MARKET RELEASE

30 August 2021

Full year 2021 Appendix 4E

Please see attached the Full Year 2021 ASX Appendix 4E.

This announcement is authorised by the Board of Nuix.

Investor Contact

Brett Dimon
Head of Investor Relations
+61 (0)410 671 357
brett.dimon@nuix.com

Media Contact

Helen McCombie
Citadel-MAGNUS
+61 (0)411 756 248
hmccombie@citadelmagnus.com

About Nuix

Nuix Limited is a leading provider of investigative analytics and intelligence software, with the vision of “finding truth in a digital world”. Nuix helps customers to process, normalise, index, enrich and analyse data from a multitude of different sources, solving many of their complex data challenges. The Nuix platform supports a range 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. Headquartered in Sydney, Australia, Nuix licenses its softwareto more than 1,000 customers across 79 countries in North America, Asia Pacific and EMEA.

For further information, please visit investors.nuix.com

Nuix Limited and Controlled Entities

Appendix 4E and Preliminary Final Report

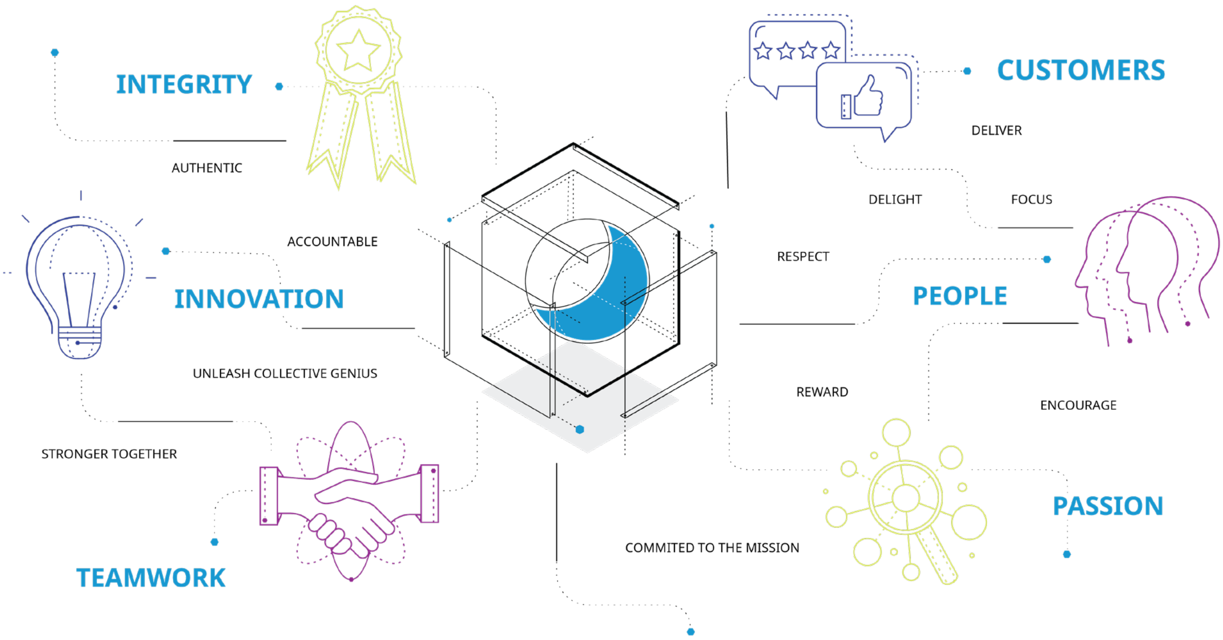
For the year ended 30 June 2021

A.B.N 80 117 140 235

A.C.N 117 140 235

ASX Code: NXL

FINDING TRUTH IN A DIGITAL WORLD



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ASX APPENDIX 4E

OPERATING AND FINANCIAL REVIEW

PRELIMINARY FINAL REPORT

Appendix 4E

Results for announcement to market

Statutory results for the year ended 30 June	% change	2021 $000	2020 $000
Revenue from ordinary activities	Up 0.1%	176,068	175,859
(Loss) / profit from ordinary activities after tax attributable to members	Down 107.0%	(1,640)	23,587
Net (loss) / profit for the period attributable to members	Down 107.0%	(1,640)	23,587

Pro forma results for the year ended 30 June [1]	% change	2021 $000	2020 $000
Revenue	Up 0.1%	176,068	175,859
Earnings before interest, tax, depreciation & amortisation	Up 20.2%	66,685	55,462
Net profit after tax	Up 33.2%	25,004	18,767

Other information

Dividends

It is not proposed that dividends be paid for the year ended 30 June 2021 (2020: nil).

Dividend reinvestment plan

Nuix Limited has not implemented a dividend reinvestment plan.

Net tangible assets ('NTA') backing[2]

As at 30 June		2021	2020
NTA ($'000)		81,986	3,157
Number of shares (thousands)		317,315	265,401
NTA per share (cents)		25.8	1.2

Supplementary Comments

Additional information may be found in the media release and investor presentation lodged with the ASX on 30 August 2021 and the Operating and Financial Review.

Entities of the Group

There were no entities over which control had been gained or lost during the year ended 30 June 2021 (2020: nil). The Group has no interests in associates or joint ventures.

Audit

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited Annual Financial Report. The audit of the Annual Financial Report is currently being finalised.

[1] Pro forma results have been adjusted for costs associated with the IPO, consistent with adjustments in the Prospectus dated 18 November 2020

[2] Net Tangible Assets have been calculated as net assets, adjusted for intangible assets and deferred taxes.

Operating and Financial Review

The operating and financial review for the year ended 30 June 2021 has been designed to provide shareholders with a clear and concise overview of the Group's operations, financial position, business strategies and prospects. The review also discusses the impact of key transactions and events that have taken place during the reporting period, to allow shareholders to make an informed assessment of the results. Information that, if disclosed could give rise to likely material detriment to Nuix, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage has not been included.

In line with ASIC's Regulatory Guide 247 'Effective Disclosure in an Operating and Financial Review' this Review of Operations is prepared to assist shareholders to understand Nuix's business performance and the factors underlying its results and financial position. It complements the disclosures in the Preliminary Final Report.

The Operating and Financial Review includes pro forma numbers for the year ended 30 June 2021and the comparative period prepared on the same basis as presented in the Prospectus dated 18 November 2020.

The pro forma adjustments for the year ended 30 June 2021 remove the impact of offer costs, non-recurring transaction costs related to a sale process explored by Nuix as an alternative to the offer, and share-based payment expenses in respect of existing options that were cancelled on completion. The pro forma adjustments also provide for a full year of listed company costs and the relevant tax impact of the pro forma adjustments.

You should read the following commentary with the consolidated financial statements and the related notes in the Preliminary Final Report. Some parts of this commentary include information regarding the plans and strategy for the business and include forward-looking statements that involve risks and uncertainties. Actual results and the timing of certain events may differ materially from future results expressed or implied by the forward-looking statements contained in this commentary. All amounts are presented in Australian dollars to the nearest thousand except where indicated.

