MARKET RELEASE
09 September 2024

Release of Audited FY24 Results

Sydney, Australia – Nuix ('the Company', ASX: NXL) advises that, further to the release on 19 August 2024 of the Company's Preliminary FY24 Financial Results, the Company today releases its audited FY24 Financial Reports, Directors' Reports and Auditor's Reports.

The Board confirms there are no material differences arising from the completion of the FY24 audited reports.

This announcement has been authorised by the Board of Nuix.

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About Nuix

Nuix is a leading provider of investigative analytics and intelligence software, that empowers customers to be a force for good by finding truth in the digital world. We help customers collect, process and review large amounts of structured and unstructured data, making it searchable and actionable at scale and speed, with forensic accuracy.

For further information, please visit https://www.nuix.com/investors

NUIX LIMITED AND CONTROLLED ENTITIES

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2024

A.B.N. 80 117 140 235

A.C.N. 117 140 235

ASX Code: NXL

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Directors' Report

The Directors of Nuix Limited (**Nuix**) present their report for the consolidated entity comprising Nuix and its controlled entities (collectively referred to as the **Group**) in respect of the financial year ended 30 June 2024.

1. Directors

The following persons were directors of Nuix Limited during the year and up to the date of this report unless otherwise stated:

- Robert Mactier — Chair and Non-Executive Director
- Jeffrey Bleich — Deputy Chair and Non-Executive Director
- Jonathan Rubinsztein — CEO and Executive Director
- Sir Iain Lobban — Non-Executive Director
- Jacqueline Korhonen — Non-Executive Director
- Alan Cameron — Non-Executive Director
- Sara Watts — Non-Executive Director
- Susan Thomas — Non-Executive Director; resigned 18 October 2023

2. Operating and financial review

The Operating and financial review for the year ended 30 June 2024 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.

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

Non-IFRS 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-IFRS 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, see definition of Non-IFRS measures in section 2.4 of the Directors' Report.

2.1 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.

2.2 Significant changes in state of affairs

The Group acquired all the shares of Rampiva Global, LLC and Rampiva Technology, Inc (collectively Rampiva) on 1 July 2023, a workflow automation and job scheduling provider.

The Group also entered into a Facility Agreement with The Hongkong and Shanghai Banking Corporation, Sydney Branch (HSBC) to provide an AUD $30,000,000 multicurrency revolving credit facility.

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

2.3 Business strategies

During the financial year, Nuix made significant progress on building and commercialising its unified platform, Nuix Neo.

Nuix Neo is an AI-enriched platform that helps customers identify, process and understand complex data in ways that are faster, easier and smarter. Accessed through a browser-based, collaborative interface, Nuix Neo places Nuix's market-leading processing at the centre of an integrated, solutions-based platform. The platform includes end-to-end automation, investigative analytics and AI-enabled workflows. Nuix Neo creates a new, extended customer offering, with the capability to be deployed on premise or in a customer cloud and enables on-demand scalability through a consumption-based subscription model.

Nuix Neo represents the underlying platform for specific use case solutions. During the year, Nuix created and released three Nuix Neo use case solutions: Data Privacy, Investigations and Legal. Leveraging the capabilities of the Nuix Neo platform, these use case solutions offer a step-change in Nuix's customer offering.

2.4 Group performance

Statutory revenue for the year was $220,617,000, up 20.9% on the prior corresponding period. Statutory revenue can display a greater degree of variability than Annualised Contract Value (ACV) due to the accounting treatment of multi-year deals. The proportion of multi-year deals for the year rose slightly to 31%, from 30% in the prior year.

Annualised Contract Value (ACV)[1]

Annualised Contract Value (ACV) is a non-IFRS 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 2024 was $211,506,000, up 14.0% compared to 30 June 2023, driven by stronger net upsell to existing customers, including sales of Nuix Neo, and continued low churn. Sales of Nuix Neo contributed approximately $12,137,000 to the overall ACV outcome.

Subscription ACV is a component of Total ACV and is an important indicator of ACV that is generally recurring in nature. Subscription ACV grew 18.2% year on year to $200,806,000 comprising 95% of overall ACV. "Other ACV", comprising short-term (less than 12 month) and perpetual licences, and services ACV, fell 31.9% on the prior year, to $10,700,000 on lower perpetual licence sales.

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[1] Annualised Contract Value (ACV) is an adjusted, non-IFRS measure and does not represent Total Revenue in accordance with Australian Accounting Standards 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 (removing fluctuations from Multi-Year Deal contracts in Nuix's Total Revenue which results from its revenue recognition policies). The calculation of ACV at the end of the relevant financial period adjusts Total Revenue to account for: 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 rateable 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.

Regionally, North America achieved the strongest growth in ACV, up 18.8% in the financial year, to $114,146,000. EMEA ACV rose 6.4%, to $53,285,000. Asia Pacific ACV rose 11.8% to $44,075,000.

Traditional module-style licences contributed the largest proportion of statutory revenue, although revenue from consumption-style licences is increasing as a proportion of overall revenue, driven by the growth in Nuix Neo and Discover SaaS.

Stronger revenue growth combined with general cost containment meant statutory EBITDA was materially higher than the prior corresponding period, up 60.2% to $55,867,000.

Sales and Distribution expenses were higher over the financial year, on investment in key roles and growth-related expenses.

Research and development spend was lower in the year compared to the prior period, as several efficiency initiatives were implemented. As a proportion of revenue, research and development spend fell to 24%, compared to 33% in the prior year.

General and Administrative expenses rose compared to the prior year in relation to ATO review and derecognition of R&D deferred tax asset, along with higher equity compensation costs.

Legal costs related to litigation matters of $8,547,000 (net of insurance recoveries) were slightly higher than the prior year amount of $7,816,000.

The Group reported a Net Profit After Tax of $5,026,000 for the financial year, compared to a Net Loss After Tax of $5,589,000 in the prior corresponding period.

2.5 Group financial position

The Group had a closing cash balance of $38,032,000 at 30 June 2024, up 28.5% from $29,588,000 in the previous financial year.

Operating cash flow reflected the increased operating leverage achieved. Even including the impact of legal fees related to litigation matters, and payments associated with the acquisitions of Topos and Rampiva, overall free cash flow was strongly positive, rising to $11,888,000, up 193% on the prior year.

The overall increase in cash and cash equivalents was driven by stronger customer receipts and general cost containment. Research and development continues to be funded by operational cash flow.

The $30 million revolving credit facility established during the year remains undrawn.

2.6 Risk management

The Nuix Risk Management Framework (RMF) is designed to help the business set risk strategy, foster risk awareness, and enable risk informed decision making within boundaries. We seek to maximise opportunities without exposing the organisation to unnecessary risk.

To support a broad view of risk, and to seek out best practice standards appropriate to the size and risk profile of Nuix, we continue our investment across a range of areas enabling us to grow, support and protect our environment and our customers.

Nuix takes a structured approach to identifying and managing risks and opportunities. Whilst we have a variety of strategic, financial and non-financial risks that could affect business activities, financial position or operating and financial performance, these are assessed and managed.

Our material risks are presented below together with mitigations employed. Mitigation strategies are designed to reduce the likelihood of the risk occurring and/or to minimise the adverse consequences of the risk should it happen. However, some risks are affected by factors external to and beyond the control of the Group.

Detail on Financial Risks can be found in Section 7 of the notes to the Financial Report and on Contingent Liabilities are provided in Section 9.7 of the notes to the Financial Report.

