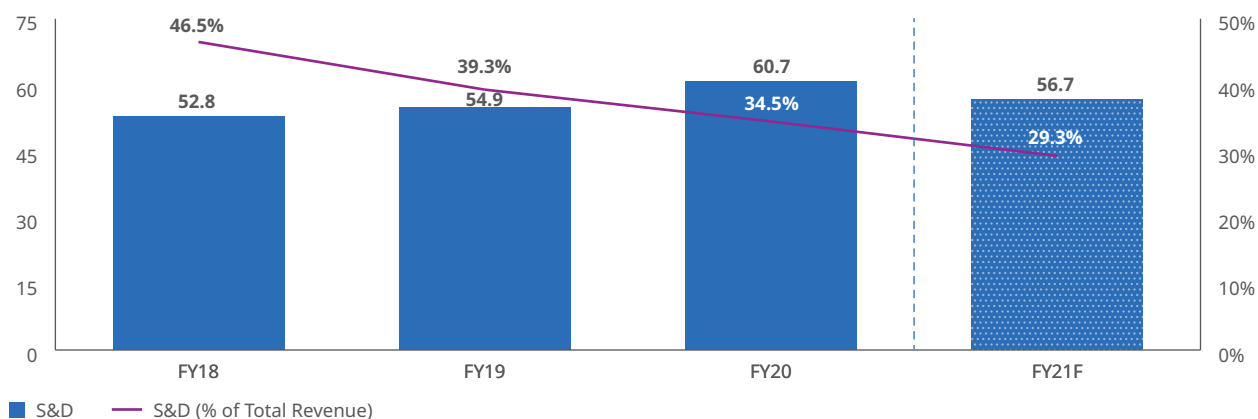
4.12.4.2 Sales and Distribution expense

The following discussion of the factors affecting forecast S&D is presented on one basis as there have been no pro forma adjustments made to S&D. As such, forecast S&D on a pro forma basis is equal to forecast S&D on a statutory basis.

Refer to Section 4.3.4 and Appendix B for an overview of pro forma adjustments and reconciliations applied to the Forecast Financial Information.

Figure 83 illustrates the forecast S&D for FY21F.

Figure 83: Historical S&D for FY18 to FY20 and forecast S&D for FY21F (A\$ million)



Nuix expects to achieve further operating leverage in FY21F and is forecasting S&D to decrease from A\$60.7 million in FY20 to A\$56.7 million in FY21F, a decrease of 6.7%. Similarly, S&D as a percentage of Total Revenue is expected to fall 5.3% from 34.5% in FY20 to 29.3% in FY21F. Key drivers that are expected to contribute to this movement include:

- continued transition to an industry-centric go-to-market model to drive productivity improvements, including a faster sales cycle and lower customer acquisition costs;
- a decrease in travel and accommodation expense as a result of travel restrictions in light of COVID-19;
- a shift to virtual event marketing and thought leadership to drive cost savings and marketing efficiencies; and
- budgeted reductions in average headcount, reflecting the full year impact of redundancies implemented in April 2020, partially offset by forecast investment in headcount in FY21F.

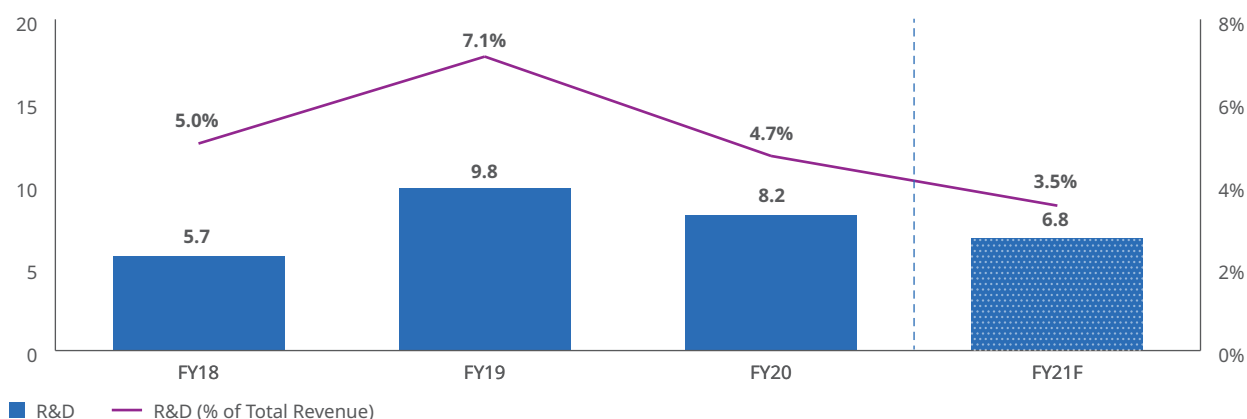
4.12.4.3 Research and Development expense

The following discussion of the factors affecting forecast R&D is presented on one basis as there have been no pro forma adjustments made to R&D. As such, forecast R&D on a pro forma basis is equal to forecast R&D on a statutory basis.

Refer to Section 4.3.4 and Appendix B for an overview of pro forma adjustments and reconciliations applied to the Forecast Financial Information.

Figure 84 illustrates the forecast R&D for FY21F.

Figure 84: Historical R&D for FY18 to FY20 and forecast R&D for FY21F (A\$ million)



Nuix expects that R&D will decrease 16.8%, from A\$8.2 million in FY20 to A\$6.8 million in FY21F. R&D as a percentage of Total Revenue is expected to fall 1.2%, from 4.7% in FY20 to 3.5% in FY21F.

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Engineering roles are forecast to account for 77% of total R&D headcount in FY21F with product roles accounting for the remaining 23%. Key drivers for the reduction in R&D include:

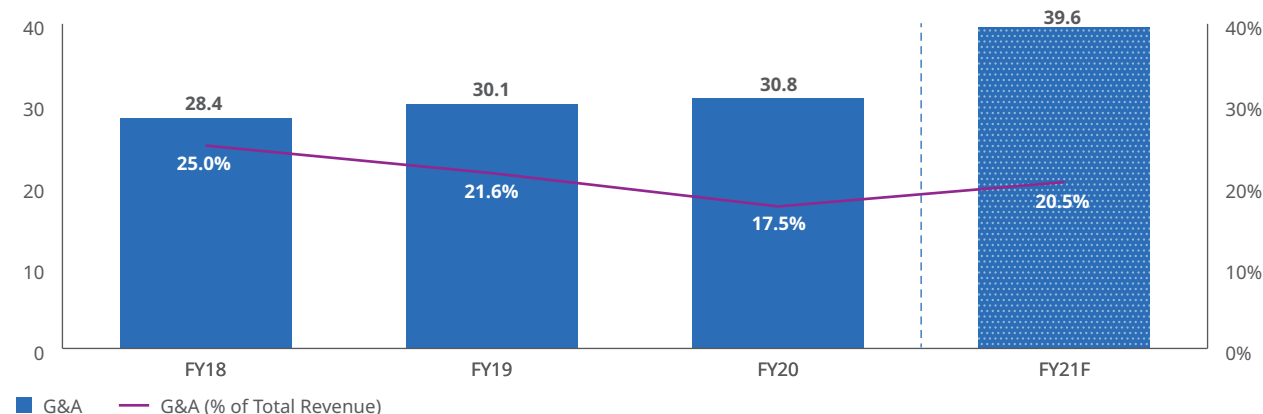
- higher rate of R&D capitalisation in FY21F, with total R&D spend growing marginally in FY21F;
- higher capitalisation rate, in part, driven by the completion of transition from traditional software development approaches to the SAFe development methodologies (as described in Section 3), enabling greater responsiveness and dynamic allocation of resources; and
- enhancement of Nuix CLS with the aim of “low friction”, scalable administration of Nuix software.

4.12.4.4 General and Administrative expense

The following discussion of the factors affecting forecast G&A is presented on a pro forma basis and statutory basis.

Figure 85 illustrates the forecast G&A for FY21F on a pro forma basis.

Figure 85: Historical G&A for FY18 to FY20 and forecast G&A for FY21F (A\$ million)



On a pro forma basis, Nuix expects that G&A will increase 28.7%, from A\$30.8 million in FY20 to A\$39.6 million in FY21F. As a result, G&A as a percentage of Total Revenue is expected to rise by 3.0%, from 17.5% in FY20 to 20.5% in FY21F.

Key drivers expected to affect this movement include investment in an HRIS implementation system and the strategic deployment of additional resources.

This is expected to be partially offset by:

- a decrease in employee related costs due to headcount reductions as a result of consolidation of roles;
- cost benefits from digital transformation initiatives to drive operating efficiencies including the implementation of the HRIS; and
- a rationalisation of physical locations to drive operational scalability via implementation of long term remote working model.

On a statutory basis, Nuix expects that G&A will increase by A\$51.1 million over FY21F, from A\$23.6 million to A\$74.7 million, an increase of 216.8%. This predominantly results from the factors described above. In addition to the factors noted above, the differences to G&A on a pro forma basis and G&A on a statutory basis include:

- public company costs of A\$3.0 million (Pro Forma Adjustment 1);
- corporate actions (trade sale process) costs of A\$3.1 million (Pro Forma Adjustment 2);
- Offer costs of A\$32.7 million (Pro Forma Adjustment 4); and
- share-based payment expense of A\$2.3 million (Pro Forma Adjustment 5).

Further details of the pro forma adjustments and a description of these costs are outlined in Section 4.3.4.

4.12.4.5 EBITDA and EBITDA margin

Forecast EBITDA, on a pro forma basis, is expected to increase by A\$8.2 million in FY21F, from A\$55.5 million to A\$63.6 million, an increase of 14.8%. This is forecast to result in an EBITDA margin increase of 1.4%, on a pro forma basis, from 31.5% in FY20 to 32.9% in FY21F. Key drivers that are expected to contribute to this movement are outlined in Section 4.11.4.4 to Section 4.11.4.6.

Forecast EBITDA, on a statutory basis, is expected to decrease by A\$34.1 million, from A\$62.7 million to A\$28.6 million, a decrease of 54.4%. The key differences between Forecast EBITDA on a pro forma basis and Forecast EBITDA on a statutory basis include:

- the costs of the Offer which are expensed in the Forecast EBITDA on a statutory basis but excluded from the Forecast EBITDA on a pro forma basis; and
- the full year impact of public company costs which are included in the Forecast EBITDA on a pro forma basis with a part year impact included in the Forecast EBITDA on a statutory basis.

Refer to Section 4.3.4 and Appendix B for an overview of pro forma adjustments and reconciliations applied to the Forecast Financial Information.

4.12.4.6 Depreciation and amortisation

Nuix's depreciation and amortisation, on a pro forma basis, are forecast to increase by A\$7.7 million, or 27.1%, from A\$28.4 million in FY20 to A\$36.1 million in FY21F, which is expected to be driven by an increase in the level of amortisation of R&D costs capitalised in FY20 and FY21F.

4.12.4.7 EBIT

Forecast EBIT, on a pro forma basis, is expected to increase by A\$0.5 million, or 1.8%, from A\$27.1 million in FY20 to A\$27.5 million in FY21F. The EBIT margin, on a pro forma basis, is expected to decrease by 1.2%, from 15.4% to 14.2% between FY20 and FY21F. Key drivers that are expected to contribute to this movement are included in Section 4.12.4.5 and Section 4.12.4.6.

Forecast EBIT, on a statutory basis, is expected to decrease by A\$41.8 million, from A\$34.3 million in FY20 to A\$(7.5) million in FY21F, a decrease of 122.0%. The key differences between Forecast EBIT on a pro forma basis and Forecast EBIT on a statutory basis over this period include:

- the costs of the Offer which are expensed in the Forecast EBITDA on a statutory basis but excluded from the Forecast EBITDA on a pro forma basis; and
- the full year impact of public company costs which are included in the Forecast EBITDA on a pro forma basis with a part year impact included in the Forecast EBITDA on a statutory basis.

Refer to Section 4.3.4 and Appendix B for an overview of pro forma adjustments and reconciliations applied to the Forecast Financial Information.

4. FINANCIAL INFORMATION

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4.12.5 CASH FLOW

Figure 86 sets out the Pro Forma Historical Cash Flow Information for FY18-FY20 and the Pro Forma Forecast Cash Flow Information for FY21F.

Figure 86: Pro Forma Historical Cash Flow Information for FY18 to FY20 and the Pro Forma Forecast Cash Flow Information for FY21F

A\$ million	Notes	Pro Forma Historical			Pro Forma Forecast	Statutory Forecast
		FY18	FY19	FY20	FY21F	FY21F
EBITDA	1	14.4	29.1	55.5	63.6	28.6
Add back non-cash items	1	(0.1)	2.9	5.1	0.5	2.8
EBITDA excluding non-cash items	1	14.2	32.0	60.6	64.1	31.3
Net (increase)/decrease in working capital	2	3.6	(10.5)	(6.9)	(9.1)	(9.1)
Cash taxes	3	(0.3)	(0.3)	(0.4)	(1.3)	(1.3)
Operating cash flow		17.6	21.2	53.2	53.7	20.9
Capital Expenditure – property, plant and equipment		(2.2)	(0.6)	(1.4)	(2.7)	(2.7)
Capital Expenditure – intangible assets	4	(26.6)	(38.4)	(43.5)	(44.7)	(44.7)
Investing cash flow		(28.7)	(39.1)	(44.8)	(47.4)	(47.4)
Free cash flow		(11.2)	(17.8)	8.4	6.4	(26.4)
Ringtail acquisition	5	-	(75.9)	-	-	-
Issued capital	6	9.0	86.4	-	-	275.6
Capitalised costs of the Offer		-	-	-	-	(13.3)
Proceeds from borrowings	7	5.0	5.7	-	-	-
Repayment of Debt Facilities		-	-	-	-	(25.5)
Cancellation of Options – cash settled	8	-	-	-	-	(175.6)
Lease payments		(2.1)	(2.1)	(2.8)	(4.0)	(4.0)
Other financing cash flows	9	(0.8)	(1.3)	(1.6)	(2.0)	(2.3)
Financing cash flow		11.1	12.8	(4.4)	(6.0)	54.9
Net cash flow		(0.1)	(5.0)	4.0	0.4	28.4

Notes:

- EBITDA in the table has been adjusted to reflect the pro forma adjustments to the Statutory Historical Income Statements for FY18, FY19 and FY20 (respectively) and Statutory Forecast Income Statement for FY21F. EBITDA excluding non-cash items includes the removal of non-cash items such as share-based payment expenses, impairment of receivables and differences in exchange rates.
- Change in working capital comprises changes in trade and other receivables, other current assets, trade and other payables, accruals, deferred revenue, provisions, and other current liabilities.
- Nuix is anticipated to pay cash tax of approximately A\$1.3 million in FY21F, primarily due to tax payable in the United States. No tax payments are expected in Australia due to the forecast taxable income and availability of carry-forward tax attributes.
- Capital Expenditure – intangible assets:** represents payments for salaries and wages in respect of development costs to intellectual property, which is amortised over 10 years on a straight-line basis. Capitalised costs primarily relate to staff costs, and other related costs including other travel and subscriptions.
- The Ringtail acquisition amount of A\$75.9 million relates to fixed assets, brand and goodwill acquired as part of the acquisition in September 2018. The acquisition was financed through the issuance of shares (reflected in the net movements in equity).

6. Issued capital relates to a buyback of options by the Company in FY18, the capital issued in FY19 to fund the Ringtail acquisition and the impact of the primary offer.
7. Proceeds from borrowings related to drawdowns on Debt Facilities.
8. **Cancellation of Options – cash settled:** reflects the payment of A\$175.6 million in cash to optionholders in respect of Existing Options that will be cancelled on Completion. Refer to Section 6.3 for more information.
9. Other financing cash flows related to interest expense, repayments of Debt Facilities as well as the finance expense associated with accounting for leases under AASB 16.

4.12.5.1 Operating cash flow and operating cash flow conversion

In FY21F, Nuix's forecast operating cash flow, on a pro forma basis, is expected to decrease by A\$0.5 million, from A\$53.2 million in FY20 to A\$53.7 million in FY21F, a decrease of 1.0%. Operating cash flow conversion, on a pro forma basis, is expected to decrease by 11.5%, from 95.9% to 84.4% over the same period. This high operating cash flow conversion is a result of the majority of Subscription Licences being booked and paid upfront.

On a statutory basis, Nuix's operating cash flow is expected to decrease by A\$39.4 million, from A\$60.4 million in FY20 to A\$20.9 million in FY21F, a decrease of 65.3%. Operating cash conversion, on a statutory basis, is expected to decrease by 23.0%, from 96.3% to 73.4% over the same period.

The key drivers of the forecast increase in operating cash flow, on a pro forma basis, relate to changes in working capital. Working capital, on a pro forma basis, is expected to increase over the Forecast Period, resulting in a negative A\$9.1 million adjustment in FY21F compared to negative A\$6.9 million in FY20. This is primarily driven by an increase in trade debtors due to expected growth in orders in May and June 2021 (compared to the prior year) for which cash receipts from customers are expected to be received after 30 June 2020, and a higher level of unbilled receivables due to an anticipated transition of more customers towards consumption-based pricing which is not billed and paid for upfront.

4.12.5.2 Investing cash flow

In FY21F, Nuix's forecast investing cash flow, on a pro forma basis, is expected to increase by A\$2.5 million, from A\$44.8 million in FY20 to A\$47.4 million in FY21F, an increase of 5.6%. Key factors affecting this movement are outlined below.

Capital Expenditure

Capital Expenditure, on a pro forma basis, is expected to increase by A\$2.5 million, in the Forecast Period, from A\$44.8 million to A\$47.4 million, an increase of 5.6%, driven primarily by a higher capitalisation rate for R&D discussed in Section 4.12.4.3.

4.12.5.3 Financing cash flow

Nuix's financing cash flow, on a pro forma basis, is expected to increase in the Forecast Period by A\$1.5 million, from A\$4.4 million in FY20 to A\$5.9 million in FY21F, an increase of 34.6%.

Nuix financing cash flow, on a statutory basis, is expected to increase in the Forecast Period by A\$59.6 million, from A\$(4.7) million in FY20 to A\$54.9 million in FY21F. The differences between the forecasts on a pro forma basis and statutory basis include:

- Issued capital on a statutory basis in FY21F of A\$275.6 million less the repayment of the cancellation of Options – cash settled of A\$175.6 million and the repayment of the outstanding borrowings as at 30 June 2020 (A\$25.5 million).

4.13 SENSITIVITY ANALYSIS

Forecast Financial Information included in Section 4.12 of this Prospectus is based on a number of estimates and assumptions as described in Section 4.12. These estimates and assumptions are subject to business, general economic and competitive uncertainties, many of which are beyond the control of Nuix and SaleCo, and their respective directors. These estimates are also based on assumptions with respect to future business developments and decisions, which are subject to change.

Figure 87 sets out a summary of the sensitivity of the Pro Forma Forecast Financial Information to changes in a number of key assumptions. The changes in key assumptions are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown, and these variances may be substantial.

4. FINANCIAL INFORMATION

Continued

Care should be taken in interpreting these sensitivities. In order to illustrate the likely key impact on the Pro Forma Forecast Financial Information, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions. In practice, changes in assumptions may offset each other or be additive, and it is likely that Nuix would respond to an adverse change in one assumption to seek to minimise the net effect on Nuix's earnings and cash flow.

For the purpose of the sensitivity analysis shown in Figure 87, each sensitivity is presented in terms of the impact on the FY21F Pro Forma Forecast. The sensitivity analysis has been calculated based on the nine month impact of Nuix's trading between 1 October 2020 to 30 June 2021.

Figure 87: Sensitivity analysis for FY21F

Assumption	Note	%	Revenue (A\$ million)	Cost (A\$ million)	FY21F Pro Forma PBT Impact (A\$ million)
Revenue					
Software revenue	1	+/- 1%	1.2	0	1.2
Total Revenue from indirect sales	2	+/- 1%	0.4	(0.1)	0.3
Gross profit margin	3	+/- 1%	1.6	(0.2)	1.4
Upfront multi-year deal (as unplanned sale)	4	+ A\$3 million	2.5	0	2.5
Upfront multi-year deal (vs. sale planned as annual)	4	+/- A\$3 million	1.7	0	1.7
Expenses and Foreign exchange					
Employee related costs	5	+/- 1%	-	(0.8)	(0.8)
Capitalised development costs	6	+/- 1%	-	(0.3)	(0.3)
Exchange Rate AUD/USD	7	+/- 5%	4.8	(4.0)	0.8
Exchange Rate AUD/EUR	7	+/- 5%	0.8	(0.5)	0.3
Exchange Rate AUD/GBP	7	+/- 5%	1.2	(0.7)	0.5

Notes:

- The impact on FY21F PBT from a 1.0% increase or decrease in the assumed growth in Software Licences sold through the direct channel. This sensitivity is based on the percentage growth in recognised revenue within FY21F, and hence applies equally to a 1.0% increase or decrease in the sale of any Subscription Licence (Module, Consumption or S&M Licence) or Perpetual Licence sold and contributing revenue to FY21F. As this sensitivity applies to sales via Nuix's direct sales channel, it is assumed there is no flow on impact to costs which are predominantly fixed.
- The impact on FY21F PBT from a 1.0% increase or decrease in the assumed growth in sales through the indirect sales channel which impacts Total Revenue and associated Cost of Goods Sold.
- The impact on FY21F PBT from a 1.0% increase or decrease in gross profit margin after adjustments to revenue and associated COGS. Drivers of changes to gross profit margin include the level of on-premise sales or right-of-use Software Licence sales made, as well as the level of Churn and have not been included as a separate sensitivity.
- The impact on FY21F PBT from entering into an unplanned upfront multi-year deal, or an upfront multi-year deal which was planned to be an annual multi-year deal. Both scenarios assume a multi-year deal with an annual contract value of A\$1 million is sold, with upfront recognition applied. The sensitivities have been modelled based on the contract being effective from 30 June 2021 (the last day of the financial period), resulting in 16.7% of the contract value deferred to subsequent periods and no revenue for S&M recognised in FY21F.
 - Unplanned multi-year deal sale:** reflects the impact of entering into an upfront multi-year deal which was not planned for in setting the FY21F forecast. A downside sensitivity to FY21F is not included as the sale was not expected in setting the forecast.
 - Sale planned as annual (or reverse):** positive reflects the impact of entering into an upfront multi-year deal which was planned to be an annual multi-year deal when setting the FY21F forecast; negative reflects the opposite.
- The impact on FY21F PBT from a 1.0% increase or decrease in salaries and wages expense and capitalised forecast for the balance of the second quarter of FY21F to the fourth quarter of FY21F.

6. The impact on FY21F PBT from a 1.0% increase or decrease in the value of capitalised development resulting from changes in the level of development work which qualifies from capitalisation.
7. The impact on FY21F NPAT from a 5.0% increase or decrease in the assumed:
 - USD exchange rate of 1.00 AUD = 1.45 USD
 - EUR exchange rate of 1.00 AUD = 1.60 EUR
 - GBP exchange rate of 1.00 AUD = 1.80 GBP

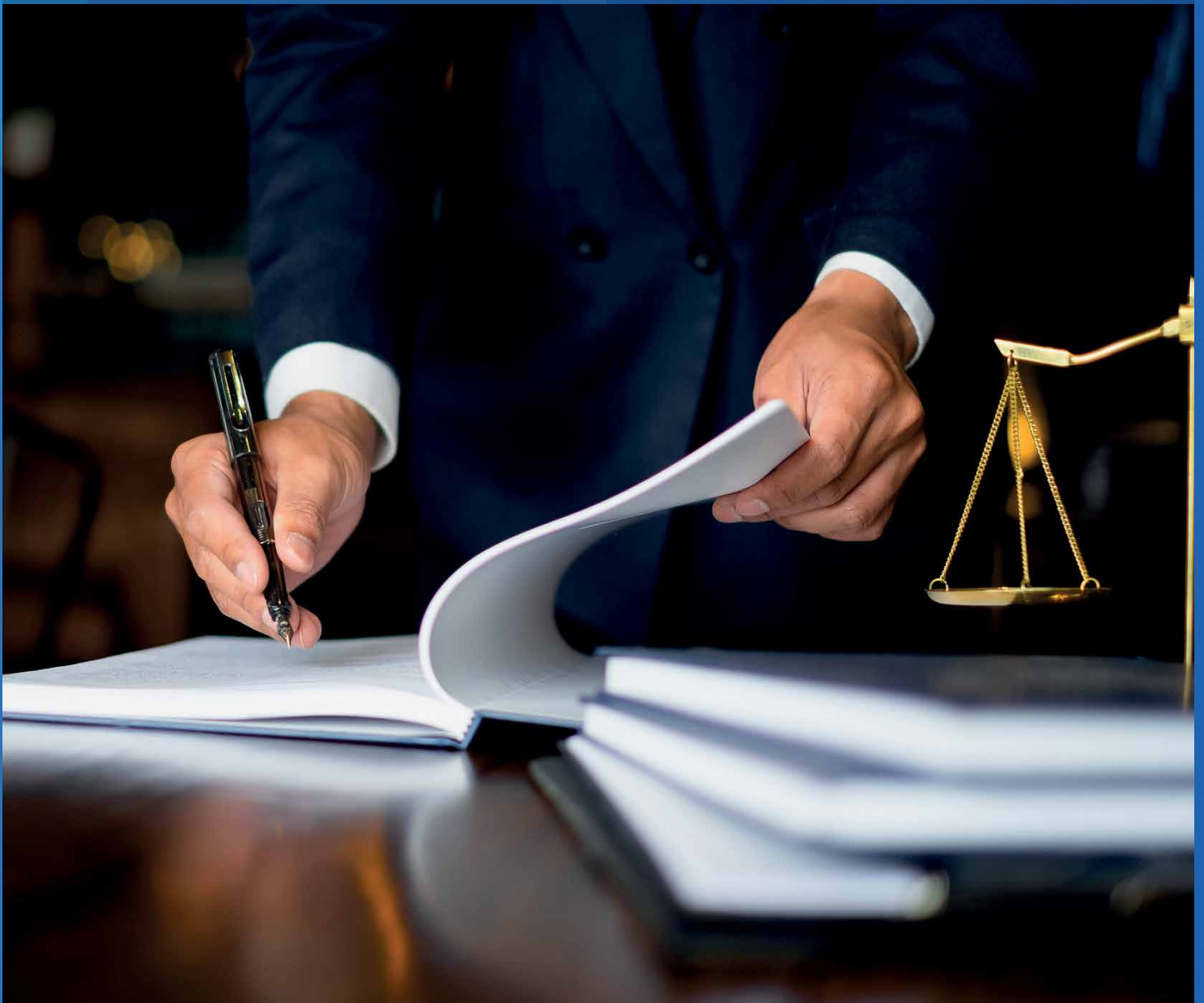
4.14 DIVIDEND POLICY

The payment of dividends by the Company, if any, subject to any contractual, legal or regulatory restrictions, is at the complete discretion of the Directors, and the Directors do not provide any assurance of the future level of dividends paid by the Company. The ability to pay dividends will depend on a number of factors, many of which are beyond the control of the Company. In determining whether to declare future dividends, the Directors will have regard to Nuix's earnings, cash flows after development costs, overall financial condition and capital requirements, taxation considerations (including the level of franking credits available), the general business environment, and any other factors that the Directors may consider to be relevant.

No dividend is expected to be paid for the period from the date of Completion to 30 June 2021, including, for the avoidance of doubt, the first half of FY21F and the second half of FY21F.

5.

KEY RISKS



5. KEY RISKS

This Section 5 describes some of the potential risks associated with an investment in Nuix.

An investment in Nuix is subject to risks specific to Nuix and its business activities and is also subject to general risks. Each of these risks could, either individually or in combination with one or more other risks, have a material adverse impact on Nuix's business, financial position, or operating and financial performance, or on the value of the Shares, if they eventuate. Moreover, the occurrence of an event or circumstance that triggers one risk may pose other risks to Nuix, including those described below, which collectively may exacerbate the impact of the risks on Nuix. Also, many of the circumstances giving rise to these risks are uncertain and are beyond the control of Nuix.

You should note that the risks described in this Section 5 are not the only risks faced by Nuix. Additional risks (including risks of which Nuix is currently unaware) also have the potential, individually or in combination, to have a material adverse effect on Nuix's business, financial position or operating and financial performance, or on the value of the Shares. The selection of risks discussed in this Section 5 of the Prospectus have been based on an assessment of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. This assessment is based on Nuix's knowledge as at the Prospectus Date, but there is no guarantee or assurance that the risks will not change or that other risks will not emerge.

There can be no guarantee that Nuix will deliver on its business strategy, or that the Forecast Financial Information or any forward-looking statement contained in this Prospectus will be achieved or realised. Similarly, there can be no guarantee or assurance that any mitigation measures that Nuix implements to manage these risks will succeed. You should note that past performance may not be a reliable indicator of future performance.

Before deciding whether to invest in Nuix, you should read this Prospectus carefully and in its entirety, and satisfy yourself that you have a sufficient understanding of the actual and potential risks associated with an investment in Nuix. You should consider whether an investment in Nuix is suitable for you, having regard to factors such as your personal circumstances, investment objectives, financial circumstances, taxation position and particular needs. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Nuix, you should seek professional advice from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before making an investment decision.

5.1 BUSINESS AND INDUSTRY RISKS

5.1.1 FAILURE TO RETAIN EXISTING CUSTOMERS AND ATTRACT NEW CUSTOMERS

Nuix's ability to retain existing customers and acquire new customers, as well as expand its customers' level of usage of the Nuix platform, depends on many factors including each customer's perception of the functionality, reliability, cost-effectiveness, pricing, customer support and value of Nuix's platform compared to competing products. This may also be the result of Nuix failing to maintain its current service culture, for example, by failing to listen to its customers, and not developing applications or providing software solutions that satisfy customer requirements. There is also a risk that potential new customers fail to choose Nuix, or may be reluctant to switch from an existing provider to Nuix due to switching costs, the time and resources needed to set up the Nuix Engine or its applications, or the time and expense required to train their employees to use this software.

If customers do not continue to use Nuix's platform or increase their use of it over time, or if new customers do not choose to use Nuix's platform relative to that of other providers, the growth in Nuix's revenue may be slower than expected or may even decline. While many of Nuix's existing customers are on annual or multi-year deals, there is a risk that these contracts are not renewed or are terminated, which may result in a decrease in revenue. Even where existing customers wish to renew contracts, they renegotiate contract terms with more customer-favourable provisions, including price discounts which would result in a direct reduction in the payments they make to Nuix and, as a result, have a negative impact on Nuix's financial performance. While Nuix may resist these steps, business economics, market conditions or competitive forces may dictate the need to accept such terms (refer to Section 5.1.27).

Nuix's ability to retain customers and attract new customers depends on ongoing growth in demand from key industry domains (such as advisory, corporate, government and law firms) and, in part, on the creation, implementation of new use cases that are appropriate for Nuix's business model and that become profitable. Nuix's ability to develop, implement and realise the benefit of new use cases is subject to uncertainties and risks, including ensuring Nuix has adequate business and systems processes, determining appropriate pricing, assessing opportunity costs and regulatory burdens and planning for internal staffing and infrastructure needs.

5. KEY RISKS

Continued

If Nuix does not appropriately anticipate and address these uncertainties and risks to develop successful new use cases, Nuix may be unable to retain customers or attract new customers, resulting in an adverse impact on Nuix's financial performance.

There are also risks associated with transitioning customers from one licensing model to another (for example, in seeking to transition a customer from a core-based licence to a consumption-based licence, or in changing licences when transitioning customers from on-premise to cloud-based applications). Customers may become dissatisfied with the new licensing model and use less of Nuix's software than previously or decide to cease using Nuix's platform. Further, there is a risk that Nuix does not structure new licences appropriately and as a result, generates lower revenues or lower than expected revenue growth.

The Nuix platform (particularly its on-premise offering) needs to be installed and implemented within a customer's information technology environment. There is also a risk that the incorrect or improper implementation or use of Nuix software could result in customer dissatisfaction, customer data loss or corruption, and negatively affect Nuix's business, operations, financial results and growth prospects. There is also a risk that the incorrect or improper implementation or use of Nuix software, its failure to train customers on how to efficiently and effectively use its platform, or Nuix's failure to provide adequate implementation, maintenance or support services to its customers, may adversely affect Nuix's reputation and result in a reduction in new sales, follow-on sales by existing customers and loss of customers, or negative publicity or legal claims against Nuix.

5.1.2 SECURITY BREACHES AND UNAUTHORISED ACCESS TO CUSTOMER DATA

Nuix's applications involve the processing and, via Nuix Discover SaaS, the cloud hosting and storage, of customers' information, including confidential and proprietary data of organisations and personal information of individuals. There is a risk, particularly in relation to cloud-based applications like Nuix Discover SaaS, that security breaches and incidents could result in potential enforcement action and monetary fines from data protection authorities, litigation by customers, termination of customer contracts, potential indemnity obligations and potential remediation costs (offering credit monitoring services, for example), which could materially impact Nuix's financial and operating performance and financial condition. The occurrence of such security breaches or incidents, or the perception that one has occurred, could also result in a loss of customer confidence in the security of Nuix's platform or damage to the Nuix brand and Nuix's reputation, reduce demand for Nuix's platform, disrupt normal business operations, and require Nuix to spend material resources to investigate or correct the breach and prevent future security breaches and incidents.

In some instances, data which Nuix processes and, in the case of Nuix Discover SaaS, hosts and stores in the cloud, may be classified or of a highly sensitive nature, particularly in the case of customers such as government regulators and agencies operating in the enforcement, intelligence or defence sectors, and the impact of a security breach on the data may be significant and could result in enforcement action and scrutiny from regulators and other government authorities.

Nuix's reputation and demand for its platform (including the Nuix Engine and its applications) may be materially adversely affected if:

- the confidentiality or security of data hosted or stored by Nuix, or by third parties for Nuix, was compromised; or
- the data itself was lost, destroyed or otherwise rendered unusable, as a result of a security breach or similar incident.

As the techniques used by malicious actors to obtain unauthorised access to systems and data continue to evolve, Nuix may be unable to anticipate attempted security breaches and, in turn, implement adequate preventative measures. Such risks may be exacerbated by COVID-19, which may result in increased risks of attempted security breaches and similar incidents (refer to Section 5.11).

The potential for security breaches may increase as Nuix grows its business and expands its profile as a vendor of cloud-based applications and the cloud functionality of its platform, including as the volume of data Nuix hosts in the cloud and the number of users that have access to it increases (refer to Section 3.8.1).

There is no guarantee that Nuix will be able to prevent or rectify any such security breaches or incidents that may occur, or that insurance will be adequate to cover potential financial exposures for one or more of these circumstances, or that the successful assertion of one or more large claims against such cover could compromise the availability and cost of such cover in the future.

5.1.3 EMPLOYEE ATTRACTION, RETENTION AND SUCCESSION

Nuix's continued success is dependent upon its ability to attract and retain skilled and qualified personnel, in particular, members of the senior executive team, software engineers, solution consultants and sales teams with extensive domain expertise. Nuix is headquartered in Sydney, Australia, with the majority of Nuix's employees located in the United States and Australia, in a competitive and specialised industry as a software business where talent can be difficult to identify and retain. There is a risk that Nuix may not be able to attract and retain adequately skilled and experienced employees, or be able to find effective replacements for individuals who leave Nuix, in particular, members of the Senior Leadership Team referred to in Section 6.2. Employee dissatisfaction with Nuix's culture may make attracting and retaining skilled and qualified personnel more difficult which, in turn, may adversely affect Nuix's business. Departures may also occur for other reasons including employee desire for career advancement, higher remuneration or dissatisfaction with Nuix's transition to a listed company. In addition, there is a risk that some staff with Existing Option holdings may reassess their future with Nuix following the realisation of those options on Completion.

Where talent markets are tight, this may result in longer recruitment processes and increased cost of hiring. The market for highly skilled technology staff can be competitive, and that does create additional risks if there is a prolonged period for an open vacancy and Nuix has not been successful in sourcing a suitable candidate. Since Nuix relies on the technological expertise of its employees to maintain and develop intellectual property, the loss of key personnel may lead to a loss of operational knowledge, technology capabilities, key partner and customer relationships, and industry expertise, as well as delays in the development, launch and commercialisation of new software features or applications.

As of 30 June 2020, approximately 14% of Nuix's workforce had been employed by Nuix for less than one year. As Nuix continues to grow, it must effectively integrate, develop and motivate new employees, while maintaining the effectiveness of Nuix's business execution and embed and generate the benefit of a positive and productive corporate culture and values, the challenges of which may be exacerbated due to remote working conditions associated with COVID-19.

In addition, the employment contracts of certain Nuix employees contain non-competition and non-solicitation provisions designed to limit the impact of employees departing the business by restricting the ability of these employees to obtain employment with Nuix's competitors and by preventing such employees from encouraging and/or facilitating the migration of Nuix's customers to other software products. Such provisions may not be enforceable, or may only be partially enforceable, which could impede Nuix's ability to protect its business interests.

Any of the above circumstances, in isolation or combination, may have an adverse impact on Nuix's business, financial performance and operations if they arise or Nuix fails to achieve its objectives.

5.1.4 REAL OR PERCEIVED ERRORS, FAILURES, DEFECTS OR BUGS IN NUIX'S PLATFORM AND CYBER SECURITY RISKS

There is a risk that undetected errors, defects, failures or bugs may occur in the Nuix platform (including in the Nuix Engine or its applications) or certain IT architecture, systems or processes, especially when updates or capabilities are first introduced or when new versions or updates are released (including for the Nuix Engine) which may make its processing capacity or other use ineffective, corrupt or unsuitable for the designed purpose, or incapable of scaling in line with customer expectations or the growth profile of Nuix's business. In addition, Nuix's platform is often installed and used in large scale computing environments with different operating systems, software products and equipment, and data source and network configurations, which may cause errors or failures in the Nuix platform or may expose undetected errors, failures, or bugs.

Further, there is a risk that the measures taken to protect Nuix's platform or information technology systems from accidental or deliberate events such as cyberattacks, computer viruses, "bugs" or "worms", malware, internal or external misuse by websites, trusted insiders involving theft of data, acts of vandalism or other security breaches may prove to be inadequate. Any of these events may result in a significant disruption to Nuix's systems and operations, loss of confidential or proprietary information or intellectual property, a loss of confidence in Nuix and its platform or other reputational damage, loss of customers, significant legal and financial exposure, potential breaches of applicable laws and regulatory scrutiny or actions. Nuix may also incur costs to rectify concerns, including system vulnerabilities or in introducing additional safeguards to minimise the risk of future events of this nature. Any of these events could adversely impact Nuix's reputation, business and financial performance. If any of these events impacted customer data, Nuix could also face the risks described in Section 5.1.2.

5. KEY RISKS

Continued

In addition, with many of Nuix's employees working remotely due to COVID-19, Nuix may face an increased risk of attempted security breaches and incidents, and the unprecedented scale of remote work may require additional personnel and resources, which may nevertheless not be successful in fully safeguarding all systems, IT infrastructure networks, and data.

Nuix's agreements with certain customers, channel partners, and other third parties may include indemnification provisions under which Nuix agrees to indemnify or otherwise be liable to them for losses suffered or incurred in connection with such defects or errors on the Nuix platform, or other liabilities relating to or arising from the platform. Some of these indemnity agreements provide for uncapped liability for which Nuix would be responsible, and some indemnity provisions survive termination or expiration of the applicable agreement. Large indemnity payments could harm Nuix's business, financial condition, and results of operations.

In addition, if an actual or perceived failure of Nuix's software occurs in a customer's deployment or in Nuix's cloud services, regardless of whether the failure is attributable to Nuix's software, the market perception of the effectiveness of Nuix's offerings could be adversely affected and adversely affect Nuix's reputation and cause Nuix to lose existing or potential customers.

5.1.5 USE OF THE NUIX PLATFORM IN A MANNER WHICH DAMAGES NUIX'S REPUTATION

Nuix does not control the purpose for which the Nuix platform is used by its customers. There is a risk that Nuix's Engine and its applications are used for or become associated with socially or politically unpopular purposes, including purposes which are or are perceived to be unethical or illegal, or used by someone with a negative reputation or standing. This may arise notwithstanding trade sanctions processes described in Section 3.5.4 that Nuix implements prior to signing on new customers. Any of these events may materially adversely impact Nuix's reputation and demand for Nuix's platform by customers, and potentially expose Nuix to regulatory investigations or inquiries, any of which could materially impact Nuix's operating and financial performance.

5.1.6 OPERATING IN COMPETITIVE MARKETS

Nuix competes against a number of software vendors and service providers and, in particular, global providers of investigative analytics and intelligence software, with some competitors competing with Nuix across multiple applications and some focusing on specific applications (refer to Section 2.4). New competitors may develop in the future, or existing competitors may enhance their ability to compete with Nuix, including for example, by improving their ability to process data at scale and the speed at which they do, or focusing on user experience and workflow productivity. Some competitors have significantly more financial and operational resources than Nuix and currently have, or may develop, broader distribution relationships with sales partners and customers. The markets in which Nuix operates are evolving and fragmented across specific use cases or applications and may become increasingly competitive. Nuix faces the risk that:

- competitors could increase their market share through aggressive marketing campaigns, product research and development, strategic alliances with industry bodies, favourable distribution partnerships, price discounting or acquisitions;
- competitors may seek to copy, commoditise or devalue Nuix's capabilities and customer value proposition through negative marketing or other sales tactics;
- Nuix's platform may fail to meet customers' performance or user expectations, including in the timing and implementation of the transition of Nuix's on-premise products to cloud-based products, and Nuix may be unable to implement necessary changes to its software to satisfy those customers' expectations;
- Nuix may fail to increase adoption and usage of Nuix's platform;
- Nuix may fail to meet customers' demands for new software enhancements or applications in a timely manner;
- Nuix may fail to anticipate and respond to changing opportunities, technology, standards or customer requirements as quickly as Nuix's competitors;
- IT departments and software engineers of existing customers and new customers which have undertaken custom software development efforts to analyse and manage their data could develop their own ability to process data at scale or tailor their own software development to meet their organisation's specific needs;
- competitors may enhance their product offering to improve their competitive positioning relative to Nuix by increasing the number of products or applications they offer. This could also mean that other software providers could expand their focus to target the same customers that Nuix currently targets;

- competitors may be able to integrate or bundle their software products with their other product offerings and offer products or functionality similar to Nuix's at a more attractive price than Nuix can; and
- new market entrants may increase competition and reduce Nuix's market share across one or more of Nuix's applications.