Non-GAAP measures have been included, as we believe they provide information for readers to assist in understanding Nuix's financial performance. Non-GAAP financial measures should not be viewed in isolation or considered as substitutes for measures reported in accordance with Australian equivalents to International Financial Reporting Standards.

1. Principal activities

The principal continuing activities of the Group are the development and distribution of software. No significant change in the nature of these activities occurred during the year.

2. Significant changes in state of affairs

The Company completed an initial public offering ('IPO' or the 'Offer') of its shares, whereby 51,904,161 new shares were issued by the Company and 127,574,983 shares were offered to existing shareholders at an offer price of $5.31 per share.

The Company was admitted to the Official List of ASX Limited on 4 December 2020.

In relation to the Offer, the Company performed the following transactions:

- Issued 51,904,161 new shares at $5.31 each;
- Cancelled 38,961,508 existing options to acquire shares of the Company;
- Incurred $45,409,000 of costs related to the offer, $1,014,000 related to listing fees and $2,637,000 related to the sale process explored by Nuix as an alternative to the offer; and
- Granted options and performance rights as detailed in the Prospectus dated 18 November 2020.

There were no other significant changes to the state of affairs of the Group during the year.

3. Business strategies

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.

Nuix offers a software platform (**Nuix platform**) comprising a powerful, proprietary, data processing engine (**Nuix Engine**) and several 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 market for investigative analytics and intelligence software includes the markets for eDiscovery software, digital forensics software, governance risk and compliance (**GRC**) software and endpoint security software.

Currently, Nuix’s 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 markets are global in nature. Nuix also operates in several 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.

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.

4. Group performance

Statutory revenue rose to $176,068,000 up 0.1% on a functional currency basis, and 7.4% on a constant currency basis. New business contributed $27,638,000 to revenue, with subscription-based revenue rising to 93% of total revenue.

Nuix contracted 100 new customers over the course of the year. Average new order value rose to $240,000, driven by higher value wins through a focus on enterprise sales. Customers displayed a continued willingness to enter into multi-year deals, with these contracts rising to 36.3% of revenue for the full year.

In North America, corporate and law firms were areas of strength, with 27 new customers signed. Our US Government (USG) team secured several significant contract wins with governmental agencies in the latter part of the year, building momentum into FY22.

Our EMEA business achieved important new customers wins during the year, with demand from Corporates particularly strong. In Germany we signed 27 new SaaS customers in the first year, and employees have been onboarded for our Southern European expansion.

Growth in Asia Pacific was driven by key logo wins across a range of industries and included a break-through corporate deal in Japan. In Australia, Discover SaaS data under management tripled.

As flagged during the second half, trading conditions affected upsell opportunities, particularly in the United States. In addition, the trend towards consumption-based licences impacted the timing of revenue recognition. Although this transition weighs on customer upsell in the short term, the shift to consumption licences, including SaaS, allows Nuix to benefit more fully from growth in data volumes over time.

Table 1: Financial Highlights

	2021 $000 Statutory	2021 $000 Pro forma	2020 $000 Pro forma	Variance Pro forma
Revenue	176,068	176,068	175,859	209
Cost of goods sold	(18,851)	(18,851)	(20,686)	1,835
Gross profit	**157,217**	**157,217**	**155,173**	**2,044**
Operating expenses	(127,061)	(90,532)	(99,711)	9,179
EBITDA	30,156	66,685	55,462	11,223
EBIT	(917)	35,612	27,057	8,555
NPAT	**(1,640)**	**25,004**	**18,767**	**6,237**

NPAT result

Statutory loss after tax was $1,640,000, as against the pro forma result being a profit after tax of $25,004,000. The pro forma adjustments for the year ended 30 June 2021 are reconciled back to the statutory result in Table 2 below.

Table 2: Pro forma adjustments to statutory results and comparable prior period

		2021 $000	2020 $000
Statutory net (loss) / profit after tax		**(1,640)**	**23,587**
Incremental public company costs[1]		(2,981)	(7,150)
Corporate actions[2]		2,637	-
Net finance costs[3]		-	341
Offer costs[4]		33,291	-
Share-based payment expense[5]		3,581	(65)
Tax impact[6]		(9,884)	2,064
Pro forma net profit after tax		**25,004**	**18,767**

EBITDA result

Nuix's pro forma EBITDA result of $66,685,000, up 20.2% per cent against the FY20 pro forma result, reflects consistent gross margins, with reduced total operating costs.

[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 the year ended 30 June 2021 reflect the inclusion of estimated costs on a pro rata basis for five months, being such a period before Nuix was a listed company.

[2] Removes non-recurring transaction costs arising from corporate actions: specifically the costs of a sale process explored by Nuix as an alternative to the offer.

[3] Removes net finance costs: as the offer proceeds have been used to pay down existing debt facilities during the period, no adjustment has been made vis a vie finance costs.

[4] Removes one off offer costs: total transaction fees related to the offer were $45,409,000 of which $13,132,000 (before tax) is directly attributable to the issue of new shares by Nuix, and has been recognised directly in equity. The remaining $32,277,000 (before tax) relates to the sale of shares by the selling shareholders and is treated as an expense (within General and Administration). In addition to the costs related to the offer are the costs related with the listing fees, which are also included in this pro forma adjustment.

[5] Removes share-based payment expense: these adjustments remove share-based payment expenses in respect of existing options that were cancelled on completion.

[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.

Table 3: EBITDA result

	2021 $000 Statutory	2021 $000 Pro forma	2020 $000 Pro forma	Variance Pro forma
Revenue	176,068	176,068	175,859	209
Cost of goods sold	(18,851)	(18,851)	(20,686)	1,835
Gross profit	**157,217**	**157,217**	**155,173**	**2,044**
Gross margin %	89.3%	89.3%	88.2%	1.1%
Sales and distribution	(49,784)	(49,106)	(60,725)	11,619
Research and development	(10,775)	(10,042)	(8,179)	(1,863)
General and administrative	(66,502)	(31,384)	(30,808)	(586)
EBITDA	**30,156**	**66,685**	**55,462**	**11,223**

Revenue

Revenue for the financial year was $176,068,000, up 0.1% on the FY20 result.

New business growth was underpinned by higher average new order values and a material lift in the proportion of multi-year deals. Weaker net upsell detracted from the revenue outcome. Upsell was impacted by delays associated with US Government purchasing decisions, along with a more challenging operating climate in the US, partly due to the pandemic and broader economic uncertainty.

Traditional module-style licences drove the bulk of statutory revenue. Consumption licences continued to grow, with perpetual licences and services falling year on year. The transition of customers to consumption licences impacted revenue during the year, weighting on revenue growth in the short term.