Risk and Potential Consequences	Mitigations Employed
Accreditations & Certifications Nuix has information security accreditations and certifications which facilitate customer sales. Loss of existing, or failure or delays to obtaining new, accreditations or certifications may have a temporary or permanent impact on financial performance.	• Investment in maintaining our information security accreditations and certifications • Internal auditing against certification security control standards • Annual independent certification audits • Review of new accreditation and certification opportunities in jurisdictions in which we operate
Attracting Talent & Retaining Key Persons Nuix's success is dependent on attracting talent, retaining key persons, and fostering a high-performance and values driven culture.	• Purpose led business strategy, vision and value statements underpinned by our Code of Conduct • Regular engagement surveys to better understand employee experiences and views • A remuneration strategy to attract, motivate and retain individuals with performance linked reward • Board and Committee oversight of people and culture strategies and programs • Flexible work policies and hybrid work model • Learning and development frameworks to support career growth • Key person risk assessments and succession planning

Risk and Potential Consequences	Mitigations Employed
Business Continuity, Third Parties & Resilience	
Nuix's operating model places high reliance on the availability and reliability of third-party core infrastructure, software, hardware, and information technology, including data centers and global communication systems. Failure or disruption may impact our customers' use of our products or the execution of enterprise critical business processes. Incidents could result in financial penalties, customer churn or missed business critical deadlines. Increases in third party service provider prices may also increase costs.	• Nuix SaaS architected for high-availability across multiple regions and AWS availability zones • Third party due diligence processes • Incident management, disaster recovery and crisis plans Crisis and continuity plans in place and regularly tested
Contractual Risk	
Nuix's business is dependent on our ability to enter and comply with legally binding agreements and allocate and manage contractual risks and obligations. Nuix may enter into agreements that are not legally enforceable, have unintended consequences or create exposures which are not able to be fully mitigated. Nuix may inadvertently breach contractual obligations and be subject to customer or vendor claims and disputes. To win or retain business, Nuix may need to agree to higher contractual liability caps which may exceed professional indemnity insurance limits.	• Global in-house Legal function which provides review and oversight of agreements prior to execution • Delegations of authority setting out individuals who are authorised to sign agreements • Standard contractual Terms and Conditions (T&Cs) inclusive of liability caps where applicable • Implementation of an upgraded contract management system • Professional indemnity insurance policies with limits informed by risk profile
Cyber & Information Security	
The risk that Nuix, our partners, third parties or customer base is impacted by a cyber event which causes loss, harm, damage, or disruption. Use of our products involves the processing and, via Nuix Discover SaaS, the cloud hosting and storage of customers' data which can include privileged, confidential, sensitive, proprietary and 3rd party data and Personally Identifiable Information (PII). There is a risk that a cyber event could result in a security breach which compromises customer data. Such an event could result in litigation, customer terminations and liability claims, regulatory enforcement action, remediation costs and damage to Nuix's reputation and brand. A cyber incident could cause disruption to customer services and critical Nuix business processes.	• Cyber risk and security plans and investment • In-house expertise supplemented by external vendors to identify, manage and oversee information security risks • Physical and logical separation of environments and duties across SaaS and Corporate IT • Multi-factor authentication and least privileged access to SaaS environment • High grade encryption of customer data

Risk and Potential Consequences	Mitigations Employed
Actual or perceived failures in our technology security capability and control environment could result in financial loss and impact our reputation and brand. Our information security costs may also increase if customer, regulatory or accreditation minimum standards increase. Whilst Nuix does not collect and store significant quantities of sensitive and PII data, there is a risk that Nuix fails to adequately protect data that it is directly responsible for. This could result in a breach of privacy obligations.	• Regular 3rd party penetration testing and secure code reviews • Market-leading third-party tools to protect and monitor the SaaS and Corporate IT environments • Tested crisis, incident management and recovery playbooks • Data security management certifications (ISO 27001:2013, ISO 27018:2019) • Privacy Policy, Privacy Officer and a Privacy Compliance plan
Sustainability	
Nuix seeks to conduct its business responsibly, ethically, and sustainably. This includes ensuring that our technology is not used for unethical or illegal purposes. Failure to meet sustainability commitments, expectations, or manage our sustainability risks, could harm our reputation, impact performance, limit access to capital, result in legal action or impact our ability to attract and retain talent.	• Clearly documented governance structures and accountabilities • Sustainability initiatives and reporting • Calculation of enterprise scope 1 and 2 emissions base and purchase of carbon credits to fully offset • Modern Slavery Statement and Policy. Periodic review of vendors using an 3rd party risk intelligence tool • Dedicated Management Committee established to review and approve any deal with an elevated ethical or social risk profile, inclusive of those in jurisdictions designated higher risk. • Diversity, Equity, Inclusion and Belonging initiatives

Risk and Potential Consequences	Mitigations Employed
Financial Risks Nuix is exposed to a variety of financial risks including foreign exchange (FX), credit, impairment of intellectual property, and liquidity. If financial risk management strategies are ineffective, financial performance may be impacted. There is a risk of error in financial reporting due to inadequate or ineffective financial processes and controls.	• Budgeting, cash-flow forecasting, FX sensitivity and financial performance monitoring and reporting processes • Capitalisation policy, monthly capitalisation reporting and annual impairment testing • Early engagement and consultation with external auditors / professional firms on significant deals and key accounting policies • Strategic operating plan linked to Leadership Team Short-Term incentives • Global and local Insurance Program aligned to our risk profile and contractual obligations • Refer to Section 7.1 of the notes to the Financial Report for more detail on how Nuix manages its financial risks
Funding & Refinancing Nuix may seek to raise additional capital to support operations, fund future growth or respond to opportunities. Nuix may not be able to secure debt or equity financing on favourable terms or at all. Raising additional funds by issuing equity securities may result in ownership dilution for shareholders. Nuix's ability to meet objectives could be impacted if it is unable to obtain necessary and adequate financing solutions or maintain sufficient working capital.	• Board approved capital, funding, and liquidity management strategy • Strong relationships with investors and banking partners. • Treasury Policy and working capital management thresholds, processes and controls • HSBC revolving debt facility • Refer to Section 7.1 of the notes to the Financial Report for more detail on how Nuix manages its financial risks
Intellectual Property The value of Nuix's business is, in part, dependent on Nuix's ability to protect its IP and rights – particularly its unique parallel-processing approach for processing unstructured data.	• Intellectual Property Review Committee which meets regularly in partnership with external IP experts

Risk and Potential Consequences	Mitigations Employed
Theft of, or inability to protect our IP could result in a loss of competitive advantage. Infringement of third-party IP by Nuix could also result in claims or litigation.	• Process for registering trademark, copyrights, and patents • Contractual safeguards (e.g., non-disclosure agreements) prior to any proprietary disclosures • Corporate IT information security program
Legal & Regulatory Compliance	
Nuix is impacted by numerous laws and regulations globally, including corporate, privacy, sanctions, employment, tax, and financial reporting. Nuix's activities, including past, current, or future activities, may have contravened laws or regulations in one or more jurisdictions. This could result in financial loss and damage to our reputation and brand. Changes to laws and regulations may impact strategy, business performance and may increase compliance costs.	• Regular review of key compliance risk areas by the Audit & Risk Management Committee • Policies, supported by board and staff training, on key legal and regulatory obligations and expected practices • External corporate law and professional services firms provide advice on issues and specialist resourcing and compliance support
Litigation	
There are currently proceedings on foot within Australia that pose certain risks to the organisation if the outcomes to these proceedings are adverse to Nuix. Such adverse outcomes may be costly and could damage our reputation and brand, which in turn may impact our capital structure. Litigation may also disrupt the execution of strategy and impact business performance. There is a risk that Nuix may be party to new litigation which may have a material impact on future financial and operating performance.	• Litigation, disputes, or investigations are managed in an effective and efficient manner with a view to protecting the outcomes of Nuix's financial position and reputation • Engagement of specialised external legal counsel and internal structure. • Communications strategy to keep employees and stakeholders informed
Market, Customer & Competition	
Nuix's future business prospects are dependent on protecting and growing our share of the addressable market. Nuix may not be able to compete successfully against competitors, some of whom have significantly more financial and operational resources. A decline in general global economic conditions, adverse geopolitical events or a change in business and government spending could adversely impact financial performance. Nuix may not meet customer expectations or our sales enablement and account growth strategies may be ineffective. Nuix has a number of large customer accounts who may choose not to renew	• Multi-horizon customer centric strategy • Diversified customer base across industries and geographies • Sales enablement, opportunity pipeline and account management processes • Proactive monitoring of market, industry, and competitor