There is also the risk that:

- conditions in Nuix's markets change rapidly and significantly as a result of technological advancements, the emergence of new entrants, partnering or acquisitions by Nuix's competitors, or market consolidation;
- competitors focus on delivering real-time business insights from data and deliver more attractive offerings than Nuix, including by commercialising open source software;
- potential customers may believe that substitute technologies which have similar functionality or features as Nuix's platform are sufficient even if Nuix's platform offers more features and advantages overall, or they may believe that solutions that address narrower use cases are nonetheless adequate for their needs; and
- the industry verticals in which Nuix's customers operate experience consolidation (including possibly as a result of COVID-19), resulting in customer loss if a competitor's offering is selected over Nuix's where Nuix serviced only one of the combined entities.

Some of Nuix's competitors, for example, may have substantially broader and more diverse product and service offerings and may be able to leverage their relationships with distribution partners and customers based on other products or incorporate functionality into existing products to gain business in a manner that discourages customers from purchasing Nuix's platform. This may include selling at zero or negative margins, product bundling, or offering closed technology platforms.

The pace of shifting to the cloud is expected to increase after COVID-19. While Nuix Discovery SaaS is a cloud-based product and Nuix is seeking to develop other products for the cloud, its business and financial performance will be adversely impacted if it is unable to effectively compete with cloud-based competitors.

If any of these risks arise, Nuix may compete less effectively against competitors and this could reduce Nuix's market share and ability to develop or secure new business, which would have an adverse impact on Nuix's operating and financial performance and prospects.

5.1.7 PRICING COMPETITION

In order to stay competitive, Nuix may need to adjust its pricing models, or invest significantly more in innovation and development in relation to the Nuix Engine and applications. Pricing competition may be experienced in relation to particular applications, for example, Nuix Discover or Nuix Investigate, and may come from different competitors who may have less sophisticated product offerings or solutions. Further, increases in cloud hosting (including increased operational requirements), costs of third party software used by Nuix and fees paid to resellers (or other costs) may decrease the margin Nuix can earn under its pricing models if it is unable to pass on those increases to its customers as a result of competitive pressures or because their existing contracts prevent Nuix from doing so. Additionally, Nuix's ability to modify its prices or increase its revenues, particularly with respect to government contracts, may be restricted by price protection provisions in customer contracts and, in respect of government contracts, changes in government policies and funding, as described in Section 1.5. Changes in customer behaviour, including for example, changes in demand for different licences, contract terms or preferences to interact with Nuix through its direct or indirect sales channels may adversely impact on the margin Nuix is able to achieve from Nuix's contracts. Any of these factors may lead to lower profitability.

5.1.8 COMPLIANCE WITH LAWS AND REGULATIONS, INCLUDING NEW LAWS

5.1.8.1 Current laws and regulations

Nuix has offices, employees and customers across many countries around the globe (refer to Section 3.1) and, as at the Prospectus Date, had customers in over 78 countries. Accordingly, Nuix is impacted by numerous laws and regulations globally (refer to Section 2.5 for a description of some of the laws and regulations that Nuix is subject to). These include laws and regulations relating to privacy, data protection, cyber security, anti-spam and other internet regulations, anti-money laundering, employment and workplace laws, sales practices, securities laws, and laws relating to requirements of corporations and preparation of financial information. Other examples include laws relating to corrupt practices and bribery, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory changes which may impact Nuix's offerings in certain foreign markets, or other significant changes, including events like the United Kingdom's exit from the European

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Union and trade disputes between the United States and other countries. The multiple jurisdictions around the world in which Nuix conducts business are subject to a range of different legal and regulatory regimes.

While Nuix may have broad policies and procedures designed to comply with laws and regulations of a particular subject matter generally, there is a risk that those policies and procedures are not sufficient to prevent it from contravening the laws and regulations of all jurisdictions in which it does business. This is particularly relevant to laws and regulations which, from experience to date, Nuix believes are not material or particularly applicable to the conduct of Nuix's business. There is a risk that Nuix's activities, including past, current or future activities, may have caused or cause it to contravene laws and regulations in one or more of the jurisdictions about the globe in which it conducts business, in particular for example, laws and regulations relating to employment terms and conditions, export and import controls, privacy, anti-spam, company and securities laws and taxation laws.

Further, Nuix may not become aware of contraventions of laws for some time, which may exacerbate the nature of the contraventions or their consequences.

A contravention of laws could result in Nuix suffering financial loss, including as a result of having to pay fines or penalties, pay compensation to third parties, or the cancellation or suspension of Nuix's customer and/or partner contracts, ability to carry on certain activities or offer Nuix's platform in certain jurisdictions. It could also affect the enforceability of Nuix's contracts. There is also a risk that Nuix could face other legal, tax or regulatory sanctions as a result of any failure to comply with (or comply with developing interpretations of) applicable laws, regulations, codes of conduct and standards of good practice.

There is also a risk that if Nuix is involved in contraventions of laws and regulations, it may suffer reputational damage and this may reduce the willingness of customers to use Nuix's platform. This is particularly the case as a result of Nuix having a significant number of government clients, including regulators and enforcement agencies, who may be particularly sensitive to being associated with a business which has been found to have contravened laws, particularly laws of their jurisdiction (refer to Section 5.1.14).

If any of the events discussed above were to occur, they may have a material adverse effect on Nuix's business, Nuix's ability to offer its platform to certain customers, the willingness of customers to purchase its platform, the costs of providing Nuix's platform or more generally on Nuix's operations and Nuix's financial position, performance and prospects.

5.1.8.2 New laws and regulations

There are also risks relating to new or altered interpretations of laws and regulations, or new laws and regulations established after the Prospectus Date. These changes may require Nuix to reconsider how it conducts business, may involve additional expenses (including on regulatory compliance) or require Nuix to cease carrying on business in a particular way or jurisdiction or create uncertainties as to the manner and conditions under which Nuix may conduct business. There is also a risk that Nuix fails to keep abreast of such changes.

Many of these laws, for example, in relation to privacy and data security, are evolving rapidly across multiple jurisdictions. For example, U.S. federal and various state and foreign government bodies and agencies have adopted or are considering adopting laws and regulations limiting, or laws and regulations regarding the collection, distribution, use, disclosure, storage, and security of certain types of information. On 1 January 2020, the California Consumer Privacy Act (CCPA) became effective. The CCPA requires additional disclosures to be made to California consumers, and for them to opt-out of certain sales of personal information. The CCPA may be amended by the proposed California Privacy Rights Act, if enacted. New laws like these can create uncertainties for Nuix's business and may require it to incur additional costs and expenses. Another example of recent developments in this area occurred on 16 July 2020, on which date the Court of Justice of the European Union (CJEU) invalidated the EU-US Privacy Shield (which provided a valid data transfer mechanism to transfer personal data from the EU to the United States) and imposed additional obligations on companies when relying on model contractual clauses approved by the European Commission to address certain cross-border data transfers. Further guidance is expected from European data protection authorities on additional safeguards that companies will need to put in place prior to entering into Standard Contractual Clauses (SCCs) to ensure the third country provides an essentially equivalent level of data protection to that afforded under the EU General Data Protection Regulation (GDPR). This is likely to involve additional resources and compliance costs in responding to regulatory guidance and complying with the CJEU ruling. Further, while the GDPR has been incorporated into law in the United Kingdom, the United Kingdom's exit from the EU (referred to as Brexit) creates uncertainty with regard to how data transfers to and from the United Kingdom will be regulated post-Brexit, for example,

if there is no adequacy decision granted to the United Kingdom before the end of the Brexit transition period on 31 December 2020, alternative transfer mechanisms may need to be entered into to legitimise the transfer of personal data between the EU and the United Kingdom, which may result in additional compliance and resource costs.

In addition to the uncertainties created by changing laws and regulations, and their interpretation, if more stringent data privacy standards are adopted, or additional data privacy standards become applicable to Nuix that it does not currently comply with, this could result in a higher cost of compliance and may have an adverse impact on its business, financial performance and operations. Failure to comply with these new laws may have similar consequences to those described in relation to existing laws (refer to Section 5.8.1.1).

There is also a risk that customers reduce their usage of Nuix's platform, or Nuix fails to attract new customers, if it fails to build into Nuix's applications appropriate coverage of compliance or regulatory requirements or features or innovations which adequately address changes and developments in regulatory requirements (or regulatory requirements of new countries that Nuix expands into).

5.1.9 INABILITY TO PROTECT INTELLECTUAL PROPERTY RIGHTS AND RISK OF CLAIMS AGAINST NUIX

The value of Nuix's business is, in part, dependent on Nuix's ability to protect its intellectual property rights, including Nuix's platform, code, business processes, know-how, patents, copyrights and trademarks. Nuix relies on such intellectual property rights and there is a risk that it may fail to adequately protect its rights for a number of reasons. There is also a risk that certain intellectual property may be obtained (or inappropriately used) by third parties, for example, through certain breaches of agreements, fraud or theft by third parties. It is possible that employees or third party counterparties may inappropriately disclose confidential information on its systems, policies and procedures.

There is a risk that actions taken by Nuix, such as data encryption, access controls, information classification and training and general awareness may not be adequate in all circumstances and may not prevent the misuse or misappropriation of intellectual property or deter the independent development of similar products by others.

Nuix's issued patents and any patents issued in the future may not provide Nuix with any competitive advantages, and Nuix's patent applications may never be granted. Additionally, the process of obtaining patent protection is expensive and time consuming, and Nuix may not be able to file and prosecute all necessary or desirable patent applications, or Nuix may not be able to do so at a reasonable cost or in a timely manner. Even if issued, there can be no assurance that these patents will adequately protect Nuix's intellectual property, as the legal standards relating to the infringement, validity, enforceability and scope of protection of patent and other intellectual property rights are complex and often uncertain. Any patents that are issued, and any of Nuix's other intellectual property rights may be challenged by others and invalidated or narrowed through administrative process, litigation, or similar proceedings, allowing other companies to develop software that competes with Nuix.

Nuix cannot be certain that it was the first to use the inventions claimed in Nuix's issued patents or pending patent applications or otherwise used in Nuix's offerings, that Nuix was the first to file patent applications, or that third parties do not have blocking patents that could be used to prevent Nuix from marketing or practising Nuix's offerings or technology.

There is also a risk that effective intellectual property, including patent, trademark, copyright and trade secret protection may not be available in every country in which Nuix's offerings are available. As Nuix expands Nuix's international activities, Nuix's exposure to unauthorised copying and use of Nuix's platform and proprietary information may increase. Further, although Nuix endeavours to enter into non-disclosure agreements with its employees, licensees and other third parties who may have access to intellectual property and confidential and proprietary information, Nuix cannot assure that these agreements or other steps Nuix has taken will prevent unauthorised use, disclosure or reverse engineering of its technology, which may have an adverse impact on the business, financial performance and operations of Nuix.

There is a risk Nuix will be required to spend significant resources to defend and protect Nuix's intellectual property rights, such as by initiating claims or litigation. Nuix may ultimately be successful in any lawsuits that it initiates, and the damages or other remedies awarded, if any, may not be adequate to compensate Nuix for the harm suffered. Any litigation could result in significant expense to Nuix (particularly if based on indemnity claims relating to assertions by third parties of ownership or other rights in relation to Nuix's platform) and divert the efforts of Nuix's technical and management personnel, which may adversely affect Nuix's business operations or financial results.

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5.1.10 ATTAINMENT AND MAINTENANCE OF KEY ACCREDITATIONS

Nuix currently operates its business with certain important certifications and accreditations which allow it to sell its platform to customers, in particular, government customers. In relation to Nuix Discover, Nuix has been certified in ISO 27001:2013, which demonstrates its ability in establishing, implementing, maintaining and continually improving an information security management system within the context of the organisation. Nuix Discover has also been assessed to the Information Security Registered Assessors Program (IRAP) protected classification specifically for Australian federal and state government customers. Nuix is also seeking a FedRAMP high assessment in order to facilitate selling cloud-based services to U.S. based government departments. These certifications and assessments have been the product of significant investment on the part of Nuix, place an increased compliance burden upon Nuix (and may increase Nuix's internal costs to provide services to government agencies), are subject to review processes, and are important for Nuix in order to continue to operate cloud-based services (such as Nuix Discover SaaS) and may become more important as Nuix expands the applications that it offers to customers in the cloud. If Nuix was to lose any of these certifications (or fail to receive FedRAMP certification), it may compromise the ability of, or increase the costs for, Nuix to offer such services, and could result in a temporary or permanent cessation of its Nuix Discover SaaS application. Any of these events may result in loss of customers or a reduction in the use of Nuix's platform by customers, and an adverse impact on Nuix's financial performance and reputation.

5.1.11 COVID-19

Events related to COVID-19 have resulted in significant market volatility. There is continued uncertainty as to ongoing and future response of governments and authorities globally as well as a likelihood of an economic downturn of unknown duration or severity in certain jurisdictions key to Nuix. As a result, Nuix may experience some customer losses, including due to bankruptcy or Nuix's customers ceasing operations, which may result in an inability to collect receivables from these customers. Nuix may also experience a decrease or delay in customer spending on Nuix's platform, which may impact its Renewal, Upsell Renewal and new customer assumptions or further lengthen the sales cycles and pipeline (particularly, for example, if customers lower the value of their technology investments, purchase shorter term contracts, request pricing concessions), any of which could result in decreased revenue and cash flows for Nuix. Nuix has experienced a softening of demand from its U.S. federal customers in FY21F and could be further adversely affected by a decline in government spending or changes in government budgetary priorities as a result of the economic impact of COVID-19 (or other macroeconomic events that may constrain defence, investigation or enforcement budgets and related technology spend), competing demands for public funding or other factors.

There is also a risk that the full impact of COVID-19 on Nuix may not be fully reflected in its results of operations until future periods, for example, if the prolonged nature of the pandemic impacts customer demand through lower customer spend on technology, or if due to Nuix's subscription-based business model, the impact of the pandemic on customer spending decisions and Nuix's revenues may not be reflected until future periods when current contracts expire.

In addition, COVID-19 has affected how Nuix and its customers and partners are operating their business, including as a result of local, state and federal government public health orders, travel restrictions and/or business shutdowns, all of which could negatively impact Nuix's business and results of operations, including cash flows. The duration and extent to which these restrictions will continue to impact Nuix and its customers remains uncertain, and may prove difficult to assess or predict, particularly over the medium to longer term (refer to Section 2). In particular, it is impossible for Nuix to predict whether the increase in remote working will lead to longer term flexible work arrangements for Nuix's customers, and the impact that such changes may have on customer demand and decisions as to methods of delivery for Nuix's software, which may lead to sudden and permanent changes in the mix of Nuix's revenues across licensing models (refer to Section 5.1.13). As a result, Nuix may be unable to accurately forecast its revenues, operating costs or financial results or other performance metrics. Nuix's actual results could be materially above or below Nuix's forecasts or any future guidance, which could disappoint analysts and investors and/or cause Nuix's stock price to decline. In the United States, Nuix offers a self-insured health care plan to its employees as part of their benefits package. Given this structure, Nuix is responsible for funding any operating deficit which may result from higher than average volumes of claims from employees. If a large number of Nuix employees in the United States were to contract COVID-19, this may result in an increase in employee benefits expenses for Nuix, and have an adverse impact on the financial performance of Nuix.

5.1.12 RELIANCE ON SALES PARTNERS

A key sales channel for Nuix is to sell with, and sell through, sales partners (which includes resellers and distributors), referred to as indirect sales (refer to Section 3.5.3). In FY20, approximately 27% of Nuix's revenue was generated through indirect sales and, as at 30 June 2020, approximately 73% of Nuix's customers were direct customers.

Nuix contracts with sales partners in order for such organisations to sell Nuix's platform to third party customers in return for a share of margin on sales volumes they achieve. Under such arrangements, Nuix is reliant on the sales partner or reseller to promote Nuix actively to their customer base, and to represent the Nuix brand on Nuix's behalf.

There is a risk if Nuix does not select, maintain and manage strong relationships with appropriate sales partners, including, for example, if those partners perceive that Nuix's direct sales channel is reducing. There is also a risk that sales partners or resellers do not sufficiently understand the features and benefits of Nuix's platform or are not appropriately incentivised to sell Nuix's platform or may decide to cease selling Nuix's platform (which they may choose to do without notice). Further, Nuix's sales partners do not exclusively sell Nuix software, and may prefer a competing product to Nuix (for example, where they are offered more attractive remuneration or are otherwise better incentivised to sell a competing product). These factors may result in lower new sales volumes or customer Upsell Renewal volumes being achieved through Nuix's reseller arrangements, which may have an adverse impact on Nuix's operating and financial performance.

As noted in Section 3.5.3.4, Nuix's customers that are service providers may also act as partners and provide ancillary services including deployment, configuration, support, workflow management or other industry-relevant services. A risk therefore exists for Nuix that these service provider "partners" may provide poor support or ancillary services to end customers, which may negatively impact Nuix's reputation and have an adverse impact on the financial performance of Nuix.

5.1.13 CHANGES TO NUIX'S BUSINESS MODEL AND STRATEGY

If Nuix fails to successfully manage changes to its business model, Nuix's operating results could be adversely impacted. Historically, Nuix has generated the majority of its revenues from sales of Software Licences and recognised that revenue upfront in instances where all revenue recognition criteria were satisfied. If Nuix moves to a consumption-based pricing model, and the proportion of Nuix's revenue generated from Consumption Licences increases, Nuix expects to experience generally longer periods over which it collects cash from customers, which may have a negative impact on Nuix's operating cash flows (in addition to impacting the timing of Nuix's recognition of affected revenue). Refer to Section 3.5 for an overview of Nuix's licence models and a discussion on Consumption Licences.

Nuix expects to continue to employ a variety of distribution methods (on-premise or cloud-based, for example) and licensing models (Subscription Licences, including Consumption Licences, for example) which may give rise to complexities, and the risk that Nuix does not accurately anticipate the impact of these changes on a particular financial period, nor make appropriate adjustments to Nuix's business model to address them. In relation to the change to Consumption Licences for some customers, this is a relatively new model that is being deployed for certain customers of Nuix, and there is a risk that Nuix fails to appropriately price or structure such licence arrangements, or that Nuix does not correctly anticipate the quantum of data that a particular customer is processing using the Nuix Engine, which may have an adverse impact on the revenue generated from a particular customer in future periods.

There is also a risk that any change in Nuix's pricing models impacts Nuix's customers' willingness to use Nuix software or seek to switch to competitor products, therefore putting Renewal and customer lifetime value at risk, which could negatively impact Nuix's revenue, business and financial results. Changes to Nuix's business model, particularly its licensing and pricing models, may also affect Nuix's accounting policies and financial metrics, and how such metrics are measured and reported. These impacts may adversely affect Nuix's results of operations in any given financial period.

In addition, Nuix's business is partly dependent on the conversion from investment in sales and marketing campaigns and initiatives to customer sales, including through the use of sales partners (as discussed in Section 5.1.12). Promoting awareness of Nuix's brand and reputation is critical to Nuix's success as an investigative analytics and intelligence software solutions provider. Nuix may not realise benefits from such investments for several years or may not realise benefits from such investments at all. Failure to realise the intended benefits from sales and marketing investment could negatively affect Nuix's ability to attract new customers and may adversely affect its operating and financial performance.

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5.1.14 SALES TO GOVERNMENT CUSTOMERS ARE SUBJECT TO A NUMBER OF ADDITIONAL CHALLENGES AND RISKS

There is a risk that Nuix does not comply with the laws, regulations and contractual requirements which apply specifically to sales to federal, state and local governments and their agencies around the world, many of which are not typically found in commercial contracts. This may include requirements with respect to price protection, the accuracy of information provided, compliance with procurement integrity and government ethics, access to classified information, compliance with supply chain requirements and supplier diversity policies. These laws, regulations and requirements may impose additional costs on Nuix, and a failure to comply with them could lead to termination of contracts, penalties or claims for damages, and restrictions on Nuix's ability to sell to government clients, which could have a material adverse effect on Nuix's business operations, financial results and reputation. Further, these laws, regulations and requirements may change over time, which could impose additional costs, restrictions, obligations and burdens on Nuix.

In addition, in certain jurisdictions, particularly the United States, there are specific requirements under government contract law in which the government can obtain expansive rights in intellectual property, including ownership, in circumstances where a counterparty does not carefully, and in a timely way, report and label all of its inventions under government agreements or fails to actively work on commercialising products, entitling the government to "march-in rights". There are statutes and often contract clauses that grant the government extensive licence rights and, at times, ownership in intellectual property. For example, in the United States, Nuix is required to formally assert protections for all of their pre-existing intellectual property in their proposals, mark all pre-existing intellectual property with specific language and labels required by the United States Federal Government, and adhere to a complex intellectual property regime.

In addition, Nuix is currently seeking authorisation under the United States Federal Risk and Authorization Management Program (**FedRAMP**) that will allow United States federal government agencies and contractors to have greater integration with Nuix's platform (refer to Section 5.1.10). FedRAMP authorisation will place an increased compliance burden upon Nuix, which may increase Nuix's internal costs to provide services to government agencies. If Nuix cannot adequately comply with FedRAMP compliance requirements, its growth could be adversely impacted, and it could incur additional liabilities and/or its reputation and business could be harmed. Similarly, any increase in Nuix's costs to implement and maintain any additional FedRAMP compliance requirements may lead to such government work being unprofitable.

There is also a risk that Nuix is unable to maintain or increase revenues derived from government contracts as a result of a number of factors, including changes in government policies or funding, new laws or regulations or changes to existing laws or regulations, changes in the political environment, including before or after an election, changes in the leadership of a government administration, and the ability to obtain and maintain the required security clearances. To the extent that Nuix becomes more reliant on contracts with government entities, including foreign government entities, in the future, Nuix's exposure to such risks and challenges could increase.

In addition, in certain countries in which Nuix does business, there may be laws and regulations relating to foreign-controlled entities. If investors from certain jurisdictions (for example, China) were able to establish a significant shareholding in Nuix, there is a risk that the United States Government (and other foreign governments) may cease purchasing software and services from Nuix due to national security concerns, which could materially impact Nuix's financial performance and financial condition.

5.1.15 FAILURE TO REALISE VALUE FROM PRODUCT DEVELOPMENT INVESTMENT

Developing software is expensive and often takes an extended period of time. Furthermore, an important element of Nuix's business strategy is continued investment in innovation and related product opportunities in order to maintain and strengthen Nuix's competitive position.

The market acceptance of the Nuix Engine, Nuix's applications and the enhancements Nuix makes to it over time is critical to Nuix's continued success. If Nuix is unable to continue to meet customer demands or to achieve more widespread market acceptance of the Nuix Engine in particular, but also in relation to Nuix's other existing or new applications, Nuix's business operations, financial results and growth prospects will be materially and adversely affected.

There is a risk that software developments may not function as intended or in a manner which is desired or appreciated by customers. Nuix's new and existing software and changes to them could fail to attain sufficient market acceptance for a number of reasons, including:

- its failure to grow the number of files that may be processed by the Nuix Engine, or the number of APIs to allow other products to connect efficiently with Nuix software in the manner expected by the market or otherwise fail to predict market demand accurately in terms of product functionality and to supply offerings that meet this demand in a timely fashion;
- unforeseen performance and scaling issues that may arise, particularly if data volumes continue to expand exponentially above expected rates;
- delays in releasing to the market Nuix's new offerings or enhancements to Nuix's existing offerings;
- introduction or anticipated introduction of competing products by Nuix's competitors; or
- an inability to process file types required by customers, including as a result of an increase in the use of encrypted file formats which are not able to be processed by the Nuix Engine; or defects, errors or failures and negative publicity about Nuix software's performance or effectiveness.

There is also a risk that Nuix has, or does, not account correctly for Nuix's spending on software development as a result of capitalising as an asset a significant portion of its product development expenditure (refer to Section 4.2.6.4). There is also a risk that Nuix may not receive required revenues from these investments for several years, or may not realise appropriate benefits at all. Further, a failure to successfully execute Nuix's software development strategy may unfavourably impact the market's perception of the business and may adversely impact the business, financial performance, and operations.

5.1.16 SAFETY AND WELLBEING OF EMPLOYEES, INCLUDING IN AN ENVIRONMENT WITH INCREASED LEVELS OF REMOTE WORKING

Nuix may be exposed to claims, regulatory inquiries and damage to its reputation, and have difficulties retaining and attracting employees if it fails to ensure that its employees are provided with a safe work environment that is free from physical or emotional harm. As a result of COVID-19, Nuix's work environment has moved to be largely remote, which may have increased risks to employee wellbeing, including health concerns associated with employees who may contract COVID-19, as well as the impact of remote working on daily life and on work-life balance and overall wellbeing, and disruptions due to carer's responsibilities or child care obligations, slower or unreliable internet access or sub-optimal working conditions.

Nuix's employees have transitioned to increased levels of remote working as a result of COVID-19. Increased levels of remote working by Nuix employees may make it more difficult for Nuix to monitor work environments, employee wellbeing and engagement, and monitor for poor performance or employee errors. Such risks increase the potential for an increase in employee attrition, lower productivity, lower levels of engagement and the potential for an increased risk of employee complaints related to their work environment. In addition, Nuix's customer, vendor and/or own data may be subject to additional risks as a result of the current remote working environment, including from phishing activities, the possibility of attacks on Nuix's systems or systems of employees working remotely, as well from decreased physical supervision. There is no certainty if or when employment will return to pre-COVID-19 practices and such dynamics and trends may have an adverse impact on the financial and operating performance of Nuix.

5.1.17 GOVERNMENTAL EXPORT AND IMPORT CONTROLS

There is a risk that Nuix fails to comply with U.S. and other applicable export controls, that it exports encryption technology within its applications outside of the United States or other countries without the required export authorisations, or that Nuix breaches economic sanctions laws and regulations (particularly U.S. laws) that restrict the shipment of certain products and services to countries, governments, and persons targeted by sanctions, notwithstanding precautions Nuix may take to prevent these events occurring. If Nuix is found to be in violation of these laws, Nuix could be subject to fines and penalties (refer to Section 2.5), reputational damage and loss of access to certain markets. Nuix's reputation may also be adversely affected if Nuix's sales partners or resellers fail to obtain appropriate import, export or re-export licences or permits, and this may subject Nuix to government investigations and penalties. Changes or increased restrictions in such laws may lead to a decrease in the use or take-up of Nuix's platform or in Nuix's ability to sell Nuix's platform to certain customers, any of which may have an adverse impact on Nuix's financial performance or prospects.

5. KEY RISKS

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5.1.18 COUNTRY/REGION SPECIFIC RISKS IN NEW AND/OR UNFAMILIAR MARKETS

Nuix has recently, and will continue to seek to expand operations into new jurisdictions (refer to Section 3.2). As Nuix expands its presence in new jurisdictions it is subject to the risks associated with doing business in regions that may have political, legal and economic instability or legal and regulatory systems and frameworks which are less sophisticated than those of Australia and the United States, and may be subject to:

- unexpected changes in, or inconsistent application of, applicable foreign laws and regulatory requirements;
- less sophisticated technology standards;
- difficulties engaging local resources; and
- potential for political upheaval or civil unrest.

As noted above, there is a risk that Nuix's policies and procedures are not sufficient to prevent it from contravening the laws, regulations and business customs of all jurisdictions in which it does business. This may, for example, be the case with laws and regulations of new jurisdictions into which Nuix has expanded recently or expands in the future, particularly when Nuix's operations are small or in an early phase of development and before Nuix obtains country specific advice on the relevant subject matter. There is also a risk that Nuix fails to understand the laws, regulations and business customs of these regions. Risks of this nature may relate to, for example, labour practices, foreign ownership restrictions, tax regulation or difficulty in enforcing contracts.

Should these risks arise, Nuix may experience adverse outcomes of the nature referred to in Section 5.1.8.

5.1.19. LITIGATION RISKS

There is a risk that Nuix may be subject to litigation and other claims and disputes, including contractual disputes and indemnity claims, as well as intellectual property, employment, whistleblower, tax and corporations and securities laws related claims and disputes (and other claims referred to in other parts of this Section 5). Such litigation, claims, disputes, including the costs of settling claims, and any associated operational impacts, may be costly and damaging to Nuix's reputation and business relationships, any of which could have an adverse effect on Nuix's business, capital structure, financial performance and operations. Refer to Section 6.9 for further information relating to two matters to which Nuix is a party: the former CEO Proceeding (which if, determined adversely for Nuix, may have an impact on the capital structure as illustrated in Section 6.3) and a general protections claim filed on 19 October 2020 under the Fair Work Act by an individual who had previously performed work for the Company.

5.1.20 CONTRACT REVIEW, EXECUTION AND TERMINATION

Nuix's business relies on customer relationships, and Nuix's business is dependent on the ability for it to enter into legally binding contracts with Nuix's customers, employees, suppliers and other stakeholders. If contracts are not adequately drafted, reviewed, executed or managed, there is a risk that Nuix may inadvertently breach those contracts, that Nuix may inadvertently accept (or be required to accept) an excessive risk profile or that such contracts may not be legally enforceable and/or may have a detrimental outcome in relation to revenue generation or the ability to procure the services of employees or other suppliers. It may also result in lawsuits, liability for actions, suspension from future contracts or customer sales, and have reputational damage for Nuix.

Although Nuix's customer base is diversified (with Nuix's top 20 contributing less than 41% of total ACV in FY20), any failure to maintain, renew or replace customer contracts and arrangements on commercially acceptable terms, or any failure by a party (including Nuix) to perform Nuix's obligations under such contracts or arrangements, could have a material adverse effect on the business, operations and financial performance. There is a risk that Nuix may lose key contracts and arrangements for a variety of reasons.

Certain key contracts and arrangements may be terminated by the counterparty for convenience. In these cases, Nuix may not have contractual certainty in respect of the term of the relevant contract or arrangement or the operation of such contract or arrangement. As a result, these contracts and arrangements may give rise to a greater risk of unexpected termination or renegotiation of key commercial terms, or disputes. In addition, there is a risk that Nuix may lose contracts and arrangements due to a breach of contract by either the relevant counterparty or Nuix.

While very few of Nuix's contracts contain provisions entitling the counterparty to terminate the contract upon a change of control of Nuix, a number do, including a number of customer contracts and a number of Nuix's leases for example. The Offer may involve a change in control of Nuix (depending on the drafting of the relevant

clause). Events subsequent to the Offer may also permit counterparties to terminate in similar circumstances. If a sufficient number of customers chose the Offer as an opportunity to terminate their contracts, this may materially impact Nuix's ability to achieve Nuix's forecasts. Further, if the lessors with a right to terminate leases to Nuix's material offices elect to terminate their leases with Nuix as a result of the Offer, this may adversely impact Nuix's operations for a period and require Nuix to incur unanticipated costs in leasing and moving to new premises.

As discussed in Section 4, certain of Nuix's KPIs reflect a substantial portion of Nuix's revenue from key subscription contracts rateably over the term of Nuix's subscription agreements with Nuix's customers. Consequently, a decline in new sales or Renewals in any one period may not be immediately reflected in those KPIs for such period. Any such decline, however, would be reflected in future periods. Accordingly, the effect of significant downturns in sales and market acceptance of and demand for Nuix's platform and changes in Nuix's rate of Renewals, or Churn (including potentially due to COVID-19) may not be fully reflected in certain of Nuix's KPIs until future periods.

5.1.21 FAILURE OF INTERNAL RISK CONTROLS, FINANCIAL MANAGEMENT AND MANAGEMENT OF GROWTH

As part of Nuix's transition from a privately owned company to a listed entity, Nuix has commenced developing a documented, formal risk management and governance framework designed to capture, assess and report on risk management, including policies designed to improve the consistency in risk making decisions (including, for example, when entering into and clarifying large contracts) and identify, manage and mitigate identified risks to the business (for example in the areas of IT security, privacy, data security, physical security and human resources). As part of that process it has strengthened security practices and continues to do so as part of continuous improvement. Failure to adequately design, implement and abide by these risk management policies and practices may lead to an inability of Nuix to mitigate risk exposures and/or breaches of regulatory obligations. In addition, the global nature of Nuix's workforce means it may not be a straight-forward exercise to embed these policies and processes across the business. A failure to successfully do any of these things could result in losses, liabilities reputational damage, fines, penalties, remediation costs, regulatory scrutiny and dissatisfaction among customers.

To manage growth effectively, Nuix must continue to improve Nuix's operational, financial and management controls, and Nuix's reporting systems and procedures by, among other things:

- improving its key business applications, processes and IT infrastructure to support its business needs and appropriately documenting such systems and processes;
- enhancing information and communication systems to ensure that Nuix's employees and offices around the world are well coordinated and can effectively communicate with each other and its growing base of customers and partners; and
- enhancing its internal controls to ensure timely and accurate reporting of all of its operations and financial results.

A failure to manage Nuix's business and, in particular, further growth through these and other measures may have an adverse and material impact on Nuix's reputation and financial performance, and may require Nuix to make further investments of management time and finances to remedy issues Nuix is experiencing.

There is also a risk that financial errors or mismanagement by Nuix, including but not limited to errors in financial reporting practices or the accounting treatment of certain transactions, the incorrect interpretation of accounting standards or incorrect tax calculations, the under or over-statement of key financial metrics, or an inability to implement appropriately third party checks to identify such errors, may result in contraventions of applicable laws or standards, financial loss or allow fraudulent activity to go unnoticed. Such risks may result in damage to Nuix's reputation, future legal action or claims, restatement of previously reported financial statements (such as the restatement of FY18 and FY19 financial statements discussed in Section 4.2.2) and the potential for an adverse impact on the financial and operating performance of Nuix.

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Continued

5.1.22 AVAILABLE OF CARRY-FORWARD R&D OFFSETS AFTER COMPLETION

There is a risk that Nuix will be unable to utilise certain carry-forward R&D tax offsets following Completion. At 30 June 2020 Nuix had carried forward R&D tax offsets of approximately A\$19.0 million which are recognised as a deferred tax asset in its financial accounts. A deferred tax asset is not recognised in respect of R&D tax offsets where utilisation is not considered probable, both in terms of Nuix's ability to satisfy utilisation tests described below and derive sufficient future taxable income. Where an existing deferred tax asset balance needs to be derecognised or reduced in a future year, the financial statement impact would generally comprise an increase to Nuix's income tax expense and a corresponding reduction to Nuix's closing asset balance for the relevant year.

Carry-forward R&D offsets are subject to similar utilisation tests as carry-forward tax losses – including the continuity of ownership test and the continuity of business test. The carry-forward R&D tax offset balance is carried forward under the continuity of ownership test on the basis that Macquarie Corporate Holdings has continued to maintain a relevant ownership interest of more than 50% since the offsets were generated. From Completion, it is likely that the continuity of ownership test will no longer be satisfied meaning that the continuity of business test would need to be satisfied in respect of the carry-forward R&D tax offsets before they can be utilised.

The continuity of business test rules are complex and require careful consideration at the time that the carry-forward R&D offsets are sought to be used. The rules broadly require that the relevant company carries on the "same" or "similar" business just before the time of the continuity of ownership test failure (broadly, the time of change in majority ownership) and throughout the income year in which the R&D offsets are sought to be recouped.

Nuix's ability to satisfy the continuity of business test has not been considered at this time as it is a forward-looking test that must be considered at the future point in time at which the carry-forward R&D offsets are sought to be used.

5.1.23 FLUCTUATIONS IN FUTURE OPERATING RESULTS FROM PERIOD TO PERIOD

Nuix's revenues, operating margins, cash flows and other operating results could vary significantly from period to period as a result of various factors, and Nuix may not be able to accurately predict its future revenues or results of operations. In addition to other risk factors described elsewhere in this Section 5, this may arise from, for example:

- the timing and mix of new sales and Renewals, particularly large sales as referred to below;
- changes in the mix of Nuix's revenues across licensing models;
- Nuix's customers' usage rates, budgets, purchasing decisions and length of sales cycles;
- customer willingness to pay for new use cases and applications;
- actual or perceived security breaches or incidents or cloud-related outages or performance;
- Nuix's ability to control costs, including Nuix's operating expenses;
- changes in the competitive dynamics of Nuix's market (including Nuix's ability to qualify and successfully compete for government contracts) and general economic and political conditions and uncertainty, including as a result of COVID-19; and
- changes in laws, regulations and accounting standards, particularly those related to revenue recognition and sales commissions and the timing of satisfying revenue recognition criteria.

Many of these factors are outside Nuix's control, and the variability and unpredictability of such factors could result in Nuix failing to meet or exceed Nuix's financial expectations for a given period.

The time at which a significant contract is entered into (for example, before or after the end of a particular financial period) can have a material effect on the financial results for that period. For example, Nuix may be expecting a significant contract to be entered into or renewed in a particular financial period, but that contract may not ultimately be entered into or renewed until the following period, or not at all. This is particularly the case as the length of Nuix's sales cycle, from commencement of discussions with customers to delivery of and payment for the Software Licence, varies from customer to customer, but can be long, particularly with governments and larger clients. If this occurs, this may adversely affect Nuix's ability to achieve Nuix's forecasts or guidance for the period and generally have a material adverse impact on Nuix's financial results for that period.

COVID-19 may impact the length of Nuix's sales cycle by increasing the period of time that customers require to pilot, test and commit to purchasing software, and may also result in the lengthening of payment terms for customers that require additional time to pay their licence commitments. Both of these impacts may have a material adverse impact on the financial performance of Nuix for the periods which are impacted by these trends.

Further, Nuix bases its current and future expense levels on Nuix's operating plans and sales budgets, and Nuix's operating costs are expected to be relatively fixed in the short term. As a result, Nuix may not be able to reduce its costs sufficiently to compensate for an unexpected shortfall in revenues, and even a small shortfall in revenues could disproportionately and adversely affect Nuix's financial results for that period.

5.1.24 DISRUPTIONS IN OR CHANGES TO THIRD PARTY SYSTEMS AND SOFTWARE UPON WHICH NUIX RELIES

Nuix and its customers are dependent on the efficient and uninterrupted performance, reliability and availability of a vast network of third party software, hardware and information technology, including data centres and global communications systems (including servers, the internet, hosting services and the cloud environment in which Nuix provides its software). There is a risk that Nuix's third party service providers may be adversely affected by disruption, failure, service outages or data corruption (including as a result of computer viruses, "bugs" or "worms", malware, internal or external misuse by websites, cyberattacks) or other disruptions including natural disasters, fire, extreme weather events, power outages or other similar events outside of Nuix's control. Such events may lead to prolonged disruption to Nuix's platform, the loss or exposure of customer information or data, or operational or business delays and reputational damage. This could potentially lead to a loss of customers, remediation costs, legal claims by customers, and an inability to attract new customers, any of which could have a materially adverse impact on the business, operations and financial performance. For example, Nuix relies on certain contracts with third party suppliers such as AWS to maintain and support information technology infrastructure, particularly related to cloud services and database infrastructure or provide enrichments (such as translation or natural language processing) to their applications. In the event of an outage or limitation of the availability of such suppliers, access to Nuix's cloud-hosted applications or those enrichments may be limited or cease for a period of time. Nuix may also incur significant costs for using alternative hosting sources or taking other actions in preparation for, or in reaction to, events that damage the cloud-based services that Nuix offers.

In certain circumstances, Nuix sells its platform through sales partners. In the event that the systems and processes of Nuix's sales partners are experiencing technical difficulties, delays or outages, it could result in customer dissatisfaction regarding Nuix's platform and confusion regarding the source of the issue. Such issues may result in reputational damage and any of the events described in Section 5.1.12.

Nuix also relies heavily on hosted cloud technologies from third parties in order to operate critical functions of Nuix's business, including enterprise resource planning, enterprise business productivity services and customer relationship management services. Nuix has experienced and may in the future experience, website and cloud service disruptions, storage failures, outages and other performance problems related to these vendors. If these services are unavailable, Nuix could suffer interruptions to Nuix's business, damage to Nuix's reputation, be exposed to legal liability, and lose customers, all of which could negatively affect Nuix's business.

In addition to any failure or disruption to their services, any increase in price from, or termination of contracts for any reason with, third party service providers could negatively impact Nuix's operating and financial performance. In such circumstances, Nuix may be required to undertake additional development tasks internally, or find new suppliers of such services who may offer less favourable terms. It could also expose Nuix to claims for loss and damage from customers that may exceed the amounts that Nuix is entitled to recover from the third party service providers.

