NUIX LIMITED AND CONTROLLED ENTITIES

Appendix 4E and Preliminary Final Report

For the year ended 30 June 2023

A.B.N. 80 117 140 235

A.C.N. 117 140 235

ASX Code: NXL

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Appendix 4E

Results for announcement to the market

Statutory results for the year ended 30 June	% change	2023 $000	2022 $000
Revenue from ordinary activities	Improved 19.8%	182,465	152,310
Loss from ordinary activities after tax attributable to members	Improved 75.5%	(5,589)	(22,791)
Loss for the year attributable to members	Improved 75.5%	(5,589)	(22,791)

Other information

Dividends

It is not proposed that dividends be paid for the year ended 30 June 2023 (30 June 2022: nil).

Dividend reinvestment plan

Nuix Limited has not implemented a dividend reinvestment plan.

Net Tangible Assets ('NTA') backing[1]

As at 30 June	2023	2022
NTA[1] (thousands of dollars)	22,317	28,616
Number of shares (thousands)	317,499	317,315
NTA per share (cents)	7.0	9.0

Supplementary comments

Additional information may be found in the media release and investor presentation lodged with the ASX on 17 August 2023 and the Operating and financial review.

Entities over which control, joint control or significant influence was gained or lost

There were no entities over which control had been gained or lost during the year ended 30 June 2023. 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. In line with last year and in accordance with the *Corporations Act 2001*, the Preliminary Final Report is unaudited and contains disclosures which are extracted or derived from the Annual Financial Report for the year ended 30 June 2023. The Annual Financial Report is being audited and is expected to be made available in September 2023.

[1] 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 2023 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.

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 following commentary should be read with the consolidated financial statements and the related notes in the Financial Report.

Non-GAAP measures have been included, in particular Annualised Contract Value (ACV), as Nuix believes they provide information for readers to assist in understanding the company'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

Nuix is a leading provider of investigative analytics and intelligence software which empowers organisations to simply and quickly find meaningful insights from large amounts of unstructured data.

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 since 2000, and assists customers in solving 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 data.

No significant change in the nature of these activities occurred during the year.

2. Significant changes in state of affairs

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

3. Business strategies

During the financial year, Nuix continued work on key strategic initiatives to drive growth through a renewed focus on customer centricity. The overarching strategy hinges on three key horizons of change:

- Horizon 1 – Build on our strengths: Immediate focus on driving competitiveness, commercial performance and customer relationships in Nuix's core business;
- Horizon 2 – Differentiate for large enterprise: Medium term growth from anticipating the needs of enterprise customers and building out Nuix's cross-solution platform; and
- Horizon 3 – Solve for the future: Longer-range investment and prioritisation of innovation pipeline for new ways to use Nuix technologies.

Horizon 1 initiatives were implemented to drive near term business momentum and provide Nuix with a solid foundation for future growth. By the end of the financial year, almost all key Horizon 1 initiatives were at or near completion.

Nuix achieved near term goals in relation to new price book, improved renewal process, organisational restructure and the build out of the marketing function. In addition, Nuix was close to completion on initiatives relating to sales enablement optimisation and performance and reward alignment.

The Company is investing in its service offerings, which will provide an opportunity to embed and refine upgraded service offerings as part of a standardised process, and will be an important part of the Nuix Neo rollout.

These Horizon 1 initiatives are intended to not only drive near term revenue, profitability and operational efficiencies, but to also provide the foundations for longer term growth across Horizons 2 and 3.

Nuix's critical Horizon 2 project is the development of the Nuix Neo unified platform. Important work was undertaken in FY23 on the development of the platform in preparation for launch in early FY24.

Work also continued on specific use case solutions – the Horizon 3 objective – underpinned by Nuix Neo. These use case solutions provide an easy to use, templatised, repeatable approach to specific customer needs. The first use case solution, Data Privacy, was developed during FY23 for launch in early FY24.

4. Group performance

Statutory revenue for the year was $182,465,000, up 19.8% on the prior corresponding period. Statutory revenue displays a greater degree of variability than Annualised Contract Value (ACV) due to the accounting impacts of multi-year deals. The rise in Statutory Revenue was despite a moderation of the proportion of multi-year deals to 40%, from 30% in FY22.

Traditional module-style licences continue to drive the bulk of statutory revenue, although growth was recorded across all licence types during the year.

Non-operational legal costs of $7,816,000 were lower during the year compared to the prior year amount of $13,796,000. This impact, along with stronger revenue growth and general cost containment meant Statutory EBITDA was materially higher than the prior corresponding period, up 189.2% to $34,891,000.