Risk and Potential Consequences	Mitigations Employed
with Nuix at the end of their agreements. This may have a material impact on the achievement of sales performance and growth targets.	intelligence to identify strategic opportunities • Strong and effective relationships with our customers and partners
Negative Publicity & Reputational Damage	
Negative publicity could impact Nuix's image, reputation and standing in the eyes of our customers, employees, investors, and other stakeholders. Examples of potential triggers for negative publicity may include adverse litigation outcomes, behaviour and conduct matters, external cyber-attacks or not meeting investor, customer and other stakeholder expectations or our compliance obligations. For example, a cyber event could impact customer trust in Nuix products or impact the perception of the value of certain Nuix products such as our Data Privacy solution. Negative publicity and the resulting reputational damage could have wide ranging implications impacting the share price, customer churn or downsell, software value, retention of key persons or make it more difficult to raise capital or access alternative financing options if required.	• A media relations strategy which seeks to nurture relationships and help educate audiences about Nuix, our brand identity, purpose and values • Active investor relations management and engagement with the investment community • Market disclosure policy and supporting approval processes • Value statements underpinned by our Code of Conduct • Crisis Management Team, and tested Crisis Management and Communications Plans
Open-Source & Third-Party Software	
Nuix uses third party and open-source software in our products. This introduces Nuix to potential security, intellectual property, reliability and licensing compliance risks which may impact our customers, execution of our product roadmap or events which result in financial loss. There are also inherent uncertainties regarding the interpretation of and compliance with open-source software which could result in 3rd party claims, increased licence and product re-engineering costs or the disclosure of Nuix proprietary software.	• Register of third party and open-source libraries and licences by product • Tools to monitor and report on the security profile of open-source code • Vulnerability management and remediation tools and practices • Contracts in place with third party software providers
Partner Distribution Channel Performance	
A key sales channel for Nuix is to sell with, and sell through, sales partners. This channel may not achieve planned revenue volumes, margins, or renewal targets. This could be caused by sales partner performance, competitor product and incentivisation offerings or competitor M&A activity.	• Partner program focussed on strategic partnerships and mutually beneficial relationships • Alliances and Partnerships strategy with dedicated leadership and program management team • Partner portal, enablement, training, marketing development

Risk and Potential Consequences	Mitigations Employed
	funds and quarterly business reviews
Product Functionality & Performance Our customers include government agencies, regulators, corporations, and professional service firms who often rely on our software to analyse data in sensitive and high-profile investigations. Our software and products may not function as intended, resulting in adverse outcomes for customers. This could be caused by unintended or undetected errors, defects, failures, or bugs in the platform.	• Highly skilled engineers and product development employees • Software Development Life Cycle including review and testing of code prior to release, as well as internal testing prior to General Availability • Vulnerability management and remediation tools and practices • Customer service and Product support system integrated with engineering software development lifecycle
Product Strategy & Technology Innovation Our technology strategy and continued investment in product innovation is a critical foundation for our future success. There is a risk that research and development (R&D) investment may be insufficient, not used effectively and efficiently, or may not meet customer and market expectations. This could impact our ability to retain, grow and win customer accounts or the carrying value of our software. There is a risk that technological advancement and innovation could disrupt the industry and impact the appeal, value and profitability of our product suite.	• Technology and product roadmap linked to strategy and informed by customer feedback • R&D investment as a percentage of revenue benchmarked and aligned to market • Highly skilled engineers and product development employees • Product Development Framework used to test new concepts with customers as part of the delivery model • Continuously evolving our technology stack to enable innovation and drive efficiencies • Elevating our focus on A.I technology advancements and implementation within our software. Underpinned by investment in Responsible A.I governance frameworks and processes

3. Environmental regulation

The Group's operations are not significantly impacted by environmental regulations under a law of the Commonwealth or of a state or any other territories of Australia or territory in which it operates, however, in recognition of its importance, climate change risk is addressed separately in the Group's Sustainability Report that is to be included with the Group's Annual Report.

4. Dividends paid or recommended

The payment of dividends by the Company is at the complete discretion of the Directors, and the Directors do not provide any assurance of the future level of dividends paid by the Company.

The ability to pay dividends will depend on a number of factors, many of which are beyond the control of the Company. In determining whether to declare future dividends, the Directors will have regard to Nuix's earnings, cash flows after development costs, overall financial condition and capital requirements, taxation considerations (including the level of franking credits available), the general business environment, and any other factors that the Directors may consider to be relevant.

There were no dividends paid or declared since the start of the financial year and up to the date of this report.

5. Events since the end of the financial year

No 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.

6. Company Secretary

The details of the Company Secretary in office at the date of this report is set out below.

Ilona Meyer **LLM. LLB GradDipLegPrac. GIA(Cert). GAICD. AMIIA.**

Ilona Meyer is the General Counsel and Company Secretary. Ilona joined Nuix in August 2022. Prior to that, Ilona was the Head of Legal & Compliance (ANZ) and Company Secretary of Boehringer Ingelheim. Ilona has also held senior legal roles with private and public companies, including ResMed, Ruralco, Medtronic, 3M, NTT and Computer Associates. Since joining Nuix, Ilona has engaged closely with the Nuix board and its committees as a lawyer and company secretary.

7. Directors' interests in securities

At the date of this report, the Directors had the following relevant interests in the securities of the Company:

Name	Performance rights	Ordinary shares	Options
Robert Mactier	-	175,000	-
Jeffrey Bleich	-	135,000	-
Jonathan Rubinsztein	3,904,125	894,927	-
Sir Iain Lobban	-	-	-
Jacqueline Korhonen	-	19,753	-
Alan Cameron	-	23,800	-
Sara Watts	-	-	-

8. Share options

Unissued shares under options

All options were granted in previous financial years. No options have been granted since the end of the previous financial year.

At the date of this report, unissued shares of the Group under option total 2,646,937, and have an exercise price in the range of $2.00 to $5.79 and a weighted-average remaining contractual life of 2.5 years.

Shares issued on exercise of options

The Group has not issued any ordinary shares of the Company as a result of the exercise of options during or since the end of the financial year.

9. Meetings of directors

The numbers of meetings of the Company's Board of Directors and Board Committees held during the financial year ended 30 June 2024 and each director's attendance at those meetings is set out below.

	FULL BOARD		REMUNERATION AND NOMINATION COMMITTEE		AUDIT AND RISK MANAGEMENT COMMITTEE	
	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended
Robert Mactier	12	12	-	-	4	4
Jeffrey Bleich	12	10	6	6	-	-
Jonathan Rubinsztein	12	12	-	-	-	-
Sir Iain Lobban	12	11	-	-	-	-
Jacqueline Korhonen	12	12	6	6	-	-
Alan Cameron	12	11	6	6	3	3
Sara Watts	12	12	-	-	4	4
Susan Thomas[2]	4	2	-	-	1	1

10. Director information

Robert Mactier — Non-Executive Chairman

Robert has been a Non-Executive Director of Nuix since October 2021 and was appointed Chairman in February 2023. Robert is a Consultant to the Advisory and Capital Markets division of UBS Australia (since June 2007). Robert is also a Non-Executive Director of Kinetic IT Pty Limited and was formerly a Non-Executive Director and Chairman of ASX-listed ALE Property Group (ASX:LEP) from 2016 to 2021 and WPP AUNZ Limited (ASX:WPP) from 2006 to 2021, as well as Non-Executive Director of NASDAQ-listed Melco Resorts and Entertainment Limited (NASDAQ: MLCO) from 2006 to 2017. Robert began his career at KPMG and worked across their audit, management consulting and corporate finance practices. He has extensive investment banking experience in Australia having, prior to his current role with UBS, worked for Ord Minnett Securities (now JP Morgan), E.L. & C. Baillieu and Citigroup. Robert holds a Bachelor's degree in Economics from The University of Sydney. He has been a Member of the Australian Institute of Company Directors since 2007 and is formerly a member of the Institute of Chartered Accountants in Australia and New Zealand.

[1] Number of meetings held during the time the director held office or was a member of the committee during the year.

[2] Resigned on 18 October 2023.

Jeffrey Bleich **Non-Executive Deputy Chairman**

Jeffrey has been a Non-Executive Director of Nuix since 2017 and was appointed as Deputy Chairman in February 2023, after stepping down from the role of Chairman. Jeffrey lives in Piedmont, California, USA. Jeffrey has over 30 years' experience in the legal, government and technology sectors. Jeffrey served four years as the US Ambassador to Australia from 2009 to 2013 and as special counsel to President Obama in 2009.