5.1.25 BREACH OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS

There is a risk Nuix may be subject to litigation based on allegations of infringement or other violations of intellectual property rights by third parties. Litigation may involve patent holding companies or other adverse patent owners that have no relevant product revenues and against which Nuix's patents may therefore provide little or no deterrence. Nuix has experienced this once previously and may do so again in the future. Nuix has received, and may in the future receive, notices that claim Nuix has misappropriated, misused, or infringed other parties' intellectual property rights, and, to the extent Nuix gains greater market visibility, Nuix faces a higher risk of being the subject of intellectual property infringement claims. There is a risk that there are third party intellectual property rights, including issued or pending patents, that cover or claim to cover

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significant aspects of Nuix's technologies or business methods. Similar risks apply to Nuix's proprietary software (including underlying code), from a copyright perspective. For example, to successfully assert copyright in its software against third parties, Nuix would need to be able to demonstrate that it owns that software and that the software has a human author. If Nuix is not able to do this, it may not be able to enforce its copyright in that software against third parties.

Nuix may also be exposed to increased risk of being the subject of intellectual property infringement claims as a result of acquisitions, as, among other things, Nuix has a lower level of visibility into the development process with respect to such technology or the care taken to safeguard against infringement risks. Any intellectual property claims, with or without merit, could be very time consuming, could be expensive to settle or litigate and could divert Nuix's attention and other resources. These claims could also subject Nuix to significant liability for damages if Nuix is found to have wilfully infringed patents or copyrights and could also result in Nuix having to stop using technology found to be in violation of a third party's rights. There is a risk that Nuix customers will seek compensation from Nuix in the event they are exposed to losses in relation to an infringement by Nuix of third party intellectual property rights. Such liabilities may be uncapped under Nuix's customer contracts. Nuix might be required to seek a licence for the intellectual property, which may not be available on reasonable terms or at all. Even if a licence were available, Nuix could be required to pay significant royalties, which would increase Nuix's operating expenses. As a result, Nuix may be required to develop alternative non-infringing technology, which could require significant effort and expense. If Nuix cannot licence or develop technology for any infringing aspect of Nuix's business, it would be forced to limit or stop sales of Nuix's offerings and may be unable to compete effectively. Any of these results would adversely affect Nuix's business operations and financial results.

5.1.26 USE OF "OPEN SOURCE" SOFTWARE

Nuix uses "open source" software in Nuix's platform that may give rise to greater risks to Nuix than if it used internally developed code or third party commercial software. There is a risk that the use of open source software, or the licences pertaining to it, could:

- be construed in a manner that imposes unanticipated conditions or restrictions on Nuix's ability to commercialise its platform;
- give rise to claims from others alleging breach of licence requirements or infringement of intellectual property rights in what Nuix believed to be licensed open source software;
- require Nuix to release Nuix's proprietary source code that was developed using, incorporating or linked with such open source software, or apply open source licences to Nuix's proprietary software, including authorising further modification and redistribution;
- require Nuix to purchase a licence or devote additional development resources to change Nuix's software offerings in order to continue offering Nuix's application; or
- have or create security and other vulnerabilities or instabilities, or be subject to security attacks,

and that procedures Nuix employs to prevent events of this nature may not be sufficient to do so.

Many of these risks, and other risks associated with usage of open source software, could be difficult to eliminate or manage, and could, if not properly addressed, negatively affect the performance of Nuix's platform and financial performance.

5.1.27 DETERIORATION IN MACROECONOMIC CONDITIONS OR DESIRE OR REQUIREMENTS TO ANALYSE DATA

The growth of the addressable market in which Nuix operates and in Nuix's use cases is partially dependent upon the overall level of business and government spending. Although Nuix's business has experienced significant growth, Nuix cannot provide any assurance that its business will continue to grow at the same rate or at all. A decline in general economic conditions or changes in certain macroeconomic factors (including lack of income growth, reduced consumer confidence, inflation, volatility in local or global financial markets, economic tensions, and government intervention, including with respect to changes in interest rates) may adversely affect Nuix's financial performance by reducing the volume of data being created and the amount of data that customers are required to process and analyse.

A sustained weakening of the global economy, particularly in Nuix's key markets, could affect the financial performance of Nuix's customers and cause some customers to reduce the number of employees across their

business or close, which could materially affect demand for Nuix's platform through reduced customer numbers and declines in the amounts of data processed and analysed.

There is also a risk that changes in macroeconomic sentiment or political, regulatory or corporate focus may reduce the emphasis placed on analysis of data, the scope of regulations, or the importance placed on regulatory or corporate actions, enforcements or litigation. The nature or scope of litigation or inquiries, particularly large litigation or inquiries which Nuix's platform is particularly useful for, may reduce for periods of time or permanently. This may reduce the growth of use cases for Nuix's platform or the importance of activities for which Nuix's platform is currently used.

In FY21F, Nuix's financial performance has been impacted by softer federal government expenditure in the United States, primarily due to the 2020 United States Presidential election but also in part due to the impact of COVID-19 on Nuix's federal government customers (discussed below). Nuix believes that this has resulted in, and may continue to result in, delays to buying decisions by certain U.S. federal government agencies. Nuix's business may also be impacted due to shifts in the political environment and changes in fiscal policy, spending priorities or the government and agency leadership positions, including for example, as a result of the outcome of the 2020 United States Presidential election, a significant delay in determining the outcome of that election, or future election cycles.

Any of these developments, could result in an unexpected change to Nuix's financial performance or prospects.

5.1.28 CHANGES IN TAX LAW AND INCONSISTENCIES BETWEEN THE TAX LAWS AND POLICIES OF DIFFERENT COUNTRIES

Nuix is subject to the tax laws and policies of Australia and each of the other countries in which it operates. There is a risk that there may be inconsistencies between the tax laws and policies Nuix is required to comply with in each of these countries, which may make it difficult for Nuix to structure its tax policies in the most tax efficient manner for each jurisdiction.

While Nuix has established its tax policies (and its relevant tax provisions) using assumptions and estimates that it believes to be reasonable (for example, in relation to research and development tax offsets, as described in Section 4.2.4.3), the tax treatments adopted by Nuix may be challenged by tax authorities in the jurisdictions in which Nuix operates. Such tax authorities may review the positions taken by Nuix, including in prior periods, and, as a result, additional taxes may be payable by Nuix, its current tax provisions may prove insufficient, Nuix may be required to adjust for changes in taxation treatment in subsequent periods, and penalties and interest may be imposed on Nuix. Any adverse determinations by a tax authority in relation to Nuix's tax obligations could have a material adverse effect on Nuix's reported results, cash flows and financial condition.

In addition, tax laws in Australia and the other countries in which Nuix operates may change in the future. Any changes to the current rates of taxes (including corporate tax, state tax, goods and services taxes, and stamp duties) imposed on Nuix are likely to affect returns to Shareholders. In particular, both the level and basis of taxation may change. An interpretation of tax laws by the ATO, or any other relevant authority or body, may increase the amount of tax to be paid by Nuix, or may cause changes in the carrying value of tax assets or liabilities in Nuix's financial statements.

5.1.29 FAILURE TO IDENTIFY, EXECUTE AND REALISE BENEFITS FROM M&A OR STRATEGIC PARTNERSHIPS

Nuix may pursue M&A, or enter into strategic partnerships, in order to realise benefits including inorganic growth, accelerated development or delivery of Nuix's applications, increased customer base, or the provision of new offerings. There is a risk that Nuix may not be successful in identifying attractive opportunities. Furthermore, the identification, evaluation and negotiation of these opportunities may require significant time and effort from key management and employees, and may result in disruptions to the business. Additionally, there is a risk that Nuix's competitors have a greater willingness and ability to pay for opportunities that Nuix is interested in.

There is also a risk that Nuix is unsuccessful in integrating new businesses or assets into its existing platform in a timely manner, or that the new businesses or assets do not result in the benefits anticipated. This may include the potential challenges in integrating development teams as a result of different practices and processes being employed. Nuix cannot guarantee that every acquisition or partnership that it makes or enters into will result in favourable outcomes for the business. Nuix completed the strategic acquisition of Ringtail in 2018 and may seek to undertake further acquisitions in the future, both domestically and globally. Nuix may choose to integrate

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strategic acquisitions, which includes the process of transitioning customers of the acquired business onto Nuix's platform. Nuix may also implement aspects of the acquired business or products to enhance its existing business.

Future expansion by acquisition may be affected by factors beyond Nuix's control (including without limitation, commercial or regulatory changes), which may result in there being limited or unsuitable acquisition opportunities at the relevant time. There can be no assurance that suitable future acquisition opportunities will arise or if they do arise that they will be able to be made on acceptable terms.

There is a risk that customers of acquired businesses do not successfully transition onto Nuix's platform, which may be due to their unwillingness to pay a higher price for Nuix's platform, or do not believe there is an operational need to make the change. There is also a risk that the process of transitioning customers requires significantly more financial and management resources, or time to complete, than originally planned. This may occur due to a variety of factors, including poor market conditions, poor integration of staff, staff losses, customer losses, technology impacts or other integration barriers.

5.1.30 LISTED COMPANY TRANSITION

There is a risk that Nuix does not successfully or efficiently manage its transition to being a public company that is subject to significant regulatory oversight and reporting obligations under applicable securities laws and the continuous scrutiny of securities analysts and investors. There is a risk that Nuix may inadvertently fail to comply with these requirements and that its legal and financial compliance costs in seeking to do so are higher than expected. These new obligations and regulations will also require significant attention from Nuix's Senior Leadership Team and could divert their attention away from the day-to-day management of Nuix's business, which could adversely affect its business, financial condition, and results of operations.

In addition, as a public company, Nuix may be subject to shareholder activism, which can lead to substantial additional costs, distract management, and impact the manner in which Nuix operates its business in ways that it cannot currently anticipate. As a result of the disclosure of information in this Prospectus and in filings required of a public company, Nuix's business and financial condition will become more visible, which may result in diminished competitive advantage or potentially, threatened or actual litigation, including by competitors.

5.1.31 BRAND AWARENESS

The growth in awareness of Nuix's brand is critical to growing Nuix's customer base. Further, the brand and the business more generally, could be negatively impacted by a number of factors discussed in this Section, including adverse performance of Nuix software, third party actions such as disputes or litigation, actions of Nuix's employees or non-compliance with laws (including in relation to data security breaches or unlawful disclosure of confidential information). Damage to reputation or brand may result in existing or potential customers seeking services from competitors, which in turn may result in adverse impacts on the business, financial performance and operations.

In addition, publicly available information regarding Nuix has historically been limited, in part due to the fact that Nuix has operated as a private company and also as a result of the sensitive nature of the matters that Nuix's customers may use Nuix's platform for, or contractual requirements limiting or preventing public disclosure of that work or the customers that Nuix works with. As Nuix's business grows and interest in Nuix increases, Nuix may become the target of unfavourable media or market coverage, including through negative publicity around a customer's use case for employing the Nuix platform, which could damage Nuix's reputation or growth prospects. Refer also to Section 5.1.5.

5.1.32 FOREIGN EXCHANGE FLUCTUATIONS

Nuix's financial statements are presented in Australian dollars. Nuix has a significant portion of current sales revenue denominated in currencies other than the Australian dollar, most notably U.S. dollars, British pounds as well as euros (refer to Section 4.11.1.6). As a result, revenue is increasingly sensitive to movements in the exchange rate between the U.S. dollar and Australian dollar. The proportion of revenue denominated in currencies other than the Australian dollar may increase over time as Nuix continues to grow and expand into overseas jurisdictions. At present, Nuix does not take out derivatives to hedge this exposure, and as a result any changes in the exchange rates in the jurisdictions in which Nuix operates may adversely impact Nuix's business, operations and financial performance.

5.1.33 FUTURE FUNDING REQUIREMENTS AND ABILITY TO ACCESS CAPITAL MARKETS OR REFINANCE DEBT ON ATTRACTIVE TERMS

Nuix has historically relied on both debt and equity funding to fund Nuix's business operations. Nuix may also seek to raise additional debt finance or new equity in the future to maintain or grow the business. Any deterioration in the level of liquidity in the debt and equity markets may prevent Nuix from being able to refinance some or all of Nuix's debt on favourable terms (if at all), or raise new equity. This may adversely impact Nuix's business, operating and financial performance.

Although Nuix believes that, on Completion, it will have sufficient working capital to meet Nuix's operational requirements and business objectives during the Forecast Period, there can be no assurance that such objectives can be met without further financing or, if further financing is necessary, that financing can be obtained on favourable terms or at all. Furthermore, raising additional funds by issuing equity securities may result in dilution for some or all of the Shareholders.

If Nuix uses debt funding in the future, for example, to help fund Nuix's business operations, Nuix will face refinancing risk if it is unable to refinance Nuix's debt when it falls due. If this occurs, the terms available to Nuix (including in relation to pricing) on refinancing with a new debt facility may not be as favourable as those under Nuix's existing Debt Facilities at the time and, if there is a deterioration in the level of debt market liquidity, this may prevent Nuix from being able to refinance some or all of Nuix's debt.

5.1.34 INADEQUATE INSURANCE COVER

Nuix's insurance policies may not comprehensively cover all risks and liabilities. Appropriate coverage may not be available (or may not adequately cover all losses) or Nuix may elect not to insure against certain risks (for example, Nuix has decided not to ensure for employment practices liabilities, liability for unfair dismissals). It may elect not to do so, for example, where it considers the applicable premiums to be excessive in relation to the perceived risks and benefits that may accrue. As a result, Nuix may be held liable for material claims beyond Nuix's insurance coverage limits that could materially and adversely impact financial performance and reputation. In addition, any significant claim against such policies may lead to increased premiums on renewal and/or additional exclusions to the terms of future policies. If insurance (including cyber insurance) is not available to cover a claim or the quantum of a claim exceeds policy limits, Nuix will be exposed to the financial impact of the event which could have an adverse impact on Nuix's business, financial performance and operations.

5.1.35 INABILITY TO MEET FORECASTS AND OTHER FORWARD-LOOKING INFORMATION

Certain statements in this Prospectus constitute forward-looking statements. Such forward-looking statements rely on various contingencies and assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of Nuix to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Furthermore, the assumptions underlying these forward-looking statements, including the general and specific assumptions underlying the Forecast Financial Information contained in this Prospectus, may not eventuate or may prove incorrect or inaccurate. The risks associated with these forward-looking statements and forecasts may be exacerbated by COVID-19 and the resulting uncertainty in the current economic environment. Given these uncertainties, prospective investors should not place undue reliance on the Forecast Financial Information forward-looking statements contained herein. In addition, under no circumstances should forward-looking statements or forecasts be regarded as a representation or warranty by Nuix or any other party referred to in this Prospectus that a particular outcome or future event is certain or guaranteed.

5.2 GENERAL RISKS OF AN INVESTMENT IN SHARES

5.2.1 IMPACT OF GENERAL MARKET DEVELOPMENTS

Once Nuix becomes a publicly listed company on the ASX, it will become subject to general market risk that is inherent in securities listed on a stock exchange. This may result in fluctuations in Nuix's Share price that are not explained by Nuix's fundamental operations and activities.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of Shares will increase following quotation on the ASX, even if earnings increase. Some of the factors which may adversely impact the price of the Shares include fluctuations in the domestic and international market for listed

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securities, general economic conditions including gross domestic product growth, interest rates, inflation rates, foreign currency fluctuations, commodity and oil prices, changes to fiscal, monetary or regulatory policies and settings, changes in legislation or regulation, inclusion in or removal from market indices, variations in sector performance (which may lead to investors exiting one sector in preference for another), initiatives by other sector participants (which may lead to investors switching from one stock to another), the nature of the markets in which Nuix operates and general operational and business risks.

The outbreak of COVID-19 is impacting global economic markets. Given the evolving nature of the pandemic, the nature and extent of the effect of the outbreak on Nuix's performance, particularly in the longer term, is unknown. Nuix's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 (additional travel bans or quarantining requirements, for example) may adversely impact Nuix's operations and are likely to be beyond the control of Nuix.

Deterioration of general economic conditions may also affect Nuix's business operations, and the consequent returns from an investment in Shares.

5.2.2 SHAREHOLDER DILUTION

In the future, Nuix may elect to issue shares (including pursuant to incentive arrangements) or engage in fundraising activities for a variety of reasons, including funding acquisitions or growth initiatives. Nuix will be subject to the constraints of the ASX Listing Rules regarding the percentage of capital that Nuix is able to issue within a 12 month period (other than where exceptions apply). Shareholders may be diluted as a result of such issues of Shares and fundraisings.

5.2.3 ECONOMIC AND GOVERNMENT RISKS

Nuix's future viability is also dependent on a number of other factors which affect many businesses and not just those competing in the investigative analytics and intelligence software market, including, but not limited to:

- general economic conditions in industry verticals in which Nuix and Nuix's customers operate;
- changes in government policies, taxation and other laws in jurisdictions in which Nuix operates;
- the strength of the equity and share markets in Australia and throughout the world, and in particular, investor sentiment towards the technology sector; and
- the movement in, or outlook on, interest rates and inflation rates in jurisdictions in which Nuix operates.

Any or all of these factors could have an adverse impact on Nuix's business, financial performance and operations.

5.2.4 NO DIVIDEND GUARANTEE

Nuix's ability to pay dividends or make other distributions in the future is contingent on profits and certain other factors, including the capital and operational expenditure requirements of the business. Therefore, there is no assurance that dividends will be paid. Moreover, to the extent that Nuix pays any dividends, Nuix's ability to offer fully franked dividends is contingent on making Australian taxable profits. Nuix's Australian taxable profits may be difficult to predict, making the payment of franked dividends unpredictable.

The value of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

5.2.5 FORCE MAJEURE EVENTS

Events may occur within or outside Australia that negatively impact global, Australian or other local economies relevant to Nuix's financial performance, operations and/or the price of Shares. These events include but are not limited to an increase of the impact of COVID-19, new pandemics, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that may have a material adverse effect on Nuix's supply chain, the demand for its applications and its ability to conduct business.

5.2.6 TRADING IN SHARES MAY NOT BE LIQUID

Following Nuix's listing on the ASX, there can be no guarantee that an active market will develop. There may be relatively few or many potential buyers or sellers of the Shares on the ASX at any time, which may increase the volatility of the market price of the Shares, prevent investors from acquiring more Shares or disposing of Shares they acquire under the Offer, or result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid.

Following Completion, it is expected that the existing Shareholders will hold 43.4% of the Shares, which may also impact liquidity. For example, 37.9% of the Shares on issue will be held by Shareholders who have entered into voluntary escrow arrangements in relation to the Shares described in Section 6.5. The absence of any sale of Shares by these existing Shareholders during the escrow period (expected to be until 4:15pm on the date on which the Company releases its preliminary financial report on the financial results for FY21 to the ASX) may cause, or at least contribute to, limited liquidity in the market for Shares.

5.2.7 SPECIFIC CIRCUMSTANCES THAT MAY ADVERSELY AFFECT NUIX'S SHARE PRICE

Approximately 6.3% of the Shares on issue on Completion will be held by existing Shareholders who will be free to sell their Shares following Completion if they wish. This could impact the prevailing market price at which Shareholders are able to sell their Shares. Further, following release from escrow (refer to Section 6.5), Shares held by the existing Shareholders that were previously subject to escrow (which on Completion is expected to represent 37.9% of Shares on issue) will be able to be freely traded on the ASX. A significant sale of Shares by the existing Shareholders, or the perception that such sales have occurred or might occur, could adversely impact the price of Shares. The interests of the existing Shareholders may be different from the interests of investors who acquire Shares in the Offer.

5.2.8 IMPACT OF MACQUARIE'S HOLDING

Immediately following Completion, Macquarie Corporate Holdings will own approximately 30.1% of the Shares. Macquarie Corporate Holdings will therefore have the potential to influence Nuix following the Completion, and Macquarie's interests may conflict with Nuix's or other Shareholders in the future. Going forward, Macquarie's degree of influence will depend on, among other things, Nuix's level of ownership of the Shares.

5.2.9 TAX IMPLICATIONS ARISING FROM BUYING AND SELLING SHARES

There are tax implications arising from buying and selling Shares, the receipt of dividends (both franked and unfranked, if any) from Nuix and participation in any on-market Share buyback. Investors should seek their own independent taxation advice before applying for Shares.

5.2.10 POSSIBLE CHANGES IN ACCOUNTING STANDARDS

Changes to the Australian Accounting Standards (AAS) are determined by the Australian Accounting Standards Board (AASB). The AASB may, from time to time, introduce new or refined AAS. It is also possible for interpretations of existing AAS to evolve over time. This may affect the way Nuix measures and recognises accounting items, which could have adverse impacts on the business, financial performance and position reported in Nuix's financial statements. This may also affect the comparability of results from year to year.

There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss or balance sheet items, may differ. Any changes to the AAS or to the interpretation of those standards may have a material adverse effect on Nuix's reported financial performance and position.

5.2.11 INTEREST RATE FLUCTUATIONS

Changes in interest rates will affect borrowings which bear interest at floating rates. Any increase in interest rates will affect the costs of servicing borrowings and may affect the relative strength of the Australian dollar and the U.S. dollar, each of which may adversely impact the business, operations and financial performance.

6.

KEY PEOPLE, INTERESTS AND BENEFITS





6. KEY PEOPLE, INTERESTS AND BENEFITS

6.1 BOARD OF DIRECTORS




The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

Figure 88: Nuix's Board of Directors

Director	Experience and background
 <p>Jeffrey Bleich <i>Non-Executive Chairman</i></p>	<p>Jeffrey has been a Non-Executive Director of Nuix since 2017 and was appointed as Chairman of the Company in November 2020. Jeffrey lives in Piedmont, California, U.S.A.</p> <p>Jeffrey has over 30 years' experience in the legal, government, and technology sectors, and most recently served as a Court-Appointed Special Master and Mediator in the United States District Court, before being named the Chief Legal Officer of Cruise LLC, a San Francisco-based autonomous vehicle company. After clerking for the Chief Justice of the United States Supreme Court, Jeffrey practised law as a Partner at Munger, Tolles & Olson LLP from 1992 to 2009 and 2014 to 2016, and as both CEO of Dentons Diplomatic Solutions and a Partner in the Public Policy and Regulatory practice of Dentons international law firm from 2016 to 2019. Jeffrey's practice focused on cyber security, technology, complex international disputes, as well as high profile pro bono matters before the U.S. Supreme Court.</p> <p>Jeffrey served four years as the U.S. Ambassador to Australia from 2009 to 2013 and as special counsel to President Obama in 2009. He has served as Board Chair of the San Francisco based Pacific Gas & Electric Company, Chair of the Fulbright Foreign Scholarship Board, Chair of the California State University Board of Trustees, President of the State Bar of California, and as a Director of a number of charitable and public policy organisations including the Australian-American Leadership Dialogue, RAND Australia, Stanford University's Center for Advanced Study in the Behavioral Sciences, Amherst College, the American Security Project, and Futures Without Violence.</p> <p>Jeffrey holds a Bachelor of Political Science from Amherst College, a Master in Public Policy from Harvard University and Juris Doctor from the University of California Berkeley. He has also received an honorary Doctorate of Laws from San Francisco State University and honorary Doctorates from Griffith University and Flinders University.</p>
 <p>Rod Vawdrey <i>Executive Director and Group Chief Executive Officer</i></p>	<p>Rod joined Nuix as Chief Operating Officer in July 2015 and was appointed Chief Executive Officer of Nuix in May 2017, and an Executive Director in September 2017. Rod lives in Sydney, Australia.</p> <p>Rod oversees Nuix's business activities globally which encompasses sales, customer support, training and technical services, engineering and development, product, marketing, finance, IT partners, corporate development and strategy and human resources – with all Senior Leadership Team members reporting directly to Rod.</p> <p>Rod was previously Corporate Executive Vice President and President of Fujitsu Limited between 2011 and 2014, and from 2003 to 2011 was Chief Executive Officer of Fujitsu ANZ.</p> <p>Rod is currently a Director of Qualitas Services who provide consulting services. Rod is also a member of the Australia Institute of Company Directors.</p>

6. KEY PEOPLE, INTERESTS AND BENEFITS

Continued




Director	Experience and background
 <p>Sir Iain Lobban <i>Non-Executive Director</i></p>	<p>Iain has been an adviser to the Board since October 2018 and was appointed as a Non-Executive Director of the Company in November 2020. Iain lives in England.</p> <p>Iain has over 30 years' experience in the security and intelligence sector, including having served as the Director of the British Intelligence Agency GCHQ from 2008 to 2014. Iain was one of the five experts appointed by Australia's Prime Minister to create Australia's first National Cyber Security Strategy in 2015. He was subsequently one of the senior three-person team appointed by the Prime Minister to conduct the 2017 Independent Review of the Australian Intelligence Community.</p> <p>Iain is currently a Director of Prevalent AI, a company specialising in security data science software and solutions, and of C5 Holdings, an investment company specialising in cyber security, data analytics and cloud. His advisory work for boards spans cyber security risk management and financial crime compliance.</p> <p>Iain holds a Bachelor of Arts in French and German from the University of Leeds. Iain is a Visiting Professor of King's College London and an Honorary Fellow of the Judge Business School at the University of Cambridge. Iain was appointed a Companion of the Bath 2006 and Knight Commander of St Michael and St George in 2013.</p>
 <p>Daniel Phillips <i>Non-Executive Director</i></p>	<p>Daniel has been a Director of Nuix since 2011, and acted as Chairman between 2018 and November 2020. Daniel lives in Sydney, Australia.</p> <p>Daniel has more than 20 years' experience providing venture capital to high growth companies in Australia, Asia, Europe and the United States. Daniel is currently an employee of the Macquarie Group, having joined Macquarie Group in January 1989 and founded Macquarie Group's technology venture capital investment business in 1996.</p> <p>Daniel has served on boards of the ASX listed entities oOh!media Group Ltd and IBA Health and NYSE listed Ambow Education. Daniel is currently a Director of a number of companies, including NextPayments Pty Ltd, RedEye Apps Pty Ltd, RecordPoint Software Holdings Pty Ltd, FoodByUs Pty Ltd, XM Cyber Ltd and Australian Philanthropic Services. Daniel also served as a member of the Australian Federal Government's ICT Advisory Board.</p> <p>Daniel is a member of the Association of Chartered Accountants.</p>
 <p>Sue Thomas <i>Non-Executive Director</i></p>	<p>Sue has been a Non-Executive Director of the Company since November 2020.</p> <p>Sue has over 30 years' experience in the financial services and information technology sectors, having founded and acted as Managing Director of FlexiPlan Australia Limited, which was subsequently sold to MLC/NAB. Sue lives in Perth, Australia.</p> <p>Sue is currently a Director of ASX listed companies Temple and Webster Group Limited and Fitzroy River Holdings, and a former Director of ASX listed Alexium International Group Limited. Sue is also a current Director of BT Funds Board, and was formerly a Director of Property Exchange Australia Limited and Grant Thornton Australia Limited.</p> <p>Sue holds a Bachelor of Law and Bachelor of Commerce from the University of New South Wales and has received a diploma from the Australian Institute of Company Directors.</p>

6.2 SENIOR LEADERSHIP TEAM

Nuix has an experienced Senior Leadership Team, led by CEO Rod Vawdrey. Rod is supported by a number of skilled and knowledgeable personnel, who together have extensive experience in the Nuix business and the technology and software industry. Members of Nuix's Senior Leadership Team have previously worked in key customer industry verticals and have a strong understanding of customer needs.





Figure 89 lists Nuix's Senior Leadership Team.

Figure 89: Nuix's Senior Leadership Team

Executive	Experience and background
Rod Vawdrey <i>Executive Director and Group Chief Executive Officer</i>	Refer to Section 6.1.
 Stephen Doyle <i>Chief Financial Officer</i>	<p>Stephen commenced working at Nuix in August 2010 and was appointed Chief Financial Officer in February 2011. Stephen also acted as Company Secretary from June 2011 until November 2020. Stephen is currently responsible for the finance function at Nuix.</p> <p>Previously Stephen has held senior finance positions in technology-related companies including Vodafone, NCR Teradata, and SurfControl.</p> <p>Stephen holds a Bachelor of Commerce from the University of Queensland and is a member of both the Chartered Accountants of Australia and New Zealand and the Australian Institute of Company Directors.</p>
 Danny Pidutti <i>Chief Product Officer</i>	<p>Danny joined Nuix as Chief Product Officer in April 2018 and is responsible for developing and coordinating the delivery of Nuix's product strategy.</p> <p>Danny was previously Vice President, Product and Industry Marketing at Nuxeo, responsible for product and industry solutions strategy and the associated go-to-market. Prior to this, Danny held senior leadership roles with Dell and EMC.</p> <p>Danny holds a Bachelor of Information Technology/Engineering and Computer Science from the Australian National University.</p>
 Paul Keen <i>Vice President of Engineering</i>	<p>Paul joined Nuix as Vice President of Engineering in April 2020 and is responsible for all the Company's engineering teams and related activities across Nuix.</p> <p>Paul's previous roles include as the Head of Group Architecture and Engineering at Qantas, Chief Technology Officer at Airtasker and Chief Information Officer at Dick Smith Electronics. Prior to these experiences, Paul was a General Manager in Salmat's Software Development team and a General Manager of Technology and Development at RedBalloon.</p> <p>Paul holds a Master of Business Administration from Macquarie University (Macquarie Graduate School of Business).</p>

6. KEY PEOPLE, INTERESTS AND BENEFITS

Continued

Executive	Experience and background
 <p>Stephen Stewart <i>Chief Technology Officer</i></p>	<p>Stephen joined Nuix as Chief Technology Officer in October 2008. Stephen is responsible for shaping Nuix's product strategy by working closely with customers to improve existing use cases.</p> <p>Stephen was previously a Director of eDiscovery Services at RVM Enterprises, a principal at ESI Strategies, as well as having worked as a Subject Matter Expert (Archiving and Discovery) at CommVault and Consulting Product Manager at EMC for SourceOne/EmailXtender.</p> <p>Stephen holds a Bachelor of Environmental Science from the University of Virginia.</p>
 <p>David Sitsky <i>Engineering Founder and Chief Scientist</i></p>	<p>David led the founding team which first conceptualised Nuix in the early 2000s with the development of a program to make unstructured data searchable and which was acquired by the Company in 2005. Since this time, David has served a number of roles at Nuix, including as Chief Engineer and Head of Development. Since 2018, David has led the research and development efforts at Nuix as Chief Scientist.</p> <p>David was previously a software engineer with Cisco Systems and the Computer Science Department at the Australian National University.</p> <p>David holds a Bachelor of Science with First Class Honours in Computer Science from the Australian National University, where he was also awarded a university medal for academic achievement.</p>
 <p>Bill Adams <i>Vice President of Nuix Discover</i></p>	<p>Bill joined Nuix in September 2018 as part of the acquisition of Ringtail software from FTI Consulting. Bill is now responsible for Nuix Discover (formerly Ringtail) at Nuix.</p> <p>Bill was formerly a Senior Managing Director at FTI Consulting and has extensive experience with the Nuix Discover (formerly Ringtail) software, having worked at FTI for over 20 years.</p> <p>Bill holds a Bachelor of Arts, Political Science and Government from Northwestern University and a Juris Doctor from George Mason School of Law and Economics.</p>
 <p>Melissa Pascoe <i>Vice President of Human Resources</i></p>	<p>Melissa joined Nuix in July 2020 as Vice President of Human Resources and is responsible for managing a global team that provides human resources support to Nuix employees.</p> <p>Melissa was previously a Global HR Director at Macquarie Group, where she managed a global team providing HR support to over 3,500 people. As a member of several senior leadership teams, Melissa provided strategic HR advice and coaching to the senior executives and their leadership teams.</p> <p>Melissa holds a Bachelor of Financial Administration from the University of New England and is a member of the Institute of Chartered Accountants Australia.</p>

Executive

Experience and background



Sarah Nichols
*Director of
Corporate
Development
and Strategy*

Sarah joined Nuix in 2016 as Strategic Program Manager and was appointed Head of Corporate Development and Strategy in November 2019. Sarah is responsible for evolving the Nuix business growth strategy and model, distilling complex high-volume data and ideas into Board/Executive level decision making tools and setting up, monitoring and supporting critical business optimisation initiatives for success.

Sarah was previously a Senior Manager at Detica (now BAE Systems) and a Senior Business Analyst at SHL Direct (now Gartner).

Sarah holds a Master of Arts from the University of Oxford.



Ethan Treese
*Vice President and
Chief Executive
Officer of
Americas*

Ethan joined Nuix in September 2016 and is responsible for sales and revenue in the North America region.

Ethan was previously Senior Vice President and Global Head of Sales – Customer Solutions at Dun & Bradstreet and was appointed a Director of Bright Focus Foundation in April 2016.

Ethan attended Lehigh University in Pennsylvania.



Jonathan Rees
*Vice President and
Chief Executive
Officer of EMEA*

Jonathan joined Nuix in November 2016 and is responsible for sales and revenue in the EMEA region.

Jonathan was previously employed as Senior Vice President, Enterprise Solutions at Western Union and prior to this, held leadership roles at M-Cube Media Ltd and Vivante, France.

Jonathan holds a Bachelor and Masters of Science from the University of Wales.



Paul Muller
*Vice President and
Chief Executive
Officer of Asia
Pacific and Japan*



Paul joined Nuix in August 2017 and is responsible for Nuix's sales and revenue in the Asia Pacific and Japan region.

Prior to joining Nuix, Paul was employed as Executive General Manager at VMware and preceding this, held leadership roles at SAP and Oracle.

Paul holds a Bachelor of Science from Macquarie University and a Post Graduate Certificate in Business Administration from the Australian Institute of Management. Paul is also a member of the Australian Institute of Company Directors.

6. KEY PEOPLE, INTERESTS AND BENEFITS

Continued

Executive	Experience and background
 Dan Dorchinsky <i>Head of Nuix U.S. Government (Nuix USG)</i>	<p>Dan joined Nuix in June 2017 and is responsible for Nuix's sales and negotiations with the United States Government under Nuix USG.</p> <p>Prior to joining Nuix, Dan served as Group Vice President for SAP National Security Services and prior to this, was an account executive at BMC Software. Dan also served as a Captain in the U.S. Army.</p> <p>Dan holds a Bachelor of Political Science from the United States Military Academy at West Point and a Masters of Business Administration from the University of Chicago Booth School of Business.</p>
 Rolf Krolke <i>Vice President of Technology Services</i>	<p>Rolf joined Nuix as Head of Solution Consulting, Support and Cloud Operations in March 2018, and in June 2019 was appointed Head of Technical Services where he is responsible for pre-sales, deployment and support.</p> <p>Rolf previously served as Head of Cloud Support Engineering, APAC at Amazon Web Services. Prior to that, Rolf held leadership positions at Dell and Microsoft.</p> <p>Rolf holds a Bachelor of Information Systems from the Australian Catholic University and a Masters of Management from Macquarie Graduate School of Management.</p>

Nuix's company secretary is Michael Egan who was appointed in October 2020. Michael has a range of experience in the chartered accounting profession, business, and consulting. Michael has also served in company secretarial roles for the ASX listed companies oOh!media Group Ltd and Temple and Webster Group Ltd.

6.2.1 DIRECTORS DISCLOSURES

Each Director has confirmed to the Company that they anticipate being available to perform their duties as a Director without constraint from other commitments. The Directors will continually evaluate their other commitments, including the number of boards on which they serve, to ensure that proper time and attention is given to their appointment, and role, as a Director.

Directors may have business interests other than those of the Company, and are expected to declare any conflict (or potential conflict) of interest or material personal interests at appointment, or as soon as apparent. The conflict (or potential conflict) of interest or material personal interest may require them to not be present at a Board or Board Committee meeting or vote on a matter which concerns the conflict or material personal interest.

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director, or which is relevant to an investor's decision as to whether to subscribe for Shares.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

Jeffrey Bleich was a director of PG&E Corporation (NYSE:PCG) and Pacific Gas and Electric Company (**PG&E Companies**) from April 2019 to May 2020. Prior to Jeffrey's appointment as a director, the PG&E Companies filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code in January 2019 in response to financial challenges presented by the catastrophic wildfires in Northern California that occurred in 2017 and 2018. During this time, the PG&E Companies were subject to various legal proceedings. Jeffrey joined the PG&E Companies to assist the companies during this period, which resulted in the restructuring of the PG&E Companies and subsequent exit from bankruptcy in or around June 2020.

6.3 INTEREST IN SHARES OF EXISTING AND NEW INVESTORS

Details of interests in Shares and options over Shares at the Prospectus Date and as expected on Completion are set out in Figure 90 and Figure 91.

Figure 90: Securityholdings as at Prospectus Date and Completion

Shareholder	Prospectus Date				On Completion			
	Shares Number	%	Options ¹ Number	Fully diluted ² %	Shares Number	%	Options ¹ Number	Fully diluted ² %
Macquarie Corporate Holdings ³	202,186,139	76.2%	-	66.1%	95,654,262	30.1%	-	30.0%
Blackall ⁴	13,345,750	5.0%	15,000,000	9.3%	13,345,750	4.2%	-	4.2%
Armitage ⁵	17,939,783	6.8%	-	5.9%	8,969,891	2.8%	-	2.8%
Rod Vawdrey	-	-	7,500,000	2.5%	1,580,509	0.5%	169,891 ⁶	0.5%
Other Board ⁷	-	-	1,250,000	0.4%	43,833	<0.1%	500,000	0.2%
Stephen Doyle	-	-	1,150,000	0.4%	834,370	0.3%	107,110 ⁸	0.3%
Other Senior Leadership Team members	5,000,000	1.9%	3,475,450	2.8%	3,025,000	1.0%	819,426 ⁹	1.2%
Former CEO ¹⁰	681,700	0.3%	453,273	0.4%	-	-	453,273	0.1%
Other shareholders ¹¹	26,247,261	9.9%	11,510,900	12.3%	16,830,747	5.3%	-	5.3%
Investors in the Offer	-	-	-	-	177,020,432	55.8%	-	55.4%
Total	265,400,633	100%	40,339,623	100%	317,304,794	100%	2,049,700	100%

Notes:

- A total of 38,289,923 Existing Options which may be exercisable before Completion will be cancelled on Completion for cash (calculated as the Offer Price less the exercise price of the options) to be paid by Nuix from Offer proceeds to or as directed by holders of those options.
- Fully diluted:** refers to the number of issued Shares plus the number of Shares which would be issued on exercise of options (each in respect of one Share) and does not include 342,755 performance rights (which are subject to a FY21 revenue hurdle) to be issued to certain members of the Senior Leadership Team on Completion (refer to Section 6.4.3.2) or share rights which may be issued after Completion (refer to Section 6.4.2.3 and Section 6.4.3.3). Refer to the note below this table.
- Macquarie Corporate Holdings Pty Limited, a wholly owned subsidiary of Macquarie Group Limited.
- Blackall Limited, a New Zealand incorporated company and legal and beneficial owner of described Shares and options. Blackall Limited is ultimately owned by Delrick Limited, a company limited by guarantee incorporated in Vanuatu which maintains a retirement fund for Nuix co-founder Dr Anthony Castagna.
- Cavill Armitage Services Pty Ltd, the trustee of Cavill Armitage Co-Investment Fund, a special purpose investment vehicle managed by Armitage Associates Pty Ltd.
- To be granted to Rod Vawdrey on Completion as described in Section 6.4.2.3.
- Shares and options to be held by Jeffrey Bleich, Sue Thomas and Iain Lobban (or trustee companies associated with them) as described in Section 6.4.2.
- To be granted to Stephen Doyle on Completion as described in Section 6.4.3.3.
- Other Senior Leadership Team members:** refers to members of the Senior Leadership Team listed in Section 6.2 other than Rod Vawdrey and Stephen Doyle. Does not include 342,755 performance rights to be issued on Completion (refer to Section 6.4.3.2) or share rights which may be issued after Completion (refer to Section 6.4.2.3 and Section 6.4.3.3).
- Assumes the former CEO Proceeding is resolved in Nuix's favour and each of the former CEO's options are in respect of one Share. Refer to the note and table below. Option terms are described in Section 6.9.2.
- Other shareholders:** refers to other investors, former employees, and current employees other than those referred to in the rows above.

6. KEY PEOPLE, INTERESTS AND BENEFITS

Continued

On 23 October 2020, a former CEO of Nuix commenced proceedings against Nuix. These proceedings, referred to as the former CEO Proceeding, relate to the former CEO options described in Figure 90 and are discussed in Section 6.9.2. If the former CEO Proceeding were to be resolved adversely to Nuix, the former CEO's 453,273 options would be over 22,663,650 unissued Shares (rather than 453,273 unissued Shares as asserted by Nuix and reflected in Figure 90) and is illustrated in Figure 91.

Figure 91: Shareholding structure assuming former CEO's Proceeding¹

	Prospectus Date				On Completion			
	Issued Shares		Shares in respect of options ²	Fully diluted	Issued Shares		Shares in respect of options ²	Fully diluted
Shareholder	Number	%	Number	%	Number	%	Number	%
Other securityholders	264,718,933	99.7%	39,886,350	92.9%	317,304,794	100.0%	1,596,427	93.4%
Former CEO	681,700	0.3%	22,663,650	7.1%	-	-	22,663,650	6.6%
Total	265,400,633	100%	62,550,000	100%	317,304,794	100%	24,260,077	100%

Notes:

- Assumes the former CEO Proceeding is resolved adversely to Nuix. In Figure 91, fully diluted refers to the number of issued Shares plus the number of Shares which would be issued on exercise of options (each in respect of one Share or, in the case of the former CEO's options, 50 Shares) and does not include performance rights to be issued on Completion or share rights which may be issued after Completion.
- Shares in respect of options:** refers to the number of Shares that would be issued on exercise of the options on the basis described in Note 1.

A reduction in the number of options between the Prospectus Date and Completion in Figure 90 and Figure 91 will arise as a result of the cancellation of Existing Options by the Company on Completion. Existing optionholders will receive cash (in the amount of the Offer Price less the exercise price per option).