Nuix maintained elevated levels of research and development spend during the year, with total spend flat year on year. Important progress was made on critical projects including the development of Nuix Neo. As a proportion of revenue, research and development spend fell to 32%, compared to 38% in FY22.

The Group reported a Net Loss After Tax of $5,589,000 for the financial year, compared to a Net Loss After Tax of $22,791,000 in the prior corresponding period.

Annualised Contract Value (ACV)

Annualised Contract Value (ACV) is a non-GAAP measure that gives an indication of the annualised "run rate" of Nuix's contract value at a given point in time, adjusting for the sometimes volatile impacts of multi-year deals on measures such as statutory revenue.

Annualised Contract Value (ACV) at 30 June 2023 was $185,500,000, up 14.5% compared to 30 June 2022, driven by stronger net upsell to existing customers, continued low churn and foreign exchange tailwinds.

Subscription ACV is a component of Total ACV and is an important indicator of ACV that is generally recurring in nature. Subscription ACV grew 14.4% year on year to $169,844,000 comprising 92% of overall ACV.

"Other ACV", comprising short-term (less than 12 month) and perpetual licences, and services ACV, rose 15.2% to $15,706,000.

5. Group financial position

The Group has no debt and a closing cash balance of $29,588,000 at 30 June 2023, down from $46,846,000 from the previous financial year. The decrease in cash and cash equivalents is primarily due to the milestone payment for the Topos acquisition and non-operational legal costs.

The increase in research and development spend and sales and marketing costs during the year was funded by underlying operational cash flow. Nuix was cash flow positive in the year excluding Topos and non-operational legal costs and in the near term aims to be cash flow positive including both existing M&A and non-operational legal spend.

Consolidated statement of comprehensive income

For the year ended 30 June 2023

	Notes	2023 $000	2022 $000
Revenue	3	182,465	152,310
Cost of goods sold		(22,949)	(18,440)
Gross profit		**159,516**	**133,870**
Sales and distribution		(65,039)	(60,022)
Research and development		(58,382)	(47,811)
General and administration		(43,214)	(50,787)
Other income	4	1,319	1,230
Net realised and unrealised foreign exchange gains		735	1,045
Operating loss		**(5,065)**	**(22,475)**
Finance costs		(1,220)	(1,630)
Fair value gain on contingent consideration		1,011	-
Loss before income tax		**(5,274)**	**(24,105)**
Income tax (expense)/benefit		(315)	1,314
Loss for the year		**(5,589)**	**(22,791)**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		4,074	7,873
Other comprehensive income, net of tax		**4,074**	**7,873**
Total comprehensive loss for the year, net of tax		**(1,515)**	**(14,918)**
Earnings per share			
Basic	17	(0.02)	(0.07)
Diluted	17	(0.02)	(0.07)

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

Consolidated statement of financial position

As of 30 June 2023

	Notes	2023 $000	2022 $000
Current assets			
Cash and cash equivalents	6	29,588	46,846
Trade and other receivables (including contract assets)	7	68,534	50,813
Other current assets	8	7,323	8,098
Current tax assets		1,441	1,918
Total current assets		**106,886**	**107,675**
Non-current assets			
Deferred tax assets		3,958	3,326
Intangible assets	9	244,567	237,125
Property and equipment		2,944	3,040
Right of use assets		8,647	11,189
Trade and other receivables (including contract assets)	7	12,566	11,762
Total non-current assets		**272,682**	**266,442**
Total assets		**379,568**	**374,117**
Current liabilities			
Trade and other payables	10	28,655	23,742
Deferred revenue	11	38,998	32,544
Provisions		3,000	2,898
Lease liabilities		3,028	2,802
Other current liabilities	12	9,839	7,528
Total current liabilities		**83,520**	**69,514**
Non-current liabilities			
Deferred revenue	11	15,947	16,741
Provisions		1,171	1,017
Lease liabilities		8,088	10,848
Other non-current liabilities	12	-	6,930
Total non-current liabilities		**25,206**	**35,536**
Total liabilities		**108,726**	**105,050**
Net assets		**270,842**	**269,067**
Equity			
Issued capital	14	370,696	370,696
Reserves	15	(156,175)	(163,539)
Retained earnings		56,321	61,910
Total equity		**270,842**	**269,067**