He is currently a Visiting Scholar at Stanford University, Chair of the Board of the Jeff Bleich Centre on Democracy and Disruptive Technologies at Flinders University, and serves by appointment of President Biden to the President's National Security Education Board. In addition to these roles, Jeffrey has served as a Court-Appointed Special Master and Mediator in the United States District Court, Chief Legal Officer of General Motors-owned Cruise LLC, a San Francisco-based autonomous vehicle company. Jeffrey Clerked for Chief Justice of the United States Supreme Court, and practised law as a Partner at Munger, Tolles & Olson LLP from 1992 to 2009 and 2014 to 2016. He also served as both CEO of Dentons Diplomatic Solutions and a Partner in the Public Policy and Regulatory practice of Dentons international law firm from 2016 to 2019. Jeffrey's legal practice focused on cyber security, technology, complex international disputes, as well as high profile pro bono matters before the US Supreme Court. He has served as Board Chair of the San Francisco based Pacific Gas & Electric Company, Chair of the Fulbright Foreign Scholarship Board, Chair of the California State University Board of Trustees, President of the State Bar of California, and as a Director of a number of charitable and public policy organisations including the Australian-American Leadership Dialogue, RAND Australia, Stanford University's Center for Advanced Study in the Behavioral Sciences, Amherst College, the American Security Project, and Futures Without Violence. Jeffrey holds a Bachelor of Political Science from Amherst College, a Master in Public Policy from Harvard University and Juris Doctor from the University of California Berkeley. He has also received an honorary Doctorate of Laws from San Francisco State University and honorary Doctorates from Griffith University and Flinders University.

Jonathan Rubinsztein **Executive Director and Group Chief Executive Officer**

Jonathan is a seasoned CEO with a track record of building world class global technology companies and leading high-performance teams in the technology sector. Jonathan is a Non-Executive Director at Atturra (ASX:ATA) since November 2021, and previously was the Managing Director and CEO of Infomedia, Ltd, (ASX:IFM) an ASX-listed SaaS company, from March 2016 to October 2021. Prior to that role, Jonathan was CEO and founding shareholder at UXC Red Rock Consulting, where he was instrumental in growing the business from a start-up to over 700 people across 13 offices in Australia, New Zealand, India, and Singapore. Jonathan was also a Founder and Director of RockSolid SQL, a company that built monitoring and automated data management software for over 18,000 databases globally. Jonathan holds a Bachelor of Commerce from the University of Cape Town and a Postgraduate degree in Finance from Software & Information Industry Association. He also holds a Master of Business Administration (Exec) from University of New South Wales and is a Fellow of the Australian Institute of Company Directors.

Sir Iain Lobban **Non-Executive Director**

Iain has been an adviser to the Board since October 2018 and was appointed as a Non-Executive Director of the Company in November 2020. Iain lives in the United Kingdom. Iain has over 30 years' experience in the security and intelligence sector, including having served as the Director of the British Intelligence Agency GCHQ from 2008 to 2014. Iain was one of the five experts appointed by Australia's Prime Minister to create Australia's first National Cyber Security Strategy in 2015. He was subsequently one of the senior three-person team appointed by the Prime Minister to conduct the 2017 Independent Review of the Australian Intelligence Community. Iain's advisory work for boards now spans cyber security risk management and financial crime compliance. Iain holds a Bachelor of Arts in French and German from the University of Leeds. Iain is a Visiting Professor of King's College London and an Honorary Fellow of the Judge Business School at the University of Cambridge. Iain was appointed a Companion of the Bath in 2006 and Knight Commander of St Michael and St George in 2013.

Jacqueline Korhonen **Non-Executive Director**

Jacqueline has over 30 years' experience in the Information Technology, Telecommunications and Financial Services sectors, where she built her career around transformation, P&L management, complex negotiations, project delivery, operations, strategy development and risk management. She started her career as an engineer in IBM where she spent 23 years living and working across Australia, New Zealand, ASEAN, India and China. After leaving IBM, Jacqueline was appointed CEO of Infosys Australia and New Zealand, a position she held for six years. In the later years of her executive career, Jacqueline was the CEO of SMS Management & Technology, an ASX-listed IT Services company and subsequently returned to IBM as the Vice President of Cognitive Transformation Services across the Asia Pacific Region. Jacqueline was a Non-Executive Director of NetComm Wireless (ASX:NTC) from July 2018 until August 2019. Jacqueline is currently a Non-Executive Director of MLC Insurance, Auswide Bank (ASX:ABA) since April 2021. Since February 2023, Jacqueline has also been a Non-Executive Director of the Civil Aviation Safety, a federal government body charged with regulating aviation safety in Australian Authority air space. Jacqueline holds a Bachelor of Science and Bachelor of Engineering with Honours from the University of Sydney and is a Graduate of the Australian Institute of Company Directors.

Alan Cameron AO **Non-Executive Director**

Alan joined the Nuix Board in January 2023. Alan is a respected company director and lawyer, with experience across a range of legal, corporate and regulatory roles. Alan was Chairman of Property Exchange Australia Limited (PEXA) from its inception until shortly before it listed in June 2021, and completed his extended term as Chair of the NSW Law Reform Commission in May 2022. A former partner of the firm now called Ashurst Australia, he was Commonwealth Ombudsman and later Chair of the Australian Securities Commission (ASC) and Australian Securities and Investments Commission (ASIC). Alan is currently Chair of .au Domain Administration Limited. Alan graduated in Arts (BA) and Law (LLM) from the University of Sydney.

Sara Watts **Non-Executive Director**

Sara joined the Nuix Board in January 2023. Sara Watts is a Non-Executive Director and Audit and Risk Management Committee Chair with experience across a range of sectors. In addition to Nuix, Sara currently serves on the boards of Syrah Resources (ASX:SYR) since June 2019, Trajan Scientific and Medical (ASX:TRJ) since March 2021, Uniting NSW. ACT and the Sydney Opera House Trust. Before moving into her non-executive career Sara was CFO of IBM Australia/New Zealand and Vice-Principal Operations at the University of Sydney. These roles gave her a solid grounding in finance, risk, technology, and international operations. She is a Fellow of the Australian Institute of Company Directors, and a Fellow of CPA Australia.

11. Indemnification and insurance of directors and officers

Nuix has provided deeds of indemnity to all Directors and Officers of Nuix and its subsidiaries for potential liabilities and costs that may incur for acts or omissions in their capacity as Directors or Officers of Nuix or its subsidiaries.

The liabilities are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by them in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to Nuix.

During the year, Nuix paid a premium under a contract insuring each of the Directors and Officers of the Group against liability incurred in that capacity. Disclosure of the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

12. Indemnification of auditors

Nuix has agreed to indemnify its auditors, KPMG, to the extent permitted by law, against any claim by a third party arising from Nuix's breach of their agreement. The indemnity stipulates that Nuix will meet the full amount of any such liabilities including a reasonable amount of legal costs.

13. Audit and non-audit services

Details of the amounts paid or payable to the auditor (KPMG) for audit and non-audit services during the year are disclosed in Note 9.5 to the Financial Statements.

The Company has decided to employ the auditor on non-audit services in additional to its statutory audit duties.

The Board of Directors, in accordance with advice provided by the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee Chair to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditors' own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

14. Rounding of amounts

Nuix is a company of the kind referred to in Australian Securities Investments Commission's 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.

15. Auditor's independence declaration

The Directors have received the Lead Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*. The Lead Auditor's Independence Declaration is set out on [page 19] and forms part of the Directors' Report for the year ended 30 June 2024.

This report is signed in accordance with a resolution of the Board of Directors.

SIGNED:

Robert Mactier	**Jonathan Rubinsztein**
Chair	Director
Sydney, Australia	Sydney, Australia
9 September 2024	9 September 2024

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Nuix Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Nuix Limited for the financial year ended 30 June 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit

KPMG

Trent Duvall

Partner

Sydney

9 September 2024

NUIX LIMITED AND CONTROLLED ENTITIES

Remuneration Report

For the Year Ended 30 June 2024

A.B.N. 80 117 140 235
A.C.N. 117 140 235
ASX Code: NXL

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Remuneration Report

Letter from Chair of Remuneration and Nomination Sub-Committee

Dear Shareholders

On behalf of the Remuneration & Nomination Committee (RNC), I am pleased to present the Remuneration Report (**Report**) for Nuix Limited (**Nuix** or **the Group**) for the year ended 30 June 2024 (**FY24**).