On a regional basis, the revenue fall in the US business was offset by rises in EMEA and APAC. Industry mix remains well diversified, with only small proportional changes year on year by industry group.

Software revenue metrics

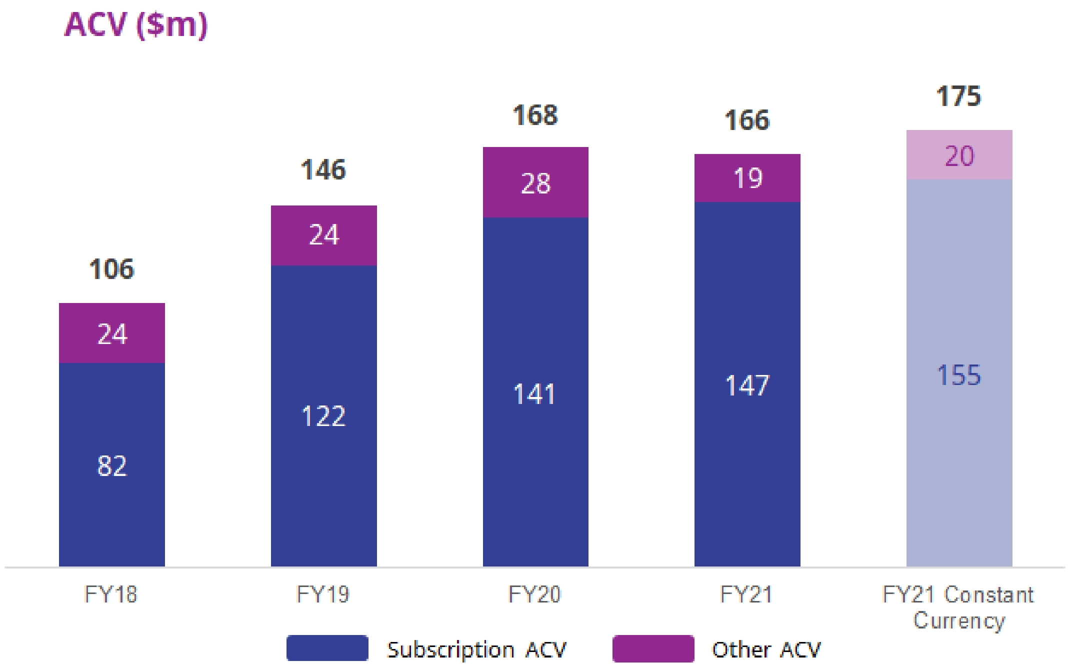
Software companies like Nuix operate on many of the same performance metrics as traditional companies, such as revenue and cash flow. However, understanding the performance of software companies and being able to benchmark them is assisted by an understanding of specific non-GAAP metrics. The primary software revenue metric we use is Annualised Contract Value.

Annualised Contract Value (‘ACV’)

Annualised Contract Value (ACV) at 30 June 2021 was $165,590,000, down 1.7% compared to 30 June 2020. Subscription ACV grew year on year as a result of new business won and the transition from perpetual to consumption licences. “Other ACV”, comprised of both short-term (less than 12 month) and perpetual licences, and services ACV fell year on year. Negative net upsell also detracted from the ACV outcome. Churn was lower than the previous year.

On a regional basis USA ACV fell year on year, more than offsetting the increase in ACV from EMEA and APAC.

The composition of ACV amongst subscription and other ACV streams is illustrated below.



Definition and basis of preparation

ACV is an adjusted, non-IFRS measure and does not represent revenue in accordance with Australian Accounting Standards (AASBs) or Nuix's accounting policies or cash receipts from customers.

ACV is used by Nuix to assess the total contract value of its software contracts on an annualised basis by removing fluctuations from multi-year deal contracts reflected in Nuix's revenue, as a result of statutory revenue recognition requirements.

The calculation of ACV at the end of the relevant financial period adjusts revenue to account for: A) Revenue generated from Subscription licences with a term of 12 months or more, as well as Consumption licences which exist at the end of the relevant financial period as if those contracts' revenues were generated (and recognised) in each financial year on a straight-line basis over the relevant contract period, expressed on an annualised basis; B) last 12 month contribution from short term Software licences (including Perpetual licences) or other Software licences with a term of less than 12 months, excluding Consumption licences; and C) the last 12 month contribution of services and third party software sales.

Other ACV reflects the last 12-month contribution of Perpetual license sales, services and third party software and short-term Software licences, or licences with a term of less than 12 months but excluding Consumption licences.

Operating costs

Operating costs fell year on year, with a significant foreign exchange impact lowering costs, along with lower headcount over the full year in some areas. Cost of Goods Sold was impacted by some favourable third party agreement outcomes, despite continued spend on SaaS instances to support the cloud strategy. Sales and Distribution costs were lower on foreign exchange movements and lower headcount, along with reduced marketing and travel costs due to the pandemic. Research and development expenses rose year on year, due to a lower capitalisation rate. General and Administrative expenses were relatively flat year on year on a pro forma basis.

Total spend on Research and Development for the financial year was $45,022,000 (2020: $50,911,00). Foreign exchange changes accounted for most of the fall in spend. As a proportion of overall revenue, Research and Development spend fell to 25.6% of revenue compared to 28.9% the prior year. The proportion of Research and Development capitalised fell to 76.1% from 83.7% a year earlier.

Net finance costs

Table 4: Net finance costs

	2021 $000 Statutory	2021 $000 Pro forma	2020 $000 Pro forma	Variance Pro forma
Net finance expense[1]	3,407	3,407	1,519	1,888

Net finance expenses have increased $1,888,000 on both a pro-forma and statutory basis, due to an increase in realised and unrealised foreign exchange losses of $1,764,000, offset by lower interest costs of $124,000.

Nuix's cash flow generation capability

Table 5: Summary cash flow information

	2021 $000 Statutory	2020 $000 Statutory	Variance Statutory	2021 $000 Pro forma	2020 $000 Pro forma	Variance Pro forma
EBITDA	30,156	62,681	(32,775)	66,685	55,462	11,223
Add back non-cash items	4,627	5,032	(405)	1,046	5,097	(4,051)
EBITDA ex non-cash items	**34,783**	**67,713**	**(32,930)**	**67,731**	**60,559**	**7,172**
Change in working capital	(23,787)[2]	(8,736)	(15,051)	(23,787)	(6,928)	(16,859)
Cash taxes	(195)	(419)	224	(195)	(419)	224
Operating cash flow	**10,801**	**58,558**	**(47,757)**	**43,749**	**53,212**	**(9,463)**
CAPEX – Property and equipment	(1,051)	(1,355)	304	(1,051)	(1,355)	304
CAPEX – Intangibles	(34,256)	(43,476)	9,220	(34,256)	(43,476)	9,220
Investing cash flow	**(35,307)**	**(44,831)**	**9,524**	**(35,307)**	**(44,831)**	**9,524**
Free cash flow	**(24,506)**	**13,727**	**(38,233)**	**8,442**	**8,381**	**61**
Issued capital	275,661	-	275,661	-	-	-
Capitalised offer costs	(13,132)	-	(13,132)	-	-	-
Cancellation of options	(175,614)	-	(175,614)	-	-	-
Lease payments	(3,739)	(2,812)	(927)	(3,739)	(2,812)	(927)
Other financing cash flows	-	(151)	151	-	(1,595)	-
Loan payments	(25,071)	-	(25,071)	-	-	-
Financing cash flow	**58,105**	**(2,963)**	**61,068**	**(3,739)**	**(4,407)**	**668**
Net cash flows	**33,599**	**10,764**	**22,835**	**4,703**	**3,974**	**729**

Cash flows

The movement in cash during the year included a number of one-off amounts associated with the offer, ASX listing and potential trade sale as well as the associated cash proceeds from share issuance and option cancellation payments.