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 2023

	Issued capital $000	Share option reserve $000	Foreign currency translation reserve $000	Treasury share reserve $000	Retained earnings $000	Total equity $000
Balance at 1 July 2021	**370,696**	**(171,641)**	**(2,681)**	**-**	**84,701**	**281,075**
Profit for the year	-	-	-	-	(22,791)	(22,791)
Other comprehensive income	-	-	7,873	-	-	7,873
Total comprehensive income/(loss)	**-**	**-**	**7,873**	**-**	**(22,791)**	**(14,918)**
Transactions with owners						
Share-based payments	-	2,910	-	-	-	2,910
Balance at 30 June 2022	**370,696**	**(168,731)**	**5,192**	**-**	**61,910**	**269,067**
Balance at 1 July 2022	**370,696**	**(168,731)**	**5,192**	**-**	**61,910**	**269,067**
Profit for the year	-	-	-	-	(5,589)	(5,589)
Other comprehensive income	-	-	4,074	-	-	4,074
Total comprehensive income/(loss)	**-**	**-**	**4,074**	**-**	**(5,589)**	**(1,515)**
Transactions with owners						
Share-based payments	-	3,466	-	-	-	3,466
Treasury shares acquired	-	-	-	(176)	-	(176)
Treasury shares transferred to settle share-based payments arrangement	-	(176)	-	176	-	-
Balance at 30 June 2023	**370,696**	**(165,441)**	**9,266**	**-**	**56,321**	**270,842**

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 2023

	Notes	2023 $000	2022 $000
Cash flows from operating activities			
Receipts from customers		165,188	171,544
Payments to employees and suppliers		(129,659)	(139,410)
Interest received		19	1
Income tax paid		(277)	(385)
Net cash from operating activities	16	**35,271**	**30,120**
Cash flows from investing activities			
Payments for software development costs	9	(39,940)	(42,388)
Purchase of property and equipment		(1,300)	(2,358)
Acquisition of Topos Labs, LLC, net of cash acquired		(6,890)	(6,861)
Net cash used in investing activities		**(48,130)**	**(51,607)**
Cash flows from financing activities			
Principal payments of lease		(2,880)	(2,727)
Interest paid		(1,239)	(1,630)[1]
Purchase of treasury shares		(176)	-
Net cash used in financing activities		**(4,295)**	**(2,727)**
Net change in cash and cash equivalents		(17,154)	(24,214)
Cash and cash equivalents at beginning of financial year		**46,846**	**70,865**
Exchange differences on cash and cash equivalents		(104)	195
Cash and cash equivalents at end of financial year		**29,588**	**46,846**

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

[1] Interest paid has been reclassified as a financing activity as it relates primarily to leases recognised on balance sheet, and line fees for the CBA facility which was terminated in September 2022.

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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 and Interpretations ('IFRICs') 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 2022.

1.3 Critical accounting estimates and judgments

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 2022.

1.4 Going concern

At 30 June 2023, the Group is in a net current asset position of $23,366,000. At 30 June 2023, the Group had $29,588,000 available cash and cash equivalents (refer to Note 6). The financial statements have been prepared on a going concern basis.

In preparing these financial statements, the Group has prepared, and the Directors have considered cash flow forecasts, taking into account information currently available regarding current conditions and those, at least but not limited to, twelve months from the end of the reporting period. Important to these cash flows are the assumptions used regarding seeking to return to net cash inflows in FY24, the potential outcomes and timings of the regulatory and litigation matters as discussed in Note 18, and access to other funding sources should they be required to achieve the Group's strategy. The uncertainties attached to funding sources, the unknown outcomes of the litigation matters together with the potential business impacts of the ongoing litigation matters and their attendant reputational and financial impacts, gave rise to the Group concluding that while there are uncertainties related to events or conditions that may, depending on the circumstances, cast doubt on the entity's ability to realise its assets and discharge its liabilities in the normal course of business, it remains appropriate that the financial statements be prepared on a going concern basis.

In forming this conclusion, the Directors consider that the Group has a business plan which appropriately considers the following assumptions, associated risks and mitigating factors:

- cash flow forecasts include the launch of new products and solutions, launch of new markets, growth in revenue supported by the continued investment in sales capability and product development along with significant unusual matters such as the settlement of contingent consideration for the Topos Labs acquisition, Rampiva acquisition, and ongoing legal fees.
- the Group outperformed its target in FY23 of being cash flow neutral, excluding the impact of non-operational legal fees and M&A activity, and is seeking a return to net cash inflows in FY24. There are risks to achieving this given forecast economic headwinds, foreign currency impact and broader business impacts of the litigation matters;
- recent results of operating activities undertaken aligned with the new Nuix strategy including price rises and an improving NDR% have been taken into account when setting revenue forecasts used to derive forecast cash receipts;
- the potential timing and quantum of any adverse outcomes from the current litigation action by the regulator as detailed in Note 18. In applying the assumptions and judgements, we have had regard to the penalty regime, views of our advisors and potential likelihood of outcomes;
- the litigation and claims underway, and the potential impact to the business should there be a significant adverse judgment in the cash forecast period. The Directors also have had regard to the Group's options to appeal any adverse judgement, should one arise, and associated usual appeal hearing timeframes. With the exception of legal fees, the forecasts do not include cash outflows related to any claims; and
- the Directors continue to assess debt financing options to provide medium- and long-term support for the business strategy. The Group has no current debt financing facilities and there is uncertainty of debt financing becoming available to the Group in the cash forecast period.