FY24 – building momentum

The CEO and executive leadership team have continued the transformation of Nuix and are building momentum on its growth journey. The Nuix team have demonstrated successful execution against its strategic plan as well as pleasing financial results.

This year, Nuix delivered $211.5m of Annualised Contracted Value (**ACV**) 14.0% growth from the prior corresponding period (**PCP**). Nuix additionally delivered growth in other key financial metrics with $220.6m of Statutory Revenue (up 20.9% from PCP), EBITDA of $55.9m (up 60.2% from PCP) and Underlying Free Cash Flow of $24.7m (up 171.4% from PCP) excluding legal fees relating to litigation matters and M&A activity.

Executive remuneration at Nuix

At Nuix, our remuneration framework is designed to ensure that our Executives maintain a deliberate and continued focus on delivering strong financial performance and creating value for our shareholders, as well as encouraging long-term sustainable decision-making in the interests of all of our shareholders, customers and other key stakeholders.

Consistent with our approach in FY23, we adopted a balanced scorecard approach under the FY24 short-term incentive (**STI**) for the KMP in line with market practice. Their STI was assessed against a mix of financial and non-financial measures.

An overview of our executive remuneration framework for our Executive KMP is outlined in section 3.

Remuneration changes made in FY24

As the Company continues its transformation journey, the Board is committed to ensuring the Group's remuneration framework:

- Is aligned to Nuix's strategy and is fit for purpose.
- Is structured to focus executives on the growth drivers that will create long-term shareholder value; and
- Provides market competitive remuneration in the highly competitive global technology sector that will attract, retain and motivate executives.

With these guiding principles and following a comprehensive review of market practices, the new long-term incentive structure for KMP in FY24 comprised of:

- **Long-term Incentive (LTI) plan** contingent on achieving key financial and share-price based performance hurdles over three years. This is an ongoing plan, intended to be granted on an annual basis.
- **One-off Retention & Incentive plan** contingent on achieving share-price based hurdles and continued employment over a three-year period. This is a one-off plan granted in FY24 only and is designed to retain and motivate our executive team during this critical period of transformation for the organisation and at a time where continues to be significant external pressures impacting the Company.

These long-term incentives were delivered in equity as Performance Rights.

Details of these incentive programs were set out in the 2023 Notice of Annual General Meeting Resolutions for shareholder approval of equity to be granted to the Chief Executive Officer & Managing Director, with all resolutions approved by shareholders.

Linking FY24 remuneration outcomes to performance

At Nuix, we are focused on ensuring our remuneration arrangements and outcomes for our Executive KMP are closely aligned with our performance and the experience of our shareholders.

In FY24, having regard to the Group's performance during the financial year:

- The FY24 STI outcomes achieved 85% of target for Executive KMP, reflecting the positive performance of the business, the progress on the implementation of the strategy and the sales outcomes.
- There were no long-term incentive (LTI) awards that were eligible to vest for any KMP.
- Sign on equity awards vested in FY24 to the following KMP:

Jonathan Rubinsztein	142,349
Chad Barton	42,017
Michael Smith	96,603
Warren Brugger	103,986

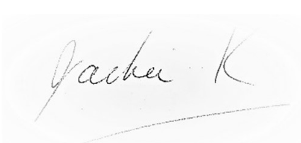
Executive changes

In May 2024, we advised that Chief Operating Officer & Chief Financial Officer, Chad Barton was stepping down at the end of August 2024 following the release of the FY24 results. We are grateful to Chad for his commitment to Nuix, considered counsel and tireless work ethic, and wish him well in his next steps. The Company has commenced the process of searching for a new Chief Financial Officer as part of an orderly transition.

Conclusion

The Board will continue to monitor Nuix's executive remuneration framework and seek feedback from our shareholders to ensure that it provides the right balance between attracting, motivating and retaining our executives to deliver on our strategy to support our customers, while meeting the expectations of the Group's shareholders.

I invite you to read Nuix's Remuneration Report and welcome your feedback on our remuneration practices and disclosures.



Jacqueline Korhonen

Chair of Remuneration and Nomination Sub-Committee

Remuneration Report – audited

1. Who is covered by this report?

This Report outlines the remuneration arrangements in place for key management personnel ('KMP') of the Group in FY24, which comprise all Non-Executive Directors and senior executives who have authority and responsibility for planning, directing and controlling the activities of the Group. The FY24 KMP are set out in the table below.

Table 1. Overview of FY24 KMP

KMP	CURRENT POSITION	TERM AS KMP
Executive KMP		
Jonathan Rubinsztein	CEO and Executive Director	Full Year
Chad Barton	COO/CFO	Full Year (ceased as KMP on 30 August 2024)
Warren Brugger	Executive Vice President, APAC and Global Alliances	Full Year
Jonathan Rees	Executive Vice President, EMEA	Full Year
Michael Smith	Executive Vice President, Americas	Full Year
Non-Executive Directors		
Robert Mactier	Independent Chairman	Full Year
Jeffrey Bleich	Independent Deputy Chairman	Full Year
Alan Cameron	Independent Non-Executive Director	Ful Year
Jacqueline Korhonen	Independent Non-Executive Director	Full Year
Sara Watts	Independent Non-Executive Director	Full Year
Sir Iain Lobban	Independent Non-Executive Director	Full Year
Sue Thomas	Independent Non-Executive Director	Ceased as KMP on 18 October 2023 as resigned as Non-Executive Director

2. Our value proposition

At Nuix, we strive to cultivate the loyalty and passion of talented employees who aim for excellence and contribute to making the world a better place through software that helps our customers be a force for good, by finding truth in the digital world.

We recognise that remuneration is only one of the reasons why our people come to work every day and our broader value proposition is key to our ability to attract, retain and motivate world-class talent to deliver on our vision.

We seek to create a supportive and inclusive workplace that fosters high engagement and satisfaction and encourages everyone to be the best they can be.

It is our fundamental belief that the behaviour and performance of all employees should not only drive business performance and meet the expectations of our stakeholders and community but should do so in a way that aligns with our values (see Section 3).

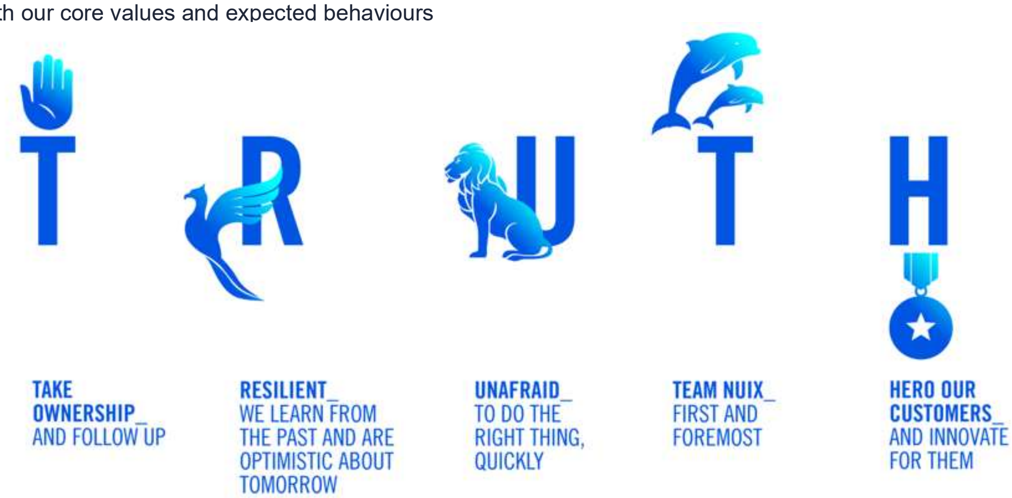
In FY24 Nuix continued its cultural transformation work as we embedded our TRUTH values and behaviours through all our people practices.

3. FY24 – Executive KMP remuneration at a glance

At Nuix our executive remuneration framework is set in line with our key remuneration principles which are designed to encourage behaviours aligned with our core values and support our strategic priorities in the interests of our shareholders.