Jeffrey Bleich, Rod Vawdrey, AMK Pty Ltd as trustee for AMK Trust (a trustee associated with Sue Thomas) and Stephen Doyle have entered into agreements with Nuix to acquire a total of 2,458,712 Shares on Completion under the Offer as referred to in Section 6.4.2.6 and Section 6.4.3. These acquisitions are reflected in Figure 90 and Figure 91.

Certain members of the Senior Leadership Team will retain Existing Options as described in Section 6.4.6, and be granted New Options and performance rights in respect of Shares under the Nuix Incentive Plan as described in Section 6.4.3.2.

Figure 91 ignores any acquisitions of Shares arising from applications after the Prospectus Date under the Offer by existing Shareholders.

6.4 INTERESTS AND BENEFITS

This Section 6.4 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds at the Prospectus Date, or has held in the two years before the Prospectus Date, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of Nuix or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.4.1 INTERESTS OF ADVISERS

The Company has engaged the following professional advisers in relation to the Offer:

- Morgan Stanley Australia Securities Limited and Macquarie Capital (Australia) Limited have acted as Joint Lead Managers to the Offer and the fees payable to the Joint Lead Managers pursuant to the Underwriting Agreement are described in Section 9.8.1;
- Clayton Utz has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately A\$1.6 million (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Clayton Utz in accordance with its normal time-based charges;
- PricewaterhouseCoopers Securities Ltd has acted as the Investigating Accountant in connection with the Offer and has performed work in relation to the Investigating Accountant's limited assurance reports. The Company has paid, or agreed to pay, approximately A\$1.3 million (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd in accordance with its normal time-based charges; and
- PricewaterhouseCoopers has acted as the Australian taxation adviser in relation to the Offer. The Company has paid, or agreed to pay, approximately A\$0.4 million (excluding disbursements and GST) for these services up and until the Prospectus Date. Further amounts may be paid to PricewaterhouseCoopers in accordance with its normal time-based charges.

These amounts, and other expenses of the Offer, will be paid by the Company out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.1.

Macquarie Capital (Australia) Limited is a related party of Macquarie Corporate Holdings, an existing Shareholder. Section 6.7 refers to certain arrangements between Nuix and related parties of Macquarie Corporate Holdings.

6.4.2 DIRECTORS' INTERESTS AND BENEFITS

6.4.2.1 Non-Executive Director appointment letters

Each Non-Executive Director has entered into an appointment letter with Nuix, confirming the terms of their appointment, roles and responsibilities and Nuix's expectations of them as Directors.

The letters also set out a restraint clause that prohibits the Non-Executive Directors from being connected with or interested in any business in competition with Nuix, except with prior written consent.

Non-Executive Directors may resign at any time. They will also cease to be a Director if they are not re-elected at the relevant annual general meeting, or if any of the disqualifying events prescribed in the Constitution or as prescribed by law occur.

6.4.2.2 Non-Executive Director compensation

Directors are to be paid or provided remuneration for services provided to Nuix on terms decided by the Board. Under the ASX Listing Rules, the total amount or value of remuneration paid to Non-Executive Directors in any year may not exceed the amount approved by Shareholders at Nuix's general meeting. This amount is currently fixed at A\$1,100,000 per annum. For FY21, it is expected that the fees payable to the current Non-Executive Directors will be approximately A\$265,000 (inclusive of superannuation) in aggregate.

6. KEY PEOPLE, INTERESTS AND BENEFITS

Continued

Figure 92: Completion Board compensation

Position	Expected fees for FY21	Expected fees for FY22 onwards
Chairman	A\$120,000	A\$240,000
Directors	A\$60,000	A\$120,000
Committee chairman	A\$10,000	A\$20,000
Committee member	A\$5,000	A\$10,000

Expected Director's fees in FY21 are half those of FY22 as they will be paid from 1 January 2021. Daniel Phillips will not be paid fees for being a Non-Executive Director, or for chairing or being a member of any Board committee.

Nuix will contribute statutory superannuation to a complying superannuation fund where required, which is included in the amounts above.

Remuneration is reviewed annually and any increase to it will be at the discretion of the Board but will not exceed A\$1,100,000 per annum or such other aggregate amount approved by Shareholders.

Non-Executive Directors will not be entitled to participate in the Nuix Incentive Plan or any other employee incentive scheme operated by Nuix after Completion.

6.4.2.3 CEO and Executive Director compensation

Rod Vawdrey is employed as Chief Executive Officer and has entered into an employment agreement with Nuix to govern his employment. Rod's remuneration is comprised of:

- total fixed remuneration (including base salary and superannuation) of A\$721,694 per annum;
- a discretionary annual short-term incentive (STI) bonus as determined by the Board from time to time. Rod's FY21 STI will entitle him to between 50% of his total fixed remuneration (if minimum performance targets are met) and 75% of his total fixed remuneration (if maximum performance targets are met). One performance target will be a revenue target (70% of the STI) and one performance target will be an EBITDA target (30% of the STI) for the relevant year to be determined by the Board. Once the total dollar value of the STI earned by Rod is determined, two thirds will be payable in cash and one third received in share rights under the Nuix Incentive Plan, on the release of the Company's annual financial statements to the ASX in respect of the relevant year. The number of share rights granted will be calculated by dividing the dollar value attributable to those share rights by the closing Share price on the trading day immediately before the date of the grant. Each share right will automatically convert into one Share 12 months from the date of grant. Rod will be eligible to receive his first STI after Completion (if and to the extent applicable performance targets are met) on the release of the Company's annual financial statements for FY21 to the ASX; and
- a discretionary annual long-term incentive (LTI) bonus as determined by the Board from time to time, being currently a grant of options up to a value equal to 125% of his total fixed remuneration at a Share price determined by the Board. In respect of FY21, options with a value of A\$902,118 (or 169,891 options at the Offer Price) will be granted to Rod on Completion. Details of options to be granted to Rod on Completion are set out in Figure 90 and their terms are summarised in this Section 6.4.2.3 and Section 6.4.2.9. Options will be granted under the Nuix Incentive Plan (refer to Section 6.4.5).

The grant of share rights and options to Rod as a Director after Completion are subject to obtaining required approvals from Shareholders except as permitted by the ASX (refer to Section 9.11.2).

The notice period for termination under Rod's employment agreement is six months by either Rod or Nuix. Nuix may terminate Rod's employment without notice for serious misconduct. Rod is subject to a post-employment restraint period of 12 months, enforceability of which is subject to all usual legal requirements.

6.4.2.4 Deeds of access, insurance and indemnity

The Company has entered into deeds of indemnity, insurance and access with each Director and with the Company Secretary and Chief Financial Officer. Each deed contains the right of access to certain books and records of the Company or a related body corporate of Company for the period from the date of the deed until seven years after the person ceases to hold office of the Company or a related body corporate of the Company. This seven year period can be extended where certain actions or proceedings commence before the period expires. Pursuant to the Constitution and to the extent permitted by law, Nuix may enter into such deeds with any past or present officer of the Company or a related body corporate of the Company.

Pursuant to the Constitution, Nuix must indemnify all Directors, executive officers and other officers, past and present, against all liabilities incurred as an officer of the Company, to the maximum extent permitted by law. Under the deed, the Company indemnifies each Director and relevant officers against any liability that may arise from their position as an officer of the Company or of a related body corporate, to the extent permitted by law. The deed provides that the Company must meet the full amount of any such liabilities, including legal costs that are reasonably incurred, charges and expenses.

Pursuant to the Constitution, the Company may arrange directors and officer's insurance for each of its Directors and any relevant officers, to the extent permitted by law. Under the deed, the Company must maintain such insurance for the period from the date of the deed until seven years after the Director, Company Secretary or Chief Financial Officer ceases to hold their position as an officer of the Company except in certain cases. This seven year period can be extended where certain actions or proceedings commence before the period expires.

6.4.2.5 Other information about Directors' interests and benefits

Directors are also entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred while attending meetings of the Company, the Board or a Board Committee, or when otherwise engaged on business of the Company in carrying out their duties as a Director.

Directors who serve on any Board Committee, who devote special attention to the business of the Company, who otherwise perform services which, in the opinion of the Board, are outside of the scope of the ordinary duties of a Director or who, at the request of the Board, travel on the business of the Company, may be paid extra remuneration as the Board decides.

Additionally, subject to the Corporations Act, any person (including an officer of the Company) may be paid a benefit in connection with the retirement from office (including loss of office, resignation from office or death of a person who held office at the time immediately preceding his or her death) of any officer of the Company. The Board may make arrangements with any officer with respect to providing for or making payment of benefits in accordance with this.

6.4.2.6 Directors' Shares

Directors are not required by the Constitution to hold any Shares. No Directors hold shares in the Company as at the Prospectus Date. On Completion it is expected that:

- Rod Vawdrey will hold 1,580,509 Shares;
- Jeffrey Bleich will hold 25,000 Shares; and
- AMK Pty Ltd as trustee for AMK Trust (an entity associated with Sue Thomas) will hold 18,833 Shares.

These Shares will be acquired at Completion for the Offer Price per Share. The Shares held by Rod Vawdrey and Jeffrey Bleich will be subject to voluntary escrow arrangements. Refer to Section 6.5 for further information on escrow arrangements in relation to the Offer.

Directors are entitled to acquire Shares under the Offer. The figures above exclude any Shares which may be acquired by these Directors under the Offer. Final Directors' shareholdings will be notified to the ASX following Nuix's listing.

6. KEY PEOPLE, INTERESTS AND BENEFITS

Continued

6.4.2.7 DIRECTORS' OPTIONS

Figure 93 outlines the number of options held by the Directors on the Prospectus Date, the number of options which will be cancelled on or by Completion, and the number of options to be held by Directors on Completion.

Figure 93: Summary of Directors' options

Director	Options as at the Prospectus Date	Options to be cancelled	Value to be received in respect of cancellation of Options ¹	Options on Completion
Jeffrey Bleich	625,000	375,000	A\$1,320,000	250,000 ²
Rod Vawdrey	7,500,000	7,500,000	A\$27,975,000	169,891 ³
Daniel Phillips	-	-	-	-
Sue Thomas	-	-	-	-
Iain Lobban ⁴	625,000	375,000	A\$1,091,250	250,000 ^{2,4}

Notes:

1. Calculated at the Offer Price less the exercise price per option multiplied by the number of options being cancelled.
2. Section 6.4.2.8 describes the key terms of these options.
3. Reflects options to be granted to Rod Vawdrey on Completion referred to in Section 6.4.2.3.
4. Iain Lobban holds options through Cyberswift Ltd, an entity incorporated in the United Kingdom.

6.4.2.8 Non-Executive Directors' interests

As noted in Section 6.4.2.7, Jeffrey Bleich and Iain Lobban will each hold 250,000 options over Shares on Completion. The key terms of these options are summarised in Figure 94.

Figure 94: Key terms of Non-Executive Director options on Completion

Term	Description
Exercise Price	A\$5.01 per option. All options are exercisable from Completion.
Rights	Each option entitles the holder to one Share on exercise of the option.
Expiry	An option will lapse on the earlier of: <ul style="list-style-type: none"> • 5:00pm on 30 September 2023; • 90 days (or such longer period determined by the Board) from the date of written notice of an "Insolvency Event", which includes pursuant to an application made to the Court, the Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purpose of or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company, or a voluntary or compulsory winding-up; • 180 days following the date that Jeffrey or Iain's appointment ceases for death or, in the Board's opinion, a permanent disablement preventing them from continuing as a Director of Nuix; and • the date that Jeffrey or Iain ceases to be appointed as a Non-Executive Director, other than as a result of death or, in the Board's opinion, a permanent disablement preventing them from continuing as a Director of Nuix.

Term	Description
Change in circumstances	<ul style="list-style-type: none">• Capital reorganisations: Options are not entitled to participate in any new issue of Shares as a result of a capital reorganisation of Nuix unless they are exercised prior to the record date of any capital reorganisation. The terms of the options shall be proportionately reorganised in accordance with the relevant reorganisation plan.• Bonus issues: If Nuix makes a bonus issue of Shares pro rata to existing shareholders for no consideration, then the number of Shares over which an option is exercisable shall be increased by the number of Shares which the optionholder would have received if the optionholder had exercised the option prior to the record date for the bonus issue.
Change in structure or control	<p>In the event of a Corporate Transaction (defined below), the Board may take one or more of the following actions in respect of the options:</p> <ul style="list-style-type: none">• arrange for the surviving or acquiring corporation to assume or continue the option, or substitute the option with a similar award;• cancel or arrange for the cancellation of the option, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, which may be in exchange for cash consideration (if any) as the Board (in its sole discretion) may consider appropriate;• make payment to the optionholder (in a form as may be determined by the Board) equal to the value of the Share the optionholder would have received upon the exercise of the option, over any exercise price payable by the optionholder in connection with such exercise. <p>The option terms define Corporate Transaction as (relevantly) any of the following:</p> <ul style="list-style-type: none">• a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of Nuix and its related bodies corporate;• a sale or other disposition of at least fifty percent (50%) of the outstanding securities of Nuix;• a merger, consolidation or similar transaction following which Nuix is not the surviving entity; or• a merger, consolidation or similar transaction following which Nuix is the surviving entity but the Shares outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.
Other terms	<p>Options are not transferrable and will not be quoted. Other terms include provisions relating to amendments to the terms by the Board.</p> <p>Any changes to option terms are subject to the ASX Listing Rules.</p>

6. KEY PEOPLE, INTERESTS AND BENEFITS

Continued

6.4.2.9 Executive Directors' interests

As referred to in Section 6.4.2.3, on Completion, Rod Vawdrey will be granted A\$902,118 worth of options (or 169,891 options at the Offer Price) under the Nuix Incentive Plan (refer to Section 6.4.5) in respect of the LTI component of his remuneration. Each option will have an exercise price equal to the Offer Price and be exercisable over one Share. The total number of options that will vest will depend on whether Nuix meets certain revenue and EBITDA targets in respect of FY23 set by the Board. Vesting for 50% of the options will be tested against the revenue target, and vesting for 50% of the options will be tested against the EBITDA target as follows:

if:

- the **minimum revenue** target for FY23 is met, A\$216,508 worth of options (or 40,774 options at the Offer Price) will vest;
- the **minimum EBITDA** target for FY23 is met, A\$216,508 worth of options (or 40,774 options at the Offer Price) will vest;
- the **maximum revenue** target for FY23 is met, A\$451,059 worth of options (or 84,946 options at the Offer Price) will vest; and
- the **maximum EBITDA** target for FY23 is met, A\$451,059 worth of options (or 84,946 options at the Offer Price) will vest,

with one third of each tranche of the vested options above able to be exercised upon the release of the Company's financial results for each of FY23, FY24 and FY25;

- the number of options that will vest between the minimum and maximum targets will be calculated on a straight-line basis; and
- if the minimum revenue target is not met, none of the options tested against the revenue target will vest (but options tested against the EBITDA target will still vest if the minimum EBITDA target is met) and vice versa.

The options that vest will be exercisable at the Offer Price, subject to Nuix's Securities Trading Policy. Options that do not vest will not be exercisable and the options will expire after seven years of the date of the grant of options. Vesting and exercise of options is also subject to the rules of the Nuix Incentive Plan, including relating to continuing employment, as described in Section 6.4.5.

6.4.3 INTERESTS AND COMPENSATION OF THE SENIOR LEADERSHIP TEAM (OTHER THAN THE CEO)

6.4.3.1 Overview of Senior Leadership Team compensation (other than the CEO)

Members of the Senior Leadership Team have entered into contracts of employment with Nuix. Remuneration packages include a total fixed remuneration component (including base salary and statutorily required superannuation) and potential to earn an STI and/or an LTI in the form of awards under the Nuix Incentive Plan based on performance targets set from time to time by the Board. Nuix or the employee may terminate the employee's employment under periods consistent with market practice in the jurisdiction in which they are employed. Employment contracts with the Senior Leadership Team will generally include a restraint of trade period ranging from four to 12 months following expiry of the notice period, enforceability of which is subject to all usual legal requirements.

Other than in respect of the CEO and CFO (refer to Section 6.4.2.3 and Section 6.4.3.3, respectively), no STIs will be in place on Completion for the Senior Leadership Team.

6.4.3.2 OVERVIEW OF OPTIONS AND PERFORMANCE RIGHTS TO BE GRANTED ON COMPLETION TO THE SENIOR LEADERSHIP TEAM UNDER THE NUIX INCENTIVE PLAN (OTHER THAN THE CEO)

Options

In addition to FY21 LTI awards to be granted to the CEO (refer to Section 6.4.2.3), FY21 LTI awards will be issued under this Prospectus and granted under the Nuix Incentive Plan (refer to Section 6.4.5) in the form of options on Completion as follows:

- A\$568,750 worth of options (or 107,110 options at the Offer Price) to Stephen Doyle; and
- a total of 394,584 options to certain other members of the Senior Leadership Team.

The total number of options that will vest will depend on whether Nuix meets minimum revenue and EBITDA targets in respect of FY23 set by the Board. Vesting for 50% of the options will be tested against the revenue target, and vesting for 50% of the options will be tested against the EBITDA target. One third of the vested options will be exercisable upon the release of the Company's financial results for each of FY23, FY24 and FY25.

The options that vest will become exercisable at the Offer Price, subject to Nuix's Securities Trading Policy. Options that do not vest will not be exercisable. Options will expire after seven years of the date of the grant of options. Vesting and exercise of options is also subject to the rules of the Nuix Incentive Plan, including relating to continuing employment, as described in Section 6.4.5.

Further information in relation to the remuneration of the Chief Financial Officer is contained in Section 6.4.3.3.

Performance rights

On Completion, Nuix will also issue 342,755 performance rights under the Nuix Incentive Plan to ten employees in the Senior Leadership Team excluding Rod Vawdrey and Stephen Doyle. The performance rights will be issued under this Prospectus and will convert into Shares on the release of Nuix financial statements for FY21, subject to the satisfaction of a revenue hurdle for FY21 to be determined by the Board and the individual remaining an employee on that release date unless the Board otherwise determines. If these conditions are not met, no Shares will be issued and the performance rights will expire. Performance rights are not transferable. This grant is a one off grant that is not intended to be repeated in subsequent years.

6.4.3.3 Summary of remuneration of the Chief Financial Officer

Stephen Doyle is employed as Chief Financial Officer and has entered into an employment agreement with Nuix to govern his employment. Stephen's remuneration is comprised of:

- total fixed remuneration (comprising base salary and superannuation) of A\$455,000; and
- a discretionary annual STI bonus as determined by the Board from time to time. Stephen's FY21 STI will entitle him to between 50% of his total fixed remuneration (if minimum performance targets are met) and 75% of his total fixed remuneration (if maximum performance targets are met). One performance target will be a revenue target (70% of the STI) and one performance target will be an EBITDA target (30% of the STI) for the relevant year to be determined by the Board. Once the total dollar value of the STI earned by Stephen is determined, two thirds will be payable in cash and one third received in share rights under the Nuix Incentive Plan, on the release of the Company's annual financial statements to the ASX in respect of the relevant year. The number of share rights granted will be calculated by dividing the dollar value attributable to those share rights by the closing Share price on the trading day immediately before the date of the grant. Each share right will automatically convert into one Share 12 months from the date of grant. Stephen will be eligible to receive his first STI after Completion (if and to the extent applicable performance targets are met) on the release of the Company's annual financial statements for FY21 to the ASX; and
- a discretionary annual LTI bonus as determined by the Board from time to time, being currently a grant of options up to a value equal to 125% of his total fixed remuneration at a Share price determined by the Board. In respect of FY21, A\$568,750 worth of options (or 107,110 options at the Offer Price) will be granted to Stephen on Completion. The exercise price for each option will be equal to the Offer Price and is exercisable over one Share. The description in Section 6.4.2.9 for Rod's options (including when options will vest, the applicable targets, when they are exercisable and the expiry date) applies to Stephen's options, except that A\$136,500 worth of options (or 25,707 options at the Offer Price) will vest if a minimum target is met and A\$284,375 worth of options (or 53,555 options at the Offer Price) will vest if a maximum target is met. Options will be granted under the Nuix Incentive Plan.

The notice period for termination under Stephen's employment agreement is six months by either Stephen or Nuix. Nuix may terminate Stephen's employment without notice for serious misconduct. Stephen is subject to a post-employment restraint period of nine months, enforceability of which is subject to all usual legal requirements.

Stephen will acquire 834,370 Shares at Completion for the Offer Price per Share.

6. KEY PEOPLE, INTERESTS AND BENEFITS

Continued

6.4.4 SHORT-TERM INCENTIVES

Nuix's executive employment contracts recognise the potential for the award of STIs for its Senior Leadership Team members CEO, CFO and other employees in future years, which may become payable upon satisfaction of specified performance criteria. Participation in any STI program will be determined by the Board in its absolute discretion and is assessed following the conclusion of the relevant financial year and publication of Nuix's audited financial statements.

Current STI percentage targets for the CEO and CFO are described in Section 6.4.2.3 and Section 6.4.3.3, respectively. Whether an STI is granted will depend on satisfaction of various criteria, including individual performance against KPIs, customer satisfaction outcomes and Company financial performance outcomes, as determined by the Board. The structure of STI grants may change over time and may be in the form of cash or awards under the Nuix Incentive Plan.

6.4.5 NUIX INCENTIVE PLAN

Nuix has adopted the Nuix Incentive Plan which provides the framework under which individual grants of equity incentives (awards) may be made to employees of the Company (including the Senior Leadership Team). The Nuix Incentive Plan has been designed to attract and retain employees, and to provide additional incentive to employees of the Company to promote Nuix's success. No grants under the Nuix Incentive Plan will have been made on Completion. The key terms of the Nuix Incentive Plan are set out in Figure 95.

Figure 95: Key terms of the Nuix Incentive Plan

Term	Description
Administration	The Nuix Incentive Plan will be administered by the Board.
Eligibility	Full-time and part-time employees of the Company are eligible to receive awards under the Nuix Incentive Plan. The Board will select eligible employees to whom awards are to be granted from time to time.
Awards	The Nuix Incentive Plan provides Nuix with flexibility to grant the following types of awards: <ul style="list-style-type: none"> • options to subscribe for Shares (Options); • rights to be paid a cash amount determined by the price of Shares at a specified time or the movement in price over a period of time (Incentive Rights); • ability to subscribe for Shares that are subject to restrictions, including on transfer, until specified conditions are satisfied (Restricted Shares); or • rights to receive Shares or cash, based on specified performance factors (Performance Rights), (together Awards).
Shares	Shares issuable under the Nuix Incentive Plan may be newly issued Shares or already issued Shares acquired and held by an employee benefit trust established by us.
Conditions	The Board will determine the terms and conditions of each award, including: <ul style="list-style-type: none"> • the type of Award; • the number or value of Shares or other consideration subject to the Award; • if the Award is an Option, the exercise price of the Option, or if it is any other type of Award, the purchase price (if any) payable for the Shares under the Award; and • any vesting conditions, including service and/or performance conditions. The terms and conditions of each award will be set out in an award agreement.
Exercise price or Purchase price	The exercise price or purchase price will be determined by the Board.

Term	Description
Vesting and exercise	<p>Options will become exercisable when the applicable vesting conditions have been satisfied.</p> <p>Incentive Rights and Performance Rights will vest and be settled by the delivery of Shares (or, where applicable, cash) when the applicable vesting or performance conditions have been satisfied.</p> <p>Restricted Shares will cease to be restricted when the applicable vesting conditions have been satisfied in accordance with the award agreement.</p>
Lapsing and forfeiture	<p>An Option will lapse on the date specified in the grant (or three years after vesting if not specified), or any earlier date specified in the award agreement (for example, upon failure to satisfy a vesting condition).</p> <p>Restricted Shares will become subject to forfeiture or compulsory transfer, and Incentive Rights and Performance Rights will lapse, on the occurrence of a date or circumstance specified in the award agreement (for example, upon failure to satisfy a vesting or performance condition).</p>
Dealing restrictions	<p>A participant may not dispose of an award in any manner, other than on his or her death or if permitted by Nuix or under an award transfer program approved by Nuix that permits transfers in specified circumstances.</p>
Cessation or change of employment	<p>The Board may specify in the terms of an invitation or make a determination as to how an employee's Awards will be treated on the occurrence of cessation of employment of the employee. Applicable treatment may include:</p> <ul style="list-style-type: none"> • vesting on the cessation date; • options only be exercisable within a specified period; or • lapse or forfeit of the Awards.
Change of control	<p>Where there is a change of control event (for example, a takeover bid, scheme of arrangement, merger or any other transaction or event that in the Board's opinion is a change of control event for us), we may determine, subject to the ASX Listing Rules, with respect to each award, that:</p> <ul style="list-style-type: none"> • Awards, to the extent not fully vested, will become vested and exercisable in full or in part; • Options may be exercised within a specific period only, otherwise they will lapse; • disposal restrictions or any other terms which apply to the Awards cease to apply; or • Nuix, on behalf of the employee, will direct the trustee to transfer trust shares into the employee's name.
Award adjustments	<p>In order to minimise material advantage or disadvantage to a participant resulting from a variation in the Company's issued share capital, before the delivery of Shares or payment to a participant, Nuix may, subject to the ASX Listing Rules, appropriately and proportionately adjust the exercise price and/or number and/or class of Shares subject to each outstanding Option or Award, provided that the exercise price or purchase price of any Share may not be less than the nominal value of a Share, and a fraction of a Share will not be issued.</p>
Amendments	<p>The Board may amend or supplement the Nuix Incentive Plan, however it may not do so without employee consent or approval of more than 50% of the employees holding Awards where the amendment adversely affects the existing rights of employees in respect of any granted Awards.</p>
ASX Listing Rules	<p>The Nuix Incentive Plan and awards made under it are always subject to the ASX Listing Rules and applicable law.</p>

6. KEY PEOPLE, INTERESTS AND BENEFITS

Continued

6.4.6 EXISTING SENIOR LEADERSHIP TEAM – EXISTING OPTIONS REMAINING ON COMPLETION

On Completion, certain members of the Senior Leadership Team will hold 424,842 Existing Options (in addition to those to be granted on Completion to Rod Vawdrey as referred to in Section 6.4.2.3 and to other members of the Senior Leadership Team referred to in Section 6.4.3.2). Other Existing Options of the Senior Leadership Team as at the Prospectus Date will be cancelled on or by Completion for cash (calculated at the Offer Price less the exercise price for the option). Key terms of these Existing Options which will remain on Completion are set out in Figure 96.

Figure 96: Senior Leadership Team existing options remaining on Completion – Key terms

Term	Description
Exercise Price	The exercise price is between A\$2.00–3.00 per option.
Rights	Each option entitles the holder to one Share on exercise of the option.
Vesting	Options will be unvested on Completion. The Existing Options vest proportionately on a monthly linear basis over 60 months from the date of grant. The remaining vesting periods for the Existing Options are illustrated in the vesting schedule in Figure 97. Only vested options are exercisable.
Expiry	An option will lapse on the earlier of: <ul style="list-style-type: none"> • the expiry date of the original option, which is outlined in the vesting schedule in Figure 97; • 90 days (or such longer period determined by the Board) from the date of written notice of an “Insolvency Event”, which includes pursuant to an application made to the Court, the Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purpose of or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company, or a voluntary or compulsory winding-up; • the date the optionholder is terminated for committing any act of fraud, defalcation or gross misconduct in relation to the affairs of Nuix or any related body corporate of Nuix (whether or not charged with an offence) or doing any act which in the reasonable opinion of the Board brings Nuix or any related body corporate of Nuix into disrepute; • depending on the optionholder, 180 days following the date that the optionholder’s employment ceases for death or, in the Board’s opinion, a permanent disablement preventing them from continuing as an employee of Nuix; and • depending on the optionholder, either on the date the optionholder ceases to be employed by Nuix or 30 days following the date that the optionholder ceases to be employed by Nuix for any reason other than as a result of death or, in the Board’s opinion, a permanent disablement preventing them from continuing as an employee of Nuix.
Change in circumstances	<ul style="list-style-type: none"> • Capital reorganisations: For certain optionholders, options are not entitled to participate in any new issue of Shares as a result of a capital reorganisation of Nuix unless they are exercised prior to the record date of any capital reorganisation. The terms of the options shall be proportionately reorganised in accordance with the relevant reorganisation plan. • Bonus issues: If Nuix makes a bonus issue of Shares (including on a pro rata basis) to existing shareholders for no consideration, then the number of Shares over which an option is exercisable shall be increased by the number of Shares which the optionholder would have received if the optionholder had exercised the option prior to the record date for the bonus issue.

Term	Description
Change in structure or control	<p>In the event of a Corporate Transaction (defined below), the Board may take one or more of the following actions in respect of the options:</p> <ul style="list-style-type: none"> • arrange for the surviving or acquiring corporation to assume or continue the option, or substitute the option with a similar award; • cancel or arrange for the cancellation of the option, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, which may be in exchange for cash consideration (if any) as the Board (in its sole discretion) may consider appropriate; • make payment to the optionholder (in a form as may be determined by the Board) equal to the value of the Share the optionholder would have received upon the exercise of the option, over any exercise price payable by the optionholder in connection with such exercise. <p>The option terms define a Corporate Transaction as (relevantly) any of the following:</p> <ul style="list-style-type: none"> • a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of Nuix and its related bodies corporate; • a sale or other disposition of at least fifty percent (50%) of the outstanding securities of Nuix; • a merger, consolidation or similar transaction following which Nuix is not the surviving entity; or • a merger, consolidation or similar transaction following which Nuix is the surviving entity but the Shares outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.
Other terms	<p>Options are not transferrable and will not be quoted. Other terms include provisions relating to amendments to the terms by the Board.</p> <p>Any changes to option terms are subject to the ASX Listing Rules.</p>

Figure 97: Vesting schedule of Existing Options held by the Senior Leadership Team

Vesting schedule								
	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	Total	Expiry date
Total	124,568	129,795	53,545	48,545	48,111	20,278	424,842	28 August 2024 to 10 September 2028

6. KEY PEOPLE, INTERESTS AND BENEFITS

Continued

6.5 ESCROW

The parties listed in Figure 98 have agreed to enter into voluntary escrow arrangements in relation to the Shares indicated in that Figure and held on Completion under which they will be restricted from dealing with those Shares from Completion until 4:15pm on the date on which the Company releases its preliminary financial report on the financial results for FY21 to the ASX.

The restriction on "dealing" is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interest in the Shares, encumbering or granting a security interest over the Shares (except to the extent outlined in this Section 6.5), doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Shares or agreeing to do any of those things. There are limited circumstances in which the escrow may be released, or escrowed securities otherwise dealt with, early including:

- to allow the Escrowed Shareholder to accept an offer under a takeover or similar transaction in relation to its escrowed Shares if holders of at least half of the securities the subject of the transaction that are not subject to similar escrow arrangements have accepted the transaction or relevant offer and the takeover is unconditional or all its conditions have been satisfied or waived (subject to a requirement to return the escrowed Shares to escrow if the Offer does not proceed);
- to allow the Escrowed Shareholder to tender escrowed Shares into a bid acceptance facility established in connection with a takeover, provided that holders of not less than half of the securities to which the takeover relates that are not subject to similar escrow arrangements have either accepted the takeover or tendered their securities into the bid acceptance facility (subject to a requirement to return the escrowed Shares to escrow if the Offer does not proceed);
- to allow the escrowed Shares held by the Escrowed Shareholders to be transferred or cancelled as part of a merger;
- to allow Escrowed Shareholders to participate in an equal share buyback, capital return or capital reduction in accordance with applicable law;
- the grant of securities over any or all of their escrowed Shares to a bona fide third party financial institution as security for a loan, hedge or other financial accommodation, provided that the encumbrance does not in any way constitute a direct or indirect disposal of the economic interests, or decrease an economic interest, that the relevant Escrowed Shareholder has in any of its escrowed Shares and no escrowed Shares may be transferred to the financial institution in connection with the encumbrance (with the documentation for such an encumbrance making clear that the escrowed Shares remain in escrow and subject to the voluntary escrow arrangements for the term of those arrangements);
- a transfer (in one or more transactions) of any or all escrowed Shares to a member of the wholly-owned corporate group which includes the Escrowed Shareholder provided such member transferee agrees to be bound by the voluntary escrow arrangements for the term of those arrangements, or in the case of certain limited reorganisations involving the Escrowed Shareholder;
- to the extent required by applicable law (including an order of a court of competent jurisdiction); or
- on the death, serious disability or permanent incapacity through ill health of the Escrowed Shareholder.

Figure 98: Escrowed Shares on Completion

	Escrowed Shares on Completion	Representing as a percentage of issued Shares on Completion
Macquarie Corporate Holdings	95,654,262	30.1%
Blackall	13,345,750	4.2%
Armitage	8,969,891	2.8%
Rod Vawdrey	1,580,509	0.5%
Stephen Doyle	834,370	0.3%
Jeffrey Bleich	25,000	<0.1%
Total	120,409,782	37.9%

6.6 CORPORATE GOVERNANCE

6.6.1 OVERVIEW

This Section 6.6 explains how the Board will oversee the management of the Company's business.

The Board is responsible for the overall corporate governance, operation and stewardship of the Company and, in particular, for the long-term growth and profitability of the Company, the strategies, values, policies and financial objectives of Nuix.

Nuix has in place corporate governance practices which are formally embodied in corporate governance policies and codes adopted by the Board. The aim of the policies is to ensure that Nuix is effectively directed and managed, risks identified, monitored and assessed, and appropriate disclosures made.

The ASX Corporate Governance Council has developed and released corporate governance recommendations for Australian listed entities in order to promote investor confidence and to assist companies to meet stakeholder expectations. The ASX Corporate Governance Principles and Recommendations (**ASX Recommendations**) are not prescriptions, but guidelines. The Directors have incorporated the ASX Recommendations into the policies to the extent the Directors considered are appropriate.

Under the ASX Listing Rules, Nuix will be required to release an ASX Appendix 4G and a Corporate Governance Statement annually to the ASX and on the Company's website disclosing the extent to which it has followed the ASX Corporate Governance Principles and Recommendations in the reporting period. Where the Company does not follow any of the ASX Corporate Governance Principles and Recommendations, it must identify the recommendation that has not been followed and give reasons for not following it. Except as set out in this Section, the Board does not anticipate that the Company will depart from the ASX Corporate Governance Principles and Recommendations, however it may do so in the future if it considers that such a departure would be reasonable.

The fourth edition of the ASX Recommendations was issued, in part, to address emerging issues around culture, values and trust. The Company has been cognisant of its values, mission and vision in formulating corporate governance policies. Nuix's mission and vision are described in Section 3.1 and Section 3.7.2.

Details and copies of the policies will be available from listing on the ASX at www.nuix.com, and are summarised below. The Securities Trading Policy will also be available on the ASX's website from listing.

6. KEY PEOPLE, INTERESTS AND BENEFITS

Continued

6.6.2 BOARD OF DIRECTORS

The current Directors of Nuix are set out in Section 6.1 along with their expertise, experience and qualifications.

Mr Jeffrey Bleich (Chair of the Board), Sir Iain Lobban, Mr Daniel Phillips and Ms Sue Thomas are Non-Executive Directors who are not a part of the Company's management. Mr Rod Vawdrey is an Executive Director.

The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time. The Board Charter sets out guidelines of materiality for determining independence of Directors in accordance with the ASX Recommendations and includes a definition of independence that is based on that set out in the recommendations.

The Board considers qualitative principles of materiality for the purpose of determining "independence" on a case-by-case basis. The Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The Board considers that each of Mr Jeffrey Bleich, Sir Iain Lobban, and Ms Sue Thomas is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of her or his judgement and each of them is able to fulfil the role of independent Non-Executive Director.

Given the guidelines adopted by the Company regarding the independence of Directors, Mr Daniel Phillips and Mr Rod Vawdrey are not considered by the Board to be independent.

Accordingly, as at listing on the ASX, the Board will consist of a majority of Non-Executive Directors and three out of the five Directors will be considered to be independent Directors.

6.6.3 BOARD CHARTER

The Board has adopted a Board Charter which sets out the responsibilities of the Board in detail.

The role of the Board includes:

- defining the Company's purpose and setting its strategic objectives, in consultation with management;
- directing, monitoring and assessing the Company's performance against strategic and business plans, to determine if appropriate resources are available;
- approving and monitoring capital management and major Capital Expenditure, acquisitions and divestments;
- reviewing and ratifying the Company's systems of internal compliance and control, risk management frameworks and legal compliance systems, to determine the integrity and effectiveness of those systems;
- approving and monitoring material internal and external financial and other reporting, including periodic reporting to Shareholders, the ASX and other stakeholders;
- approving criteria for assessing performance of senior executives and monitoring and evaluating their performance;
- undertaking evaluation of the performance of the Board (including the Chair), each Board Committee and their respective Chairs and individual Directors; and
- monitoring and evaluating the Company's compliance with its corporate governance standards.

The charter provides for the Board to delegate specific matters to senior management, or to committees established by the Board, however ultimate responsibility for strategy and control rests with the Directors.

The composition of the Board, its performance and the appointment of new Directors will be reviewed periodically by the Board, taking advice from external advisers where considered appropriate.

The Board has developed protocols setting out the structures and procedures to be followed with the aim of ensuring that the consideration of matters by the Board and any Board committees is undertaken free from any actual influence or appearance of influence from persons with conflicts of interest, and that the disclosure of the Company's confidential information is subject to appropriate corporate governance controls.

6.6.4 BOARD COMMITTEES

In order to better manage its responsibilities, the Board has established an Audit and Risk Management Committee and a Remuneration and Nomination Committee.

Each committee has adopted a charter approved by the Board, setting out its responsibilities. Other committees may be established by the Board as and when required.

Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements and the skills and experience of individual Directors.

The committees will initially be comprised of:

- **Audit and Risk Management Committee:** Ms Sue Thomas (Committee Chair), Daniel Phillips and Iain Lobban; and
- **Remuneration and Nomination Committee:** Daniel Phillips (Committee Chair), Jeffrey Bleich and Sue Thomas.

6.6.4.1 Audit and Risk Management Committee

The role and responsibilities, composition and membership requirements of the Audit and Risk Management Committee are documented in an Audit and Risk Management Committee Charter.

The purpose of the Audit and Risk Management Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reports and financial reporting process and internal control structure, risk management systems (financial and non-financial) and the external statutory audit process.

The Committee will meet on a regular basis to:

- review and approve external statutory audit plans and update if required;
- review and approve financial reports;
- review reports arising from any risk assurance activities;
- assess the independence and performance of, and recommend the appointment or removal of, external auditors;
- review and assess the Company's environmental and social governance risks;
- review and assess ethics and reputation issues arising from the Company's activities;
- review the adequacy of the Company's corporate reporting processes and internal control and risk framework; and
- review the effectiveness of the Company's compliance and risk management functions.

The Committee will also make recommendations to the Board on the appointment, reappointment or replacement, remuneration, monitoring of the effectiveness and independence of the external statutory auditors, and resolution of disagreements between management and the auditor regarding financial reporting.

Nuix does not currently have an internal audit function in place. The Audit and Risk Management Committee Charter puts in place processes to monitor the Company's financial and risk management procedures and the Board currently considers these processes appropriate for the size and level of operations of the Company.

In accordance with the ASX Recommendations, the Audit and Risk Management Committee comprises of at least three members, each of whom are Non-Executive Directors, and a majority of whom are independent. The Audit and Risk Management Committee will meet at least four times per year, with the Committee meeting in private session at least annually to assess management's effectiveness.

6.6.4.2 Remuneration and Nomination Committee

The role and responsibilities, composition, structure and membership requirements of the Committee are documented in a Remuneration and Nomination Committee Charter.

The key purpose of the Committee is to ensure the Board is effective and high performing, making sure, for example, that there is an appropriate number of independent Non-Executive Directors that represent the best interests of the Company, that formal and transparent Renewal processes are in place and that Directors are being remunerated fairly and responsibly.

6. KEY PEOPLE, INTERESTS AND BENEFITS

Continued

The Committee will assist the Board by reviewing and making recommendations to the Board in relation to:

- the Company's Remuneration Policy, including as it applies to Directors and the process by which any pool of Directors' fees approved by Shareholders is allocated to Directors;
- remuneration packages of senior executives, Non-Executive Directors and executive Directors, equity-based incentive plans and other employee benefit programs;
- succession issues and planning for the Board, Chief Executive Officer, senior executives and executive Directors and the recruitment of new Directors and executives;
- the appointment and re-election of people as members of the Board and its committees;
- the Company's recruitment, retention and termination policies;
- the process for the evaluation of the performance of the Board, its Board committees and individual Directors; and
- the size and composition of the Board and strategies to address Board diversity and the Company's performance in respect of the Company's Diversity Policy.

In accordance with the ASX Recommendations, the Remuneration and Nomination Committee Charter will have three members, each of whom is a Non-Executive Director. The Committee will meet as often as necessary, but must meet at least twice a year and one of those meetings must take place at least two months prior to each annual general meeting.

6.6.5 CORPORATE GOVERNANCE POLICIES

6.6.5.1 Purpose, strategy and values

Nuix was founded two decades ago in response to the increasing digitisation of the way people live and work. Specifically, how we create, use and extract meaning from the explosion of unstructured data.

Nuix's vision is "finding truth in a digital world". The Company's purpose is to provide a technology solution that gives the world's organisations clarity and control over the hyper-growth in data, rather than being overwhelmed by it. This enables them to reduce the risks inherent in their data and to identify wrong-doing, often with the outcome of a public or social good.

Nuix creates innovative software that empowers organisations to simply and quickly find the truth from any data in a digital world. Nuix has a passionate and talented team, delighting its customers with software that transforms data into actionable intelligence.