The outcomes of these indicate sufficient cash balances throughout the next 12 months with a targeted return to net cash inflows in the year ended 30 June 2024.

Further, the Group has prepared, and the Directors have considered a cash flow forecast which examines a range of alternate scenarios, in particular, as they relate to outcomes from the litigation matters.

Additional mitigants available include:

- the ability to reduce forecast operating expenditure to retain cash, aligning timing of reductions and preservation of cash to expected legal milestones. Potential reductions are through ceasing recruitment of new staff, managing consulting spend, delaying the development of new products, and/or other cost reduction measures. While the Directors have determined these can be implemented as required to scale back cash outflows, they may impact the ability of the Group to achieve its strategy; and
- in the event that it is required, the ability to raise equity from existing and or new shareholders based on known levels of interest and support.

The Directors additionally have processes to monitor actual results closely such that mitigating actions can be taken at pace, in the amounts which may be required should they be required in the relevant timeframes.

Based on the above, the Directors are satisfied that the Group will be able to continue to realise its assets and discharge its liabilities in the normal course of business for a minimum of the next twelve months.

1.5 Significant events and transactions

During the year ended 30 June 2023, central banks including the Reserve Bank of Australia have lifted the risk-free rate of interest. Notwithstanding this change in the macroeconomic environment, no impairment has been recognised against the intangible assets of the Group.

For a detailed discussion about the Group's performance and financial position, refer to the "Operating and financial review" section of this report.

2. Segment information

2.1 Segment performance

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.

	2023 $000	2022 $000
Software	176,691	146,418
Services	5,335	5,840
Revenue from events (sponsorship and ticket sales)	439	-
Hardware	-	52
Total revenue	**182,465**	**152,310**

In general, a large amount of revenue was generated from customers that are global and transactions that cross multiple countries 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.

Key elements adjusted from statutory loss after tax to derive segment EBITDA are as follows:

	2023 $000	2022 $000
Net loss after tax	(5,589)	(22,791)
Less: Income tax (expense)/benefit	(315)	1,314
Loss before income tax	**(5,274)**	**(24,105)**
Add: Depreciation and amortisation	40,691	35,584
Add: Interest expense	1,220	1,630
Less: Net foreign exchange (gains)	(735)	(1,045)
Less: Fair value gain on contingent consideration	(1,011)	-
EBITDA	**34,891**	**12,064**

2.2 Geographic information

Revenue generated by location of customer[1]	2023 $000	2022 $000
Asia Pacific	41,698	34,479
Americas	91,740	82,708
Europe, Middle East and Africa (EMEA)	49,027	35,123
	182,465	**152,310**

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

Non-current assets by geographic location	2023 $000	2022 $000
Asia Pacific	143,400	134,928
Americas	128,101	129,492
Europe, Middle East and Africa (EMEA)	1,145	2,022
	272,646	**266,442**

3. Revenue

	2023 $000	2022 $000
Software (including related support and maintenance)	176,691	146,418
Services	5,335	5,840
Revenue from events (sponsorship and ticket sales)	439	-
Hardware	-	52
	182,465	**152,310**

Disaggregation of revenue

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

Revenue by type

	2023 $000	2022 $000
Subscription licences	115,428	88,953
Perpetual licences	30,317	26,174
Consumption licences	30,946	31,291
Total licence revenues (including related support and maintenance)	**176,691**	**146,418**
Professional services	5,335	5,840
Revenue from events (sponsorship and ticket sales)	439	-
Hardware	-	52
Total other revenues	**5,774**	**5,892**
Total revenues	**182,465**	**152,310**

Timing of revenue recognition

	2023 $000	2022 $000
Point in time	114,933	94,094
Overtime	67,532	58,216
	182,465	**152,310**

4. Other income

	2023 $000	2022 $000
Government grant income	1,080	1,157
Other income	239	73
	1,319	**1,230**

5. Loss for the year

The loss for the year has been arrived at after charging the following items:

	2023 $000	2022 $000
Expenses (included in general and administration)		
Legal fees – operational	2,909	1,841
Legal fees – non-operational[1]	7,816	13,796
Bad debts expense	956	1,221
Low value / short term leases	1,018	313
Employee benefit expenses, inclusive of share-based payment expenses (recognised across functions)		
Sales and distribution	52,646	55,226
Research and development	25,156	13,950
General and administration	15,992	15,904
Depreciation and amortisation (recognised across functions)		
Sales and distribution	1,895	2,378
Research and development	36,688	31,948
General and administration	1,808	1,258
Cost of goods sold	300	-
Interest expense	1,220	1,630
Fair value gain on contingent consideration	(1,011)	-

6. Cash and cash equivalents

	2023 $000	2022 $000
Bank balances	29,588	46,846
Total cash and cash equivalents	**29,588**	**46,846**

[1] Relates to costs for Group's defences to the actions brought as disclosed in Note 18, and legal advice for the acquisition of Topos Labs, LLC.