Operating cash flows continue to be positive on both a statutory and pro forma basis.

[1] Net finance expense includes other gains and losses which relate to net realised and unrealised foreign exchange losses.

[2] Change in working capital in FY2021 primarily relates to an increase in unbilled revenue of $19,241,000.

Capital management

Nuix listed on the Australian Securities Exchange in December after an oversubscribed IPO which raised $275,611,000 through the issue of 51,904,161 new shares at $5.31 each. Proceeds from the IPO have been used to fund option cancellation payments totalling $175,614,000 during the year.

Table 6: Reconciliation of statutory to pro forma

	2021 $000	2020 $000
Statutory net cash flow	**33,599**	**10,764**
Incremental public company costs[1]	(2,980)	(7,154)
Corporate actions[2]	2,637	-
Net finance costs[3]	-	364
Offer costs[4]	46,423	-
Offer proceeds[5]	(275,661)	-
Cancellation of options[6]	175,614	-
Loan payments	25,071	-
Pro forma net cash flow	**4,703**	**3,974**

Nuix's level of debt

Nuix currently has a Facility Agreement with the Commonwealth Bank of Australia ('CBA') which provides funding to the Company through a Cash Advance Facility. Funding under the Cash Advance Facility is made available under two tranches, being Tranche A for AUD $40,000,000, and Tranche B for USD $7,500,000. Accordingly, the available funding under the facilities as denominated in Australian dollars fluctuates from period to period, with $50,000,000 being available under these facilities as of 30 June 2021 (2020: $50,943,000). The Company had fully paid all of these facilities as of 30 June 2021 (2020 utilised: $25,531,000) and has not drawn down any additional funding since 30 June 2021 (2020: drawdown $5,697,000 ($4,000,000 USD)).

For the abundance of caution the Company sought (and CBA agreed to) waivers of potential technical or administrative breaches of the Facility Agreement which may have been subsisting as at 30 June 2021 (including a waiver, until 20 November 2021), of any breaches which may have arisen as a result of the ASIC investigation previously disclosed to the market.

The Facility Agreement also provides for a bank guarantee facility and CBA has issued a bank guarantee under that facility in an amount of $746,460 to support Nuix's obligations under a real property lease. Nuix's obligations in respect of that bank guarantee are contingent only.

Nuix continues to review its various financing options and requirements, which may include restructuring or refinancing its existing facilities, entering into new financing arrangements with a third party and/or cancelling facilities entirely.

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[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 directors' 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 reflects the inclusion of estimated costs on a pro rata basis for five months, being such period before Nuix was a listed company.

[2] Removes non-recurring transaction costs arising from corporate actions: specifically the costs of a sale process explored by Nuix as an alternative to the offer.

[3] Removes net finance costs: as the offer proceeds have been used to pay down existing debt facilities during the period, no adjustment has been made vis a vie finance costs.

[4] Removes one off offer costs: total transaction fees paid during the period related to the offer were $45,409,000 of which $13,132,000 is directly attributable to the issue of new shares by Nuix, and has been recognised as part of financing activities. The remaining $32,277,000 relates to the sale of shares by the selling shareholders and listing costs which are treated as an operating cash flow. In addition to the costs related to the offer are costs related with the listing fees, which are included in this pro forma adjustment.

[5] Reflects the gross proceeds raised from the issuance of new shares under the offer.

[6] Reflects the payment of $175,614,000 to option holders in respect of existing options that were cancelled on completion of the offer.

5. Group financial position

The Group remains committed to maintaining a balance sheet that positions Nuix to achieve its business strategies. Net cash was $70,865,000 (30 June 2020: $38,539,000).

Nuix's balance sheet

Table 7: Summary balance sheet

	30 Jun 2021 $000	30 Jun 2020 $000
Assets		
Cash and cash equivalents	70,865	38,539
Trade and other receivables	73,241	60,204
Other current assets	6,209	1,897
Property and equipment	2,018	2,412
Intangibles	197,415	197,155
Deferred tax assets and lease assets	10,469	13,371
Total assets	**360,217**	**313,578**
Liabilities		
Trade and other payables	20,325	21,031
Deferred tax and lease liabilities	12,105	20,577
Deferred revenue	43,533	47,791
Provisions	3,420	3,171
Borrowings	-	25,531
Total liabilities	**79,383**	**118,101**
Equity		
Issued capital	370,696	104,227
Reserves	(174,329)	5,143
Retained earnings	84,467	86,107
Total equity / net assets	**280,834**	**195,477**

Cash and cash equivalents have increased $32,326,000 primarily as a result of the impact of the IPO. Cash net of borrowings is $70,865,000. Other current assets have increased $4,310,000 primarily as a result of the impact of prepaid insurance costs incurred towards the end of the reporting period.

Deferred revenue has decreased compared to the opening balance sheet, primarily as a result of the timing of revenue recognition on a significant agreement which was deferred as of the previous balance date, offset by amounts deferred in the current period.

Issued capital has increased $266,469,000 as a result of the issuance of new equity totalling $275,661,000 offset by the portion of offer costs recognised directly in equity of $13,132,000 ($9,192,000 net of related tax effect).

Reserves decreased $179,472,000 as a result of the movement in the foreign currency translation reserve of $8,485,000 and the impact of cancelling options due to option holders of $175,040,000, net of the impact of equity settled share-based payment expenses of $4,053,000. In addition to the equity settled share-based payment expenses recognised against the share-based payment reserve, a further amount of $574,000 has been recognised in profit and loss associated with the service period share-based payments which were modified from equity settled to cash settled. The movement in the foreign currency translation reserve arises from translating the opening net assets of US based operations using a higher closing foreign exchange rate of 1 AUD to 0.75 USD as at 30 June 2021, compared to 1 AUD to 0.69 USD at 30 June 2020.