Nuix's mission and vision have guided the Company's strategy, which is described in Section 3.5 and Section 3.6.

As an agile, global business, Nuix has six values that characterise its culture, how the Company wants to be known, and how it unites as one global team:

- **Customers:** Focus, Deliver, Delight;
- **Innovation:** Unleash collective genius;
- **Teamwork:** Stronger together;
- **Passion:** Committed to the mission;
- **Integrity:** Authentic and accountable; and
- **People:** Respect, Encourage, Reward.

6.6.5.2 Code of Conduct

Nuix is committed to behaving with integrity, developing best-in-class software, and providing superior service which will be achieved through its people.

Nuix is committed to instilling and continually reinforcing a culture across the organisation of acting lawfully, ethically and responsibly. These standards are reflected in its statement of values which it will articulate and disclose publicly. It includes being, and being seen to be, a "good corporate citizen", for example, by creating a safe and non-discriminatory workplace, dealing honestly and fairly with suppliers and customers and acting responsibly towards the environment.

The Board has approved a Code of Conduct to guide compliance with legal and other obligations to the Company's stakeholders and which sets ethical standards for the Group's personnel and reflects the Directors' intention to ensure that the duties and responsibilities of all staff of the Company are performed with the utmost integrity.

The Code of Conduct deals with the following principal areas:

- **the Company's business ethics:** including financial and other inducements; bribery and mutual respect;
- **business and personal conduct:** including compliance with the law; conflicts of interest; confidential information; inside information; trading in securities; privacy and intellectual property; and personal conduct; and
- reporting of suspected fraudulent or unethical behaviour.

All suspected breaches of the Code will be investigated by the Company and appropriate and proportionate disciplinary and remedial action will be taken.

6.6.5.3 Anti-Bribery and Corruption Policy

It is Nuix's policy to conduct all business in an honest and ethical manner. Nuix takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever the Company operates, and implementing and enforcing effective systems to counter bribery and corruption.

The Board has adopted an Anti-Bribery and Corruption Policy which applies to anyone employed or engaged by the Company and its subsidiaries, the purpose of which is to:

- ensure that the Company, as a minimum, complies with its obligations under the Corporations Act, the ASX Listing Rules and ASX Recommendations and as much as possible seeks to achieve and exceed best practice;
- educate employees on what gifts, entertainment, hospitality and other benefits are acceptable and unacceptable; and
- promote investor confidence in the integrity of the Company and its securities.

The Anti-Bribery and Corruption Policy sets out Nuix's standards and guidelines on:

- what constitutes Bribery or Corruption;
- offering, accepting and providing gifts and hospitality; and
- participating in tenders and procuring goods and services.

6.6.5.4 Communications Policy

Nuix is committed to effective communication with its customers, Shareholders, market participants, employees, suppliers, financiers, creditors, other stakeholders and the wider community. The Company will ensure that all stakeholders, market participants and the wider community are informed of its activities and performance.

Nuix's Communications Policy is designed to ensure that the Company:

- provides timely and accurate information equally to all Shareholders and market participants regarding the Company including its financial situation, performance, ownership, strategies, activities and governance; and
- adopts channels for disseminating information that are fair, timely and cost efficient.

Nuix has implemented a number of processes to ensure achievement of these goals, including an investor relations program that facilitates effective two-way communication with investors, with a focus on both professional and retail investors.

The Board aims to ensure that all Shareholders are kept informed of all material developments affecting Nuix's business. Information will be communicated to Shareholders through announcements to the ASX, Nuix's annual report, annual general meetings, half yearly and full year results, and the Nuix website, www.nuix.com.

6. KEY PEOPLE, INTERESTS AND BENEFITS

Continued

6.6.5.5 Continuous Disclosure Policy

Nuix will endeavour to make publicly available all information to ensure that trading in its shares takes place in an efficient, competitive and informed market. Accordingly, the Board has adopted a Continuous Disclosure Policy the purpose of which is to:

- ensure that the Company, as a minimum, complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules and as much as possible seeks to achieve and exceed best practice;
- provide Shareholders and the market with timely, balanced, direct and equal access to information issued by the Company; and

promote investor confidence in the integrity of the Company and its securities.

Nuix will immediately notify the ASX of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities, unless exempted by the ASX Listing Rules. After receiving confirmation from the ASX that an announcement has been released to the market, Nuix will disseminate the information as soon as possible by posting the announcement on the Nuix website.

Nuix will not provide the media with exclusive interviews or information that potentially contains any material price sensitive information prior to disclosing that information to the ASX. The Company has a general "no comments" policy in relation to market speculation and rumours, which must be observed by employees at all times.

6.6.5.6 Diversity Policy

Nuix is a forward thinking and dynamic organisation that holds its people in the highest esteem and considers them to be its greatest asset. The Company's workforce is made up of many individuals with diverse skills, values, experiences, backgrounds and attributes including those gained on account of their gender identity, age, disability, cultural or socio-economic background, sexual orientation, perspective and experience.

Nuix values and is proud of its strong and diverse workforce and is committed to supporting and further developing this diversity through attracting, recruiting, engaging and retaining diverse talent and aligning the Company's culture and management systems with this commitment. The Company believes that such a commitment to diversity creates competitive advantage and enhances employee participation, and in this way is essential to the organisation continuing to succeed and growing stronger.

Nuix is committed to providing and promoting a corporate culture which embraces diversity in line with the Diversity Policy Statement, and aims to do so via:

- promoting the principles of merit and fairness when making decisions about recruitment, development, promotion, remuneration and flexible work arrangements for employees at all levels;
- considering a range of facets of diversity in addition to gender when considering the composition of the Board, including age, ethnicity and background;
- embedding the importance of diversity within the Company's culture by encouraging and fostering a commitment to diversity by leaders at all levels whilst recognising that diversity is the responsibility of all employees; and
- reinforcing with the Company's people that in order to have an inclusive workplace, discrimination, harassment, vilification and victimisation will not be tolerated within the Company.

The Company will also commit to designing, implementing and/or maintaining programs and initiatives to assist with improving diversity, including those as required by the ASX Recommendations.

6.6.5.7 Securities Trading Policy

Nuix has implemented a Securities Trading Policy for Directors and employees of the Group. The policy sets out prohibited periods during which Directors and employees may not trade in Company securities. These periods extend from year end or half year end until the release of the Company's annual or half yearly results, respectively. The policy also sets out trading windows, which are the only periods during which Directors and key management personnel and certain other restricted employees (as defined in the Securities Trading Policy) may trade in Company securities. The trading windows extend for four weeks following the release of annual or half yearly results, and a four week period after the annual general meeting.

The policy prohibits Directors and Restricted Employees from engaging in short-term dealing in securities of the Company.

Trading outside these restrictions may be permitted in exceptional circumstances as approved by a Designated Officer. The policy also requires that Directors and employees of the Company in possession of price sensitive information must not at any time deal in securities of the Company, or advise or suggest another person do so, or communicate the price sensitive information to a person who may trade in securities of the Company.

6.6.5.8 Remuneration Policy

Nuix is committed to attracting and retaining the best people to work in the organisation, including Directors and senior management. A key element in achieving that objective is to ensure that the Company is able to appropriately remunerate its key people.

Nuix has adopted a Remuneration Policy, the purpose of which is to establish a framework for remuneration that is designed to:

- ensure that coherent remuneration policies and practices are observed which enable the attraction and retention of Directors and management who will create value for Shareholders;
- fairly and responsibly reward Directors and senior management having regard to the Company's performance, the performance of the senior management and the general pay environment; and
- comply with all relevant legal and regulatory provisions.

Remuneration for Executive Directors and senior executives may incorporate fixed and variable pay performance elements with both a short-term and long-term focus. The incentives for Non-Executive Directors will be designed so as not to conflict with their obligation to bring an independent judgement to matters before the Board. Refer to Section 6.4.2.3, Section 6.4.2.2 and Section 6.4.3.2 for details regarding CEO and Executive Director, Non-Executive Director and Senior Leadership Team (other than the CEO) remuneration, respectively.

6.6.5.9 Risk Management Policy

Risk recognition and management are viewed by the Company as integral to its objectives of creating and maintaining Shareholder value, and to the successful execution of the Company's strategies.

The purpose of the Risk Management Policy adopted by the Board is to ensure that:

- appropriate systems are in place to identify to the extent reasonably practicable all material risks that may impact on the Company's business;
- the financial and non-financial impact of identified risks is understood, and appropriate internal control systems are in place to limit the Company's exposure to such risks;
- appropriate responsibilities are delegated to control the identified risks effectively; and
- any material changes to the Company's risk profile are disclosed in accordance with the Company's Continuous Disclosure Policy.

6.6.5.10 Whistleblower Policy

Nuix is committed to conducting its business with integrity and in accordance with Nuix's corporate values. Nuix has adopted a revised Whistleblower Policy, to apply from listing on the ASX, which encourages current and former directors, employees, consultants, contractors and suppliers (as well as their relatives, dependants or spouses) to raise any concerns regarding actual or suspected illegal or unethical conduct or practices, or violations of Nuix's policies on a confidential and, if desired, anonymous basis. The Whistleblower Policy outlines how Nuix will protect such persons for raising concerns and how reported concerns are received and, where appropriate, investigated by Nuix.

6. KEY PEOPLE, INTERESTS AND BENEFITS

Continued

6.7 INTERESTS RELATED TO MACQUARIE CORPORATE HOLDINGS

Macquarie Capital (Australia) Limited, one of the Joint Lead Managers to the Offer is a related body of the existing Shareholder Macquarie Corporate Holdings and each is a member of the Macquarie Group. As at the Prospectus Date, Macquarie Corporate Holdings holds 76.2% of Nuix Shares, which is expected to be approximately 30.1% of the Shares on Completion. Refer to Section 6.3. The Shares were acquired by Macquarie Corporate Holdings in four tranches between 2011 and 2018.

Fees that Macquarie Capital (Australia) Limited is expected to receive under the Underwriting Agreement are set out in Section 9.8.1.

In December 2018, Nuix entered into an alliance agreement and a software licence agreement (in support of the alliance agreement) with Macquarie Group Services Pty Ltd (**MGS**). The alliance agreement provides a framework for Nuix to provide MGS and its related bodies corporate with, among other things, software, support, and implementation services. Under the agreements, MGS pays Nuix an annual licence fee of US\$474,601 (increased by Australian CPI each year) for a licence to use an unlimited quantity of Nuix software and services. Both the alliance agreement and software agreement were entered into for a term of ten years, unless otherwise terminated prior by MGS. Whilst Nuix does not ordinarily enter into fixed fee contracts for unlimited usage of Nuix products, the agreements have provided a platform for MGS and its related bodies corporate to promote those products to their partners, and to assist Nuix to test and develop its products. Both these agreements were entered into with the unanimous approval of non-Macquarie Group nominee Board members and without shareholder approval prior to Nuix becoming a public company. Nuix and MGS currently discussing amendments to the alliance agreement to implement specific terms for the provision of Discover SaaS to MGS. Any amendments or additional terms will be subject to approval of the Board (with Daniel Phillips, an employee of a Macquarie Group company, abstaining from voting on the approval) without Shareholder approval on arms' length terms.

Nuix makes use of the Macquarie Insurance Facility (**MIF**) to coordinate the provision of various of its insurances, including prospectus liability and director and officer (**D&O**) insurance for the Company. MIF is operated by Macquarie Infrastructure Management (Asia) Pty Limited that is part of the Macquarie Group and a related party of Macquarie Corporate Holdings. MIF seeks, through the aggregation of insurance premiums for businesses that MIF assists, to deliver enhanced insurance procurement outcomes to those businesses, including for example, saving to insurance premiums, better coverage and post-placement services. MIF may receive a benefit of an amount equivalent to up to 5% of the net premium payable in respect of the insurances placed under contractual referral arrangements (**MIF Fee**). The MIF Fee is paid independently of any premiums incurred by the Company by certain insurers (rather than specifically in relation to, for example, Nuix's insurance premiums). The MIF Fee is not payable by Nuix as the insured (for example, the MIF Fee is not a deduction or commission forming part of the premium paid by Nuix) but is referred to in this Prospectus as it represents a benefit to MIF. Nuix may elect to use the services offered by MIF in the future even if Macquarie Corporate Holdings is not a shareholder of Nuix.

One of the Directors, Mr Daniel Phillips, is an employee of a Macquarie Group company. Mr Phillips is not regarded as an independent Director by the Board. Mr Phillips will not be paid fees for being a Non-Executive Director, or for chairing or being a member of any Board committee.

6.8 RELATED PARTY TRANSACTIONS

Nuix does not anticipate that it will be party to any material related party arrangements with its Directors, officers or shareholders from Completion other than as set out in this Prospectus. For completeness, Nuix notes that certain Directors have connections with certain other counterparties who have contracts with Nuix. None of those contracts are material to Nuix and have been negotiated on arm's length terms.

6.9. LITIGATION AND CLAIMS

6.9.1. GENERAL

Nuix is, from time to time, party to various disputes and legal proceedings related to the conduct of its business, including intellectual property disputes, employment disputes and contractual disputes.

Other than as disclosed below, the Directors are not aware of any current or threatened litigation, arbitration proceeding or administrative appeal or criminal or governmental prosecution of a material nature in which Nuix is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of Nuix.

6.9.2. FORMER CEO PROCEEDING

In 2019, Nuix settled a claim and formal proceedings brought by a former director and CEO of Nuix, Mr Edward Sheehy on terms requested by Mr Sheehy, in relation to options issued during the financial year ended 30 June 2009. Pursuant to that settlement, the Supreme Court of NSW made a declaration that 453,273 options granted over unissued shares of Nuix that Mr Sheehy holds are exercisable on the occurrence of a sale of Nuix's business in accordance with an options agreement between the parties (**Options Agreement**). Nuix's options register records that the former CEO holds 453,273 options, each over one Share at an exercise price of A\$2.00 per option and without an expiry date.

Despite the settlement in 2019, on 23 October 2020 Mr Sheehy commenced further proceedings against Nuix in the Federal Court of Australia alleging that Nuix has acted in an unfairly prejudicial or unfairly discriminatory way against him and seeking orders to amend Nuix's options register (**former CEO Proceeding**). The substance of Mr Sheehy's claim is that, as a result of a share split of one existing Share into 50 Shares completed by Nuix in March 2017, his options should now represent an entitlement to call for 22,663,650 unissued shares on a sale of Nuix's business (rather than 453,273 unissued shares).

Nuix rejects the claim in its entirety and is defending those proceedings.

In particular, Nuix notes that the share split occurred when Mr Sheehy was the company's CEO and a member of the board, and that subsequently the Options Agreement was the subject of the NSW Supreme Court proceedings referred to above and was resolved in 2019 pursuant to the declaration referred to above. Accordingly, Nuix does not believe that Mr Sheehy would be entitled to call for 22,663,650 unissued shares on a sale of Nuix's business if he exercised his 453,273 options.

Nuix is seeking that the claim be dealt with as a matter of urgency, but does not expect that it will be dealt with prior to Completion.

If the former CEO Proceeding were to be resolved adversely to Nuix and his options became exercisable and he exercised those options, it would result in the issue of 22,663,650 Shares rather than 453,273 Shares. This would represent 6.6% of the Shares on a fully diluted basis (and is illustrated in Figure 91 in Section 6.3), rather than 0.1% of the Shares on a fully diluted basis as currently reflected in the expected Shares and options on Completion in Figure 90 in Section 6.3.

6.9.3. GENERAL PROTECTION PROCEEDINGS

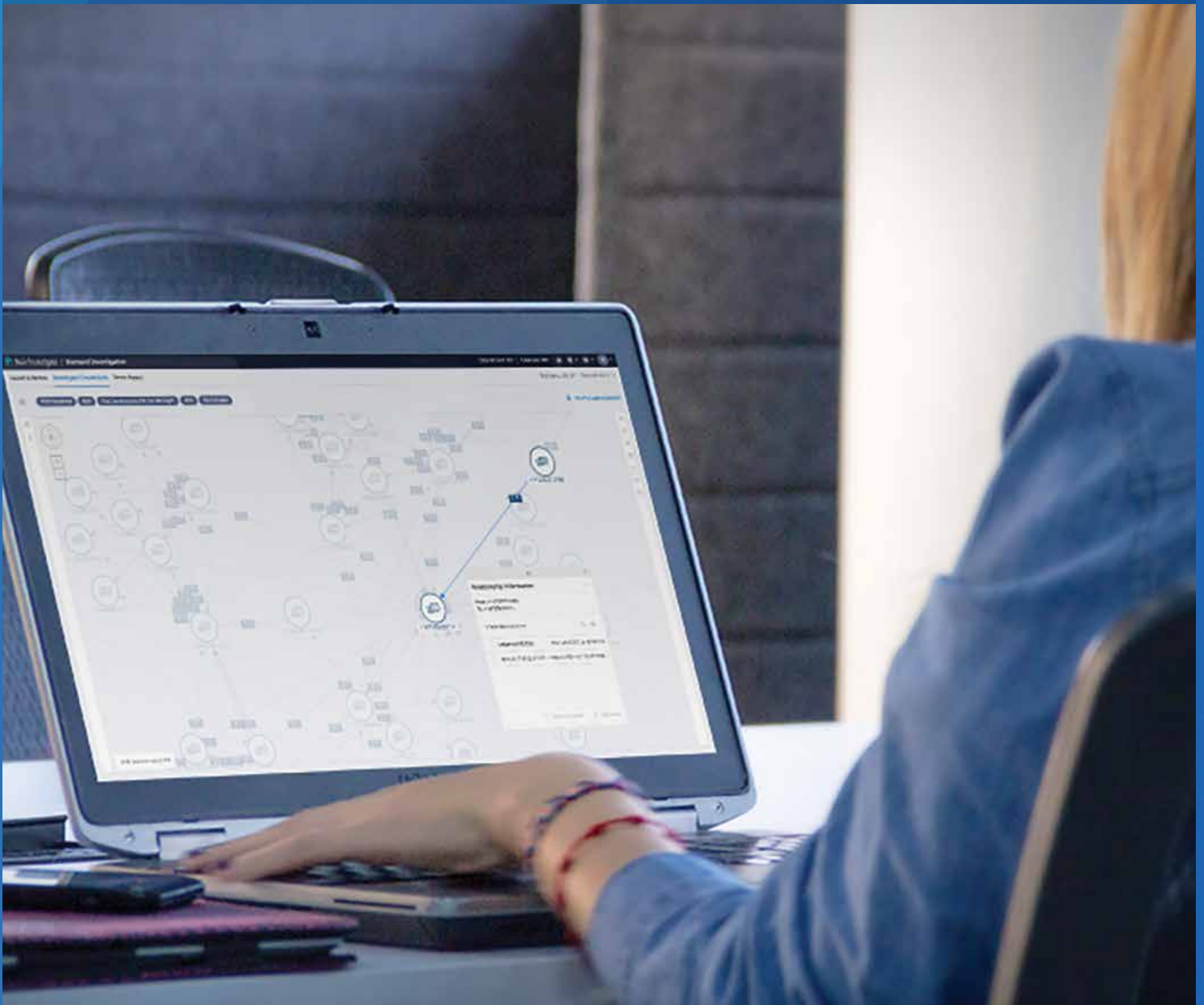
On 19 October 2020, an individual who had previously performed work for the Company filed a general protections claim under the Fair Work Act in the Fair Work Commission against the Company. The individual seeks a declaration that the Company took adverse action against the individual contrary to that Act, as well as unspecified compensation and pecuniary penalties. In summary, the individual alleges that Nuix took unlawful adverse action against the individual by terminating its contractual relationship with the individual because of concerns the individual had raised, including about Nuix's workplace culture.

Nuix rejects the assertions made by the individual and intends to defend the matter vigorously. Nuix notes that the contract in relation to which the individual performed work was scheduled to expire approximately three months after the termination and that Nuix was entitled to end the contract at any time with one month's payment in lieu of notice.

Damages for claims of the above nature brought under the Fair Work Act are uncapped and legal fees in defending such matters can be significant. In addition, as the above claim is not yet fully particularised, it is possible that the individual may amend the claim or commence other proceedings. Accordingly, it is not presently possible to reliably estimate the potential financial impact to Nuix in relation to these matters if determined adversely to the Company.

7.

DETAILS OF THE OFFER



7. DETAILS OF THE OFFER

7.1 DESCRIPTION OF THE OFFER

7.1.1 OVERVIEW

This Prospectus relates to an initial public offering of Shares by the Company and the sale of existing Shares by SaleCo at an Offer Price of A\$5.31 per Share. A total of 179,479,144 Shares will be available under the Offer.

The Shares offered under this Prospectus will represent approximately 56.6% of the Shares on issue at Completion of the Offer. The Offer is expected to raise A\$275,611,095 from the issue of 51,904,161 Shares by the Company, of which A\$175,611,093 will be used by the Company to fund the cancellation of Existing Options on Completion as described in Section 6.3 (at the Offer Price less the exercise price per option). In addition, the Offer is expected to raise A\$677,423,160 from the sale of 127,574,983 existing Shares by SaleCo acquired by SaleCo from Selling Shareholders, with the proceeds of that sale to be paid to Selling Shareholders.

The total number of Shares on issue at Completion will be 317,304,794 and all Shares will, once issued, rank equally with each other.

The Offer has been underwritten by the Joint Lead Managers. A summary of the Underwriting Agreement including the events which would entitle the Joint Lead Managers to terminate the Underwriting Agreement is set out in Section 9.8.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus or the relevant U.S. Institutional Offering Memorandum (as applicable).

7.1.2 STRUCTURE OF THE OFFER

The Offer to new investors comprises of the following components:

- the **Broker Firm Offer**, which is open to Australian resident retail clients of participating Brokers who have received a firm allocation of Shares from their Broker (refer to Section 7.3); and
- the **Institutional Offer**, which consists of an invitation to bid for Shares made to Institutional Investors in Australia and certain other eligible jurisdictions (other than the United States), made under this Prospectus and to Institutional Investors in the United States under the relevant U.S. Institutional Offering Memorandum (refer to Section 7.4).

No general public offer of Shares will be made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a Broker with a firm allocation of Shares under the Broker Firm Offer. The allocation of Shares between the Institutional Offer and the Broker Firm Offer will be determined by agreement between the Company and the Joint Lead Managers, having regard to the allocation policies outlined in Section 7.3.4 and Section 7.4.2.

7.1.3 PURPOSE OF THE OFFER

The purpose of the Offer is to:

- broaden the Company's shareholder base and provide a liquid market for Shares;
- repay existing indebtedness and provide funding and financial flexibility to support the Company's growth strategy and future growth opportunities;
- provide Nuix with the benefits of an increased brand profile that may arise from being a publicly listed entity; and
- provide existing securityholders with an opportunity to realise a portion of their investment in the Company and fund the cancellation of Existing Options as described in Section 6.3.

The proceeds of the Offer will be applied as described in this Section 7.1.3.

7. DETAILS OF THE OFFER

Continued

7.1.4 SOURCES AND USES OF FUNDS

The Offer proceeds received by the Company and SaleCo will be applied as described in Figure 99.

Figure 99: Sources and uses of funds

Sources of funds	A\$ million	Uses of funds	A\$ million
The Company			
Cash proceeds received by the Company under the Offer from the issue of Shares ¹	275.6	Payment to optionholders in respect of Existing Options to be cancelled for cash on Completion ²	175.6
		Repayment of borrowings under Debt Facilities ³	25.5
		Offer costs ⁴	46.0
		Increase in cash ⁵	28.5
SaleCo			
Cash proceeds received by SaleCo from the sale of Existing Shares by SaleCo	677.4	Payments to Selling Shareholders for Shares in the Company	677.4
Total sources	953.0	Total uses	953.0

Notes:

- The proceeds the Company will receive from the issue of Shares under the Offer will be used to support the Company's working capital requirements; maintain a strong balance sheet and for general corporate purposes, including executing the Company's growth strategy (refer to Section 3.6). Nuix's growth strategy includes winning new customers, executing on the Company's industry-centric "land and expand" strategy, investing to extend the Nuix platform, improving operating efficiency, building a network of strategic partners and funding potential M&A opportunities. This represents a statement of the Company's current intentions as at the Prospectus Date. Investors should note that this may change depending on a number of factors, including the changes in the competitive environment, business performance, strategic and operational considerations, regulatory developments, and market and general economic conditions. The Company reserves the right to alter the way these funds are applied.
- Refer to Section 6.3.
- Refer to Section 4.6.
- Offer costs include the fees payable to advisers as referred to in Section 6.4.1, as well as other costs such as registry fees, ASX listing fees and other adviser fees. Refer to Section 9.8.
- Refer to Section 4.6.

The Board retains the right to vary these uses of funds, acting in the best interests of Shareholders and as circumstances require.

7.1.5 PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

The Company's Pro Forma Historical Statement of Financial Position following Completion, including details of the pro forma adjustments, is set out in Section 4.5.

7.1.6 CAPITALISATION AND INDEBTEDNESS

The Company's capitalisation and indebtedness as at 30 June 2020, before and following Completion, are set out in Section 4.6.

7.1.7 SHAREHOLDING STRUCTURE OF THE COMPANY

The details of the Company's shareholding structure immediately prior to Completion and ownership of Shares on Completion are set out in Section 6.3.

7.1.8 CONTROL IMPLICATIONS OF THE OFFER

On Completion, no Shareholder will have a controlling interest (as defined by section 50AA of the Corporations Act) in the Company.

7.1.9 POTENTIAL EFFECT OF THE OFFER ON THE FUTURE OF THE COMPANY

The Company believes that from Completion it will have sufficient funds available from the proceeds of the Offer and from its operations to fulfil the purposes of the Offer and meet Nuix's stated business objectives during the Forecast Period.

7.2 TERMS AND CONDITIONS OF THE OFFER

Figure 100: Terms and conditions of the Offer

What is the type of security being offered?	Shares (being fully paid ordinary shares in the issued capital of the Company).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attached to them, is set out in Section 7.10.
What is the consideration payable for the Shares?	Successful applicants under the Offer will pay the Offer Price, being A\$5.31 per Share. Except as required by law, applicants cannot withdraw or vary their application.
What is the Offer Period?	<p>The key dates, including details of the Offer Period, are set out in the important information section of this Prospectus on page 4.</p> <p>The Broker Firm Offer will open at 9:00am (Sydney time) on Thursday, 26 November 2020 and will close at 5:00pm (Sydney time) on Wednesday, 2 December 2020.</p> <p>No Shares will be issued on the basis of this Prospectus later than the Expiry Date of 13 months after the Prospectus Date. The key Offer dates are indicative only and may change. Unless otherwise indicated, all references to times and dates in this Prospectus are to Sydney time.</p> <p>The Company and SaleCo, in agreement with the Joint Lead Managers, reserve the right to vary any and all of the times and dates of the Offer Period without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer Period relating to any component of the Offer, or to accept late applications, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or any applicants). Without limiting this, the Company may accept offers at any time before Completion in its discretion.</p> <p>If the Offer is cancelled or withdrawn before the allotment of Shares, all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.</p>
What are the cash proceeds to be raised under the Offer?	Approximately A\$953.0 million will be raised if the Offer proceeds (comprising A\$275.6 million from the issue of Shares by the Company and A\$677.4 million from the sale of existing Shares by SaleCo).
Is the Offer underwritten?	The Joint Lead Managers have underwritten the Offer pursuant to the Underwriting Agreement. Details are provided in Section 9.8.

7. DETAILS OF THE OFFER

Continued

Who are the Joint Lead Managers for the Offer?	The Joint Lead Managers of the Offer are Macquarie Capital (Australia) Limited and Morgan Stanley Australia Securities Limited.
What is the minimum and maximum application size under the Broker Firm Offer?	<p>The minimum application size for investors in the Broker Firm Offer is 377 Shares (approximately A\$2,000 worth of Shares, rounded up to the value of the nearest share). There is no maximum value of Shares that may be applied for under the Broker Firm Offer.</p> <p>The Company and SaleCo reserve the right to treat any applications in the Broker Firm Offer that are from persons who they believe may be Institutional Investors as bids in the Institutional Offer or to reject or scale back applications. The Company and SaleCo, along with the Joint Lead Managers, also reserve the right to aggregate any applications believed to be multiple applications from the same person.</p>
What is the allocation policy?	<p>The allocation of Shares between the Institutional Offer and the Broker Firm Offer will be determined by agreement between the Company, SaleCo and the Joint Lead Managers, having regard to the results of the Bookbuild and the allocation policies outlined in Section 7.4.2 and Section 7.3.4 of this Prospectus (as applicable).</p> <p>The allocation of Shares to participants in the Institutional Offer and the identity and level of participation of Brokers in the Broker Firm Offer will be determined by agreement of the Company and the Joint Lead Managers, having regard to the results of the Bookbuild and the allocation policies in Section 7.4.2 and Section 7.3.4 of this Prospectus (as applicable).</p> <p>With respect to the Broker Firm Offer, it is a matter for the Brokers as to how they allocate Shares among their retail clients.</p> <p>The Company may reject an application, or allocate fewer Shares than the number or equivalent dollar amount applied for, in the Company's absolute discretion. The Company also reserves the right to aggregate any applications that it believes may be multiple applications from the same person.</p>
When will I receive confirmation that my application has been successful?	<p>It is expected that initial holding statements will be dispatched to successful Applicants by standard post on or about Wednesday, 9 December 2020.</p> <p>Refunds (without interest) to applicants who make an application and receive an allocation of Shares, the value of which is smaller than the amount of the application monies they have paid, will be made as soon as practicable after Completion.</p>
Will the Shares be quoted?	<p>The Company will apply to the ASX within seven days of the Prospectus Date for admission to the Official List, and quotation of Shares by the ASX (under the code "NXL"). It is anticipated that quotation will commence following close of the Broker Firm Offer on or about Friday, 4 December 2020, initially on a conditional and deferred settlement basis.</p> <p>If permission is not granted for the official quotation of the Shares on the ASX within three months after the Prospectus Date (or any later date permitted by law), all application monies received by the Company will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.</p> <p>The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the Official List is not to be taken as an indication of the merits of an investment in the Company.</p>

When are the Shares expected to commence trading?	<p>It is expected that trading of the Shares on the ASX on a conditional and deferred settlement basis will commence on or about Friday, 4 December 2020.</p> <p>Conditional trading will continue until the Company has advised the ASX that: (i) the Underwriting Agreement is not terminated and becomes unconditional; and (ii) Completion has occurred, which is expected to be on or about Tuesday, 8 December 2020.</p> <p>Unconditional and normal settlement trading is expected to commence on the date of Completion, which is expected to be on or about Tuesday, 8 December 2020. If Completion has not occurred within 14 days (or such longer period as the ASX allows) after the day Shares are first quoted on the ASX, the Offer and all contracts arising on acceptance of the Offer and confirmations of allocations will be cancelled and of no further effect and all application monies will be refunded (without interest). In these circumstances, all purchases and sales made through the ASX participating organisations during the conditional trading period will be cancelled and of no effect.</p> <p>It is expected that holding statements will be dispatched by the standard post on or about Wednesday, 9 December 2020. It is the responsibility of each person who trades in Shares to confirm their own holding before trading in Shares. Applicants will be able to confirm their allocations by telephoning the Company's Offer Information Line on 1300 912 776 (within Australia) or +61 1300 912 776 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays).</p> <p>If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, SaleCo, the Share Registry, the Joint Lead Managers and the Existing Shareholders disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you received confirmation of your allocation from the Offer Information Line, by a Broker or otherwise.</p>
Are there any escrow arrangements?	Yes. Details are provided in Section 6.5.
Has any ASIC relief or ASX waiver been sought or obtained?	Yes, from the ASX. Details are provided in Section 9.11.2.
Are there any taxation considerations for Australian investors?	Yes. Details are provided in Section 9.13.
Are there any brokerage, commission or stamp duty considerations?	<p>No brokerage, commission or stamp duty is payable by applicants on acquisition of Shares under the Offer.</p> <p>Refer to Section 9.8 for details of the fees payable by the Company to the Joint Lead Managers.</p>
What should I do with any enquiries?	<p>All enquiries in relation to this Prospectus should be directed to the Nuix Offer Information Line on 1300 912 776 (within Australia) or +61 1300 912 776 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays).</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you have any questions about whether to invest in Shares, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares.</p>

7. DETAILS OF THE OFFER

Continued

7.3 BROKER FIRM OFFER

7.3.1 WHO MAY APPLY

The Broker Firm Offer is open to Australian resident retail clients of participating Brokers who have a registered address in Australia and who have received an invitation from a Broker to acquire Shares under this Prospectus and are not in the United States. You should contact your Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.

7.3.2 HOW TO APPLY

If you have received an allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Application Forms or application monies to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a copy of the Prospectus and Broker Firm Offer Application Form. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and application monies are received before 5:00pm (Sydney time) on the closing date for the Broker Firm Offer (5:00pm (Sydney time) on Wednesday, 2 December 2020) or any earlier closing date as determined by your Broker.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received an invitation to participate in the Broker Firm Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form.

The minimum application size for investors in the Broker Firm Offer is 377 Shares (approximately A\$2,000 worth of Shares, rounded up to the value of the nearest share). There is no maximum value of Shares that may be applied for under the Broker Firm Offer.

The Company, SaleCo and the Joint Lead Managers reserve the right to aggregate any applications that they believe may be multiple applications from the same person or reject or scale back any applications in the Broker Firm Offer. The Company and SaleCo may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in their discretion in compliance with applicable laws.

The Company, SaleCo, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your application.

The Broker Firm Offer opens at 9:00am (Sydney time) on Thursday, 26 November 2020 and is expected to close at 5:00pm (Sydney time) on Wednesday, 2 December 2020.

The Company may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier time and date, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their applications as early as possible. Please contact your Broker for instructions.

7.3.3 HOW TO PAY

Applicants under the Broker Firm Offer must pay their application monies to their Broker in accordance with instructions provided by that Broker.

7.3.4 ALLOCATION POLICY UNDER THE BROKER FIRM OFFER

The allocation of Shares to the Broker Firm Offer, and the identity and level of participation of Brokers participating in the Broker Firm Offer, has been determined by agreement between the Joint Lead Managers, the Company and SaleCo. Shares that are allocated to Brokers for allocation to their clients will be issued or transferred to the applicants nominated by those Brokers (subject to Nuix's right, the right of SaleCo and the right of the Joint Lead Managers to reject, aggregate or scale back applications). It will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (and not the Company, SaleCo or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

The Company expects to announce the final allocation policy under the Broker Firm Offer on or about Completion. Applicants will be able to confirm their allocations by telephoning the Nux Offer Information Line on 1300 912 776 (within Australia) or +61 1300 912 776 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays). Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Broker from whom they received their allocation.

If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, SaleCo, the Joint Lead Managers, the Share Registry and the existing Shareholders, disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you received confirmation of allocation from the Offer Information Line, by a Broker or otherwise.

7.3.5 ACCEPTANCE OF APPLICATIONS UNDER THE BROKER FIRM OFFER

An application under the Broker Firm Offer is an offer by you to the Company and SaleCo to apply for Shares in the full amount specified on the Application Form on the terms and conditions set out in this Prospectus (including any supplementary or replacement document), the Application Form and any personalised invitation. To the extent permitted by law, an application by an applicant may not be varied and is irrevocable.

By making an application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a paper copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

An application may be accepted in respect of the full amount specified on the Application Form, or any amount lower than that, without further notice to the applicant. Nux reserves the right to decline any application (in whole or in part) if it believes any provisions or procedures in this Prospectus, the Application Form or other laws or regulations may not be complied with in relation to the application, or for any other reason.

Nux and the Joint Lead Managers reserve the right to reject any application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an applicant in completing their application. In addition, Nux, SaleCo and the Joint Lead Managers reserve the right to aggregate any applications which they believe may be multiple applications from the same person or reject or scale back any applications (or aggregation of applications) which they believe may be from an Institutional Investor, or are for more than A\$250,000 worth of Shares.

Successful applicants in the Broker Firm Offer will be issued Shares at the Offer Price. Acceptance of an application will give rise to a binding contract, conditional on Settlement and quotation of Shares on the ASX.

7.3.6 APPLICATION MONIES

Application monies received under the Broker Firm Offer will be held in a special purpose account until Shares are issued to successful applicants. Applicants under the Broker Firm Offer whose applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will receive a refund (without interest) of all or part of their application monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on application monies pending the allocation or refund will be retained by the Company. You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of your BPAY® payment, electronic funds transfer or other valid payment method (as applicable). If the amount of your BPAY® payment, electronic funds transfer or other valid payment method (as applicable) is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares.

7.4 INSTITUTIONAL OFFER

7.4.1 INVITATIONS TO BID

The Company invites certain eligible Institutional Investors to bid for Shares in the Institutional Offer. The Institutional Offer is two parts:

- an invitation to Institutional Investors in Australia and selected other jurisdictions (other than the United States) to bid for Shares – made under this Prospectus; and
- an invitation to Institutional Investors in the United States – made under the U.S. Institutional Offering Memorandum.

7. DETAILS OF THE OFFER

Continued

7.4.2 ALLOCATION POLICY UNDER THE INSTITUTIONAL OFFER

The allocation of Shares among bidders in the Institutional Offer has been determined by agreement between the Joint Lead Managers, the Company and SaleCo. The Company, SaleCo and the Joint Lead Managers have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

The allocation policy was influenced, but not constrained, by the following factors:

- the number of Shares bid for by particular applicants;
- the timeliness of the bid by particular applicants;
- Nuix's desire for an informed and active trading market following listing on the ASX;
- Nuix's desire to establish a wide spread of institutional Shareholders;
- overall level of demand under the Broker Firm Offer and the Institutional Offer;
- the size and type of funds under management of particular applicants;
- the likelihood that particular applicants will be long-term Shareholders; and
- any other factors that the Company, SaleCo and the Joint Lead Managers considered appropriate, in the Company's sole discretion.

As at the Prospectus Date, allocations have been made to Institutional Investors for the total number of Offer Shares (excluding the Shares referred to in Section 7.5) under the Institutional Offer. The Joint Lead Managers, the Company and SaleCo have reserved the right to reallocate approximately 10% of Offer Shares allocated to Institutional Investors for allocation to other Institutional Investors and under the Broker Firm Offer at the Offer Price prior to Settlement. Reallocations may be made in the Joint Lead Managers, the Company and SaleCo's complete discretion, including having regard to one or more of the factors described above, or as otherwise agreed with Institutional Investors. Institutional Investors will be advised of any reallocations made by the Joint Lead Managers, the Company and SaleCo prior to Settlement.

7.5. PARTICIPATION BY EXISTING SECURITYHOLDERS

A total of 2,458,712 Shares will be acquired under the Offer on Completion at the Offer Price per Share by Jeffrey Bleich, AMK Pty Ltd as trustee for AMK Trust (an entity associated with Sue Thomas), Rod Vawdrey and Stephen Doyle as described in Section 6.3, Section 6.4.2.3, Section 6.4.2.6 and Section 6.4.3. These Shares will be issued with disclosure under the Prospectus.

Directors and existing securityholders may apply for Shares under the Offer.

7.6 ESCROW ARRANGEMENTS

Escrowed Shares held at Completion by the Escrowed Shareholders will be subject to voluntary escrow arrangements. Further details of these arrangements are provided in Section 6.5.

7.7 ACKNOWLEDGEMENTS

Each applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a complete and unaltered printed or electronic copy of the Prospectus (and any supplementary or replacement document) attached to or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that if they are a natural person and they are over 18 years of age;
- acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;

- agreed to being allocated and issued or transferred the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and SaleCo, together with the Joint Lead Managers and the respective officers or agents, to do anything on behalf of the applicant(s) necessary for Shares to be allocated to the applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, we may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement document) is not financial product advice or a recommendation that Shares are suitable for the applicant(s), and does not take into account the personal circumstances, investment objectives, financial circumstances, tax position or particular needs of the applicant(s);
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if the Company's admission to the Official List of the ASX and Completion do not occur for any reason, the Offer will not proceed.

Each applicant in the Offer made under this Prospectus will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold, pledged, transferred in the United States, except in accordance with U.S. Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the U.S. Securities Act and any other applicable state securities laws;
- it is not in the United States;
- it has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States;
- it is purchasing the Shares in an offshore transaction in accordance with the requirements of Regulation S; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the U.S. Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

7.8 DISCRETION REGARDING THE OFFER

The Company and SaleCo may withdraw the Offer at any time before the issue or transfer of Shares to successful applicants under the Offer. If the Offer, or any part of it, does not proceed, or you are not issued any Shares or are issued fewer Shares than the number that you applied for, all relevant application monies will be refunded (without interest) as soon as possible.

The Company and SaleCo also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late applications either generally or in particular cases, reject any application, or (subject to the terms of any guaranteed allocations referred to in this Prospectus) allocate for a lesser number of Shares than that applied for.

7. DETAILS OF THE OFFER

Continued

7.9 ASX LISTING, REGISTERS AND HOLDING STATEMENTS, AND CONDITIONAL AND DEFERRED SETTLEMENT TRADING

7.9.1 APPLICATION TO THE ASX FOR LISTING OF THE COMPANY AND QUOTATION OF SHARES

The Company will apply to the ASX within seven days of the Prospectus Date for admission to the Official List and quotation of the Shares on the ASX (under the code "NXL").

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered under this Prospectus.

If permission is not granted for the official quotation of the Shares on the ASX within three months after the Prospectus Date (or any later date permitted by law), the Offer will be withdrawn and all application monies received by the Company will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

From the date of admission to the Official List, the Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time (including those described in Section 9.11).