7. Trade and other receivables (including contract assets)

	Note	2023 $000	2022 $000
Trade receivables		41,634	29,309
Provision for impairment of trade receivables and unbilled revenue		(1,702)	(1,007)
Unbilled revenue		40,422	34,273
Other non-current investment (cash backed bank guarantee)	13	746	-
Total trade and other receivables		**81,100**	**62,575**

Presentation of balances

	2023 $000	2022 $000
Current	68,534	50,813
Non-current	12,566	11,762
Total trade and other receivables	**81,100**	**62,575**

Ageing of overdue receivables

	2023 $000	2022 $000
1 – 3 months	6,918	3,212
4 – 6 months	1,234	365
Over 6 months	736	1,232
	8,888	**4,809**

8. Other current assets

	2023 $000	2022 $000
Prepayments	5,504	6,164
Costs of obtaining contracts	1,485	1,650
Other receivables	334	284
Total other current assets	**7,323**	**8,098**

9. Intangible assets

	Goodwill $'000	External licenses $'000	Brand $'000	Intellectual property $'000	Total $'000
Year ended 30 June 2022					
Balance at 1 July 2021	4,145	111	666	192,493	197,415
Effect of movements in exchange rates - cost	384	140	62	8,993	9,579
Effect of movements in exchange rates - accumulated amortisation & impairment	-	(133)	(7)	(2,719)	(2,859)
Acquisition via business combination[1]	13,872	-	95	7,088	21,055
Additions	-	-	-	42,388	42,388
Transfers from other asset classification	-	1,275	-	-	1,275
Amortisation	-	(362)	(246)	(31,120)	(31,728)
Balance at 30 June 2022	**18,401**	**1,031**	**570**	**217,123**	**237,125**
Carrying amount at 30 June 2022					
At cost	18,401	3,786	823	336,222	359,232
Accumulated amortisation & impairment	-	(2,755)	(253)	(119,099)	(122,107)
Balance at 30 June 2022	**18,401**	**1,031**	**570**	**217,123**	**237,125**
Year ended 30 June 2023					
Balance at 1 July 2022	18,401	1,031	570	217,123	237,125
Effect of movements in exchange rates - cost	711	65	32	4,821	5,629
Effect of movements in exchange rates - accumulated amortisation & impairment	-	(64)	(14)	(1,663)	(1,741)
Additions	-	-	-	39,940	39,940
Amortisation	-	(348)	(210)	(35,828)	(36,386)
Balance at 30 June 2023	**19,112**	**684**	**378**	**224,393**	**244,567**
Carrying amount at 30 June 2023					
At cost	19,112	3,851	855	380,983	404,801
Accumulated amortisation & impairment	-	(3,167)	(477)	(156,590)	(160,234)
Balance at 30 June 2023	**19,112**	**684**	**378**	**224,393**	**244,567**

[1] Following the Topos Labs acquisition, the US Dollar denominated balances of the intangible assets acquired as a part of the business combination are: Goodwill: US $9,536,000; Brand: US $65,000; Intellectual property: US $4,873,000.

10. Trade and other payables

	2023 $000	2022 $000
Sundry payables and accrued expenses	22,397	16,626
Trade payables	4,215	5,311
Customer deposits	54	245
Payroll tax and other statutory liabilities	852	878
Indirect taxes payable	1,137	682
Total trade and other payables	**28,655**	**23,742**

11. Deferred revenue

	2023 $000	2022 $000
Customer-related		
Support and maintenance on term licences	20,669	15,026
Term licences (billed) commencing post balance date	3,890	3,370
Support and maintenance on perpetual licenses	16,077	14,862
Consumption income	7,510	8,189
Professional services income	3,060	2,922
	51,206	**44,369**
Tax incentive-related		
Research and development	3,739	4,916
Total deferred revenue	**54,945**	**49,285**

Movements during the year of tax incentive related deferred revenue

	2023 $000	2022 $000
Opening balance	4,916	5,395
Other income recognised in the current year	(1,080)	(1,157)
Additional research and development incentive	269	678
Changes in estimates related to prior years	(366)	-
Closing balance	**3,739**	**4,916**