Consolidated statement of comprehensive income

For the year ended 30 June 2021

	Notes	2021 $000	2020 $000
Revenue	3	176,068	175,859
Cost of goods sold		(18,851)	(20,686)
Gross profit		157,217	155,173
Sales and distribution		(52,399)	(64,075)
Research and development		(37,932)	(32,903)
General and administration		(68,598)	(24,675)
Other income	4	796	1,011
Other gains / (losses) – net		(2,015)	(250)
Operating (loss) / profit		(2,931)	34,281
Finance costs		(1,393)	(1,859)
(Loss) / Profit before income tax		(4,324)	32,422
Income tax benefit / (expense)		2,684	(8,835)
(Loss) / Profit for the year	5	(1,640)	23,587
Other comprehensive income			
Items that may be reclassified to profit or loss Exchange differences on translation of foreign operations		(8,485)	1,809
Other comprehensive income, net of tax		(8,485)	1,809
Total comprehensive income for the year, net of tax		**(10,125)**	**25,396**
Earnings per share			
Basic	16	(0.01)	0.09
Diluted	16	(0.01)	0.08

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

For the year ended 30 June 2021

	Notes	2021 $000	2020 $000
Current assets			
Cash and cash equivalents	6	70,865	38,539
Trade and other receivables	7	73,241	60,204
Other current assets	8	6,209	1,897
Total current assets		150,315	100,640
Non-current assets			
Intangible assets	9	197,415	197,155
Property and equipment		2,018	2,412
Deferred tax asset		1,433	499
Right of use assets		9,036	12,872
Total non-current assets		209,902	212,938
Total assets		360,217	313,578
Current liabilities			
Trade and other payables	10	19,754	20,704
Lease liabilities		2,635	3,704
Deferred revenue	11	43,533	47,791
Current tax liabilities		571	327
Provisions		2,878	2,664
Borrowings	12	-	25,531
Total current liabilities		69,371	100,721
Non-current liabilities			
Deferred tax liabilities		743	5,334
Lease liabilities		8,727	11,539
Provisions		542	507
Total non-current liabilities		10,012	17,380
Total liabilities		79,383	118,101
Net assets		**280,834**	**195,477**
Equity			
Issued capital	13	370,696	104,227
Reserves	14	(174,329)	5,143
Retained earnings		84,467	86,107
Total equity		**280,834**	**195,477**

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2021

	Issued capital $000	Share option reserve $000	Foreign currency translation reserve $000	Retained earnings $000	Total equity $000
Balance at 1 July 2019	**104,227**	**(1,339)**	**3,988**	**62,520**	**169,396**
Profit for the year	-	-	-	23,587	23,587
Other comprehensive income, net of tax	-	-	1,809	-	1,809
Total comprehensive income	-	-	1,809	23,587	25,396
Share-based payments	-	685	-	-	685
Balance at 30 June 2020	**104,227**	**(654)**	**5,797**	**86,107**	**195,477**
Profit for the year	-	-	-	(1,640)	(1,640)
Other comprehensive income	-	-	(8,485)	-	(8,485)
Total comprehensive income	-	-	(8,485)	(1,640)	(10,125)
Contributions of equity, net of transaction costs and tax	266,469	-	-	-	266,469
Cancellation of options	-	(175,040)	-	-	(175,040)
Share-based payments	-	4,053	-	-	4,053
Balance at 30 June 2021	**370,696**	**(171,641)**	**(2,688)**	**84,467**	**280,834**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2021

	Notes	2021 $000	2020 $000
Cash flows from operating activities			
Receipts from customers		164,482	176,507
Payments to employees and suppliers[1]		(152,039)	(115,744)
Interest received		17	37
Interest paid		(1,464)	(1,823)
Income tax paid		(195)	(419)
Net cash from operating activities	15	10,801	58,558
Cash flows from investing activities			
Payments for software development costs	9	(34,130)	(42,455)
Purchase of intangible assets	9	(126)	(1,021)
Purchase of property and equipment		(1,051)	(1,355)
Net cash used in investing activities		(35,307)	(44,831)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	13	275,661	-
Payments to option holders for cancellation of options	14	(175,614)	-
Payments for share issue costs[1]		(13,132)	-
Principal payments of lease		(3,739)	(2,812)
(Repayment of) / proceeds from borrowings	12	(25,071)	-
Transaction costs on borrowings		-	(151)
Net cash provided by / (used in) financing activities		58,105	(2,963)
Net change in cash and cash equivalents		33,599	10,764
Cash and cash equivalents at beginning of financial year		38,539	27,332
Exchange differences on cash and cash equivalents		(1,273)	443
Cash and cash equivalents at end of financial year	**6**	**70,865**	**38,539**

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

[1] Cash flows related to payment of offer costs are recognised in the statement of cash flows between operating activities and financing activities, on a basis consistent with the split between recognition in equity and profit and loss (refer Note 5). The total amount of cash paid for offer costs during the year was $45,409,000 of which $32,277,000 was recognised within payments to employees and suppliers as part of operating activities, and $13,132,000 was recognised as payments for share issue costs as financing activities.

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Notes to the Preliminary Final Report

Notes to the Preliminary Final Report

1. Basis of preparation

1.1 Statement of compliance

The Preliminary Final Report (the Report) has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The Report also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

The Report is presented in Australian dollars, which is the functional currency of Nuix Limited, and has been prepared on the basis of historical cost except in accordance with relevant accounting policies where assets and liabilities are stated at their fair values.

The Annual Financial Report is in the process of being audited. This Report should also be read in conjunction with any public announcements made by Nuix during the year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

Nuix is a company of the kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191. In accordance with that instrument all financial information presented has been rounded to the nearest thousand dollars, unless otherwise stated.

1.2 Significant accounting policies

The significant accounting policies applied by Nuix in this Preliminary Final Report are the same as those applied by the Group in the Nuix Limited Annual Report for the year ended 30 June 2020.

1.3 Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

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 and in any future periods affected. In preparing this Report, judgements made by management in the application of AASBs that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in future periods were the same as those applied to the Nuix Annual Report for the year ended 30 June 2020.

1.4 Significant events and transactions

The Company completed an initial public offering ('IPO' or the 'Offer') of its shares, whereby 51,904,161 new shares were issued by the Company and 127,574,983 shares were offered by existing shareholders at an offer price of $5.31 per share.

The Company was admitted to the Official List of ASX Limited on 4 December 2020.

In relation to the Offer, the Company performed the following transactions:

- Issued 51,904,161 new shares at $5.31 each;
- Cancelled 38,961,508 existing options to acquire shares of the Company;
- Incurred $45,409,000 of costs related to the offer, $1,014,000 related to listing fees and $2,637,000 related to the sale process explored by Nuix as an alternative to the offer; and
- Granted options and performance rights as detailed in the Prospectus dated 18 November 2020.

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. 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.

1.5 Change in classification and presentation

During the year, the Group amended the classification and presentation of share-based payment expenses to reflect more appropriately the functions that incur these costs. Comparative amounts in the consolidated statement of profit and loss and other comprehensive income were reclassified for consistency. As a result, amounts of $452,000, $98,000 and $135,000 were reclassified to the comparative sales and distribution, research and development and general and administration costs respectively.