7.9.2 CHESS AND ISSUER SPONSORED HOLDINGS

The Company has applied to participate in the ASX's Clearing House Electronic Subregister System (**CHESS**) and must comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products under the ASX Settlement Operating Rules, holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister. For all successful applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time, either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.9.3 CONDITIONAL AND DEFERRED SETTLEMENT TRADING AND SELLING SHARES ON-MARKET

It is expected that trading of the Shares on the ASX on a conditional and deferred settlement basis will commence on or about Friday, 4 December 2020.

The contracts formed on acceptance of applications and bids will be conditional on the ASX agreeing to quote the Shares on the ASX, and on settlement occurring under the Underwriting Agreement.

If the Offer is withdrawn after Shares have commenced trading on a conditional and deferred settlement basis, all contracts for the sale of the Shares on the ASX would be cancelled and any application monies received would be refunded as soon as possible (without interest).

Conditional trading will continue until the Company has advised the ASX that: (i) the Underwriting Agreement is not terminated and becomes unconditional; and (ii) Completion has occurred, which is expected to be on or about Tuesday, 8 December 2020. Unconditional and normal settlement trading is expected to commence on the date of Completion, which is expected to be on or about Tuesday, 8 December 2020.

If settlement has not occurred within 14 days (or such longer period as the ASX allows) after the day Shares are first quoted on the ASX, the Offer and all contracts arising on acceptance of the Offer and confirmations of allocations will be cancelled and of no further effect and all application monies will be refunded (without interest). In these circumstances, all purchases and sales made through ASX participating organisations during the conditional trading period will be cancelled and of no effect.

It is expected that holding statements will be dispatched by standard post on or about Wednesday, 9 December 2020. It is the responsibility of each person who trades in Shares to confirm their own holding before trading in Shares. Applicants will be able to confirm their allocations by telephoning the Company's Offer Information Line on 1300 912 776 (within Australia) or +61 1300 912 776 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays).

It is the responsibility of each person who trades in Shares to confirm their own holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, along with SaleCo, the Share Registry, the Joint Lead Managers and the existing Shareholders, disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you received confirmation of allocation from the Offer Information Line, by a Broker or otherwise.

7.10 SUMMARY OF RIGHTS AND LIABILITIES ATTACHING TO SHARES AND OTHER MATERIAL PROVISIONS OF THE CONSTITUTION

The rights and liabilities attaching to the ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to Shares and a description of other material provisions of the Constitution is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the Official List.

7.10.1 VOTING AT A GENERAL MEETING

At a general meeting of the Company, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each Share held. On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid Share held and in respect of each partly paid Share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid Share bears to the total amounts paid and payable (excluding amounts credited) on that Share. Amounts paid in advance of a call are ignored when calculating the proportion.

7.10.2 MEETINGS OF MEMBERS

Every Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

7.10.3 DIVIDENDS

The Board may pay any interim, special or final dividends that, in its judgement, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and method of payment.

7.10.4 TRANSFER OF SHARES

Subject to the Constitution and to any restrictions attached to any Share or classes of Shares, Shares may be transferred by proper ASTC transfer (effected in accordance with the ASX Settlement Operating Rules, the Corporations Regulations and the ASX Listing Rules) or by a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may, in accordance with the Corporations Act or the ASX Listing Rules, decline to register, or prevent registration of, a transfer of Shares or apply a holding lock to prevent a transfer.

7. DETAILS OF THE OFFER

Continued

7.10.5 ISSUE OF SHARES

The Board may, subject to the Constitution, the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules issue or grant options for, or otherwise dispose of, Shares in the Company on such terms as the Board decides.

7.10.6 PREFERENCE SHARES

The Company may issue preference shares, including preference shares which are, or at the option of the Company or a holder are, liable to be redeemed or converted into Shares. The rights attaching to preference shares are those set out in the Constitution.

7.10.7 WINDING UP

If the Company is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any Shares or classes of Shares, any surplus property must be divided among Shareholders in proportion to the Shares held by them (irrespective of the amounts paid or credited as paid on the Shares), less any amounts which remain unpaid on these Shares at the date of distribution.

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or part of Nuix's property and decide how the division is to be carried out as between Shareholders or different classes of Shareholders.

7.10.8 NON-MARKETABLE PARCELS

In accordance with the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Board may sell the Shares of a Shareholder who holds less than a marketable parcel of those Shares by following the procedures set out in the Constitution. A marketable parcel of Shares is defined in the ASX Listing Rules and is generally a holding of Shares with a market value of at least A\$500.

7.10.9 PROPORTIONAL TAKEOVER PROVISIONS

The Constitution contains provisions requiring Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by Shareholders passing a special resolution by the third anniversary of either the date those provisions were adopted or the date those rules were last renewed.

7.10.10 VARIATION OF CLASS RIGHTS

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. Under the Constitution, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of shares may be varied:

- with the written consent of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class.

7.10.11 DIRECTORS – APPOINTMENT AND RETIREMENT

Under the Constitution, the number of Directors shall be a minimum of three Directors and a maximum of 12 Directors or such lower number as the Directors determine, provided the Company resolves to authorise such determination at a general meeting. Directors are elected or re-elected at general meetings of the Company.

No Director (other than the Managing Director) may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (whichever is later). The Board may also appoint any eligible person to be a Director (but not the CEO), either to fill a casual vacancy on the Board or as an addition to the existing Directors, who will hold office until the conclusion of the next annual general meeting of the Company following their appointment.

A person is eligible for election to the office of a Director at a general meeting if they are nominated by the Board or by another Shareholder in accordance with procedures in the Constitution (subject to timing requirements).

7.10.12 DIRECTORS – VOTING

Questions arising at a meeting of the Board must be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the Chair of the meeting has a casting vote in addition to his or her deliberative vote, unless there are only two Directors present or entitled to vote, in which case the Chair of the meeting does not have a second or casting vote and the proposed resolution is taken as lost.

A written resolution of the Board may be passed without holding a meeting of the Board, if all of the Directors sign or assent to the resolution (other than Directors permitted not to vote on the resolution in accordance with the terms of the Constitution).

7.10.13 DIRECTORS – REMUNERATION

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director. The total aggregate amount provided to all Non-Executive Directors for their services as Directors must not exceed in any financial year the amount fixed by the Company in general meeting for that purpose. The remuneration of a Director must not include a commission on, or a percentage of operating revenue. The current maximum aggregate sum of Non-Executive Director remuneration is set out in Section 6.4.2.2. Any change to that maximum aggregate amount needs to be approved by Shareholders.

Directors may be reimbursed for travel and other expenses properly incurred in attending to Nuix's affairs, including attending and returning from general meetings of the Company, Board meetings or meetings of committees of the Board. If a Director renders or is called on to perform extra services, or make any special exertions in connection with the affairs of the Company, the Directors may arrange for special remuneration to be paid to that Director either in addition to or in substitution for that Director's remuneration. Directors' remuneration is discussed in Section 6.4.2.3 and Section 6.4.3.2.

7.10.14 POWERS AND DUTIES OF DIRECTORS

The Directors are responsible for managing the business of the Company and may exercise to the exclusion of the Company in general meeting all the powers of the Company which are not required by law or by the Constitution to be exercised by the Company in general meeting.

7.10.15 INDEMNITIES

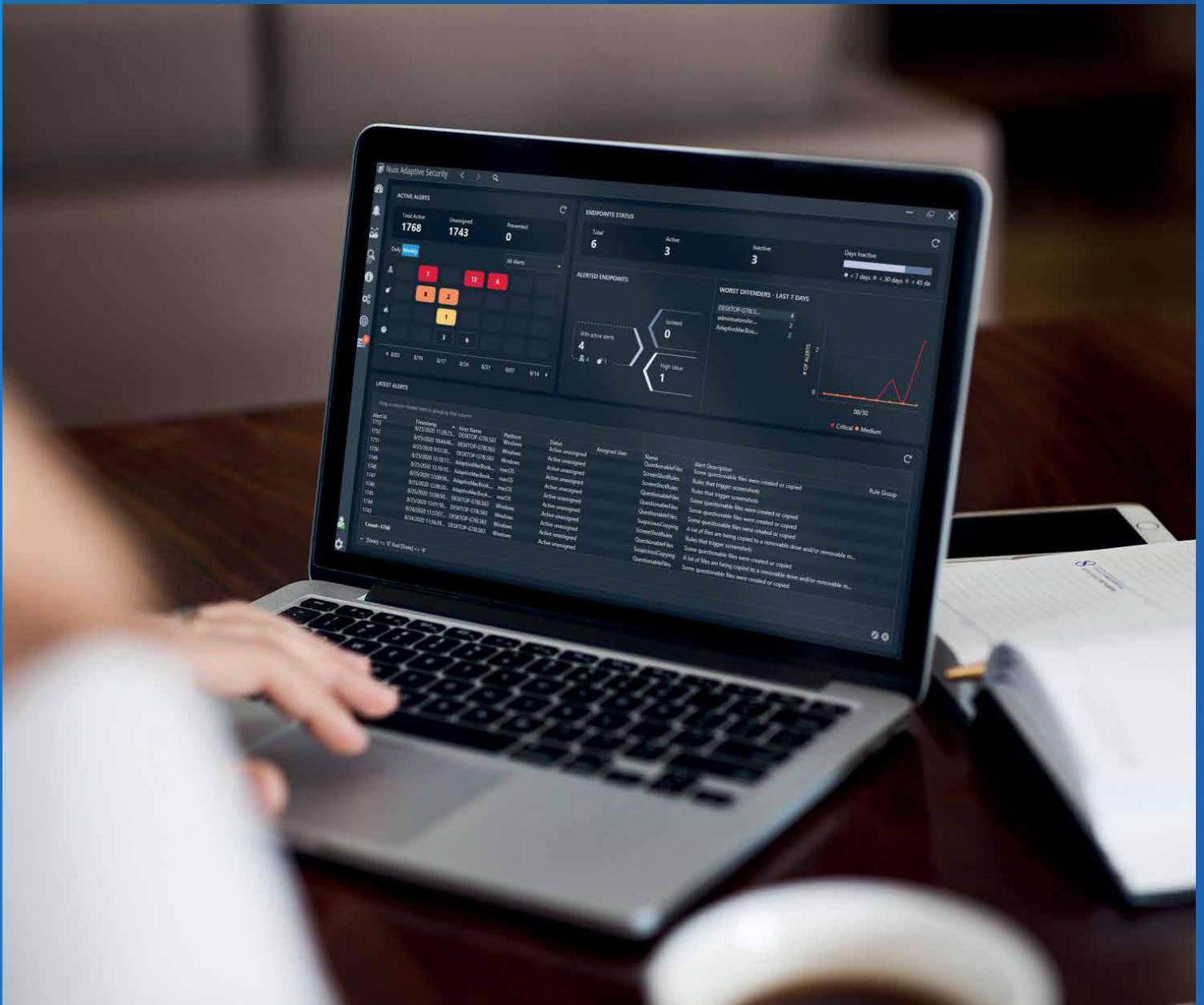
The Company may indemnify, to the extent permitted by law, each Director, alternative director or executive officer of the Company (and, if the Directors so determine, any current or former officer or auditor of the Company or its related bodies corporate) against any losses or liability incurred by that person as an officer or auditor (as applicable) of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for reasonable legal costs on a full indemnity basis. The Company may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for insurance for each Director, alternative director or executive officer of the Company (and, if the Directors so determine, any current or former officer or auditor of the Company or its related bodies corporate) against any liability incurred by that person as an officer or auditor (as applicable) of the Company or of a related body corporate, including but not limited to a liability for negligence or for legal costs.

7.10.16 AMENDMENT

The Constitution may be only amended in accordance with the Corporations Act, which requires a special resolution passed by at least 75% of Shareholders present (in person or by proxy, attorney or representative) and entitled to vote on the resolution at a general meeting of the Company.

8.

INDEPENDENT LIMITED ASSURANCE REPORTS



8. INDEPENDENT LIMITED ASSURANCE REPORTS



The Directors
NuiX Limited
Level 27, 1 Market Street
Sydney, NSW, 2000
Australia

The Directors
NuiX SaleCo Limited
Level 27, 1 Market Street
Sydney, NSW, 2000
Australia

18 November 2020

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on NuiX Limited Historical Financial Information and Financial Services Guide

We have been engaged by NuiX Limited ACN 117 140 235 (the **Company**) and NuiX SaleCo Limited ACN 645 697 856 (**SaleCo**) (collectively **you**) to report on the historical financial information and historical pro forma financial information of the Company for the years ended 30 June 2018 (**FY18**), 30 June 2019 (**FY19**) and 30 June 2020 (**FY20**) defined below for inclusion in the prospectus dated on or about 18 November 2020 (the **Prospectus**) and relating to the issue of ordinary shares in the Company as well as the sale of existing shares in the Company and listing of the Company on the Australian Securities Exchange.

Expressions and terms defined in the Prospectus have the same meaning in this report, unless otherwise specified.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001 (Cth) (**Corporations Act**). PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers, holds the appropriate Australian financial services licence under the Corporations Act. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572

One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

8. INDEPENDENT LIMITED ASSURANCE REPORTS

Continued



Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following historical financial information of the Company (the responsible party) included in the Prospectus:

Historical Financial Information

- the statutory historical consolidated Statement of Financial Position as at 30 June 2020;
- the statutory historical consolidated Income Statements for the years ended 30 June 2018 (**FY18**) (as restated), 30 June 2019 (**FY19**) (as restated) and 30 June 2020 (**FY20**); and
- the statutory historical consolidated Statements of Cash Flows for FY18 (as restated), FY19 (as restated) and FY20

(collectively, the **Statutory Historical Financial Information**).

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The Statutory Historical Financial Information has been extracted from the financial report of the Company for FY20 which was audited by PricewaterhouseCoopers (**PwC**) in accordance with the Australian Auditing Standards and which included restated comparatives for FY18 and FY19. PwC issued an unmodified audit opinion on the financial report of the Company for FY20. The financial reports for FY18 and FY19 (prior to their restatement) were also audited by PwC in accordance with Australian Auditing Standards and PwC issued an unmodified opinion on those financial reports. Details of the material changes made to restate the FY18 and FY19 comparatives in the FY20 financial report are set out in Section 4.2.2 of the Prospectus.

The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Pro Forma Historical Financial Information

- the pro forma historical consolidated Statement of Financial Position as at 30 June 2020;
- the pro forma historical consolidated Income Statements for FY18, FY19 and FY20; and
- the pro forma historical consolidated Statements of Cash Flows for FY18, FY19 and FY20,

in each case which assumes completion of the Offer,

(collectively, the **Pro Forma Historical Financial Information**, and together with the Statutory Historical Financial Information, the **Historical Financial Information**).

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information, after adjusting for the effects of pro forma adjustments described in section 4.2.2 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 4.2.2 of the Prospectus, as if those event(s) or transaction(s) had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.



Directors' responsibility

The directors of the Company are responsible for the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information.

The directors' responsibility includes ensuring compliance with applicable laws and regulations and establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and the Pro Forma Historical Information based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Historical Financial Information.

Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information, as described in sections 4.3.5, 4.4.3 and 4.5 of the Prospectus, and comprising:

- the statutory historical consolidated Statement of Financial Position as at 30 June 2020;
- the statutory historical consolidated Income Statements for the years ended 30 June 2018 (FY18), 30 June 2019 (FY19) and 30 June 2020 (FY20); and
- the statutory historical consolidated Statements of Cash flows for FY18, FY19 and FY20;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2.2 of the Prospectus, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in sections 4.3.1, 4.4.1 and 4.5 of the Prospectus, and comprising:

- the pro forma historical consolidated Statement of Financial Position as at 30 June 2020;
- the pro forma historical consolidated Income Statements for FY18, FY19 and FY20; and
- the pro forma historical consolidated Statements of Cash Flows for FY18, FY19 and FY20;

in each case which assumes completion of the Offer,

8. INDEPENDENT LIMITED ASSURANCE REPORTS

Continued



are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2.2 of the Prospectus, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 4.2.2 of the Prospectus, as if those event(s) or transaction(s) had occurred as at the date of the Statutory Historical Financial Information.

Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements. We have not considered the auditing standards or practices of any jurisdictions other than Australia (including the United States of America). Accordingly, this report should not be relied upon as if it had been provided in accordance with or having regard to standards or practice in any other jurisdiction outside Australia.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, we draw attention to section 4.2.1 of the Prospectus, which describes the purpose of the Historical Financial Information, being for inclusion in the Prospectus. As a result, the Historical Financial Information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this Offer other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

A handwritten signature in black ink that reads 'M. Phillips'.

Marcus Phillips
Authorised Representative
PricewaterhouseCoopers Securities Ltd

Appendix A Financial Services Guide
PRICEWATERHOUSECOOPERS SECURITIES LTD
FINANCIAL SERVICES GUIDE
This Financial Services Guide is dated 18 November 2020

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) (**PwC Securities**) has been engaged by Nuix Limited ACN 117 140 235 (the **Company**) and Nuix SaleCo Limited ACN 645 697 856 (**SaleCo**) to provide a report in the form of an **Independent Accountant's Report** in relation to the historical financial information and historical pro forma financial information of the Company for years ended 30 June 2018, 30 June 2019 and 30 June 2020 for inclusion in the Prospectus dated 18 November 2020 relating to the proposed initial public offering of ordinary shares in the Company as well as the sale of existing shares in the Company and listing of the Company on the Australian Securities Exchange.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees charged are \$1,250,000 (excluding GST).

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

8. INDEPENDENT LIMITED ASSURANCE REPORTS

Continued

6. **Associations with issuers of financial products**

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

7. **Complaints**

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (“**AFCA**”), an external complaints resolution service. AFCA can be contacted by calling 1800 931 678. You will not be charged for using the AFCA service.

8. **Contact Details**

PwC Securities can be contacted by sending a letter to the following address:

Marcus Phillips
PricewaterhouseCoopers Securities Ltd
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000



The Directors
Nuix Limited
Level 27, 1 Market Street
Sydney, NSW, 2000
Australia

The Directors
Nuix SaleCo Limited
Level 27, 1 Market Street
Sydney, NSW, 2000
Australia

18 November 2020

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on Nuix Limited Forecast Financial Information and Financial Services Guide

We have been engaged by Nuix Limited ACN 117 140 235 (the **Company**) and Nuix SaleCo Limited ACN 645 697 856 (**SaleCo**) (collectively **you**) to report on the forecast financial information of the Company for the year ending 30 June 2021 (**FY21**) defined below for inclusion in the prospectus dated on or about 18 November 2020 (the **Prospectus**) and relating to the issue of ordinary shares in the Company as well as the sale of existing shares in the Company and listing of the Company on the Australian Securities Exchange.

Expressions and terms defined in the Prospectus have the same meaning in this report, unless otherwise specified.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001 (Cth) (**Corporations Act**). PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers, holds the appropriate Australian financial services licence under the Corporations Act. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following forecast financial information of the Company (the responsible party) included in the Prospectus:

PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

8. INDEPENDENT LIMITED ASSURANCE REPORTS

Continued



Statutory Forecast Financial Information

The statutory forecast consolidated Income Statements and Cash Flows of the Company for the year ending 30 June 2021, as described in section 4.2.3 of the Prospectus; and

The directors' best estimate assumptions underlying the Statutory Forecast Financial Information are described in section 4.12 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Forecast Financial Information

- the pro forma forecast consolidated Income Statements and Cash Flows of the Company for the year ending 30 June 2021, described in sections 4.3.1 and 4.4.1 of the Prospectus.

The Pro Forma Forecast Financial Information has been derived from the Company's Statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in section 4.3.4 of the Prospectus which assumes completion of the Offer. The stated basis of preparation used in the preparation of the Pro Forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the forecast and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 4.2.3 of the Prospectus, as if those event(s) or transaction(s) had occurred as at 30 June 2021. Due to its nature, the Pro Forma Forecast Financial Information does not represent the Company's actual or prospective financial performance, and/or cash flows for the year ending 30 June 2021.

Directors' responsibility

The directors of the Company are responsible for the preparation of the Statutory Forecast Financial Information, including its basis of preparation and the best estimate assumptions underlying the Statutory Forecast Financial Information. They are also responsible for the preparation of the Pro Forma Forecast Financial Information, including its basis of preparation and the selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information.

The directors' responsibility includes ensuring compliance with applicable laws and regulations and establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information, a forecast and a pro forma forecast that are free from material misstatement.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information, the best estimate assumptions underlying the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information, and the reasonableness of the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information themselves, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not



enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Historical Financial Information.

Conclusions

Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information; and
- in all material respects, the Statutory Forecast Financial Information:
 - is not properly prepared on the basis of the directors' best estimate assumptions as described in section 4.12 of the Prospectus; and
 - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; and
- the Statutory Forecast Financial Information itself is unreasonable.

Pro Forma Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information do not provide reasonable grounds for the Pro Forma Forecast Financial Information; and
- in all material respects, the Pro Forma Forecast Financial Information:
 - is not properly prepared on the basis of the directors' best-estimate assumptions, as described in section 4.12 of the Prospectus; and
 - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies, applied to the Statutory Forecast Financial Information and the pro forma adjustments as if those adjustments had occurred as at the date of the Statutory Forecast Financial Information; and
- the Pro Forma Forecast Financial Information itself is unreasonable.

Statutory Forecast Financial Information and Pro Forma Forecast Financial Information

The Statutory Forecast Financial Information and Pro Forma Forecast Financial Information have been prepared by management and adopted by the directors of the Company in order to provide prospective investors with a guide to the potential financial performance of the Company year ending

8. INDEPENDENT LIMITED ASSURANCE REPORTS

Continued



30 June 2021 (FY21). There is a considerable degree of subjective judgment involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material.

The directors' best estimate assumptions on which the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information are based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in section 5 of the Prospectus. The sensitivity analysis described in section 4.13 of the Prospectus demonstrates the impact on the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Statutory Forecast Financial Information or Pro Forma Forecast Financial Information will be achieved.

The Statutory Forecast Financial Information and Pro Forma Forecast Financial Information have been prepared by the directors for the purpose of inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this report, or on the Statutory Forecast Financial Information or Pro Forma Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements. We have not considered the auditing standards or practices of any jurisdictions other than Australia (including the United States of America). Accordingly, this report should not be relied upon as if it had been provided in accordance with or having regard to standards or practice in any other jurisdiction outside Australia.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.



Restriction on Use

Without modifying our conclusions, we draw attention to section 4.2.3 of the Prospectus, which describes the purpose of the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information (together the **Forecast Financial Information**), being for inclusion in the Prospectus. As a result, the Forecast Financial Information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this Offer other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

A handwritten signature in black ink that reads 'M. Phillips'.

Marcus Phillips
Authorised Representative
PricewaterhouseCoopers Securities Ltd

8. INDEPENDENT LIMITED ASSURANCE REPORTS

Continued

**Appendix A Financial Services Guide
PRICEWATERHOUSECOOPERS SECURITIES LTD
FINANCIAL SERVICES GUIDE
This Financial Services Guide is dated 18 November 2020**

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) (**PwC Securities**) has been engaged by Nuix Limited ACN 117 140 235 (the **Company**) and Nuix SaleCo Limited (**SaleCo**) ACN 645 697 856 to provide a report in the form of an **Independent Accountant's Report** in relation to the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information for the year ending 30 June 2021 for inclusion in the prospectus dated 18 November 2020 relating to the proposed initial public offering of ordinary shares in the Company as well as the sale of existing shares in the Company and listing of the Company on the Australian Securities Exchange.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees charged are \$1,250,000 (excluding GST).

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

7. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (“**AFCA**”), an external complaints resolution service. AFCA can be contacted by calling 1800 931 678. You will not be charged for using the AFCA service.

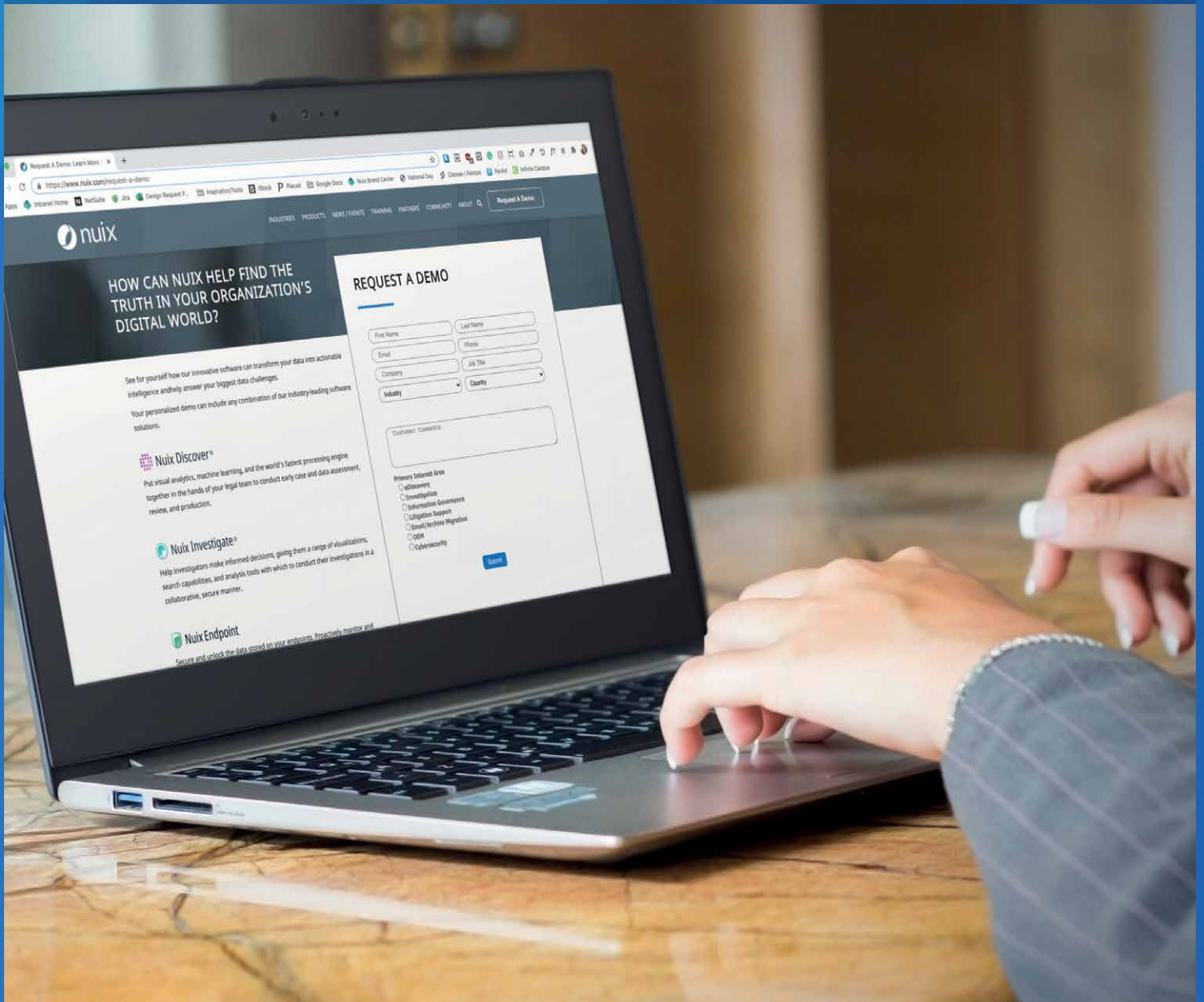
8. Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Marcus Phillips
PricewaterhouseCoopers Securities Ltd
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000

9.

ADDITIONAL INFORMATION



9. ADDITIONAL INFORMATION

9.1 REGISTRATION

Nuix Pty Limited was registered in New South Wales, Australia on 15 November 2005. The Company was converted to and registered as a public company on 6 November 2020.

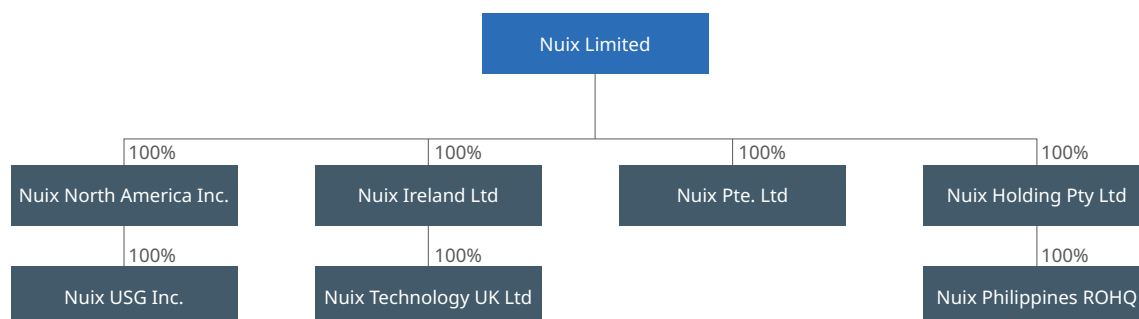
Nuix SaleCo Limited was registered in New South Wales, Australia on 6 November 2020 as a public company.

9.2 CORPORATE STRUCTURE

9.2.1 CORPORATE STRUCTURE CHART

Figure 101 represents the corporate structure of the Group as at the Prospectus Date.

Figure 101: Corporate structure



9.2.2 NUIX ENTITIES

The Company has seven wholly owned subsidiary companies worldwide. A brief description of the activities of the Company and each of its subsidiaries is included at Figure 102.

Figure 102: Summary of activities of Nuix entities

Name	Place/Date of Incorporation	Summary of activities at the Prospectus Date
Nuix Limited (Company)	New South Wales, Australia 15 November 2005	Parent entity with 100% control over Group. Preparer of consolidated group financial statements and contracting entity for Asia, Australia and New Zealand.
Nuix North America Inc.	Delaware, United States 24 October 2007	Wholly owned subsidiary of the Company. Contracting entity for the Americas excluding U.S./Canadian government contracts.
Nuix USG Inc.	Delaware, United States 22 May 2015	Wholly owned subsidiary of Nuix North America Inc. Contracting entity for U.S./Canadian government contracts.
Nuix Ireland Limited	Cork, Ireland 15 March 2011	Wholly owned subsidiary of the Company. Contracting entity for Europe (excluding UK), the Middle East and Africa.
Nuix Technology UK Ltd	London, United Kingdom 10 February 2012	Wholly owned subsidiary of Nuix Ireland Limited. Contracting entity for UK.

9. ADDITIONAL INFORMATION

Continued

Name	Place/Date of Incorporation	Summary of activities at the Prospectus Date
Nuix Pte. Ltd.	Singapore, Singapore 7 October 2015	Wholly owned subsidiary of the Company. Former contracting entity in Singapore (the Company now contracts with customers in Asia).
Nuix Holding Pty Ltd	New South Wales, Australia 25 February 2016	Wholly owned subsidiary of the Company. Non-operating holding company.
Nuix Philippines ROHQ	Makati City, Manila, Philippines 11 April 2016	Wholly owned subsidiary of Nuix Holding Pty Ltd. Philippine employment entity (no customer contracts).

9.3 CAPITAL STRUCTURE

The capital structure of the Company as at the Prospectus Date and as at Completion is described in Section 6.3.

9.4 SALES OF EXISTING SHARES BY SALECO

SaleCo, a special purpose vehicle, has been incorporated to facilitate the sale of existing Shares held by the Selling Shareholders.

SaleCo will acquire 127.6 million Shares from the Selling Shareholders who have determined to sell Shares to SaleCo pursuant to sale deeds between those parties (**Sale Deeds**). The Sale Deeds, which are conditional on admission of the Company to the Official List and the Underwriting Agreement not being terminated, will provide that Shares will be sold by Selling Shareholders to SaleCo at the Offer Price on Completion, free from encumbrances and third party rights.

The Shares which SaleCo acquires from the Selling Shareholders will be transferred to successful applicants under the Offer. The price payable by SaleCo for these existing Shares is the Offer Price. Proceeds from the Offer of Shares will be paid to SaleCo for distribution to Selling Shareholders.

SaleCo has no material assets, liabilities or operations other than its interests in, and obligations under, the Underwriting Agreement and the Sale Deeds described above, once entered into. The shareholder of SaleCo is Stephen Doyle, and the Directors of SaleCo are Daniel Phillips, Sue Thomas and Rod Vawdrey. The Company has indemnified SaleCo, and the Directors of SaleCo, for any loss that SaleCo, or the Directors of SaleCo, may incur as a consequence of the Offer.

9.5 CANCELLATION OF EXISTING OPTIONS

Existing Options described in Section 6.3 will be cancelled by the Company on Completion pursuant to discretions afforded to the Company by their terms or agreement with optionholders. In respect of each Existing Option cancelled, the Company will pay the Offer Price less the exercise price for that option to or as directed by the optionholder. A total of 38,961,508 Existing Options will be cancelled on Completion with approximately A\$175.6 million paid to optionholders whose Existing Options will be cancelled.

9.6 COMPANY TAX STATUS AND FINANCIAL YEAR

The Company is and will be subject to tax at the applicable Australian corporate tax rate (which for the Company is currently 30%). Nuix's financial year ends on 30 June annually.

9.7 PARTICIPATION IN ISSUES OF SECURITIES

Except as described in this Prospectus, the Company has not granted, or proposed to grant, any rights to any person, or to any class of person, to participate in an issue of the Company's securities.

9.8. UNDERWRITING AGREEMENT

Below is a summary of the Underwriting agreement entered into between the Company, SaleCo and the Joint Lead Managers on 18 November 2020. Other key contracts to which the Company is a party are referred to in other Sections of this Prospectus.

9.8.1. OVERVIEW OF THE UNDERWRITING AGREEMENT

The Offer is being underwritten by the Joint Lead Managers pursuant to an underwriting agreement, dated on or about the Prospectus Date, between the Joint Lead Managers, the Company and SaleCo (**Underwriting Agreement**). Under the Underwriting Agreement, the Joint Lead Managers have agreed to arrange, manage and underwrite the Offer.

9.8.1.1 Commissions, fees and expenses

The Company and SaleCo must pay to the Joint Lead Managers in equal proportions and in accordance with the Underwriting Agreement an underwriting fee equal to 1.60% and a management and selling fee equal to 0.40% of the total Offer proceeds. The Company may also, in its absolute discretion, pay to one or both of the Joint Lead Managers an incentive fee of up to 1.00% of the total Offer proceeds (in whatever proportions between the Joint Lead Managers as determined by the Company).

The Company has agreed to reimburse the Joint Lead Managers for costs and expenses incurred by the Joint Lead Managers in relation to the Offer. The Company has authorised the Joint Lead Managers to pay any fees or expenses of Brokers out of fees payable to them.

9.8.1.2 Termination events

A Joint Lead Manager may terminate the Underwriting Agreement, at any time after the date of the Underwriting Agreement and on or before 4:00pm on the date of Settlement under the Offer by notice to the Company and the other Joint Lead Manager if any of the following events occur:

- a material statement in the Prospectus is or becomes misleading or deceptive, or a material matter required to be included is omitted from the Prospectus (including without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act);
- the U.S. Institutional Offering Memorandum or the associated pricing information for the Offer (Pricing Disclosure Package) includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;
- there occurs a new circumstance that arises after the Prospectus is lodged that would have been required to be included in the Prospectus under section 719(1)(c) of the Corporations Act;
- the Company or SaleCo issues or, in the reasonable opinion of a Joint Lead Manager seeking to terminate, is required to issue, a supplementary prospectus because of section 719(1) of the Corporations Act, or to amend or supplement, in any material respect, the U.S. Institutional Offering Memorandum or the Pricing Disclosure Package (together, the **U.S. Offer Documents**); or the Company or SaleCo lodges a supplementary prospectus (in certain circumstances) with ASIC in a form that has not been approved by the Joint Lead Managers;
- at any time, the S&P/ASX 200 Index falls to a level that is 90% or less of the level as at the close of trading on the day immediately before the date of the Underwriting Agreement and is at or below that level for two consecutive business days during any time after the date of the Underwriting Agreement or on the Business Day immediately prior to the date of Settlement;

9. ADDITIONAL INFORMATION

Continued

- any voluntary escrow deed is withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with (other than with the consent of the Joint Lead Managers);
 - the Company or SaleCo or any of their respective Directors or officers (as those terms are defined in the Corporations Act) engage, or have engaged since the date of Underwriting Agreement, in any fraudulent conduct or activity whether or not in connection with the Offer;
 - approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
 - the Company’s admission to the Official List of the ASX on or before the date required in the Underwriting Agreement; or
 - the quotation of the Shares on Completion on the ASX or for the Shares on Completion to be traded through CHESSE on or before the date required in the Underwriting Agreement,
- or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- any of the following notifications are made in respect of the Offer:
 - ASIC issues an order (including an interim order) under section 739 of the Corporations Act, in relation to the Offer or the Prospectus, or ASIC prosecuting or commencing proceedings in relation to the Offer or the Prospectus, or ASIC prosecuting or commencing proceedings in relation to the Offer or the Prospectus, except where such order is withdrawn within two business days of being made (or if it is made within two business days prior to the date of Settlement, it is withdrawn prior to the date of Settlement);
 - ASIC holds a hearing under section 739(2) of the Corporations Act, except where such hearing is withdrawn within two business days of commencing (or if it is held within two business days prior to the date of Settlement, it is withdrawn prior to the date of Settlement);
 - an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or the Prospectus, the U.S. Offer Documents or the Pathfinder, or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or the Prospectus, the U.S. Offer Documents or the Pathfinder, except where such application, investigation or hearing is withdrawn within two business days of being made (or if it is made within two business days prior to the date of Settlement, it is withdrawn prior to the date of Settlement);
 - any person (other than the terminating Joint Lead Manager) who has previously consented to the inclusion of its name in the Prospectus the U.S. Offer Documents or the Pathfinder withdraws that consent; or
 - any person (other than the terminating Joint Lead Manager) gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
 - the Company or SaleCo does not provide a closing certificate as and when required by the Underwriting Agreement;
 - the Company or SaleCo withdraws the Prospectus, the U.S. Institutional Offering Memorandum or the Offer or indicates that it does not intend to proceed with the Offer;
 - any member of the Group or SaleCo becomes insolvent, or there is an act or omission which is likely to result in a member of the Group or SaleCo becoming insolvent;
 - an event specified in the timetable set out in the Underwriting Agreement up to and including the date of settlement is delayed by more than two business days (other than any delay agreed between the Company and the Joint Lead Managers or a delay as a result of an extension of the Exposure Period by ASIC);
 - the Company is prevented from allotting and issuing new Shares or SaleCo is prevented from transferring any existing Shares being sold by the Selling Shareholders, within the time required by the timetable set out in the Underwriting Agreement, the Prospectus, the U.S. Offer Documents, the ASX Listing Rules, the ASX Settlement Operating Rules or by any other applicable laws, an order of a court of competent jurisdiction or a governmental authority;

- except as disclosed in the Prospectus, the Company:
 - alters the issued capital of the Company or member of the Group (other than pursuant to an employee share or option plan or other issue described in the Prospectus); or
 - disposes or attempts to dispose of a substantial part of the business or property of the Company or a member of the Group,

without the prior written consent of the Joint Lead Managers;

- if a regulatory body withdraws, revokes or varies any regulatory approvals required for the Company and SaleCo to perform their obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Prospectus and the U.S. Offer Documents;
- there is a change (or an announced change) in the Board of Directors, CEO or CFO;
- the Chairman of the Board, CEO or CFO vacates their office; or
- any regulatory body commences any enquiry or public action against the SaleCo, the Company or any other member of the Group.

9.8.1.3 Termination events subject to materiality

A Joint Lead Manager may terminate without cost or liability by notice to the Company and the other Joint Lead Manager if any of the following events occur at any time on or before 4:00pm on the date of Settlement, (or at any other time as specified in the Underwriting Agreement) and a Joint Lead Manager has reasonable grounds to believe, and does believe that such event (a) has or is likely to have a materially adverse effect on the (i) success, settlement, marketing or outcome of the Offer or on the ability of the Joint Lead Managers to market or promote or settle the Offer; or (ii) the willingness of subscribe for new Shares under the Offer; or (b) will, or is likely to, give rise to a liability of the Joint Lead Manager under, or give rise to, or result in, a contravention by that Joint Lead Manager or any of its affiliates, or the Joint Lead Manager or any of its affiliates being involved in a contravention of, any applicable law:

- there are not, or there ceases to be, reasonable grounds in the opinion of the terminating Joint Lead Manager for any statement or estimate in the Prospectus or the U.S. Offer Documents which relates to a future matter, or any statement or estimate in the Prospectus or the U.S. Offer Documents which relates to a future matter is, in the opinion of the terminating Joint Lead Manager, unlikely to be met in the projected timeframe (including in each case financial forecasts);
- there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any governmental agency which makes it illegal for the Joint Lead Managers to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Offer;
- any of the following occurs:
 - a Director or propose director named in the Prospectus of the Company or SaleCo is charged with an indictable offence;
 - any governmental agency commences any public action against the Company (or any member of the Group) or SaleCo or any of their respective directors, or the CEO or CFO in their capacity as a director of the Company any Group Member or SaleCo, or announces that it intends to take action; or
 - any director or proposed director named in the Prospectus of the Company or SaleCo is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- the report of the due diligence committee is misleading or deceptive, including by way of omission;
- an event occurs which will, or is likely to, give rise to an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group, including any such change from those disclosed in the Prospectus or the U.S. Offer Documents;
- there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, New Zealand, the United States, the United Kingdom or any State or Territory of Australia a new law, or New Zealand, or any Commonwealth or State authority (but excluding a policy of the Reserve Bank of Australia or ASIC) adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement);

9. ADDITIONAL INFORMATION

Continued

- any of the Prospectus or the U.S. Offer Documents or any aspect of the Offer does not comply with the Corporations Act, the ASX Listing Rules or any other applicable law or regulation;
- a representation or warranty contained in the Underwriting Agreement on the part of the Company becomes not true or correct subject to certain qualifications;
- the Company or SaleCo defaults on one or more of its obligations or undertakings under the Underwriting Agreement;
- the commencement of legal proceedings against the Company, SaleCo or any member of the Group or against any director of the Company, Sale or any member of the Group;
- a member of the Group is in breach of any debt covenant;
- hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, the United Kingdom, the People's Republic of China, Hong Kong or Singapore or any member State of the European Union, or a major terrorist act is perpetrated on any one of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- a statement in the closing certificate provided by the Company is false, misleading, inaccurate, untrue or incorrect (including by way of omission); or
- any of the following occurs:
 - a general moratorium on commercial banking activities in Australia, New Zealand, the People's Republic of China, Singapore, Hong Kong, the United Kingdom, the United States, any member State of the European Union is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; or
 - any adverse effect on the financial markets in Australia, New Zealand, the People's Republic of China, Singapore, Hong Kong, the United Kingdom, the United States, any member State of the European Union, or in foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries; or
 - trading in all securities quoted or listed on the ASX, the London Stock Exchange, the New York Stock Exchange or the Hong Kong Stock Exchange is suspended or limited in a material respect for one day (or a substantial part of one day) on which that exchange is open for trading.