Presentation of balances

	2023 $000	2022 $000
Current	38,998	32,544
Non-current	15,947	16,741
Total deferred revenue	**54,945**	**49,285**

12. Other liabilities

	2023 $000	2022 $000
Contingent consideration	6,188	7,528
Other payables	3,651	-
Other current liabilities	**9,839**	**7,528**
Contingent consideration	-	6,330
Other non-current liability	-	600
Other non-current liabilities	**-**	**6,930**

Other payables

Included in other payables is an amount of $3,051,000 in relation to reverse factoring arrangement that provides Nuix with predictable monthly payments for insurance premiums covering the period December 2022 until December 2023. The arrangement does not significantly extend the payment terms beyond normal terms agreed with other suppliers for insurance coverage that is received and used on a ratable basis.

13. Borrowing facility

Secured liabilities

Nuix Limited had a Facility Agreement with the Commonwealth Bank of Australia ('CBA') which provided funding to the Company through a Cash Advance Facility for the period to 11 September 2022.

Funding under the Cash Advance Facility was 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 fluctuated from period to period, with $50,000,000 having been available under these facilities. The Company had not drawn on either of these facilities during the period up to its termination on 11 September 2022. The Company will continue to assess its ongoing liquidity requirements.

The company has a CBA bank guarantee for the amount of $746,460 to support Nuix Limited's obligation for a property lease for its headquarter in Australia. This guarantee is cash backed by the Group. Nuix Limited's obligations in respect to the bank guarantee are contingent only.

14. Issued capital

Movements in ordinary shares	2023 Shares	2022 Shares	2023 $000	2022 $000
Opening balance	317,314,794	317,314,794	370,696	370,696
Shares issued – Employee performance rights	184,364	-	-	-
Closing balance	**317,499,158**	**317,314,794**	**370,696**	**370,696**

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.

15. 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 option reserve

The share option reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Treasury share reserve

The reserve for the Company's treasury shares comprises the cost of the Company's shares acquired and transferred to settle share-based payment arrangement.

Movements in reserves	2023 $000	2022 $000
Share option reserve		
As at 1 July	(168,731)	(171,641)
Share-based payment arrangement	3,466	2,910
Settlement of share-based payment arrangements	(176)	-
As at 30 June	**(165,441)**	**(168,731)**
Foreign currency translation reserve		
As at 1 July	5,192	(2,681)
Foreign currency translation reserve	4,074	7,873
As at 30 June	**9,266**	**5,192**
Treasury share reserve		
As at 1 July	-	-
Treasury shares acquired	176	-
Less: Shares transferred to settle share-based payments arrangement	(176)	-
As at 30 June	**-**	**-**
Total Reserves	**(156,175)**	**(163,539)**

16. Reconciliation of cash flows from operating activities

	2023 $000	2022 $000
Cash flows from operating activities		
Loss for the year (before income tax)	(5,274)	(24,105)
Non-cash charges recognised in profit and loss:		
Depreciation	4,305	3,856
Amortisation of intangible assets	36,386	31,728
Amortisation of capitalised borrowing costs	14	66
Bad debts expense	956	1,221
Share based payment expense	3,514	2,997
Net exchange rate differences	(34)	604
Fair value gain on contingent consideration	(1,011)	-
Changes in assets and liabilities:		
Decrease / (increase) in trade and other receivables	(19,584)	9,346
(Increase) / decrease in deferred tax asset	(156)	(257)
Increase in other current assets	713	(2,717)
Increase / (decrease) in trade and other payables	(1,129)	3,444
Increase / (decrease) in deferred revenue	5,758	3,247
Increase in employee benefits provisions	5,709	702
Decrease in current tax liabilities	(316)	(543)
Increase in other liabilities	5,371	-
Increase in provision for make good	49	531
Net cash from operating activities	**35,271**	**30,120**

17. Earnings per share

	2023 $000	2022 $000
Loss for the year	(5,589)	(22,791)
Weighted average number of ordinary shares (basic)	317,375,912	317,314,794
Basic earnings per share (in dollars)	**(0.02)**	**(0.07)**
Loss for the year	(5,589)	(22,791)
Weighted average number of ordinary shares (basic)	317,375,912	317,314,794
Shares issuable in relation to equity-based compensation scheme	9,595,860[1]	4,527,969
Effect of share options and performance rights	Antidilutive[2]	Antidilutive
Diluted weighted average number of ordinary shares	326,971,772	321,842,763
Diluted earnings per share (in dollars)	**(0.02)**	**(0.07)**

[1] Comprises potential ordinary shares issuable in relation to performance rights. Options are only considered in the calculation of diluted earnings per share when the current share price exceeds the option exercise price (in the money options). Share options that remain on-foot and are fully vested have exercise prices higher than the current share price, and therefore do not give rise to potential ordinary shares that are used in the calculation of diluted earnings per share.