2. Segment information

The Group manages its operations as a single business operation and there are no parts of the Group that qualify as operating segments under AASB 8 Operating Segments. The CEO (Chief Operating Decision Maker or "CODM") assesses the financial performance of the Group on an integrated basis only and accordingly, the Group is managed on the basis of a single segment. Information presented to the CODM on a monthly basis is categorised by type of revenue as provided below.

Further, earnings before interest, tax and depreciation and amortisation (EBITDA) is used to assess the performance of the business.

Segment performance

Continuing operations		2021 $000	2020 $000
Software		171,513	168,969
Services		4,465	5,891
Hardware		90	999
Total revenue		176,068	175,859

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 the users accessing the software. Accordingly, the Group is managed as a single segment.

Reconciliation of segment EBITDA to the net profit after tax is as follows:

		2021 $000	2020 $000
EBITDA		30,156	62,931
Interest expense		(1,393)	(1,860)
Foreign exchange gains and losses		(2,014)	(251)
Depreciation and amortisation		(31,073)	(28,399)
Income tax benefit / (expense)		2,684	(8,835)
Net (loss) / profit after tax		(1,640)	23,587

Geographic Information

The amounts for revenue by region in the following table are based on the invoicing location of the customer

Revenue generated by location of customer:

		2021 $000	2020 $000
Asia Pacific		29,519	28,749
Americas		92,348	97,556
Europe, Middle East and Africa (EMEA)		54,201	49,554
		176,068	175,859

Non-current assets by geographic location:

		2021 $000	2020 $000
Asia Pacific		120,009	111,459
Americas		89,669	100,870
Europe, Middle East and Africa (EMEA)		224	609
		209,902	212,938

3. Revenue

		2021 $000	2020 $000
Software		171,513	168,969
Services		4,465	5,891
Hardware		90	999
		176,068	175,859

Disaggregation of revenue

The Group disaggregates revenue by categories shown in the table below.

Timing of revenue recognition		2021 $000	2020 $000
Point in time		118,592	118,648
Overtime		57,476	57,211
		176,068	175,859

4. Other income

		2021 $000	2020 $000
Government grant income		722	974
Other income		74	37
		796	1,011

5. Profit for the year

	2021 $000	2020 $000
Wages and salaries		
Sales and distribution[1]	49,303	48,961
Research and development[1]	8,977	4,271
General and administration	12,806	12,456
	71,086	65,688
Share-based payment expenses		
Sales and distribution	1,139	452
Research and development	977	98
General and administration	2,511	135
	4,627	685
Finance costs		
Interest expenses	1,393	1,859
Other losses		
Net realised and unrealised foreign exchange loss	(2,015)	(250)
Expenses (included in general and administration)		
Offer costs[2]	32,277	-
Corporate action / trade sale[3]	2,637	-
Listing fees	1,014	-
Bad debts expense	2,215	1,709
Rental expense on operating leases	106	372
Depreciation and amortisation		
Sales and distribution	2,615	2,887
Research and development	27,157	24,626
General and administration	1,301	886

[1] Wages and salaries expense disclosed for the research and development function (and sales and distribution function to the extent that those employees are involved in the testing of development activities), presented above are net of amounts required to be capitalised as development costs to intangible assets.

The amount of wages and salaries capitalised as development costs to intangible assets totalled $29,245,000 during the year ended 30 June 2021 (2020: $42,471,000), with the remaining amounts capitalised being directly attributable costs and incremental overheads of development activities.

[2] The total costs related to the offer were $45,409,000, of which $13,132,000 ($9,192,000, net of related tax impact) related to the issue of new shares by the Company and are offset against equity raised in the offer. The remaining $32,277,000 ($22,593,000, net of related tax impact) relates to the sale of existing shares and is recognised as an expense within General and Administration, with the related tax benefit recognised in profit and loss.

[3] Relates to one-off costs of a sale process explored by Nuix Limited as an alternative to the Offer.

6. Cash and cash equivalents

		2021 $000	2020 $000
Bank balances		70,865	38,539
Total cash and cash equivalents		70,865	38,539

7. Trade and other receivables

		2021 $000	2020 $000
Trade receivables		30,354	35,191
Provision for impairment of trade receivables and unbilled revenue		(1,565)	(470)
Unbilled revenue		44,365	25,124
Other debtors		87	359
Total trade and other receivables		73,241	60,204

Expected timing for realisation of balances in the normal operating cycle

		2021 $000	2020 $000
Expected to be realised within 12 months		65,256	51,681
Expected to be realised after 12 months		9,550	8,993
Provision for impairment		(1,565)	(470)
Total trade and other receivables		73,241	60,204

Ageing of overdue receivables

		2021 $000	2020 $000
1 – 3 months		3,601	7,340
4 – 6 months		561	738
Over 6 months		1,176	917
		5,338	8,995

8. Other current assets

		2021 $000	2020 $000
Prepayments		6,057	1,698
Other receivables		152	199
Total other current assets		6,209	1,897

9. Intangible assets

Reconciliation of carrying amount

	Goodwill $'000	External licences $'000	Brand $'000	Intellectual property $'000	Total $'000
Carrying amount at 1 July 2019					
At cost	4,422	2,111	712	199,408	206,653
Accumulated amortisation & impairment	-	(1,884)	-	(37,135)	(39,019)
Balance at 1 July 2019	4,422	227	712	162,273	167,634
Year ended 30 June 2020					
Balance at 1 July 2019	4,422	227	712	162,273	167,634
Effect of movements in exchange rates - cost	121	36	18	1,790	1,965
Effect of movements in exchange rates - accumulated amortisation & impairment	-	(28)	-	66	38
Additions	-	24	-	51,039	51,063
Disposals	-	(18)	-	(176)	(194)
Amortisation	-	(113)	-	(23,238)	(23,351)
Balance at 30 June 2020	4,543	128	730	191,754	197,155
Carrying amount at 30 June 2020					
At cost	4,543	2,153	730	252,061	259,487
Accumulated amortisation & impairment	-	(2,025)	-	(60,307)	(62,332)
Balance at 30 June 2020	4,543	128	730	191,754	197,155
Year ended 30 June 2021					
Balance at 1 July 2020	4,543	128	730	191,754	197,155
Effect of movements in exchange rates - cost	(398)	(133)	(64)	(8,438)	(9,033)
Effect of movements in exchange rates - accumulated amortisation & impairment	-	124	-	1,418	1,542
Additions	-	126	-	34,130	34,256
Disposals	-	-	-	-	-
Amortisation	-	(134)	-	(26,371)	(26,505)
Balance at 30 June 2021	4,145	111	666	192,493	197,415
Carrying amount at 30 June 2021					
At cost	4,145	2,146	666	277,753	284,710
Accumulated amortisation & impairment	-	(2,035)	-	(85,260)	(87,295)
Balance at 30 June 2021	4,145	111	666	192,493	197,415

