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Nuix acquires Natural Language Processing Company

Sydney, Australia — Global software company Nuix Limited (Nuix; ASX:NXL) today announced that it has entered into an agreement to acquire all the shares in Topos Labs, Inc. (Topos) a developer of Natural Language Processing (NLP) software that helps computer systems better understand text and spoken words at speed and scale.

Topos is a software company headquartered in Boston. Its artificial intelligence (AI) driven NLP platform is designed to reduce the workload on data reviewers and analysts by surfacing relevant or risky content faster. Its mission is to provide customers with risk-oriented content intelligence for proactive risk management and regulatory compliance.

Topos's early-stage platform is already able to automate accurate analysis and classification of complex content in documents, electronic communications, and social media. NLP models can be defined directly by business users through the no-code user interface, reducing the time required to identify risk in an organisation's data. Topos is then also able to present the risk assessment of confidential, sensitive, and regulated content in user-friendly dashboards.

By welcoming the Topos team and integrating the NLP capability at this stage of its development, Nuix can optimise the technology to benefit its Investigations, eDiscovery and GRC (Governance, Risk and Compliance) customers, further enhancing the unstructured data processing power of the Nuix Engine.

Nuix Engineering Founder and Chief Scientist David Sitsky said "The acquisition of Topos is an exciting evolution in Nuix's journey. Integrating the Nuix engine's ability to process vast quantities of unstructured data with the next generation NLP capabilities of Topos will be game-changing for Nuix's product portfolio."

Upon financial close which is expected in September 2021, the Topos team, including members of Topos senior management, will be joining Nuix. Closing is subject to the satisfaction or waiver of customary closing conditions.

Nuix CEO Rod Vawdrey said "Topos will strengthen Nuix's product offering by helping customers get to relevant data even faster. The potential for user-friendly dashboards and for users to easily customise the software to their specific needs also reflects Nuix's focus on empowering our customers to search through unstructured data at speed and scale. We look forward to Christopher Stephenson [Topos CEO] and his talented team joining Nuix."

Topos CEO Christopher Stephenson said "We are delighted to join Nuix and are excited about combining our innovative NLP platform with the Nuix platform. Along with my talented engineering and product team, I look forward to deploying Topos to further enhance Nuix's powerful processing capabilities and to being part of a global leader in investigative analytics and intelligence software."

The initial cost of the acquisition is US\$5 million on financial close, with the potential for a further US\$20 million comprised of US\$18.5 million cash payable to the seller of the shares in Topos, and up to US\$1.5 million in performance rights payable over 30 months¹.

The performance rights are to be granted to certain Topos team members who join Nuix and continue to provide services to Nuix during the period between closing and at the time of conversion of the performance rights.

The additional cash consideration is only payable, and the performance rights will only convert into ordinary shares, on achievement of revenue, staff retention and product development milestones², each of which relate directly to the further development of the AI driven NLP platform and its successful integration into the Nuix environment.

Nuix intends to pay the cash consideration from amounts generated by the ordinary operations of the Nuix group.

This announcement has been authorised by the Board of Nuix.

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¹ Performance rights will convert into a number of ordinary shares determined by reference to the value of the milestone instalment divided by the greater of the 5-day VWAP of Nuix shares before the proposed issue date, or the 20-day VWAP of Nuix shares prior to financial closing. Nuix may elect to satisfy the conversion right in cash instead. If all of the milestones are achieved, the maximum number of ordinary shares that may be issued will be determined by reference to the 20-day VWAP of Nuix's ordinary shares prior to closing and US\$1.5 million (converted into AUD\$ at prevailing exchange rate at the time of issue of the ordinary shares). Ordinary shares issued to the holders of performance rights will be voluntarily escrowed for 12 months from the date of issue.

² An assessment as to whether milestones have been achieved will take place annually after closing. If any milestone is not satisfied, the relevant cash instalment tied to its achievement will not be paid and the applicable tranche of performance rights will lapse.