[2] In the year ended 30 June 2023, 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 2023 (30 June 2022: Antidilutive).

18. Contingencies

On the basis that Group has determined the below matters to be contingent liabilities, no liabilities have been recognised in the financial statements in relation to these matters.

Sheehy litigation

In November 2019, Nuix compromised a claim and formal proceedings brought by former CEO, Eddie Sheehy (Mr 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 **2019 Judgment**). In accordance with the 2019 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 (**2020 Proceedings**) alleging that Nuix had acted inconsistently with the terms of the 2008 options agreement under which he was granted certain options in the event that a sale of the Nuix business occurred. Mr Sheehy alleged that as a result of a 1 for 50 share split conducted by Nuix in March 2017 and the Nuix IPO in December 2020, his remaining 453,273 options constituted options over 22,663,650 shares and that those options became exercisable, and were validly exercised, following the Nuix IPO. Mr Sheehy also alleged that Nuix not recognising his claim for an entitlement to 22,663,650 shares options and not issuing him with those shares was oppressive, unfairly prejudicial, unfairly discriminatory and/or unconscionable. Mr Sheehy sought declarations as to his alleged entitlements, compensation and damages.

Nuix denied all of the allegations and, in particular, maintained that the dispute in relation to the number of options/shares to which Mr Sheehy was entitled was properly compromised and validly determined by the 2019 Judgment and it was 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 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 were presently exercisable at all.

The matter was heard over a four-day hearing from 27 June to 30 June 2022 and included the presentation of opening submissions, lay evidence and expert evidence from both parties. A further one-day hearing was held in August 2022, in which counsel for Nuix and Mr Sheehy provided closing submissions.

On 7 February 2023, the Federal Court of Australia dismissed Mr Sheehy's claims. There is no requirement for Nuix to amend its options register and Mr Sheehy is not entitled to any monetary compensation from the Company.

Mr Sheehy has appealed the decision. The appeal is set down for hearing on 23 and 24 August 2023 before the Full Federal Court of Australia.

The primary issues to be determined on appeal are whether the Court correctly found that Mr Sheehy was precluded from bringing his claims in the 2020 Proceedings, and that the Nuix IPO did not constitute a "sale of the [Nuix] business" within the meaning of that term in the 2008 options agreement. The potential value of the damages Mr Sheehy may be awarded if he were to be wholly successful is approximately $60m-$62m plus any interest on that amount.

ASIC proceedings

As previously disclosed to the market, ASIC conducted an investigation in relation to potential contraventions of the Corporations Act 2001 (Cth) concerning Nuix. ASIC's investigations relevantly concerned: 1) the financial statements of Nuix Limited for the period ending 30 June 2018, 2019 and 2020; 2) Nuix's prospectus dated 18 November 2020; and 3) Nuix's market disclosures in the period between 4 December 2020 to 31 May 2021 (**Continuous Disclosure Conduct**).

As advised to the market on 10 February 2022, ASIC notified Nuix that it had completed the aspects of its investigation relating to points 1) and 2) above and had determined that it will not take any further action in relation to those matters.

In relation to the Continuous Disclosure Conduct, and as advised to the market on 29 September 2022, ASIC commenced civil proceedings in the Federal Court against the Company and its directors during the period 18 January 2021 to 21 April 2021. ASIC alleges that aspects of the Company's market disclosure in that period contravened provisions of the Corporations Act and ASIC Act, and that the relevant directors breached their duties in respect of that disclosure. In particular, ASIC claims that the Company's disclosure of its Annualised Contract Value (**ACV**) and statutory revenue performance as against forecasts were deficient. ASIC seeks declarations in respect of the alleged contraventions, pecuniary penalties against Nuix and pecuniary penalties and disqualification orders against the relevant directors.

Nuix has fully cooperated with ASIC during the course of its investigation into these matters. Nuix denies the allegations made by ASIC and filed its defence to the claim on 23 December 2022. The matter has been listed for a final hearing on liability from 20 November 2023 to 15 December 2023.

ASIC Investigation

As previously disclosed to the market, ASIC is conducting an investigation into the acquisition of Nuix shares by its CEO in early September 2022 and Nuix's response to an ASX enquiry, relating to those circumstances released on 14 September 2022.

The CEO's acquisition of Nuix shares took place with prior approval and during an approved trading window. Nuix has fully cooperated with ASIC during the course of its investigation.