10. Trade and other payables

		2021 $000	2020 $000
Sundry payables and accrued expenses		9,670	9,498
Trade payables		5,846	6,770
Customer deposits		186	453
Payroll tax and other statutory liabilities		3,686	1,822
Indirect taxes payable		366	2,161
Total trade and other payables		19,754	20,704

11. Deferred Revenue

		2021 $000	2020 $000
Customer related			
Support and maintenance on term licences		14,946	14,396
Term licences (billed) commencing post balance date		7,284	10,000
Support and maintenance on perpetual licences		12,561	14,912
Perpetual licences commencing post balance date		32	6
Processing income		2,138	1,443
Professional services income		3,004	1,195
		39,965	41,952
Tax incentive related			
Research and development		3,568	5,839
Total deferred revenue		43,533	47,791

Movements during the year of customer related deferred revenue

		2021 $000	2020 $000
Opening balance		41,952	33,017
Revenue recognised in the current year		(80,016)	(61,253)
Non-cancellable right to invoice established during the period		79,817	70,182
Exchange differences		(1,788)	6
Closing balance		39,965	41,952

Movements during the year of tax incentive related deferred revenue

		2021 $000	2020 $000
Opening balance		5,839	5,839
Other income recognised in the current year		722	974
Additional research and development incentive		(2,993)	(974)
Closing balance		3,568	5,839

Expected timing for realisation of balances in the normal operating cycle

		2021 $000	2020 $000
Expected to be realised within 12 months		33,832	36,419
Expected to be realised after 12 months		9,701	11,372
Total deferred revenue		43,533	47,791

12. Borrowings

			2021 $000	2020 $000
Current				
Bank loans			-	25,531

A. Secured liabilities

Nuix currently has a Facility Agreement with the Commonwealth Bank of Australia ('CBA') which provides funding to the Company through a Cash Advance Facility. Funding under the Cash Advance Facility is made available under two tranches, being Tranche A for AUD $40,000,000, and Tranche B for USD $7,500,000 million. Accordingly, the available funding under the facilities as denominated in Australian dollars fluctuates from period to period, with $50,000,000 being available under these facilities as of 30 June 2021 (2020: $50,943,000). The Company had fully paid all of these facilities as of 30 June 2021 (2020 utilisation: $25,531,000) and has not drawn down any additional funding since 30 June 2021 (2020: drawdown $5,697,000 ($4,000,000 USD)).

For the abundance of caution the Company sought (and CBA agreed to) waivers of potential technical or administrative breaches of the Facility Agreement which may have been subsisting as at 30 June 2021 including a waiver, until 20 November 2021, of any breaches which may have arisen as a result of the ASIC investigation previously disclosed to the market and in Note 17.

The Facility Agreement also provides for a bank guarantee facility and CBA has issued a bank guarantee under that facility in an amount of $746,460 to support Nuix's obligations under a real property lease. Nuix's obligations in respect of that bank guarantee are contingent only.

Nuix continues to review its various financing options and requirements, which may include restructuring or refinancing its existing facilities, entering into new financing arrangements with a third party and/or cancelling facilities entirely.

B. Loan covenants

Under the terms of the loan facilities with the bank, the Group is required to comply with the following financial covenants every quarterly testing date:

- Gross leverage ratio (GLR) does not exceed 1.75:1;
- Interest cover ratio (ICR) is equal to or greater than 3.00:1;
- Obligors own at least 95% of total assets of the Group and are responsible for at least 95% of EBITDA of the Group during the relevant period

In addition, the Borrower must hold a minimum cash balance of $10,000,000 at all times.

The Group has complied with the financial covenants throughout the reporting periods.

13. Issued capital

Movements in ordinary shares	2021 Shares	2020 Shares	2021 $000	2020 $000
Opening balance	265,400,633	265,400,633	104,227	104,227
Shares issued on IPO, net of costs	51,904,161	-	275,611	-
Shares issued on option exercise	10,000	-	50	-
Transaction costs arising from issue of shares, net of tax	-	-	(9,192)	-
Closing balance	317,314,794	265,400,633	370,696	104,227

Ordinary shares participate in dividends and the proceeds upon winding up of the Company, proportionately to the shareholding. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The issued shares do not have a par value.

Management controls the capital of the Group in order to maintain an appropriate debt to equity ratio, provide the shareholders with returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements aside from debt covenants. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

14. Reserves

Foreign currency translation reserve

The Foreign Currency Translation Reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Share-based payment reserve

A total of 38,961,408 options were cancelled on completion of the offer for cash (calculated as the Offer Price less the exercise price of the options). The Company has concluded that on 18 November 2020 when the Prospectus was published, option holders would consider it being more probable than not that their share-based payment arrangements would be cash settled (for an aggregate sum of $175,614,000).

On the basis that part of the service period was outstanding and being performed between 18 November 2020 and listing on 4 December 2020, a portion of the amount for which the options were cancelled ($574,000) is recognised in profit and loss as a cash settled share-based payment.

A portion of these option cancellation payments have been made to employees of the group. Through operation of various legislative requirements for the relevant jurisdictions of their employment, certain of these payments are subject to PAYG withholding obligations for employee personal taxation arrangements and other oncosts related to their employment relationship with the Group. These oncosts primarily related to payroll tax and amounted to $1,778,000 (2020: nil) which has been recognised in profit and loss.

15. Reconciliation of cash flows from operating activities

	2021 $000	2020 $000
Cash flows from operating activities		
(Loss) / profit for the year (before income tax)	(4,325)	32,422
Non-cash flows in (loss) / profit:		
Depreciation	4,567	5,048
Amortisation of intangible assets	26,506	23,351
Amortisation of capitalised borrowing costs	69	-
Bad debts expense	2,225	1,709
Share based payment expense	4,627	685
Net exchange rate differences	1,687	748
Fixed assets write-off	-	197
Changes in assets and liabilities:		
Increase in trade and other receivables	(15,884)	(16,405)
(Increase) / decrease in deferred tax asset	(3,259)	2,101
Increase in other current assets	(4,310)	(384)
(Decrease) / increase in trade and other payables	(3,035)	1,458
(Decrease) / increase in deferred revenue	(2,709)	8,308
Increase in employee benefits provisions	1,542	2,903
Decrease in current tax liabilities	(377)	(10,015)
Increase in deferred tax liabilities	3,475	6,431
Increase in provision for make good	2	1
Net cash from operating activities	**10,801**	**58,558**

16. Earnings per share

	2021	2020
(Loss) / profit for the year ($'000)	(1,640)	23,587
Basic weighted average number of ordinary shares	295,123,838	265,400,633
Basic earnings per share (cents)	(0.01)	0.09
(Loss) / profit for the year ($'000)	(1,640)	23,587
Basic weighted average number of ordinary shares	295,123,838	265,400,633
Shares issuable in relation to equity-based compensation scheme	18,519,920	36,499,547
Effect of share options and performance rights	Antidilutive[1]	-
Diluted weighted average number of ordinary shares	295,123,838	301,900,180
Diluted earnings per share (cents)	(0.01)	0.08

[1] In the year ended 30 June 2021, the conversion of the options and performance rights on issue would reduce the loss per share.