OUR VALUES

Aligning with our core values and expected behaviours



STRATEGIC PRIORITIES

Our vision of being a force for good by finding truth in the digital world, demonstrated by these strategic priorities:

Return to strong top line growth
To fund the future

Develop sales excellence
Drive sales and partnering enablement

Evolve technology to modular platform
Cross-solution platform for large enterprise

Remove Complexity
Simplify and streamline processes

Anticipate future use cases
Identify and monetize new use cases enabled by data processing

Enhance commercial capabilities
Improved financial systems and processes

REMUNERATION PRINCIPLES

Supporting our strategic priorities and business objectives, demonstrated by these remuneration principles:

Strategy Led
Rewarding for delivery on our strategic priorities

Market competitive
Attraction, motivation and retention of key talent

Perform & Innovate
Encouraging the best from our people

Acting like owners
Shareholder and customer alignment

Right Behaviours
Encouraging behaviours aligned with our values

Simplicity
Simple and easy to understand

OUR FRAMEWORK

Our remuneration framework aligns with our values and strategy

TOTAL FIXED REMUNERATION (TFR)

- Base salary and superannuation (or other equivalent pension arrangements)
- TFR is reviewed annually having regard to the individual's role, responsibilities, skills, experience and performance, as well as fixed remuneration levels offered to comparable roles within companies with which the Group competes for talent

SHORT TERM INCENTIVE (STI)

- Performance period of 1 year
- Assessed against a combination of ACV growth (constant currency), cost base and other non-financial Group performance measures for the CEO, financial measures for the COO/CFO and regional relevant ACV growth (local currency) and cost base and other non-financial Group performance measures for the EVP Americas, EVP EMEA and EVP APAC and Alliances as set by the Board
- Delivered in cash (2/3) and share rights (1/3) deferred for 12 months for the CEO and COO/CFO and cash (75%) and share rights (25%) deferred for 12 months for the other Executive KMP). STI deferral in share rights, creates further alignment with shareholder interests and supports retention
- STI provides motivation for the achievement of annual performance goals

LONG TERM INCENTIVE (LTI)

- LTI drives the delivery of Nuix's longer term objectives in a sustainable manner

FY23 LTI

  - Delivered in performance rights and assessed against ACV growth for the period 1 July 2022 to 30 June 2023.
- Performance rights vest progressively in two tranches, the first being 1 year after achievement (i.e. August /September 2024) and the second 2 years after achievement (i.e. August/September 2025) and are subject to remaining employed

FY24 LTI and beyond

- Delivered in performance rights
- Long-term Incentive (LTI) plan contingent on achieving key financial and share-price based performance hurdles over three years.

FY24 LTI (one-off)

- Retention & Incentive plan contingent on achieving share-price growth-based hurdles and continued employment over a three-year period. This is a one-off plan granted in FY24 only and is designed to retain and incentivise our executive team during this critical period of transformation for the organisation

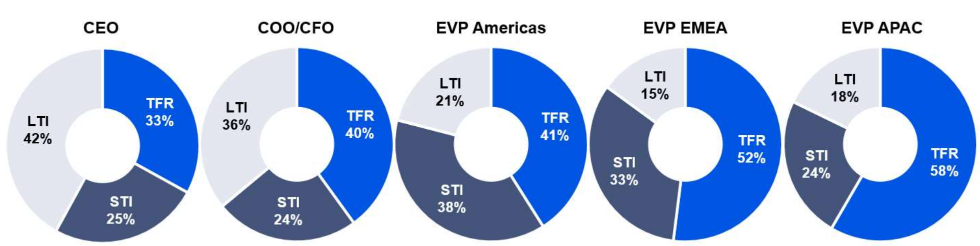
As part of its overarching discretion under both STI and LTI Plans, the Board has the ability to make downward adjustments for any behaviour that is inconsistent with the Group's culture and values (as well as any risk, regulatory or reputational issues)

KMP Pay Mix

Pay mix for performance

A. The pay mix for the CEO and COO/CFO at target and maximum ensures a meaningful portion is weighted towards LTI to encourage a focus on long term sustainable decision making in the interests of Nuix's shareholders and other stakeholders.

B. The EVP Americas, EVP EMEA and EVP APAC remuneration arrangements are consistent with other senior non-KMP executives. In FY24, they received fixed annual remuneration, STI and participation in the FY24 equity grants (LTI Plan and Retention & Incentive Plan)



4. FY24 Executive remuneration outcomes – in detail

4.1 Overview of Group performance

As noted above, it is important to Nuix that the remuneration outcomes for our Executive KMP align with the Group's performance. An overview of Nuix's FY24 performance is set out below.

Annualised Contract Value (ACV)
$211.5m
Up 14.0% on FY23
12.0% on constant currency basis

Subscription ACV
$200.8m
Up 18.2% on FY23
16.3% on constant currency basis

Statutory Revenue
$220.6m
Up 20.9% on FY23
18.0% on constant currency basis

Gross Margin
90.2%
Up from 87.4% in FY23

Earnings per share (basic)
$0.02
Up from $(0.02) in FY23

Net Dollar Retention (NDR)[1]
112.9%
Up from 109.2% in FY23

Customer Churn
4.4%
Down from 5.3% in FY23
4.4% on constant currency basis

Statutory EBITDA
$55.9m
Up 60.2% on FY23

Share price at 30 June 2024
$3.08
Up 262.4% in FY23

[1] Net Dollar Retention (NDR), expressed as a percentage, represents the ACV from the sale of Subscription Licences (excluding short-term Software Licences, or licences with a term of less than 12 months. But including Consumption Licences) from a constant set of customers (the "NDR Constant Customer Set") across comparable periods (i.e. it excludes the impact of new customers acquired in the subsequent (i.e. more recent period), taking into account the impact of Upsell, Downsell and Churn between these two periods.

4.2 Linking remuneration to performance

A key underlying principle of the Company's executive remuneration strategy is the link between company performance and executive reward.

Under the Company's transformation strategy, Nuix has been successful in achieving its goals to date. Through strong ACV performance Nuix is building sustainable and profitable growth in FY24 and beyond.

The following table summarises the Company's performance and short term incentives awarded to executive KMP since listing.

Table 2. Company's performance and incentives

Financial Performance							STI
Year	ACV ($m)	Underlying EBITDA ($m)	Statutory Revenue ($m)	Net Dollar Retention	Earnings per Share (cents)	Share Price at 30 June ($)	STI awarded to Executive KMP ($m)
FY24	$211.5m	$64.4m	$220.6m	112.9%	$0.02	$3.08	$1.7m[1]
FY23	$185.5m	$46.4m	$182.5m	109.2%	$(0.02)	$0.85	$1.8m
FY22	$162.0m	$29.2m	$152.3m	96.8%	$(0.07)	$0.76	$0.7m
FY21	$165.9m	$67.0m	$176.1m	95.5%	$(0.00)	$2.21	$0.3m

4.3 Total fixed remuneration (TFR)

Table 3 below sets out the annualised TFR payable to the Executive KMP in FY24 based on their contractual values. Executive KMP TFR levels have been set with regard to benchmarking data within the technology sector.

There was no increase applied to Executive KMP TFR in FY24.

Table 3. Executive KMP fixed remuneration levels

Executive KMP	Total fixed remuneration (annualised)[2] $
Jonathan Rubinsztein	700,000
Chad Barton	790,000
Warren Brugger	440,000
Jonathan Rees	520,185
Michael Smith	494,772

[1] Total award in cash and equity.

[2] Excludes mandatory and employer superannuation contribution.

4.4 FY24 short term incentive outcomes

A. Overview

As noted above, Executive KMP participate in an STI program. The maximum STI awards that Executive KMP were eligible to receive in respect of FY24 are set out in Table 4 below.

Table 4. Executive KMP STI outcomes

	STI OUTCOMES (FY24)						
Executive KMP	**On Target (100%) STI opportunity [1] ($)**	**On Target (100%) STI opportunity (% TFR)**	**Maximum (125%) STI opportunity [1] ($)**	**Maximum (125%) STI opportunity (% TFR)**	**Value of STI awarded**	**% of FY24 On Target STI awarded**	**% of FY24 STI award forfeited**
Jonathan Rubinsztein	525,000	75%	656,250	94%	463,750	88.3%	11.7%
Chad Barton	474,000	60%	592,500	75%	458,200	96.7%	3.3%
Warren Brugger	176,000	40%	220,000	50%	175,120	99.5%	0.5%
Jonathan Rees	331,027	64%	413,783	80%	82,757	25.0%	75.0%
Michael Smith	449,793	91%	562,241	114%	483,527	107.5%	0.0%

[1] Excludes mandatory and employer superannuation contribution.