Class Action Risk

On 22 November 2021, Nuix received a class action claim filed in the Supreme Court of Victoria by Shine Lawyers on behalf of Mr William Lay and persons who acquired interests in Nuix shares in the period between 18 November 2020 and 30 May 2021. In essence, the claim alleged that Nuix contravened provisions of the Corporations Act 2001 (Cth), the ASIC Act 2001 (Cth) and the Australian Consumer Law in connection with its disclosures concerning its forecast FY21 revenue. The claim does not identify the amount of any damages sought.

On 23 November 2021, a second class action claim was filed in the Supreme Court of Victoria by Phi Finney McDonald on behalf of Mr Daniel Joseph Batchelor and persons who acquired interests in Nuix shares by subscription in its IPO or in the period between 4 December 2020 and 29 June 2021. The claim related to information contained in Nuix's Prospectus and Nuix's disclosure concerning forecast FY21 revenue and alleges that Nuix contravened provisions of the Corporations Act 2001 (Cth) and the ASIC Act 2001 (Cth). The claim covers similar subject matter to the claim filed by Shine Lawyers which was announced on 22 November 2021 and does not identify the amount of any damages sought. Mr Batchelor's claim has also been commenced against Macquarie Capital (Australia) Limited and Macquarie Group Limited as co-defendants.

On 10 March 2022, Nuix became aware of a further overlapping class action claim filed against it in the Supreme Court of Victoria. This class action claim was commenced by the Banton Group on behalf of Ms Stella Stefana Bahtiyar on behalf of persons who acquired shares in Nuix in the period between 18 November 2020 and 31 May 2021. As with the other two class action claims which were filed, the Banton Group claim related to information contained in Nuix's Prospectus and Nuix's disclosures concerning its forecast FY21 revenue and alleged that Nuix contravened provisions of the Corporations Act 2001 (Cth), the ASIC Act 2001 (Cth) and the Australian Consumer Law. The claim did not identify the amount of any damages sought. The claim also named some other parties associated with the initial public offering, including Directors during the relevant period as co-defendants.

On 16 June 2022, a hearing was held in the Supreme Court of Victoria to seek to deal with the competing and overlapping claims made in the three class actions so that Nuix would face, in effect, only one class action in relation to the relevant allegations.

On 23 August 2022, the Supreme Court of Victoria handed down a decision in relation to the three competing and overlapping claims filed against Nuix. The Supreme Court of Victoria ordered that:

- the proceeding commenced by Banton Group (which had sought to join a number of Directors as co-defendants) be permanently stayed; and
- the proceeding commenced by Shine Lawyers and Phi Finney McDonald be consolidated.

Nuix denies the allegations contained in the consolidated claim and filed its defence on 4 November 2022. The Second and Third Defendants (Macquarie Capital (Australia) Limited and Mr Daniel Phillips) have also filed defences denying the allegations contained in the consolidated claim. The matter has not been set down for a hearing.

Bank guarantee

The Company has a bank guarantee to the amount of $746,460 to secure certain obligations of the Company that arise under a commercial property lease. Subsequent to the termination of the Facility Agreement with the Commonwealth Bank of Australia in September 2022, this obligation is now cash backed by the Group.

19. Events after the reporting date

On 3 July 2023, the Group announced that it achieved financial close on the acquisition of Rampiva (Rampiva Global, LLC and Rampiva Technology, Inc.), having previously announced on 23 May 2023 that it had entered into an agreement to acquire all the shares in Rampiva, a workflow automation and job scheduling software provider. The control over Rampiva was obtained when financial close was completed. Rampiva is used by customers where the cost, ease and administration of hyper-scale data processing is no longer sustainable manually. The initial cost of the acquisition was USD $2.0m in cash and USD $2.0m in Nuix newly issued shares, which was paid on financial close. Up to a further USD $3.0m in Nuix shares will be issued if Rampiva achieves ACV growth and cost management milestones for the three years post-acquisition. The transaction brings to the Group the Rampiva team, technological capabilities, and cross-sell and growth opportunities for both Nuix and Rampiva customers. Management is in the process of finalising the accounting for the acquisition, including the determination of fair value of the identified acquired assets and assumed liabilities, and the determination of the fair value of the consideration for the business combination, given the timing of the acquisition relevant to the completion of these accounts.

Except as disclosed above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

TAKE OWNERSHIP_ AND FOLLOW UP

RESILIENT_ WE LEARN FROM THE PAST AND ARE OPTIMISTIC ABOUT TOMORROW

UNAFRAID_ TO DO THE RIGHT THING, QUICKLY

TEAM NUIX_ FIRST AND FOREMOST

HERO OUR CUSTOMERS_ AND INNOVATE FOR THEM

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