9.8.1.4 Conditions, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company and SaleCo to the Joint Lead Managers (as well as common conditions precedent), including the entry into voluntary escrow deeds by certain of the existing Shareholders in a form and substance acceptable to the Joint Lead Managers.

The representations and warranties given by the Company (and where applicable, SaleCo) include but are not limited to matters such as power and authorisations, compliance with applicable laws and the ASX Listing Rules, financial information, information contained in the Prospectus, the conduct of the Offer and the due diligence process, litigation, material contracts, intellectual property, IT systems, encumbrances, licences, insurance, dividends and distributions, title to property, internal controls, tax and labour.

The Company and SaleCo provides undertakings under the Underwriting Agreement which include but are not limited to notifications of breach of any obligation, representation or warranty or undertaking or non-satisfaction of any condition given by them under the Underwriting Agreement and that it will not, during the period following the date of the Underwriting Agreement until 120 days after Shares have been issued under the Offer, issue any Shares without the consent of the Joint Lead Managers, subject to certain exceptions including pursuant to the Offer, an employee share or option plan, a non-underwritten dividend reinvestment or a bonus share plan as described in the Prospectus or conversion of any securities on issue on the date of the Underwriting Agreement.

9.8.1.5 Indemnity and guarantee

Subject to certain exclusions relating to, among other things, recklessness, gross negligence, fraud or wilful misconduct by an indemnified party, the Company agrees to keep the Joint Lead Managers and certain affiliated parties indemnified from losses suffered in connection with the Offer.

9.9 CONSENTS TO BE NAMED AND INCLUSION OF STATEMENT AND DISCLAIMERS OF RESPONSIBILITY

9.9.1 CONSENTING PARTIES

Each of the parties referred to below (each a **consenting party**), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the consenting parties has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the consenting parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement is made in this Prospectus is based, other than as specified below:

- Clayton Utz.
- Link Market Services;
- Macquarie Capital (Australia) Limited;
- Macquarie Infrastructure Management (Asia) Pty Limited;
- Morgan Stanley Australia Securities Limited;
- PricewaterhouseCoopers; and
- PricewaterhouseCoopers Securities Ltd.

PricewaterhouseCoopers Securities Ltd has given, and has not withdrawn prior to the lodgement of the Prospectus, its written consent to being named as Investigating Accountant in Section 4 and the Corporate directory of this Prospectus in the form and context in which it is so named and to the inclusion of its Investigating Accountant's Reports in Section 8 in the form and context in which they are so included.

PricewaterhouseCoopers has given, and has not withdrawn prior to the lodgement of this Prospectus, its written consent to be named in this Prospectus as Nuix's auditor in the form and context in which it is so named.

9.9.2 NON-CONSENTING PARTIES

The Company has included statements in this Prospectus made by, attributed to or based on statements made by the following parties:

- IDC, "Worldwide eDiscovery Software Forecast, 2020–2024", published June 2020;
- IDC, "Worldwide Governance, Risk, and Compliance Software Forecast (report #US45856620), 2020–2024", published September 2020;
- IDC, "Semiannual Software Tracker, Forecast 2019H2 Release", published October 2020;
- IDC, "Global Datasphere by Location and Real-Time Data, 2014–2024", published May 2020;
- Mordor Intelligence, "Global Digital Forensics Market, 2020–2025", published October 2020; and
- Thomson Reuters, Cost of Compliance July 2019: 10 years of regulatory change, published July 2019.

The inclusion of statements made by, attributed to or based on statements made by these parties has not been consented to by the relevant party for the purpose of section 729 of the Corporations Act and are included in this Prospectus by us on the basis of ASIC Corporations (Consents to Statements) Instrument 2016/72 relief from the Corporations Act for statements used from books, journals or comparable publications.

9.10 DESCRIPTION OF SYNDICATE

The Joint Lead Managers of the Offer are Morgan Stanley Australia Securities Limited and Macquarie Capital (Australia) Limited.

9. ADDITIONAL INFORMATION

Continued

9.11 REGULATORY RELIEF

9.11.1 ASIC EXEMPTIONS AND RELIEF

No modifications of the Corporations Act have been sought from ASIC in relation to the Offer as at the Prospectus Date.

9.11.2 ASX WAIVERS

The Company has sought and obtained from the ASX certain confirmations and waivers, principally:

- confirmation that Nuix will be admitted under the profit test pursuant to ASX Listing Rule 1.2;
- confirmation that ASX Listing Rules 10.11 and 10.14 will not apply to the issue of options to Rod Vawdrey referred to in Section 6.4.2.3;
- waiver in relation to ASX Listing Rules 10.11 and 10.14 such the issue of share rights, and the issue of shares upon the conversion of share rights to Rod Vawdrey referred to in Section 6.4.2.3 will not require Shareholder approval; and
- confirmation from the ASX in relation to the Offer that there may be conditional and deferred settlement trading of the Shares subject to certain conditions to be approved by the ASX.

9.12 OWNERSHIP RESTRICTIONS

The sale and purchase of Shares in Australia are regulated by Australian laws and laws in other countries in which Nuix operates that restrict the level of ownership or control by any one person (either alone or in combination with others). Refer to Section 2.5 for a description of these laws.

9.13 TAXATION CONSIDERATIONS

The following comments provide a general summary of Australian tax issues for Australian tax resident investors who acquire Shares under this Prospectus.

This general summary reflects the current provisions of the *Income Tax Assessment Act 1936* (Commonwealth) (**ITAA 1936**), the *Income Tax Assessment Act 1997* (Commonwealth) (**ITAA 1997**) and the *A New Tax System (Goods and Services Tax) Act 1999* (Commonwealth) (collectively referred to as the **Tax Law**), and the regulations made under the Tax Law, and takes into account current tax rulings issued by the ATO and the current administrative practices of the ATO. This outline does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action.

The categories of investors considered in this summary are limited to individuals, certain companies, trusts, partnerships and complying superannuation funds, each of whom hold their Shares on capital account.

This summary does not consider the consequences for non-Australian tax resident investors, or Australian tax resident investors who are insurance companies, banks, investors that hold their Shares on revenue account or carry on a business of trading in shares or investors who are exempt from Australian tax. This summary also does not cover the consequences for Australian tax resident investors who are subject to Division 230 of the ITAA 1997 (the **Taxation of Financial Arrangements** or **TOFA** regime) in respect of their Shares.

This summary is based on the law in Australia in force at the time of issue of this Prospectus. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal of the Shares will depend upon each investor's specific circumstances.

Investors should obtain their own advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

This summary does not constitute financial product advice as defined in the Corporations Act.

9.13.1 DIVIDENDS ON A SHARE

9.13.1.1 Individuals and complying superannuation entities

Where dividends on a Share are distributed, those dividends will constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend, together with any franking credit attached to that dividend if they are a “qualified person” (refer further comments below). Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a “qualified person” or where the investor receives less than A\$5,000 in franking credits from all sources for the income year. The tax offset can be applied to reduce the tax payable on the investor’s taxable income. Where the tax offset exceeds the tax payable on the investor’s taxable income in an income year, such investors should be entitled to a tax refund.

Where a dividend paid is unfranked, the investor will generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

9.13.1.2 Corporate investors

Corporate investors are required to include both the dividend and associated franking credit in their assessable income subject to being a “qualified person”. A tax offset is then allowed up to the amount of the franking credit on the dividend.

An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend received. Such corporate investors can then pass on the benefit of the franking credits to their own investor(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund, but may be able to be converted into carry-forward tax losses.

9.13.1.3 Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in their assessable income in determining the net income of the trust or partnership. Subject to being a “qualified person”, the relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary’s or partner’s share of the franking credit received by the trust or partnership.

9.13.1.4 Shares held at risk

The benefit of franking credits can be denied where an investor is not a “qualified person”, in which case the investor will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a qualified person, an investor must satisfy the holding period rule including, if necessary, the related payment rule.

The holding period rule requires an investor to hold the Shares “at risk” for more than 45 days continuously, in the period beginning the day after the day on which the investor acquires the Shares and ending on the 45th day after the day on which the Shares become ex-dividend. The dates the Shares are acquired and disposed of are ignored for the purposes of determining the 45 day period. Any day on which an investor has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the investor held the Shares “at risk”. This holding period rule is subject to certain exceptions. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to a dividend. A related payment is one where an investor or their associate passes on the benefit of the dividend to another person. The related payment rule requires the investor to have held the Shares “at risk” for a period commencing on the 45th day before, and ending on the 45th day after the day the Shares become ex-dividend. Practically, this should not impact investors who do not pass the benefit of the dividend to another person.

Investors should obtain their own tax advice to determine if these requirements have been satisfied.

9. ADDITIONAL INFORMATION

Continued

9.13.1.5 Dividend washing

The benefit of franking credits can be denied where an investor engages in dividend washing and triggers specific dividend washing integrity measures. Where these measures apply, no tax offset is available (nor is an amount required to be included in your assessable income) for a dividend received. Investors should consider the impact of these rules having regard to their own personal circumstances.

9.13.1.6 Disposal of Shares

The disposal of a Share by an investor will be a capital gains tax (CGT) event. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus any transaction costs). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds from the sale.

A CGT discount may be applied against the capital gain (after reduction of total capital gains by capital losses) where (i) the investor is an individual, complying superannuation entity or trustee; (ii) the Shares have been held for more than 12 months; and (iii) certain other requirements have been met.

Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

Where the investor is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Investors that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss will be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the investor in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

9.13.1.7 Tax file numbers

Resident investors may, if they choose, notify the Company of their tax file number (TFN), Australian Business Number (ABN) or a relevant exemption from withholding tax with respect to dividends. In the event the Company is not so notified, tax will automatically be deducted at the highest marginal rate, including where relevant, the Medicare Levy, from certain dividends and/or distributions.

Resident investors may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

9.13.1.8 Stamp duty

Investors should not be liable for stamp duty in respect of their initial acquisition of Shares, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in the Company.

Under current stamp duty legislation, no stamp duty would ordinarily be payable by investors on any subsequent transfer of Shares.

Investors should seek their own advice as to the impact of stamp duty in their own particular circumstances.

9.13.1.9 Goods and services tax

Investors should not be liable for goods and services tax (GST) in respect of their investment in Shares.

Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by investors in this respect.

No GST should be payable by investors on receiving dividends distributed by the Company.

9.14 DIVIDEND REINVESTMENT PLAN

On Completion, the Company will not have a dividend reinvestment plan. It may elect to implement one in the future.

9.15 SELLING RESTRICTIONS

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold in any country outside of Australia, except as permitted below.

For selling restrictions in relation to an offer of Shares in certain jurisdictions outside Australia, refer to Appendix C.

9.16 COSTS OF THE OFFER

The costs of the Offer are expected to be A\$46.0 million (pre GST), of which A\$32.7 million (pre GST) will be expensed in FY21. These costs will be borne by Nuix from the proceeds of the Offer.

9.17 PRIVACY

The Company, SaleCo and the Share Registry on Nuix's behalf, collect, hold and use your personal information to process your application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Once you have become a Shareholder, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included in the Shareholder register. This information must continue to be included in the Shareholder register even if you cease to be a Shareholder. If you do not provide all the information requested in the Application Form, your Application Form may not be able to be processed.

The Company, SaleCo and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including the following: the Share Registry for ongoing administration of the Shareholder register; the Joint Lead Managers in order to assess your application; printers and other companies for the purpose of preparation and administration of documents and for handling mail; market research companies for the purpose of analysing Nuix's shareholder base and for product development and planning; and legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by the Share Registry on Nuix's behalf, by contacting the Share Registry. You will generally be provided access to your personal information (subject to some exceptions permitted by law), but you may be required to pay a reasonable charge to the Share Registry for access. Nuix aims to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Share Registry if any of the details you have provided change. In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

If you have any concerns or queries about the way your personal information is managed by Nuix, please contact us by phone on 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia), by email to registrars@linkmarketservices.com.au or write to Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235. Nuix's privacy policy is available on its website www.nuix.com. The privacy policy contains information about how you can gain access to or seek correction of personal information that Nuix holds about you. It also contains information about how you may make a privacy complaint and Nuix will deal with it.

9. ADDITIONAL INFORMATION

Continued

9.18 CONTRACT SUMMARIES

Summaries of contracts set out in this Prospectus (including the summary of the Underwriting Agreement set out in Section 9.8) are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts themselves.

9.19 PHOTOGRAPHS AND DIAGRAMS

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

9.20 GOVERNING LAW

This Prospectus, the Offer and the contracts that arise from the acceptance of the applications and bids under this Prospectus are governed by the laws applicable in New South Wales, Australia and each applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

9.21 EXPIRY DATE

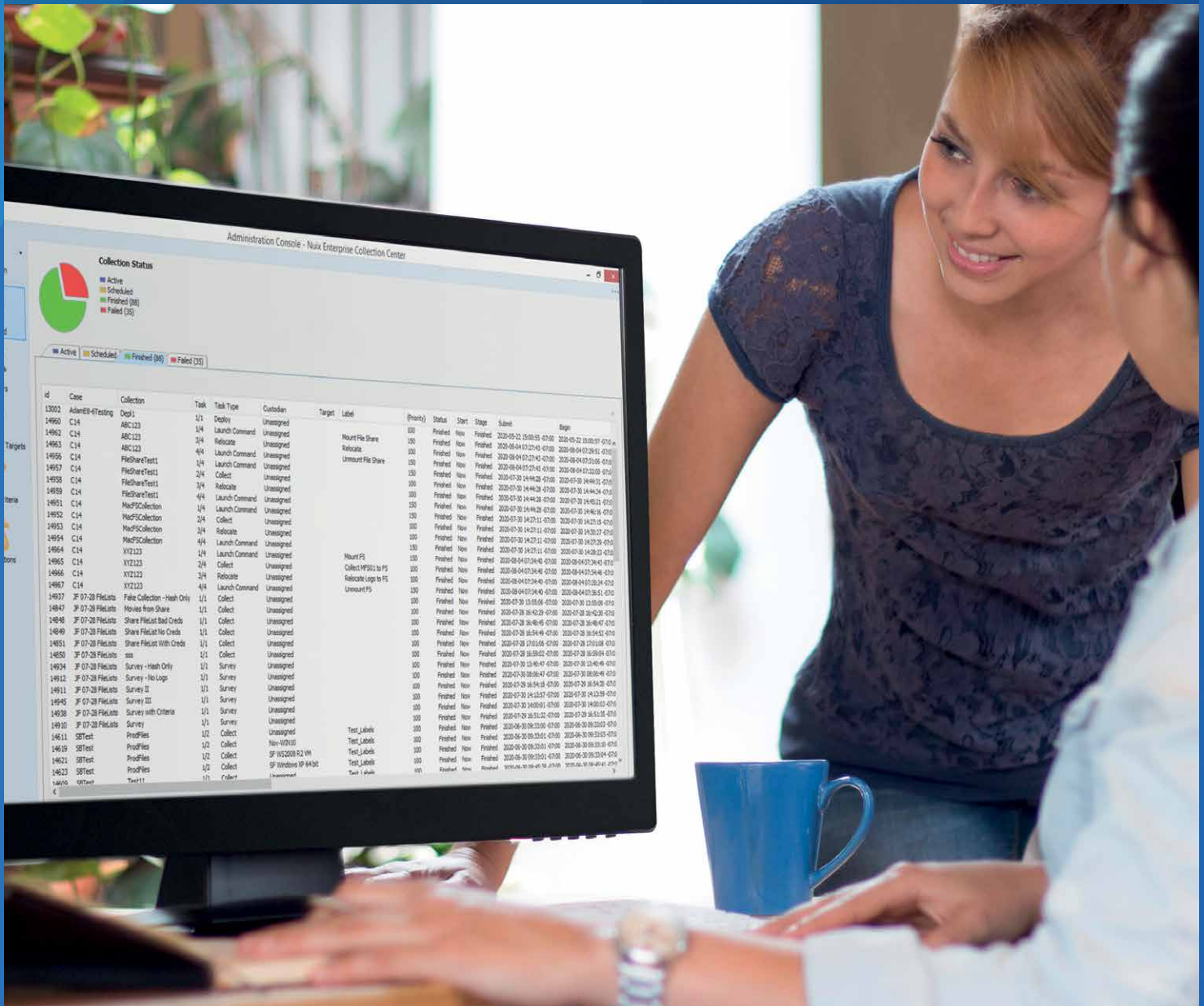
No Shares will be offered on the basis of this Prospectus after the Expiry Date.

9.22 STATEMENT OF DIRECTORS AND SALECO DIRECTORS

This Prospectus is authorised by each Director of the Company and of SaleCo. Each Director has consented to the lodgement of this Prospectus with ASIC and the issuance of this Prospectus, and has not withdrawn that consent.

APPENDIX A:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES



APPENDIX A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of the Financial Information in Section 4 are set out below.

A1 BASIS OF PREPARATION

The financial report has been prepared on an accrual basis and is based on historical costs.

i. Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2019.

ii. Historical cost convention

The Financial Information has been prepared under the historical cost convention.

iii. Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note A.25.

A2 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Nuix Limited (**Nuix** or **Group** or the **Company**) as at 30 June 2020 and the results of all subsidiaries for the year then ended. Nuix Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group and is disclosed in Note A.5.

Intercompany balances on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet, respectively.

A3 SEGMENT REPORT

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of the Company has appointed a strategic steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the Group chief executive officer and the chief financial officer.

A4 INCOME TAX

The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

i. Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income.

ii. Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

iii. Uncertainty over income tax treatments

The application of the tax law to a particular transaction or circumstance may be unclear and the acceptance of the treatment may not be known until the relevant taxation authority undertakes an examination of the tax treatment adopted or, in the event of a dispute, when a court makes a decision at a future time.

Where there is uncertainty over income tax treatments, the recognition and measurement of current or deferred tax assets or liabilities is determined applying Interpretation 23 – Uncertainty Over Income Tax Treatments.

Each uncertain tax treatment is considered separately unless consideration together with one or more other uncertain tax treatments gives rise to a better prediction of the resolution of the uncertain treatments on examination by the relevant taxation authority.

Where it is considered probable (more likely than not) that the relevant taxation authority will accept the tax treatment used or planned to be used in its income tax filings, the tax treatment adopted is consistent with that used or planned treatment in the income tax filings.

In assessing such probability and the recognition and measurement of uncertain tax treatments, it is assumed that the relevant taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations and determining whether or not to accept the tax treatment in the relevant income tax filings.

In the event that the relevant taxation authority will not accept the tax treatment, the uncertainty of each uncertain tax treatment is measured using either of the following methods:

- the most likely amount – the single most likely amount in a range of possible outcomes, particularly where the outcome is binary or concentrated on one value; or
- the expected value – the sum of the probability weighted amounts in a range of possible outcomes.

In the event that an uncertain tax treatment affects both current and deferred tax the judgements made in relation to the uncertain tax treatment are made consistently for current and deferred tax.

APPENDIX A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Continued

A5 BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and

acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

A6 PROPERTY AND EQUIPMENT

Each class of property and equipment is carried at historical cost less accumulated depreciation and impairment losses.

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use. Leased assets are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Property and computer equipment	33%
Furniture and fixture	20%
Leasehold improvement	20% or lease term, whichever is shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

A7 LEASES

Refer to Note A.26 and Note 13 contained in the Audited Financial Statements for the Group's accounting policy for leases.

A8 INVESTMENTS AND OTHER FINANCIAL ASSETS

i. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (**OCI**) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (**FVOCI**).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

ii. Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

iii. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (**FVPL**), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

iv. Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Refer to Note 9(a) contained in the Audited Financial Statements for further details.

A9 IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed at each reporting date for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (**CGU**) to which the asset belongs.

APPENDIX A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Continued

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

A10 INTANGIBLE ASSETS

i. Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

ii. Customer contracts

Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives. At present, there are no customer contracts recorded within the financial statements.

iii. Software

Software comprises computer software purchased from third parties which is capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs associated with maintaining computer software programs are recognised as an expense when incurred.

iv. Intellectual property

Development Costs

Development costs are capitalised where future economic benefits from development of a chosen alternative for new or improved software products, processes, systems or services are considered probable, and expenditure in relation to such activities is capable of reliable measurement. Future economic benefits are considered probable where commercial benefit and technical feasibility have been established. The expenditure capitalised comprises all directly attributable costs, including external direct costs of materials, services, direct labour and overheads.

Other development expenditure that does not meet these criteria, which includes research activities and the expenditure on maintenance of computer software, is expensed as incurred.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss. Goodwill and brand are not amortised. Intangible assets, other than goodwill and brand, have finite useful lives. Goodwill has an indefinite useful life.

The estimated useful lives are as follows:

Class of Fixed Asset	Amortisation Rate
Software	33%
Intellectual Property	10% to 33%

A11 FOREIGN CURRENCY TRANSACTIONS AND BALANCES

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Nuix Limited's functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

iii. Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

A12 TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

APPENDIX A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Continued

A13 BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

A14 PROVISION

Make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are measured using the best estimate of amounts required to settle the obligation at the end of each reporting period.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A15 EMPLOYEE BENEFITS

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

ii. Other long-term employee benefits obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bond rates with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii. Retirement benefit obligations

Employees of the Group are entitled to benefits from the Group's superannuation plan on retirement, health insurance plan and 401K. The Group's superannuation plan has a defined contribution section. The defined contribution section receives fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions.

iv. Share-based payments

Share-based compensation benefits are provided to employees via the Nuix Employee Share Option Plans. The fair values of options granted under the Employee Share Option Plans are recognised as a share-based payments expense with a corresponding increase in equity reserves. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The NuiX Employee Share Option Plans are administered by the NuiX Compensation Committee. When the options are exercised, the Committee transfers the appropriate number of shares to the optionholder. The proceeds received, net of any directly attributable transaction costs, are credited directly to equity.

v. Bonus plans

The Group recognises a liability and an expense for bonuses by way of a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

vi. Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as an expense.

A16 CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

A17 TRADE RECEIVABLES

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. They are generally due for settlement within 30 days and are therefore all classified as current. Refer to Note 9 of the Audited Financial Statements for further information about the Group's accounting for trade receivables and for a description of the Group's impairment policies.

A18 REVENUE RECOGNITION

AASB 15

The Group discloses revenue within two categories, namely sale of goods and services. During 2018, 2019 and 2020 there has been no change to the nature of the revenue transactions.

AASB 15 aligns revenue recognition with the pattern for transfer of control of the output from satisfying a performance obligation to a customer. In order to achieve this, the standard requires the application of a five step model in recognising revenue from contracts with customers:

1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to performance obligations based on their relative standalone selling price; and
5. Recognise revenue when, or as, performance obligations are satisfied.

Revenue is recognised upon transfer of control of promised products and services to customers in the amount that reflects the consideration expected to be received in exchange.

The Group's revenue primarily consists of licence fees from customers' right to use the software.

Revenue recognition approach

Revenue is recognised for the major business activities and delivery platforms as follows:

i. Software licence fee and software usage revenue

Revenue is recognised when a performance obligation is satisfied and when control of the promised goods or services is transferred to the customer. When considering the performance obligation in relation to the

APPENDIX A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Continued

provision of software, it can be either a right to access (revenue recognised over time) or a right to use (revenue recognised when software transferred). Software will be recognised as a right to access when it meets the below three criteria:

1. There is an expectation (contracted or otherwise) that significant activities will be undertaken to affect the intellectual property of the software;
2. The licence holder is exposed to the positive or negative effects of the changes made under point 1; and
3. The activities do not result in the transfer of a good or service to the licence holder as the activities occur.

In Nuix's case, the software is generally provided on-premise and is updated through updates and releases. However, these updates and releases are not critical to the continued utility of the software as is. The software could be held stable and still provide the same benefit to the customers who have purchased licences. There is also no contractual obligation under the EULA to update customers with the new substantial functionality of the software. As a result, it is appropriate that annual licence revenue is considered a right to use licence (upfront recognition).

ii. Maintenance and support revenue

Maintenance and support services are either bundled into licensing arrangements or sold separately to customers. Where these services are bundled, the Group allocates the transaction price to maintenance and support performance obligations based on their relative standalone selling price. We determine standalone selling price by considering multiple factors including but not limited to prices we charge for similar offerings, market conditions, competitive landscape and pricing practices. Priority is placed on market observable pricing where available. Maintenance and support services are provided over the contractual period and accordingly are recognised over time. Amounts that are billed and yet to be recognised as revenue are recognised as deferred revenue/contract liabilities.

iii. Professional services revenue

Professional services revenue mainly consists of fees charged for consultancy and training service. Revenue from a contract to provide consulting and training services is recognised at the time the consulting and training are completed.

iv. Sale of goods

The Group on occasion will provide third party software and hardware to a customer. Revenue from the sale of these goods is recognised at the point of delivery as this corresponds to the transfer of control of the goods to the customer.

v. Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

vi. Recognition of government grant approach for the R&D incentive scheme

The Group applies the Government Grant Approach to recognise incentives from R&D spending in excess of the income tax benefit received. This approach recognises the benefit relating to R&D costs capitalised into intangibles as Deferred Income in the balance sheet with this amount then unwound to Government Grant Income in line with the amortisation period of the intangible.

vii. Delivery Platforms – on-premise or SaaS

The Group provides customers with a choice of licensing and delivery platforms. Delivery platforms can be either SaaS or on-premise. SaaS refers to cloud-based software which can be hosted on Nuix's SaaS environment or hosted in partners' SaaS environments.

For On-Demand licensing contracts, there are a series of distinct goods and services including access to software maintenance and support provided to customers that are treated as a single performance obligation because they are delivered in the same pattern over a period of time.

Viii. Costs of obtaining a customer contract

AASB 15 requires that incremental costs associated with acquiring a customer contract, such as sales commissions, be recognised as an asset and amortised over a period that corresponds with the period of benefit. An assessment of commissions paid by the Group was performed in connection with the sale of software products. As a practical expedient, Nuix generally recognises the commissions as an expense when incurred given the amortisation period of any capitalised amount would be recognised in one year or less. This is a result of licence revenue being recognised at a point in time and commensurate commission being paid upon Renewal of a contract. Consequently, under current arrangements, costs of obtaining a contract are expensed in the period incurred.

ix. Principal versus agent

Where the Group uses resellers, the Group must assess whether its customer is the reseller or the end user. Where the end user is the customer, revenue is recognised for the consideration paid by the end user with any commission retained by the reseller recognised as commission expense within COGS. Where the reseller is the customer, revenue is recognised at the net amount received.

Where Nuix considers that the end user is its customer, it is on the basis that resellers are an extension of the salesforce. Under these Reseller Agreements, Nuix is primarily responsible to the end user for delivery and acceptability of the product, and issues licences directly to the end user. Nuix bears significant risk in end user delivery.

A19 GOVERNMENT GRANTS

Grants from the government are recognised in Other Income at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Deferral and presentation of government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the intangible assets are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Allowances under the Research and Development Tax Incentive regime are accounted for as a tax credit, except for the incremental benefit above the statutory income tax rate which is accounted for as a government grant.

A20 ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

A21 GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet. Cash flows are presented on a gross basis.

The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

A22 CLASSIFICATION OF EXPENSES

When required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Refer to Note A.26 for changes to comparative figures.

Presentation of results

The Group has presented the expense categories within the consolidated statement of profit or loss on a functional basis. The categories used are COGS, R&D, S&D and G&A. This presentation style provides insight into the Company's business model and enables users to consider the results of the Group compared to other major software companies. The methodology and the nature of costs within each category are further described below.

APPENDIX A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Continued

Cost of Goods Sold

Cost of Goods Sold consists of expenses directly associated with securely hosting the Group's services and providing support to customers. Costs include SaaS instance costs, personnel and related costs directly associated with cloud infrastructure and customer consulting, implementation and customer support, contracted third party costs, reseller channel costs and allocated overheads.

Research and Development expense

R&D consists primarily of personnel and related costs directly associated with the Company's research and development employees, as well as direct costs of research and development (including subscriptions) and allocated overheads. When future economic benefits from development of an intangible asset are determined probable and the development activities are capable of being reliably measured, the costs are capitalised as an intangible asset and then amortised to profit or loss over the estimated life of the asset created. The development activities comprise the interface design, coding, documentation and testing of a chosen alternative for new or improved software products, processes, systems and services. The amortisation of those costs capitalised is included as a research and development expense.

Sales and Distribution expense

S&D consists of personnel costs directly associated with the sales and marketing team's activities to acquire new customers and grow revenue from existing customers. Other costs included are external advertising, digital platforms, rent, marketing and promotional events as well as allocated overheads.

General and Administrative expense

G&A consists of personnel and related costs for the Company's executive, Board of Directors, finance, legal, human resources, corporate strategy, CISO, and IT employees. They also include legal, accounting and other professional services fees, insurance premiums, acquisition and integration costs associated with the Company's ongoing acquisition strategy, other corporate expenses and allocated expenses.

Overhead allocation

The presentation of the consolidated statement of profit or loss and other comprehensive income by function requires certain overhead costs to be allocated to functions. These allocations require management to apply judgement. The costs associated with the Group's facilities, internal information technology and non-product related depreciation and amortisation are allocated to each function based on respective headcount.

A23 NEW ACCOUNTING STANDARDS AND INTERPRETATION

In accordance with AASB 1, the Group has adopted new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. These same accounting policies have been applied throughout all periods presented.

The adoption of the new and revised standards includes AASB 16 *Leases*, as described in Note A.26 and Note 13 of the Audited Financial Statements, and Interpretation 23 – Uncertainty over Income Tax Treatments as described below.

Interpretation 23 – Uncertainty over Income Tax Treatments

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method best predicts the resolution of the uncertainty; and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, the Group's judgements and estimates made in preparing the financial statements are disclosed in Note A.25.

A24 PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity, Nuix Limited, disclosed in Note 26 of the Audited Financial Statements has been prepared on the same basis as the consolidated financial statements, except as set out below.

A24.1 Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Nuix Limited.

A24.2 Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment. There were no financial guarantees during the year (2019: Nil).

A24.3 Share-based payment expense

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as an inter-Group charge to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an expense in the subsidiary undertakings, with a corresponding credit to equity.

A25 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

A25.1 Revenue recognition

Contracts with multiple performance obligations

The Group enters into contracts with its customers that can include promises to transfer multiple performance obligations. A promised good or service must be distinct to be accounted for as a separate performance obligation. For Software Licence contracts, there is a combination of goods and services that include software licensing, software maintenance and software support services which are generally treated as three (3) separate performance obligations on the basis that the customers benefit from the goods or services on their own and are separately identifiable in the contract. Customers substantially benefit from the software licensing immediately and have a right to use the software at the point Software Licence keys are provided. Consequently, revenue from software licensing is recognised at this point in time when control is transferred to customers. Software support and maintenance on the other hand are recognised over time given the customers derive benefits as provided and consequently revenue is recognised over the period of the agreement.

Judgement has been exercised in estimating the standalone selling price for Software Licences with bundled support and maintenance. In order to estimate the standalone selling prices for the Software Licences and bundled support and maintenance, Nuix considers available observable inputs, such as the support and maintenance charges where there is no bundling.

Recognition of revenue distributed by resellers

Where the Group uses resellers, the Group must assess whether its customer is the reseller or the end user. Where the end user is the customer, revenue is recognised for the consideration paid by the end user with any commission retained by the reseller recognised as commission expense. Where the reseller is the customer, revenue is recognised at a net amount received.

Nuix has exercised judgement in determining that in some cases the end user is its customer on the basis that under the Reseller Agreement, Nuix is primarily responsible to the end user for delivery and acceptability of the product and issues licences directly to the end user. Nuix bears significant risk in end user counter party delivery and brand equity.

APPENDIX A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Continued

Share-based payment expense

Nuix accounts for share-based payments to employees, including grants of employee options, which requires that share-based payments be recognised in the consolidated statements of financial position based on their fair values. Nuix recognises share-based compensation expense, net of an estimated forfeiture rate, on a straight-line basis over the service period of the award, which generally extends to a Corporate Transaction event. Nuix uses the Black-Scholes option pricing model to determine the grant date fair value of stock options.

The determination of the grant date fair value of stock option awards using the Black-Scholes model is affected by assumptions regarding a number of complex and subjective variables. These variables include the estimated number of years that we expect employees to hold their options, risk-free interest rates and dividends to be paid on the Company's stock over that term.

If Nuix changes the terms of its employee share-based compensation programs, refines future assumptions or changes to other acceptable valuation models, the stock-based compensation expense recorded in future periods for future grants may differ significantly from historical trends and could materially affect the results of operations.

Management judgement is applied in determining the fair value of options issued under the employee option plan. There are inherent difficulties in determining market volatility for an unlisted entity.

Furthermore, the expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. Being a private company with constant and consistent growth, finding a comparable cohort of companies to which we can benchmark is difficult. Nuix has assumed a constant volatility rate over the past three years in accordance with the Company's own judgement and estimates.

A25.2 Capitalisation and useful life of intangible assets

Management has made judgements in respect of intangible assets when assessing whether an internal project in the development phase meets the criteria to be capitalised, and on measuring the costs and economic life attributed to such projects. On acquisition, specific intangible assets are identified and recognised separately from goodwill and then amortised over their estimated useful lives. The capitalisation of these assets and the related amortisation charges are based on judgements about the value and economic life of such items.

Management has also made judgements and assumptions when assessing the economic life of intangible assets and the pattern of consumption of the economic benefits embodied in the assets. The economic lives for intangible assets are estimated at between three and ten years for internal projects, which includes internal use software and internally generated software, and between three and ten years for acquired intangible assets. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

As at 30 June 2020, the carrying amount of intangible assets was A\$197,154,586 (2019: A\$167,634,147; 2018: A\$75,680,533).

A25.3 Uncertain tax position

The Group is subject to tax in numerous jurisdictions. Significant judgement is required in recognising and measuring current and deferred tax assets and liabilities as there are transactions in the ordinary course of business and calculations for which the ultimate tax treatment on examination by a relevant taxation authority or, in the event of dispute, decision by a court is uncertain.

The Group recognises liabilities based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amount that was initially recognised, such differences will impact on the results for the year and the respective income tax and deferred tax assets or provisions in the year in which such determination is made. The Group recognises tax assets based on forecasts of future profits against which those assets may be utilised.

The Group recognises and measures uncertain tax treatments in accordance with the policy stated at Note A.4iii above.

In the current and prior years, the Group has exercised judgement in recognising and measuring the tax benefit of research and development tax offsets available under Australian tax legislation relating to eligible research and development expenditure incurred on eligible overseas development activities in excess of related eligible Australian activities. In respect of the Group's Endpoint project, the relevant overseas and Australian activities were the subject of an advance overseas finding for the years ended 30 June 2016 to 30 June 2018. These activities continued to be undertaken for the years ended 30 June 2019 and 2020. The relevant advance overseas finding continues to be in force.

The advance overseas finding was made on the basis that the overseas expenditure on the eligible overseas development activities would not exceed the Australian portion of the total development expenditure on the eligible R&D activities as required by section 28C IR&D Act 1986. The finding was made on the basis of estimates of actual and anticipated expenditure on the activities provided by the Group in the course of the application for advance and overseas finding in September 2016.

The Group has exercised judgement in assessing that it is probable that the relevant taxation authority (the Australian Taxation Office) will accept the tax treatment for the Endpoint project.

As at 30 June 2020 there was a deferred tax asset of A\$7,276,037 (30 June 2019: A\$7,141,380; 30 June 2018: A\$6,818,657) recognised in respect of overseas expenditure in this project of which approximately A\$1,606,398 (2019: A\$1,576,668, 2018: A\$1,505,418) representing the excess overseas development expenditure would be de-recognised if the tax treatment for R&D tax offset purposes would not be accepted by the Australian Taxation Office (ATO) and the ATO was accepting the revenue characterisation of the excess overseas development expenditure as assessed to be probable in relation to the years ended 30 June 2019 and 2020.

In relation to the years ended 30 June 2019 and 30 June 2020, despite the excess overseas development expenditure on the continuing activities being activities subject to the advance overseas finding continuing to be in force, the Group has exercised judgement in assessing that the tax treatment of the excess overseas development expenditure on the relevant activities in the filed tax position for the year ended 30 June 2019 and planned filed tax position for the year ended 30 June 2020 is an uncertain tax treatment.

In the years ended 30 June 2019 and 30 June 2020, the Group adopted the most likely amount method in recognising and measuring this uncertain tax treatment which in the case of the R&D tax offset calculations has been to treat the excess overseas R&D expenditure as not subject to notional deductibility in determining the available R&D tax offsets available under section 355-210 of the ITAA 1997 in the years ended 30 June 2019 and 2020.

In having adopted that position in regard to the uncertain tax treatment of notional deductibility of the excess overseas R&D expenditure for the years ended 30 June 2019 and 2020, the Group was required to exercise judgement in assessing the tax treatment of the excess overseas R&D expenditure on the relevant activities having a revenue characterisation and being tax deductible under section 8-1 of the ITAA in the years ended 30 June 2019 and 2020 as being probable of being accepted by the Australian Taxation Office on future examination with full knowledge of related information, allowing that such expenditure has been capitalised and amortised for accounting purposes.

The Group proposes to proactively engage with the Australian Taxation Office to address the uncertain tax treatment and to resolve the uncertainty in advance of finalisation of the audited financial statements for the year ending 30 June 2021.

As at 30 June 2020 the amount of R&D tax offset not recognised as a deferred tax asset was A\$2,835,152 (30 June 2019: A\$1,476,847; 30 June 2018: nil).

A26 REPRESENTATION OF COMPARATIVE INFORMATION

A26.1 Change in accounting policy – lease accounting

As indicated in Note A.23 above, the Group has adopted AASB 16 retrospectively using the simplified transitional approach permitted under AASB 16. In accordance with AASB 1, AASB 16 has been reflected in the financial statements from 1 July 2017.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2017. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2017 was 4.74%.

APPENDIX A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Continued

Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2017 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Measurement of right-of-use assets

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any accrued lease payments relating to that lease recognised in the balance sheet as at 1 July 2017.

A26.2 Corrections to comparative period information

In addition to the adoption of AASB 16, in the preparation of the financial statements for the year ended 30 June 2020, the Company identified certain areas which required correction to prior period balances. These areas relate to:

- In the prior year, the Company used a cost-plus expected margin approach to determine the standalone selling price of support and maintenance services. In the current year, Nuix considered it more appropriate that the standalone selling price be made with reference to adjusted market observable pricing for similar services. This has resulted in a higher allocation of consideration to support and maintenance services that is recognised over time as compared to the Software Licence which is recognised at a point in time of inception of the contract. Deferred revenue has increased by A\$11,758,231, A\$12,838,001 and A\$20,809,164 at 1 July 2017, 30 June 2018 and 30 June 2019, respectively;
- The Company has reassessed its accounting treatment involving resellers. Prior year revenue and commission expenses were decreased by A\$1,934,805 (year ended 30 June 2018: reduced by A\$126,255) to reflect changes where Nuix determined certain resellers as being its end customers, and for certain discounts provided by resellers to the end user;
- The Group has also reassessed the timing of revenue recognition for a customer Renewal which has resulted in an increase in deferred revenue and reduction in retained earnings of A\$6,073,200 as at 1 July 2018 and 30 June 2019;
- The deferred revenue assumed in the acquisition of Ringtail was adjusted to its fair value – resulting in a decrease in deferred revenue and goodwill of A\$581,733 as at 30 June 2019;
- The tax impacts of the above matters have also been recognised. In addition, the Group also corrected the deferred tax recognised in respect of a number of temporary differences;
- Certain expense related profit and loss classifications and balance sheet accounts were adjusted for consistency to the presentation in the current year including reflecting amortisation of intellectual property as R&D rather than as G&A, allocation of overheads to R&D and S&D rather than G&A, integrated solution department expenses being reflected in R&D rather than S&D and technical operations department expenses being reflected in COGS rather than in S&D; and
- The statement of cash flows has been restated to reflect amounts paid for software development costs, payments for business combinations, and indirect taxes collected.

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks including:

- market risk (including currency risk, and price risk);
- credit risk; and
- liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk to determine market risk. Risk management is carried out by the corporate finance department under policies approved by the Board of Directors.

The Company has principles for overall risk management covering areas such as foreign exchange risk, credit risk and derivative financial instruments.

A27 MARKET RISK

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar, British Pound and European Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. Management has set up a policy requiring Group companies to manage their foreign exchange risk against their functional currency.