B. FY24 STI – assessment of performance measures

An overview of performance against the FY24 STI measures are set out in the following tables. The CEO was assessed against a balanced scorecard of financial and non-financial Group measures. The COO/CFO was assessed against a balanced scorecard of financial Group measures only. The EVP Americas, EVP EMEA, EVP APAC and Alliances were assessed against performance of the respective businesses for financial performance in order to drive performance in the respective regions in which Nuix operates, as well as non-financial Group measures.

Table 5. Performance against FY24 STI performance measures for CEO

STI PERFORMANCE MEASURES			
Measure	**Weighting**	**Outcomes**	**Explanation**
Financial metrics (CEO)			
Group ACV	40%	↑↓	**Achieved - 95**% of STI was awarded against this measure. Group ACV $211.5m (Up 14.0% PCP) *Up 12.0% on constant currency basis*
Group cost base	10%	✓	**Achieved** - 100% of STI was awarded against this measure. 100% achievement was awarded on this measure as a result of strong EBITDA result of $55.9m (Up 60% on PCP) **Cost base management** Actual $187.1m *0.4% under budget*
Non-financial metrics			
Group Customer Focus • Net Dollar Retention	10%	✓	**Achieved** - 100% of STI was awarded against this measure. **Net Dollar Retention (NDR) 112.9%** (up from **109.2%** in PCP) *110.9% in constant currency* **Customer Churn 4.4%** *Down from 5.3% in FY23*
Group Culture, leadership, and engagement • Engagement score • Turnover	20%	↑↓	**Partially Achieved** - 75% of STI was awarded against this measure. There has been a steady increase in Nuix's employee engagement score (72% in the latest survey (Up 5pts PCP). **Voluntary Attrition Rate 9.4%** (*down from 12.9% PCP)*
Individual KPI's • Achievement against FY24 Operating Plan & Strategic Initiatives	20%	↑↓	**Partially Achieved –** 76.7% of STI was awarded against this measure.

On Target (%)	**100%**	**Maximum (%)**	**125%**
% Achieved vs. Target	**88.3%**	**% Achieved vs. Maximum**	**70.7%**

Key	Above Target	On Target	Between Threshold and Target	Below Threshold

Table 6. Performance against FY24 STI performance measures for COO/ CFO

STI PERFORMANCE MEASURES			
Measure	**Weighting**	**Outcomes**	**Explanation**
Financial metrics (CFO/COO)			
Group ACV	2/3		**Achieved - 95**% of STI was awarded against this measure. Group ACV $211.5m (Up 14.0% PCP) *Up 12.0% on constant currency basis*
Group cost base	1/3	.	**Achieved** - 100% of STI was awarded against this measure. 100% achievement was awarded on this measure as a result of strong EBITDA result of $55.9m (Up 60% on PCP) **Cost base management** Actual $187.1m *0.4% under budget*
On Target (%)	**100%**	**Maximum (%)**	**125%**
% Achieved vs. Target	**96.7%**	**% Achieved vs. Maximum**	**77.3%**

Table 7. Performance against FY24 STI performance measures for EVP, Americas

STI PERFORMANCE MEASURES			
Measure	**Weighting**	**Outcomes**	**Explanation**
Financial metrics (EVP, Americas)			
Regional ACV	40%		**Overachieved -** 125% of STI was awarded against this measure. Regional ACV $114.1m (up 18.8% PCP) *Up 17.0% on Constant Currency*
Regional cost base	10%		**Achieved – 100% of STI was awarded against this measure** 100% achievement was awarded on this measure as a result of strong EBITDA top line growth of $129.4m (Up 41.1% on PCP)
Non-financial metrics			
Group Customer focus • Net Dollar Retention	10%		**Achieved -** 100% of STI was awarded against this measure per Nuix Group result.
Group Culture, leadership, and engagement	10%		**Partially Achieved -** 75% of STI was awarded against this measure per Nuix Group result.
Individual KPI's Achievement against FY24 Operating Plan & Strategic Initiatives	30%		**Achieved -** 100% of STI was awarded against this measure due to outperformance within Americas Region during FY24 against operating plan.

On Target (% of FR)	**100%**	**Maximum (% of FR)**	**125%**
% Achieved vs. Target	**107.5%**	**% Achieved vs. Maximum**	**86%**

Table 8. Performance against FY24 STI performance measures for EVP, APAC & Alliances

STI PERFORMANCE MEASURES			
Measure	**Weighting**	**Outcomes**	**Explanation**
Financial metrics (EVP, APAC & Alliances)			
Regional ACV	40%		**Achieved –** 105% of STI was awarded against this measure. Regional ACV $44.1m (up 11.8% PCP) *Up 11.4% on Constant Currency*
Regional cost base	10%		**Achieved – 100% of STI was awarded against this measure** 100% achievement was awarded on this measure as a result of strong cost base management throughout FY24 (11% below budget)
Non-financial metrics			
Group Customer focus • Net Dollar Retention	10%		**Achieved** - 100% of STI was awarded against this measure per Nuix Group result.
Group Culture, leadership, and engagement	10%		**Partially Achieved -** 75% of STI was awarded against this measure per Nuix Group result.
Individual KPI's Achievement against FY24 Operating Plan & Strategic Initiatives	30%		**Achieved -** 100% of STI was awarded against this measure due to strong performance within APAC Region during FY24 against operating plan.

On Target (% of FR)	**100%**	**Maximum (% of FR)**	**125%**
% Achieved vs. Target	**99.5%**	**% Achieved vs. Maximum**	**79.6%**

Table 9. Performance against FY24 STI performance measures for EVP, EMEA

STI PERFORMANCE MEASURES			
Measure	**Weighting**	**Outcomes**	**Explanation**
Financial metrics (EVP, EMEA)			
Regional ACV	40%		**Not Achieved – 0**% of STI was awarded against this measure. Regional ACV $53.3m (up 6.4% PCP) *Up 2.8% on Constant Currency*
Regional cost base	10%		**Not Achieved – 0% of STI was awarded against this measure** 0% achievement was awarded on this measure as a result of underperformance against cost base management & EBITDA in FY24 (both below budget)
Non-financial metrics			
Group Customer focus • Net Dollar Retention	10%		**Achieved** - 100% of STI was awarded against this measure per Nuix Group result.
Group Culture, leadership, and engagement	10%		**Partially Achieved -** 75% of STI was awarded against this measure per Nuix Group result.
Individual KPI's Achievement against FY24 Operating Plan & Strategic Initiatives	30%		**Partially Achieved -** 25% of STI was awarded against this measure due to the achievement of some milestones against the FY24 against FY24 EMEA operating plan.

On Target (% of FR)	**100%**	**Maximum (% of FR)**	**125%**
% Achieved vs. Target	**25%**	**% Achieved vs. Maximum**	**20%**

C. FY24 STI terms - further detail

Key terms and conditions applying to the STI arrangements for the Executive KMP during FY24 are as follows:

Table 10. Description of key terms of FY24 Executive KMP STI

<table>
<tr><th colspan="3">SHORT TERM INCENTIVE – KEY TERMS</th></tr>
<tr><th>Term</th><th>Further detail – CEO and COO/CFO</th><th>Further detail – EVP, EMEA, EVP, Americas & EVP, APAC & Global Alliances</th></tr>
<tr><td>Performance period</td><td colspan="2">STI awards are assessed over the 12-month financial year. Any STI award payments are made after performance is tested at the end of the performance period.</td></tr>
<tr><td>Instrument</td><td>Once the total dollar value of the STI earned is determined, 2/3 will be awarded in cash, the remaining 1/3 will be delivered in share rights to support the alignment between the CEO and COO/CFO and Nuix's shareholders. Each share right will vest into one share after 12 months subject to continuing employment.</td><td>Once the total dollar value of the STI earned is determined, 75% will be awarded in cash, the remaining 25% will be delivered in share rights to support alignment between the EVP's and Nuix's shareholders. Each share right will vest into one share after 12 months subject to continuing employment.</td></tr>
<tr><td>Calculation</td><td colspan="2">The number of share rights granted will be calculated by dividing the dollar value attributable to those share rights by the 30-day VWAP following the release of Nuix's financial statements for FY24. The CEO's grant will be subject to shareholder approval.</td></tr>
<tr><td>Performance Measures</td><td>For the CEO, the FY24 STI is assessed against multiple performance measures being:
• Group ACV Growth (40% weighting)
• Group Cost Base (10% weighting)
• Group Customer Focus (NDR) (10% weighting)
• Group Culture & Engagement (20% weighting)
• Individual KPI's linked to operating plans (20% weighting)

