

## MARKET RELEASE

21 April 2021

### Nuix revises FY21 forecasts

Sydney, Australia - Global software company Nuix Limited ('Nuix' or 'the Company'; **ASX: NLX**) provides an update to its IPO Prospectus FY21 forecasts, as noted below<sup>1</sup>, and provides commentary on recent trading conditions following completion of an internal quarterly management review.

- Pro Forma Revenue<sup>2</sup> of \$180m-\$185m (vs \$193.5m forecast in the IPO Prospectus)
- Annualised Contract Value (ACV) of \$168m-\$177m (vs \$199.6m)
- Pro Forma EBITDA of \$64.6m-\$66.6m (vs \$63.6m)
- Acceleration in customer transition to consumption and software as a service (SaaS) licenses impacts the revenue profile but delivers significant longer-term business model benefits
- Current operating climate has reduced near-term upsell opportunities, while revenue from renewals and new business remain in line with expectations
- Strong underlying business performance with substantial increases in new customers won, and total and average order values, compared to the same period in FY20

During April, a significant and larger than expected number of Nuix's customers, including one of its largest, elected to transition from module-based subscription licenses to consumption and SaaS license models, resulting in a shift in both revenue and ACV profiles.

Some of Nuix's law firm, advisory and service provider customers have also recently informed Nuix of a reduced add-on (upsell<sup>3</sup>) requirement for existing licenses. This is due to both their unutilised license capacity in the current climate, as well as the recovery in legal case backlog being slower than anticipated.

The accelerated switch to consumption licenses, including SaaS, is primarily driven by changing customer business models, caused in part by a shift from office settings to remote working environments and the need to have flexible global licensing to manage projects in line with data privacy and sovereignty requirements. It also reflects the attractiveness for many customers of a decision by Nuix to provide greater choice in deployment, including on-premise and in the cloud hybrid solutions, which assists customers as they evaluate their transition toward consumption licenses.

The transition to consumption licenses, including SaaS deployments, has had a near-term negative impact on statutory revenue generation. It does not, however, diminish Nuix's growth prospects which remain strong, as evidenced by ongoing increases in new customer acquisition and retention.

For the nine months ended 31 March 2021, the Company acquired more customers than in the same period for the previous year. The total order value and average order value from these new customers were significantly higher than the prior year period. An accelerating trend in customer preference is evidenced by more than 25 per cent of the total order value being derived from consumption licenses, including SaaS.

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<sup>1</sup> FY21 forecasts are based on current FX rates and remain subject to the same sensitivity analysis outlined in the Prospectus (particularly for USD: AUD)

<sup>2</sup> Pro forma revenue is the same as statutory revenue

<sup>3</sup> Prospectus, pg. 322, Glossary: Upsell Renewal - a sale in which an existing Nuix customer expands its current licence by purchasing more Nuix products, typically at a higher contract value

Over the last few months, customers have also continued to make longer-term commitments to Nuix, with a higher-than-expected level of multi-year contracts. While Nuix considers this to be a strong positive indicator of customer loyalty and retention, it also has a near-term impact on FY21 ACV growth.

Notable multi-year SaaS and hybrid contracts include the following 2 to 5-year commitments:

- Large American Law 200 customer
- Large Australian Advisory/LSV
- Large European (French) financial services firm
- Australian State Government
- European (German) utilities company

The increase in projected EBITDA over forecast is in part reflective of lower headcount, reduced travel costs, and FX benefit from USD costs. There are further EBITDA benefits that accrue to Nuix from its prior investment in SaaS infrastructure and cost optimisation, which support the growing customer demand for consumption licensing and help maintain high gross margins through significant operating leverage.

Rod Vawdrey, CEO of Nuix commented, “Over the last 18 months, Nuix has enabled its customers to move from module-based subscription licenses to more flexible consumption-based licensing models. The increasing rate of adoption of consumption licenses has had a positive impact on new business and existing retention notwithstanding a transitory downward impact on FY21 revenue. Giving our customers the choice in how they consume Nuix is a key competitive advantage.”

“The fundamental revenue drivers for Nuix are strong and underpinned by a growing order book and pipeline. It reflects the underlying strength of the Nuix software offering, a sticky, loyal customer base, strong growth in new business and an increase in order size. We look forward to shareholder participation in Nuix’s Investor Day in May.”

### **Investor Day**

Nuix will be hosting an Investor Day on Thursday 13 May that will include a demonstration of Nuix’s software. More details to follow.

### **Conference call**

Rod Vawdrey, Nuix CEO, and Stephen Doyle, CFO, will be hosting a conference call at 9.30am today to answer questions relating to the revised FY21 forecasts.

To register for the call, please follow the link below. Once registered, you will receive a calendar invitation including dial-in details, the required passcode and your unique access pin. To join the conference, simply dial the number provided and enter the passcode followed by your pin, and you will immediately join the conference with no need to wait for an operator.

Conference Call Registration: <https://s1.c-conf.com/diamondpass/10013670-n01rbl.html>

This announcement has been authorised by the Board of Nuix.

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