Refer to Note 2a in the Audited Financial Statements for a detailed outline of Nuix's exposure by currency type. The Group's exposure to other foreign exchange movements is not considered material.

Sensitivity

As shown in Figure 87 in Section 4.13, the Group is primarily exposed to changes in USD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from U.S. dollar. Impact on profit after tax of +/- 10% change of USD against AUD will result in an increase/(decrease) of A\$2,089,192/(\$2,089,192) for the fiscal year ended 30 June 2020 (FY19: A\$2,330,614/(\$2,330,614); FY18: A\$763,588/(\$763,588)).

A28 CREDIT RISK

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and outstanding receivables, contract assets and committed transactions.

For all customers in all instances the Group retains title over the software. A permanent licence key to use the software is not issued until full payment is received, thus reducing risk of impairment to accounts receivable. Compliance with credit limits for wholesale customers is regularly monitored by Corporate Finance. Sales to retail customers is required to be settled by using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

A29 TRADE RECEIVABLES AND CONTRACT ASSETS

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled receivables and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

APPENDIX A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Continued

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 June 2019 or 30 July 2020, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the consumer price index rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Refer to Note 2b in the Audited Financial Statements for further information.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

A30 LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through adequate committed credit facilities to meet financial obligations as and when they fall due. At the end of the reporting period, the Group held deposits at call of A\$38,538,759 (2019: A\$27,331,898; 2018: A\$26,998,317) that are expected to expeditiously generate cash inflows for managing liquidity risk.

Management monitors rolling forecasts of the Group's liquidity reserve as discussed above and cash and cash equivalents (see Note 8 of the Audited Financial Statements) on the basis of forecasted cash flows. This is generally carried out at a Group level by Corporate Finance. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

Refer to Note 2c of the Audited Financial Statements for an analysis of the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table in Note 2c of the Audited Financial Statements are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances as the impact of discounting is not considered material.

Refer to Note 2c in the Audited Financial Statements for further information.

A31 FAIR VALUE MEASUREMENTS

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes in accordance with AASB 9 Financial Instruments. The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

APPENDIX B:

SELECTED RECONCILIATIONS



APPENDIX B: SELECTED RECONCILIATIONS

B1 HISTORICAL FINANCIAL INCOME STATEMENT RECONCILIATIONS

Figure 103: Reconciliation from the Statutory Historical Financial Income Statement to the Pro Forma Historical Income Statement on a line item basis for FY18

A\$ million	Statutory Historical FY18	Pro Forma Adjustments						Pro Forma FY18	
		Incremental public company costs	Corporate Actions	Net Finance Costs	Offer costs	Share-based payment expense	Tax Impact		
Notes List A		1	2	3	4	5	6		
	Notes List B								
Software revenue	1	106.3	-	-	-	-	-	-	106.3
Other Revenue	1	7.3	-	-	-	-	-	-	7.3
Total Revenue	1	113.6	-	-	-	-	-	-	113.6
COGS		(12.3)	-	-	-	-	-	-	(12.3)
Gross profit		101.3	-	-	-	-	-	-	101.3
S&D		(52.8)	-	-	-	-	-	-	(52.8)
R&D		(5.7)	-	-	-	-	-	-	(5.7)
G&A		(21.7)	(7.2)	-	-	-	0.4	-	(28.4)
Operating expenses		(80.2)	(7.2)	-	-	-	0.4	-	(86.9)
EBITDA		21.1	-	-	-	-	-	-	14.4
Depreciation	2	(4.0)	-	-	-	-	-	-	(4.0)
Amortisation	2	(8.7)	-	-	-	-	-	-	(8.7)
EBIT		8.3	-	-	-	-	-	-	1.6
Net Finance Income/(Expense)		(1.0)	-	-	0.2	-	-	-	(0.8)
Profit/(Loss) Before Tax		7.3	(7.2)	-	0.2	-	0.4	-	0.7
Net Tax Expense		(1.0)	-	-	-	-	-	2.0	1.0
Net Profit/(Loss) After Tax		6.3	(7.2)	-	0.2	-	0.4	2.0	1.7

Notes List A: refer to notes to Figure 56 in Section 4.3.4.

Notes List B: refer to notes to Figure 52 in Section 4.3.1.

Figure 104: Reconciliation from the Statutory Historical Financial Income Statement to the Pro Forma Historical Income Statement on a line item basis for FY19

A\$ million	Statutory Historical FY19	Pro Forma Adjustments						Pro Forma FY19	
		Incremental public company costs	Corporate Actions	Net Finance Costs	Offer costs	Share-based payment expense	Tax Impact		
	Notes List A	1	2	3	4	5	6		
	Notes List B								
Software revenue	1	130.9	-	-	-	-	-	-	130.9
Other Revenue	1	8.8	-	-	-	-	-	-	8.8
Total Revenue	1	139.6	-	-	-	-	-	-	139.6
COGS		(15.6)	-	-	-	-	-	-	(15.6)
Gross profit		124.0	-	-	-	-	-	-	124.0
S&D		(54.9)	-	-	-	-	-	-	(54.9)
R&D		(9.8)	-	-	-	-	-	-	(9.8)
G&A		(24.0)	(7.2)	1.6	-	-	(0.6)	-	(30.1)
Operating expenses		(88.8)	(7.2)	1.6	-	-	(0.6)	-	(94.9)
EBITDA		35.3	-	-	-	-	-	-	29.1
Depreciation	2	(5.0)	-	-	-	-	-	-	(5.0)
Amortisation	2	(17.1)	-	-	-	-	-	-	(17.1)
EBIT		13.1	(7.2)	1.6	-	-	(0.6)	-	7.0
Net Finance Income/(Expense)		(1.7)	-	-	0.3	-	-	-	(1.4)
Profit/(Loss) Before Tax		11.4	(7.2)	1.6	0.3	-	(0.6)	-	5.6
Net Tax Expense		(4.0)	-	-	-	-	-	1.7	(2.2)
Net Profit/(Loss) After Tax		7.4	(7.2)	1.6	0.3	-	(0.6)	1.7	3.4

Notes List A: refer to notes to Figure 56 in Section 4.3.4.

Notes List B: refer to notes to Figure 52 in Section 4.3.1.

APPENDIX B: SELECTED RECONCILIATIONS

Continued

Figure 105: Reconciliation from the Statutory Historical Financial Income Statement to the Pro Forma Historical Income Statement on a line item basis for FY20

A\$ million	Statutory Historical FY20	Pro Forma Adjustments						Pro Forma FY20	
		Incremental public company costs	Corporate Actions	Net Finance Costs	Offer costs	Share-based payment expense	Tax Impact		
Notes List A		1	2	3	4	5	6		
	Notes List B								
Software revenue	1	169.0	-	-	-	-	-	-	169.0
Other Revenue	1	6.9	-	-	-	-	-	-	6.9
Total Revenue	1	175.9	-	-	-	-	-	-	175.9
COGS		(20.7)	-	-	-	-	-	-	(20.7)
Gross profit		155.2	-	-	-	-	-	-	155.2
S&D		(60.7)	-	-	-	-	-	-	(60.7)
R&D		(8.2)	-	-	-	-	-	-	(8.2)
G&A		(23.6)	(7.2)	-	-	-	(0.1)	-	(30.8)
Operating expenses		(92.5)	(7.2)	-	-	-	(0.1)	-	(99.7)
EBITDA		62.7	-	-	-	-	-	-	55.5
Depreciation	2	(5.1)	-	-	-	-	-	-	(5.1)
Amortisation	2	(23.4)	-	-	-	-	-	-	(23.4)
EBIT		34.3	(7.2)	-	-	-	(0.1)	-	27.1
Net Finance Income/(Expense)		(1.9)	-	-	0.3	-	-	-	(1.5)
Profit/(Loss) Before Tax		32.4	(7.2)	-	0.3	-	-	-	25.5
Net Tax Expense		(8.8)	-	-	-	-	-	2.1	(6.8)
Net Profit/(Loss) After Tax		23.6	(7.2)	-	0.3	-	(0.1)	2.1	18.8

Notes List A: refer to notes to Figure 56 in Section 4.3.4.

Notes List B: refer to notes to Figure 52 in Section 4.3.1.

B2 FORECAST FINANCIAL INCOME STATEMENT RECONCILIATIONS

The Forecast Financial Information below is based on various best estimate assumptions, including those set out below. In preparing the Forecast Financial Information, Nuix has analysed historical performance, including the current rates of revenue and expenses, and applied assumptions, where appropriate, across the business. The assumptions in this Prospectus should be read in conjunction with Nuix's Significant Accounting Policies set out in Section 4.2.4 and in further detail in Appendix A, critical accounting estimates and judgements set out in Section 4.2.5, the general and specific assumptions set out in Section 4.12, the sensitivity analysis described in Section 4.13, the risk factors described in Section 5, the Independent Limited Assurance Report on Forecast Financial Information set out in Section 8 and the other information in this Prospectus.

Please refer to the General and Specific Forecast Assumptions outlined in Section 4.12 before confirming the information below.

Figure 106: Reconciliation from the Statutory Forecast Financial Income Statement to the Pro Forma Historical Forecast Statement on a line item basis for FY21F

A\$ million	Statutory Historical		Pro Forma Adjustments					Pro Forma	
	Notes List A	FY21F	Incremental public company costs	Corporate Actions	Net Finance Costs	Offer costs	Share-based payment expense	Tax Impact	FY21F
			1	2	3	4	5	6	
	Notes List B								
Software revenue	1	184.7	-	-	-	-	-	-	184.7
Other Revenue	1	8.8	-	-	-	-	-	-	8.8
Total Revenue	1	193.5	-	-	-	-	-	-	193.5
COGS		(26.8)	-	-	-	-	-	-	(26.8)
Gross profit		166.7	-	-	-	-	-	-	166.7
S&D		(56.7)	-	-	-	-	-	-	(56.7)
R&D		(6.8)	-	-	-	-	-	-	(6.8)
G&A		(74.7)	(3.0)	3.1	-	32.7	2.3	-	(39.6)
Operating expenses		(138.2)	(3.0)	3.1	-	32.7	2.3	-	(103.1)
EBITDA		28.6	-	-	-	-	-	-	63.6
Depreciation	2	(4.9)	-	-	-	-	-	-	(4.9)
Amortisation	2	(31.2)	-	-	-	-	-	-	(31.2)
EBIT		(7.5)	(3.0)	3.1	-	32.7	2.3	-	27.5
Net Finance Income/(Expense)		(2.3)	-	-	0.3	-	-	-	(2.0)
Profit/(Loss) Before Tax		(9.9)	(3.0)	3.1	0.3	32.7	2.3	-	25.6
Net Tax Expense		2.2	-	-	-	-	-	(7.8)	(5.6)
Net Profit/(Loss) After Tax		(7.7)	(3.0)	3.1	0.3	32.7	2.3	(7.8)	20.0

Notes List A: refer to notes to Figure 56 in Section 4.3.4.

Notes List B: refer to notes to Figure 52 in Section 4.3.1.

APPENDIX B: SELECTED RECONCILIATIONS

Continued

B3 FURTHER RECONCILIATIONS TO NUIX'S AUDITED FINANCIAL STATEMENTS

Figure 107: Reconciliation of Revenue line items from the Statutory Forecast Financial Income Statement to Audited Financial Statements Segment Information

A\$ million	Note/Items	FY18	FY19	FY20
Software revenue	1	106.3	130.9	169.0
Hardware	1	1.0	0.5	1.0
Services	1	6.4	8.3	5.9
Other Revenue	2	7.3	8.8	6.9
Total Revenue	3	113.6	139.6	175.9

Notes:

1. In its Audited Financial Statements, Nuix reports revenue (comprising software, services and software or hardware revenues) and other income (which comprises government grant income and bank interest). For the purposes of this Prospectus, Nuix has presented Revenue based on certain product groupings reflected in the line items comprising:
 - Software revenue (as described in Section 4.10.1.1), which aligns to "Software" revenue category in Note 3 of the Nuix Audited Financial Statements.
 - Other Revenue (as described in Section 4.10.1.2), which aligns to the sum of "Hardware" and "Services" revenue category in Note 3 of the Nuix Audited Financial Statements.
2. Sum of preceding items above which reconciles to "Other Revenue" line item in Figure 52 in Section 4.3.1.
3. Sum of balances from notes 2 and 3 above, which reconciles to "Total Revenue" line item in Figure 52 in Section 4.3.1 and Revenue in Nuix's Audited Financial Statements.

Figure 108: Reconciliation of Figure 57 in Section 4.3.5 to the Audited Financial Statements

A\$ million	Statutory Audited Accounts Presentation			Adjustments			Statutory Prospectus Presentations (per Figure 57)		
	FY18	FY19	FY20	FY18	FY19	FY20	FY18	FY19	FY20
Software revenue	n.a.	n.a.	n.a.	106.3	130.9	169.0	106.3	130.9	169.0
Other Revenue	n.a.	n.a.	n.a.	7.3	8.8	6.9	7.3	8.8	6.9
Total Revenue	113.6	139.6	175.9	-	-	-	113.6	139.6	175.9
COGS	(12.3)	(15.6)	(20.7)	-	-	-	(12.3)	(15.6)	(20.7)
Gross profit	101.3	124.0	155.2	-	-	-	101.3	124.0	155.2
S&D	(53.9)	(57.8)	(63.6)	1.1	2.9	2.9	(52.8)	(54.9)	(60.7)
R&D	(16.9)	(28.8)	(32.8)	11.3	19.0	24.6	(5.7)	(9.8)	(8.2)
G&A	(22.1)	(26.1)	(24.5)	0.4	2.1	1.0	(21.7)	(24.0)	(23.6)
Other income	0.8	1.0	1.0	(0.8)	(1.0)	(1.0)	-	-	-
Other gains/losses-net	0.4	1.0	(0.2)	(0.4)	(1.0)	0.2	-	-	-
Operating expenses	-	-	-	-	-	-	(80.2)	(88.7)	(92.5)
EBITDA	-	-	-	-	-	-	21.1	35.3	62.7
Depreciation	n.a.	n.a.	n.a.	(4.0)	(5.0)	(5.1)	(4.0)	(5.0)	(5.1)
Amortisation	n.a.	n.a.	n.a.	(8.7)	(17.1)	(23.4)	(8.7)	(17.1)	(23.4)
Operating profit/EBIT	9.5	13.3	35.0	(1.2)	(0.1)	(0.7)	8.3	13.1	34.3
Finance costs	(1.0)	(1.7)	(1.9)	-	-	-	(1.0)	(1.7)	(1.9)
Share-based payment expense	(1.2)	(0.1)	(0.7)	1.2	0.1	0.7	-	-	-
NPBT	7.3	11.4	32.4	-	-	-	7.3	11.4	32.4
Income tax expense	(1.0)	(4.0)	(8.8)	-	-	-	(1.0)	(4.0)	(8.8)
Net Profit	6.3	7.4	23.6	-	-	-	6.3	7.4	23.6

Notes:

- In its Audited Financial Statements, Nuix reports revenue (comprising software, services and third party software or hardware revenues) and other income (which comprises government grant income and bank interest). For the purposes of this Prospectus, Nuix has presented Revenue based on certain product groupings reflected in the line items comprising:
 - Software revenue (as described in Section 4.10.1.1), which aligns to "Software" revenue category in Note 3 of the Nuix Audited Financial Statements.
 - Other Revenue (as described in Section 4.10.1.2), which aligns to the sum of "Hardware" and "Services" revenue category in Note 3 of the Nuix Audited Financials Statement.

APPENDIX C:

FOREIGN SELLING RESTRICTIONS



APPENDIX C: FOREIGN SELLING RESTRICTIONS

INTERNATIONAL OFFER RESTRICTIONS

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

C1 CANADA (BRITISH COLUMBIA, ONTARIO AND QUEBEC PROVINCES)

This document constitutes an offering of Shares only in the Provinces of British Columbia, Ontario and Quebec (the **Provinces**), only to persons to whom Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons who are “accredited investors” within the meaning of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Shares or the offering of the Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Shares or the resale of such securities. Any person in the Provinces lawfully participating in the Offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgement against the Company or such persons in Canada or to enforce a judgement obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with AAS and also complies with IFRS and interpretations issued by IASB. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission: Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser’s Province for particulars of these rights or consult with a legal adviser.

Certain Canadian income tax considerations: Prospective purchasers of the Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the Shares as there are Canadian tax implications for investors in the Provinces.

Language of documents in Canada: Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu’il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d’achat ou tout avis) soient rédigés en anglais seulement.*

APPENDIX C: FOREIGN SELLING RESTRICTIONS

Continued

C2 EUROPEAN UNION

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Shares in the European Union is limited to persons who are “qualified investors” (as defined in Article 2(e) of the Prospectus Regulation).

C3 HONG KONG

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

C4 MALAYSIA

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of Shares. The Shares may not be offered, sold or issued in Malaysia except pursuant to, and to persons prescribed under, Schedules 5 and 6 of the Malaysian Capital Markets and Services Act.

C5 NEW ZEALAND

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**). The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

C6 NORWAY

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The Shares may not be offered or sold, directly or indirectly, in Norway except to “professional clients” (as defined in the Norwegian Securities Trading Act).

C7 SINGAPORE

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the Offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an “institutional investor” (as defined in the SFA) or (ii) an “accredited investor” (as defined in the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

C8 SWITZERLAND

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the Shares may be publicly distributed or otherwise made publicly available in Switzerland. The Shares will only be offered to investors who qualify as “professional clients” (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

No offering or marketing material relating to the Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offering of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

C9 UNITED KINGDOM

Neither this document nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares.

The Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

APPENDIX C: FOREIGN SELLING RESTRICTIONS

Continued

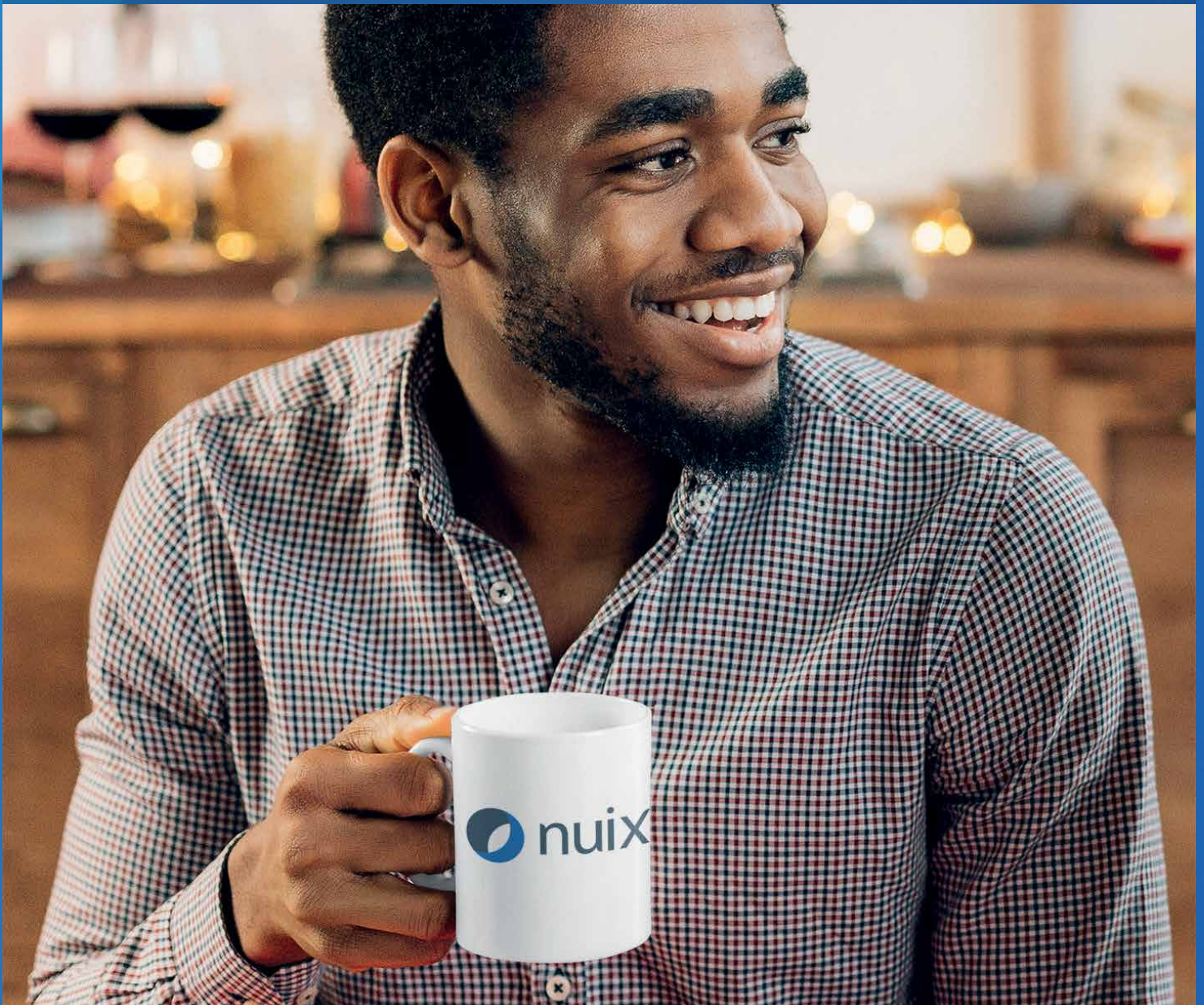
In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together **relevant persons**). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

C10 UNITED STATES

This Prospectus may not be distributed to, or relied upon by, any person in the United States, unless it is accompanied by the U.S. Institutional Offering Memorandum as part of the Institutional Offer.

The Shares have not been, and will not be, registered under the U.S. Securities Act, or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Shares may only be offered and sold: (i) in the United States to persons that are reasonably believed to be QIBs in transactions exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 144A thereunder or to Eligible U.S. Fund Managers in reliance on Regulation S; and (ii) outside of the United States in offshore transactions (as defined in Rule 902(h) under Regulation S) in reliance on Regulation S.

GLOSSARY



GLOSSARY

Term	Description
AAS or AASB	Australian Accounting Standards and the Australian Accounting Standards Board
AASB 15	Accounting standard published by the AASB titled AASB 15 <i>Revenue from Contracts with Customers</i>
AASB 16	Accounting standard published by the AASB titled AASB16 <i>Leases</i>
AASB 117	Accounting standard published by the AASB titled AASB 117 <i>Leases</i>
AASB 138	Accounting standard published by the AASB titled AASB 138 <i>Intangible Assets</i>
ABN	Australian Business Number
Accounting policies	Nuix's significant accounting policies, extracted in Appendix A
ACN	Australian Company Number
ACV	Annualised contract value, as described in Section 3.4.2, Section 4.2.6.1, Section 4.11.3.1 and Section 4.12.3.1
Aggregate Substantial Interest	Definition under the FATA meaning acquisitions of shares and voting power in a company of 40% or more by two or more unassociated foreign persons and their associates
AGM	Annual general meeting
ANZ	Australia and New Zealand
APAC	Asia Pacific, a region
API	Application programming interface
Application Form	The application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility)
Armitage	Cavill Armitage Services Pty Ltd, the trustee of Cavill Armitage Co-Investment Fund, a special purpose investment vehicle managed by Armitage Associates Pty Ltd, an existing Shareholder of Nuix
ASAE	Australian Standard on Assurance Engagements
ASAE 3450	Australian Standard on Assurance Engagements 3450 <i>Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information</i>
ASIC	Australian Securities and Investments Commission

Term	Description
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i> (Commonwealth)
ASX	ASX Limited ACN 008 624 691 or the Australian Securities Exchange operated by it (as the context requires)
ASX Listing Rules	The official listing rules of the ASX, as amended, modified or waived from time to time
ASX Recommendations	The fourth edition of the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council
ASX Settlement	ASX Settlement Pty Limited ACN 008 504 532
ASX Settlement Operating Rules	The operating rules of ASX Settlement
ATO	Australian Taxation Office
Audit and Risk Management Committee	Refer to Section 6.6.4
Audited Financial Statements	Nuix's audited general purpose financial statements for FY20, which include restated comparatives for FY19 and FY18
AWS	Amazon Web Services, Inc.
B2B	Business-to-business
Blackall	Blackall Limited, New Zealand company number 1759726, an existing Shareholder of Nuix
Board or Board of Directors	The board of Directors of the Company
Board Charter	Refer to Section 6.6.3
Board Committees	Committees established by the Board, including the Audit and Risk Management Committee, and Remuneration and Nomination Committee
Bookbuild	The process through which Institutional Investors may be invited to bid under the Institutional Offer as described in Section 7.6
Broker	Any ASX participating organisation appointed to act as a broker to the Offer

GLOSSARY

Continued

Term	Description
Broker Firm Offer	The offer of Shares under this Prospectus to eligible Australian resident retail clients of Brokers as described in Section 7.3
Business day	Any weekday that is not a public holiday in the state of New South Wales, Australia
CAC	A measure of the cost to acquire additional ACV, and represents the total amount spent on customer acquisition through sales and marketing activities in a period. ACV is described in Section 3.4.2 and Section 4.2.6.1
CAGR	Compound annual growth rate
CAN-SPAM	Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003
CBPR	APEC Cross-Border Privacy Rules
CCPA	California Consumer Privacy Act of 2018
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGT	Capital gains tax
CHESS	ASX's Clearing House Electronic Subregister System
Churn	Churn, as described in Section 3.4.4.1 and Section 4.2.6.1
CISO	Chief Information Security Officer
CJEU	Court of Justice of the European Union
CLS	Cloud licence server
Company	Nuix Limited ACN 117 140 235
Completion	The completion of the Offer, being the date on which Shares are issued or transferred to successful applicants in accordance with the terms of the Offer
Constitution	The constitution of the Company
Consumption Licences	Refer to Section 3.5.2 and Section 4.10.1.1

Term	Description
Core or per Core	In the context of Nuix's licensing model refers to where the purchase of each single licence provides the customer with one instance of the Nuix Engine which is typically used on one processing core of the customer's local or server-based computing hardware
Corporations Act	<i>Corporations Act 2001</i> (Commonwealth)
Cost of Goods Sold or COGS	Refer to Section 4.10.2
COVID-19	The infectious disease caused by the coronavirus, SARS-CoV-2, a respiratory pathogen, declared a pandemic by the World Health Organisation on 11 March 2020. Where the context refers to the impact of COVID-19, the expression includes the impact of various governmental or regulatory responses to COVID-19
CRM	Customer relationship management
D&A	Depreciation and amortisation
DACH markets or DACH	Certain countries within the EMEA sales region, including Germany, Austria and Switzerland
Debt Facilities	The debt facilities described in Section 4.7
Director	Each of the directors of the Company and/or SaleCo (as the context requires) from time to time
Downsell Renewal	A sale in which an existing Nuix customer reduces their current licence purchases, typically at a lower contract value. Refer to Section 4.11.1.1
EAR	U.S. Export Administration Regulations
EBIT	Earnings before interest and tax
EBIT margin	EBIT expressed as a percentage of Total Revenue. Refer to Section 4.2.6.2
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBITDA margin	EBITDA expressed as a percentage of Total Revenue. Refer to Section 4.2.6.2
eDiscovery	The process of identifying, collecting, processing, and producing electronically stored information for the purposes of litigation (including civil cases and criminal trials), regulatory and compliance investigations and similar proceedings
EEA	European Economic Area

GLOSSARY

Continued

Term	Description
Eligible U.S. Fund Manager	A dealer or other professional fiduciary organised or incorporated in the United States that is acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not "U.S. persons" (within the meaning of Rule 902(k) of Regulation S of the U.S. Securities Act) for which it has, and is exercising, investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S.
EMEA	Europe, the Middle East and Africa, a region
Escrowed Shareholders	Shareholders that have entered into a voluntary escrow deed with the Company in relation to their escrowed Shares, as described in Section 6.5
EU	European Union
EULA	End user licence agreement as described in Section 3.8.7
Existing Options	Options over shares in Nuix Limited as at the Prospectus Date. Refer to Section 6.3
Expiry Date	13 months after the date of the Prospectus
Exposure Period	The seven day period commencing on the date of lodgement of the Prospectus with ASIC, which may be extended by ASIC for up to an additional seven days, during which an application must not be accepted
FAR	Federal Acquisition Regulation
FATA	<i>Foreign Acquisitions and Takeovers Act 1975</i> (Commonwealth)
FATA Policy	Australian Federal Government's Foreign Investment Policy
FedRAMP	United States Federal Risk and Authorization Management Program
Financial Information	Together, the Historical Financial Information and Forecast Financial Information as described in Section 4
Forecast Financial Information	Together, the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information as described in Section 4.2.3
Forecast Period	FY21F
former CEO Proceeding	The proceedings commenced on 23 October 2020 by former director and CEO Edward Sheehy against Nuix in the Federal Court of Australia described in Section 6.9.2
Free cash flow	Refer to Section 4.2.6.4

Term	Description
FY18, FY19 and FY20	Historical financial years ended 30 June 2018, 30 June 2019 and 30 June 2020, respectively
FY21F	Forecast financial year ending 30 June 2021
GAAP	Generally Accepted Accounting Principles
GDPR	General Data Protection Regulation
General and Administrative expense or G&A	Refer to Section 4.10.2
GRC	Governance, risk and compliance
Gross profit margin	Calculated as gross profit (Total Revenue less COGS) divided by Total Revenue, expressed as a percentage
Group	Nuix Limited and its subsidiaries
GST	Australian goods and services tax
HIN	Holder Identification Number
HIPAA	Health Insurance Portability and Accountability Act of 1996
Historical Financial Information	Together, the Statutory Historical Financial Information and the Pro Forma Historical Financial Information
Historical Period	FY18, FY19 and FY20
HR	Human resources
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
Independent Limited Assurance Investigating Accountants Reports	The reports prepared by the Investigating Accountant, as provided in this Prospectus contained in Section 8
Industry data	Statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to Nuix's business and markets

GLOSSARY

Continued

Term	Description
Institutional Investor	Investors who are (a) persons in Australia who are wholesale clients under section 761G of the Corporations Act and either “professional investors” or “sophisticated investors” under sections 708(11) and 708(8) of the Corporations Act, respectively; or (b) institutional investors in certain other jurisdictions, as agreed between the Company and the Joint Lead Managers, to whom offers or invitations in respect of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one with which the Company and SaleCo are willing, in its absolute discretion, to comply), in either case, provided that if such person is in the United States, it is either a Qualified Institutional Buyer or an Eligible U.S. Fund Manager
Institutional Offer	An offer to Institutional Investors in Australia and certain other jurisdictions around the world, made under this Prospectus as described in Section 7.4
Investigating Accountant	PricewaterhouseCoopers Securities Ltd
IRAP	Information Security Registered Assessors Program
ISA	International Standards on Auditing
Joint Lead Managers	Macquarie Capital (Australia) Limited ACN 123 199 548 and Morgan Stanley Australia Securities Limited ACN 078 652 276
KPI	Key performance indicator
Lender	Commonwealth Bank of Australia ACN 123 123 124. Refer to Section 4.7
LTI	Long-term incentive
LTV	The lifetime value of each dollar of ACV as described in Section 3.4.4.3
M&A	Mergers and acquisitions
Macquarie Corporate Holdings	Macquarie Corporate Holdings Pty Limited ACN 096 705 109, an existing Shareholder in Nuix
Macquarie Group	Macquarie Group Limited and its subsidiaries
Module Licences	Refer to Section 3.5.2 and Section 4.10.1.1
MSA	SaaS master services agreement as described in Section 3.8.7
MSLSA	Master Software Licence and service agreement as described in Section 3.8.7
Multi-year deals or MYD	Refer to Section 4.2.4.1 and Section 4.10.1.1

Term	Description
NDR	Net Dollar Retention, as described in Section 3.4.4.1 and Section 4.2.6.1
Net Debt	Borrowings plus bank guarantees and insurance bonds less cash on the consolidated statement of financial position
New Options	New Options over Shares under the Nuix Incentive Plan. Refer to Section 6.4.5
NPAT	Net profit/(loss) after taxation
Non-Executive Director	A member of the Board who does not form part of the Company's management
Non-IFRS financial measures	Measures to manage and report on its business that are not recognised under AAS or IFRS. Refer to Section 4.2.6
Non-Statutory Information	Information, measures and ratios to manage and report on performance which are prepared on a basis that is not in accordance with all relevant accounting standards
North America	United States of America and Canada, a region
Nuix	The Nuix business, the group of companies conducting the Nuix business (outlined in Section 9.2) or the Company as the context permits
Nuix Community	A platform that allows customers to share learnings and feedback, both with other Nuix users and direct with the Nuix team
Nuix Discover	Refer to Section 3.3.3.4
Nuix Discover SaaS	Nuix Discover offered in a Nuix-hosted cloud environment, hosted within AWS data centre(s). Refer to Section 3.3.3.4
Nuix Endpoint	Refer to Section 3.3.3.3
Nuix-hosted cloud environment	A cloud environment hosted by or on behalf of Nuix
Nuix Incentive Plan	The Nuix incentive plan referred to in Section 6.4.5
Nuix Investigate	Refer to Section 3.3.3.2
Nuix platform or Nuix software	Nuix Engine and/or Nuix applications. Refer to Section 3.3.3
Nuix Workstation	Refer to Section 3.3.3.1
OEM	Original equipment manufacturer

GLOSSARY

Continued

Term	Description
OFAC Regulations	U.S. Department of the Treasury's Office of Foreign Assets Control Regulations
Offer	The offer of Shares under this Prospectus, including the Institutional Offer and the Broker Firm Offer
Offer Information Line	1300 912 776 (within Australia) or +61 1300 912 776 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays)
Offer Period	The period from the opening date to the closing date of the Broker Firm Offer
Offer Price	A\$5.31 per Share
Official List	The official list of entities that the ASX has admitted to, and not removed, from listing
Operating expenses	The sum of R&D, S&D and G&A for a given financial period
Other Revenue	Refer to note 1 to Figure 52 in Section 4.3.1
Over time revenue recognition	Over time revenue recognition
Panama Papers	Leaked encrypted confidential documents that were the property of Panama-based law firm Mossack Fonseca. The documents were released on April 3, 2016, by the German newspaper Süddeutsche Zeitung (SZ)
Perpetual Licences	Refer to Section 3.5.2 and Section 4.10.1.1
PHI	Protected health information
Privacy Act	<i>Privacy Act 1988</i> (Commonwealth)
Pro Forma Adjustment 1-6	Refer to Section 4.2.2.2
Pro Forma Forecast Cash Flows	Pro forma forecast statement of cash flows for FY21F
Pro Forma Forecast Financial Information	Pro Forma Forecast Income Statement and Pro Forma Forecast Cash Flows
Pro Forma Forecast Income Statement	Pro forma forecast income statement for FY21F
Pro Forma Historical Financial Information	Pro Forma Historical Income Statements, Pro Forma Historical Cash Flows, and Pro Forma Historical Statement of Financial Position

Term	Description
Pro Forma Historical Income Statements	Pro forma historical income statements for FY18, FY19 and FY20
Pro Forma Historical Statement of Financial Position	Pro forma historical statement of financial position as at 30 June 2020
Pro Forma Forecast Cash Flows	Pro forma forecast statement of cash flows for FY21F
PI or Program Increment	Refer to Section 4.2.4.2
Prospectus	This document dated 18 November 2020 and any replacement or supplementary prospectus in relation to this document
Prospectus Date	The date on which this Prospectus was lodged with ASIC, being 18 November 2020
PwC	PricewaterhouseCoopers
PwCS	PricewaterhouseCoopers Securities Ltd
Region	The global operating regions in which Nuix has sales coverage: North Americas, Europe, Middle East and Africa (EMEA) and Asia Pacific (APAC)
Regulation S	Regulation S under the U.S. Securities Act
Remuneration and Nomination Committee	Refer to Section 6.6.4
Renewal	A sale in which an existing Nuix customer renews their current Software Licence at the same contract value. Refer to Section 4.11.1.1
Renewal revenue	Revenue generated from existing customers, including the impact of any Renewals, Upsell Renewals and Downsell Renewals. Refer to Section 4.11.1.1
Research and Development expense or R&D	Research and development
Ringtail acquisition	Refer to Section 3.6.2 and Section 4.11.1.3
SaaS	Software-as-a-service
SAFe	Scaled Agile Framework

GLOSSARY

Continued

Term	Description
Sale Deeds	The sale deeds under which SaleCo acquires Shares from the Selling Shareholders as referred to in Section 9.4
SaleCo	Nuix SaleCo Limited ACN 645 697 856
Sales and Distribution expense or S&D	Refer to Section 4.10.2
Sales pipeline	Refer to Section 3.5.3.3
SEC	Securities and Exchange Commission
Selling Shareholders	Shareholders who sell existing Shares through SaleCo
Senior Leadership Team	Members of management listed in Figure 89 in Section 6.2
Settlement	The Settlement in respect of the Shares which are the subject of the Offer occurring under the Underwriting Agreement
Share Registry	Link Market Services Limited ACN 083 214 537
Shareholder	The registered holder of one or more Shares
Shares	Fully paid ordinary shares in the capital of the Company
Short-term Module Licence	Refer to 4.10.1.1
SME	Small-medium enterprise
Software Licence	Comprising Subscription Licences and Perpetual Licences
Software revenue	Refer to Section 4.2.6.1 and Section 4.10.1
SRN	Securityholder Reference Number
Statutory Forecast Cash Flows	Statutory forecast statement of cash flows for FY21F
Statutory Forecast Financial Information	Statutory forecast consolidated statement of financial performance and statutory forecast consolidated statement of cash flows
Statutory Forecast Income Statement	Statutory forecast income statement for FY21F

Term	Description
Statutory Historical Cash Flows	Statutory historical cash flows for FY18, FY19 and FY20
Statutory Historical Financial Information	Statutory historical consolidated statement of financial position, statutory historical consolidated statements of financial performance and statutory historical consolidated statements of cash flows
Statutory Historical Income Statements	Statutory historical income statements for FY18, FY19 and FY20
STI	Short-term incentive
Subscription Licence	Refer to Module Licences, Consumption Licences and S&M Licences and Section 4.10.1.1
Substantial interest	Definition under the FATA meaning acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates
Support and Maintenance (S&M) Component	Refer to Section 4.2.4.1
Support and Maintenance (S&M) Licences	Refer to Section 3.5.2 and Section 4.10.1.1
Sydney time	The official time in Sydney, Australia
TFN	Tax file number
Total expenses	The sum of COGS and operating expenses for a given financial period
Total research and development costs or Total R&D	Research and Development expense plus capitalised development costs. Refer to Section 4.2.6.5
Total Revenue	Statutory revenue of Nuix recognised in accordance with Nuix's Accounting Policies and AAS. Refer to Section 4.3.1
Underwriting Agreement	The underwriting agreement (as amended or supplemented) entered into between the Joint Lead Managers, the Company and SaleCo dated 18 November 2020
Upfront multi-year deals or Upfront MYD	An MYD contract which is subject to upfront revenue recognition. Refer to Section 4.2.4.1

GLOSSARY

Continued

Term	Description
Upfront revenue recognition	Refer to Section 4.2.4.1
Upsell Renewal	A sale in which an existing Nuix customer expands their current licence by purchasing more Nuix products, typically at a higher contract value. Refer to Section 3.5.3 and Section 4.11.1.1
U.S. or United States	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
U.S. Institutional Offering Memorandum	The offering memorandum under which the Institutional Offer will be made in the United States, which consists of this Prospectus and an offer document 'wrap'
U.S. Securities Act	U.S. Securities Act of 1933
Usage basis revenue recognition	Refer to Section 4.2.4.1
USG	Nuix USG Inc.
UTP	Uncertain tax position. Refer to Section 4.2.4.3
Working capital	Refer to Section 4.2.6.3
You	The investors under this Prospectus, and Your has the corresponding meaning
YoY	Year on year

**Application Form
Hi-res PDF to be supplied.**

(4 pages have been allocated for an Application Form and a duplicate form. This is because the stock used differs from the main Prospectus, and must be a 4-page section for binding purposes.)

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CORPORATE DIRECTORY

NUIX LISTCO

REGISTERED OFFICE:

Level 27
1 Market Street
Sydney, NSW, 2020, Australia

JOINT LEAD MANAGERS

MACQUARIE CAPITAL (AUSTRALIA) LIMITED

50 Martin Place
Sydney, NSW, 2000, Australia

MORGAN STANLEY AUSTRALIA SECURITIES LIMITED

Level 39, Chifley Tower
2 Chifley Square
Sydney, NSW, 2000, Australia

LEGAL ADVISER

CLAYTON UTZ

Level 15
1 Bligh Street
Sydney, NSW, 2000, Australia

INVESTIGATING ACCOUNTANT

PRICEWATERHOUSECOOPERS SECURITIES LTD

One International Towers, Watermans Quay
Barangaroo, NSW, 2000, Australia

TAX ADVISER

PRICEWATERHOUSECOOPERS

One International Towers, Watermans Quay
Barangaroo, NSW, 2000, Australia

INDEPENDENT AUDITOR

PRICEWATERHOUSECOOPERS

One International Towers, Watermans Quay
Barangaroo, NSW, 2000, Australia

SHARE REGISTRY

LINK MARKET SERVICES LIMITED

Locked Bag A14
Sydney South, NSW, 1235

OFFER INFORMATION LINE

1300 912 776 (within Australia) or
+61 1300 912 776 (outside Australia)

From 8:30am to 5:30pm (Sydney time)
Monday to Friday (excluding public holidays)

OFFER WEBSITE

<http://www.nuixshareoffer.com/>

CORPORATE WEBSITE

<https://www.nuix.com/>