Potential ordinary shares are 'antidilutive' when their conversion to ordinary shares would decrease loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

As a result, the effect of share options and performance rights on diluted earnings per share is considered to be 'antidilutive' in the year ended 30 June 2021.

17. Contingencies

Sheehy litigation

In November 2019, Nuix compromised a claim and formal proceedings brought by former CEO, Eddie Sheehy under which Nuix agreed to consent to a form of declaration proffered by Mr Sheehy being made by the Supreme Court of NSW in the form of Judgment. Pursuant to that compromise, the Supreme Court made a declaration that '*453,273 options granted over unissued shares of Nuix held by Mr Sheehy are exercisable on the occurrence of a sale of [Nuix's] business*' in accordance with an options agreement between the parties made in September 2008 (the Judgment). In accordance with the Judgment, Nuix's options register records that Mr Sheehy holds 453,273 options, each over one share at an exercise price of $2.00 per option and without an expiry date.

Despite the 2019 Judgment, on 23 October 2020 Mr Sheehy commenced proceedings against Nuix in the Federal Court of Australia alleging that Nuix has acted inconsistently with the terms of the 2008 options agreement and has acted in an oppressive, unfairly prejudicial, unfairly discriminatory and/or unconscionable way against him. Mr Sheehy seeks orders to the effect that a sale of business for the purposes of the 2008 options agreement has occurred and that he is now entitled to exercise, and has validly exercised on 27 January 2021, his 453,273 options in return for 22,663,650 shares in Nuix as a result of a 1 for 50 share split conducted by Nuix in March 2017. Mr Sheehy alleges that it was an implied term of his 2008 options agreement with Nuix that '*if the shares of [Nuix] were split by a particular divisor, upon exercise of the options [Mr Sheehy] would be issued with the number of shares set out in the 2008 Option Agreement multiplied by the divisor, and that the exercise price of the options would be the exercise price divided by the divisor*'.

Mr Sheehy seeks declarations as to his alleged entitlements, compensation and damages.

Nuix rejects Mr Sheehy's claim in its entirety and is defending the proceedings. In particular, Nuix maintains that the dispute was properly compromised and validly determined by the Judgment issued by the NSW Supreme Court in 2019 and it is not open for Mr Sheehy to seek to re-litigate the issue, that Mr Sheehy's options were not the subject of the 2017 share split as a result of the express terms of the 2008 option agreement and that, in any event, no 'sale of the business' of the kind contemplated by the parties in the 2008 options agreement has occurred with the effect that none of Mr Sheehy's options are presently exercisable at all.

The matter is not yet scheduled for a hearing.

If Mr Sheehy's new claim were successful, it may result in an additional 22,210,377 shares becoming issuable in relation to Nuix's equity-based compensation schemes and/or a potential damages payment. The damages sought by Mr Sheehy have not yet been specified by him. On 27 January 2021, Mr Sheehy purported to exercise his 453,273 options in respect of 22,663,650 Nuix shares. Nuix does not accept that any options held by Mr Sheehy are currently exercisable and the purported exercise was declined. While Mr Sheehy has not articulated the amount of damages or compensation he seeks, if he was to be successful in establishing his claims, damages are likely to be calculated by reference to the value of the opportunity Mr Sheehy may have had to be issued with 22,663,650 shares following his 27 January 2021 purported exercise of options versus the value of those shares at the time of any judgment in the proceedings. If Mr Sheehy was to be unsuccessful in relation to his claims, he would not be entitled to any payment from Nuix.

ASIC Investigation

As previously disclosed to the market (most recently on 10 August 2021), Nuix understands that ASIC is conducting an investigation in relation to potential contraventions of the Corporations Act concerning Nuix. While Nuix has not received any formal notification of the investigation from ASIC, Nuix understands that ASIC's investigations relevantly concern: 1) the financial statements of Nuix Limited for the period ending 30 June 2018, 30 June 2019 and 30 June 2020; 2) Nuix's prospectus dated 18 November 2020; and 3) Nuix's market disclosure in the period between the period 4 December 2020 to 31 May 2021. Nuix has not received any formal notification of an investigation from ASIC and remains confident that it has complied with its accounting and disclosure obligations.

Nuix has not received any indication of what (if any) action ASIC may take following the conclusion of any investigation.

Class Action Risk

In the period since Nuix was listed on the ASX, it has become aware of various media reports of class actions law firms considering potential class actions against Nuix in relation to its prospectus or market disclosure. No claim of that nature has yet been filed and no party has made any contact with Nuix in relation to any such claim. Nuix remains confident that it has complied with its accounting and disclosure obligations.

18. Events after the reporting date

As previously disclosed to the market (most recently on 10 August 2021), Nuix understands that ASIC is conducting an investigation in relation to potential contraventions of the Corporations Act concerning Nuix. While Nuix has not received any formal notification of the investigation from ASIC, Nuix understands that ASIC's investigations relevantly concern: 1) the financial statements of Nuix Limited for the period ending 30 June 2018, 30 June 2019 and 30 June 2020; 2) Nuix's prospectus dated 18 November 2020; and 3) Nuix's market disclosure in the period between the period 4 December 2020 to 31 May 2021. Nuix has not received any formal notification of an investigation from ASIC and remains confident that it has complied with its accounting and disclosure obligations. Nuix has not received any indication of what (if any) action ASIC may take following the conclusion of any investigation.

As noted in Note 12 of this report, for the abundance of caution Nuix has obtained waivers from CBA of potential technical or administrative breaches of CBA Facility Agreement (which was initially entered into in 2014), including a waiver until 20 November 2021 of any breaches which may have arisen as a result of the ASIC investigation. This waiver was entered into post the end of the financial year. The Company had fully paid all of those facilities as of 30 June 2021 and has not drawn down any additional funding since 30 June 2021. Nuix Limited continues to review its various financing options and requirements, which may include restructuring or refinancing its existing facilities, entering into new financing arrangements with a third party and/or cancelling facilities entirely.

CUSTOMERS
FOCUS, DELIVER, DELIGHT

TEAMWORK
STRONGER TOGETHER

INNOVATION
UNLEASH COLLECTIVE GENIUS

PASSION
COMMITTED TO THE MISSION

INTEGRITY
AUTHENTIC AND ACCOUNTABLE

PEOPLE
RESPECT, ENCOURAGE, REWARD

nuix

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APAC
Australia: +61 2 8320 9444

EMEA
UK: +44 203 934 1600

NORTH AMERICA
USA: +1 877 470 6849

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