For the COO/CFO, the FY24 STI is assessed against the following performance measures:
• Group ACV Growth (2/3 weighting)
• Group Cost Base (1/3 weighting)
As part of Mr Barton's exit arrangements, the Board deemed only financial metrics were the only appropriate measures of performance for FY24 for the COO/CFO.</td><td>For the Regional EVP's, the FY24 STI is assessed against multiple performance measures being:
• Region ACV Growth (40% weighting)
• Region Cost Base (10% weighting)
• Group Customer Focus (10% weighting)
• Group Culture & Engagement (10% weighting)
• Individual KPI's linked to operating plans (30% weighting)

It is considered that these metrics reflect not only the key financial drivers of value in the business but what is required to drive renewed growth. As part of its overarching discretion, the Board also retains discretion to adjust STI outcomes for behaviour that is inconsistent with the Group's values and culture (as well as any risk, regulatory or reputational issues).</td></tr>
<tr><td>Treatment on cessation of employment</td><td colspan="2">Where an Executive KMP ceases employment prior to the date of payment, the default position is that the executive would not be eligible for an STI award for that financial year (unless the Board determines otherwise).</td></tr>
<tr><td>Change of control</td><td colspan="2">Where there is a change of control event (for example, a takeover bid, scheme of arrangement, merger or any other transaction or event that in the Board's opinion is a change of control event), the Board has discretion in respect of the treatment of the STI (subject to the ASX Listing Rules).</td></tr>
</table>

4.5 FY23 long term incentive awards (vesting)

A. Overview

All five Executive KMP were eligible to participate in an LTI award in FY23. The awards will be delivered in performance rights and vest in two equal tranches upon the release of the Company's financial results for each for FY24 and FY25.

Table 11. FY23 LTI awards to Executive KMP

Executive KMP	Maximum LTI opportunity ($)	Maximum LTI opportunity (% of TFR)	Value of LTI granted ($)	% of FY23 LTI granted	% of FY23 LTI award forfeited
Jonathan Rubinsztein	875,000	125%	875,000	100%	0%
Chad Barton	711,000	90%	711,000	100%	0%
Warren Brugger[1]	83,233	30%	83,233	100%	0%
Jonathan Rees	102,600	21%	102,600	100%	0%
Michael Smith[1]	230,596	52%	230,596	100%	0%

There is no exercise price for the rights granted. The performance rights will vest and be settled by the delivery of shares when the applicable vesting conditions have been satisfied.

B. FY23 LTI key terms – further detail

Table12 below outlines the key terms attaching to the LTI awards granted to Executive KMP under the FY23 LTI.

Table 12. Key terms of FY23 LTI awards granted to Executive KMP

FY23 LONG TERM INCENTIVE – KEY TERMS	
	Further detail
Entitlement	Subject to the satisfaction of the performance conditions, each LTI performance right entitles the holder to one fully paid ordinary share in Nuix Limited (or a cash equivalent payment at the discretion of the Board).
Allocation methodology	The number of LTI performance rights to be granted is calculated by dividing the participant's dollar value LTI opportunity for FY23 (as outlined in table 7 above) by the market value of the underlying share determined based on the 5-day VWAP following the release of the FY22 results (i.e., the start of the period that the LTI is tested against). For example, the CEO was eligible to receive up to 1,286,764 Performance Rights which were calculated as the LTI opportunity of $875,000 divided by the 5-day VWAP of $0.68. This was approved at the 2022 Nuix AGM.

[1] Pro-rated for service period

<table>
<tr><td>Performance conditions and vesting schedule</td><td>The FY23 LTI performance rights are subject to performance testing against ACV growth (constant currency) for FY23. If the targets are met, 50% of the vested LTI performance rights will be available upon the release of the Company’s financial results for each in FY24 and FY25.

The vesting schedule in respect of ACV is outlined below:

<table><tr><th>ACV growth</th><th>3%</th><th>4%</th><th>5%</th><th>6%</th><th>7%</th><th>8%</th><th>9%</th><th>10%</th></tr><tr><td>% payout of LTI</td><td>30%</td><td>40%</td><td>50%</td><td>60%</td><td>70%</td><td>80%</td><td>90%</td><td>100%</td></tr></table>
Performance Outcome = 100% achievement against target

14.5% ACV growth for the period 1 July 2022 to 30 June 2023</td></tr>
<tr><td>Treatment on cessation of employment</td><td>Where an Executive KMP ceases employment prior to the expiry date noted above:
for cause or resignation, the default position is that any unvested LTI performance rights will lapse (unless the Board determines otherwise); and
in all other circumstances, the LTI performance rights will remain on foot (unless the Board exercises its discretion to treat them as lapsed).</td></tr>
<tr><td>Forfeiture and clawback</td><td>Under the Nuix Employee Share Plan, forfeiture and claw-back provisions apply to the LTI performance in a range of circumstances including (but not limited to) where (1) a participant has acted fraudulently or dishonestly, or breached his duties or obligations to the Group; (2) has done an act which brings the Group into disrepute; or (3) there has been a material misstatement or omission in the Group’s financial statements or circumstances which will require the financial statements of the Group to be restated.</td></tr>
<tr><td>Change of control</td><td>Where there is a change of control event (for example, a takeover bid, scheme of arrangement, merger or any other transaction or event that in the Board’s opinion is a change of control event), the Board has discretion in respect of the treatment of the awards (subject to the ASX Listing Rules).</td></tr>
</table>

4.6 FY24 long term incentive plan (LTIP) (grant)

A. Overview

In recognition of the work required in transforming the performance of the Company, an LTI program was approved by the Board that provides for the issue of performance rights to KMP subject to performance testing against the benchmarks of ACV (50%) and relative total shareholder return (rTSR) (50%), with vesting after FY26. The Board has adopted the ACV measure for consistency with the Company's reporting to shareholders and the market generally, and the rTSR measure to closely align management with shareholder interests.

All five Executive KMP were eligible to participate in the FY24 LTIP. The awards will be delivered in performance rights and vest upon the release of the Company's financial results in FY26.

Table 13. FY24 LTI awards to Executive KMP

		Grant date fair value per performance right for each of the performance conditions						
Executive KMP	**Number of rights granted**	**ACV ($)**	**rTSR ($)**	**Maximum LTI opportunity ($)**	**Maximum LTI opportunity (% of TFR)**	**Value of LTI awarded ($)**	**% of FY24 LTI awarded**	**% of FY24 LTI award forfeited**
Jonathan Rubinsztein	560,156	1.56	1.36	875,000	125%	NA	NA	NA
Chad Barton	455,168	1.56	1.36	711,000	90%	NA	NA	NA[1]
Warren Brugger	84,504	1.56	1.36	132,000	30%	NA	NA	NA
Jonathan Rees	100,876	1.56	1.36	157,847	30%	NA	NA	NA
Michael Smith	162,158	1.56	1.36	256,033	52%	NA	NA	NA

There is no exercise price for the rights granted. The performance rights will vest and be settled by the delivery of shares when the applicable vesting conditions have been satisfied.

B. FY24 LTI key terms – further detail

Table 14 below outlines the key terms attaching to the LTI awards granted to Executive KMP during FY24.

Table 14. Key terms of FY24 LTI awards granted to Executive KMP

FY24 LONG TERM INCENTIVE PLAN (LTIP) – KEY TERMS	
	Further detail
Entitlement	Subject to the satisfaction of the performance conditions, each LTI performance right entitles the holder to one fully paid ordinary share in Nuix Limited (or a cash equivalent payment at the discretion of the Board).
Allocation methodology	The number of LTI performance rights to be granted to each participant (including Mr Rubinsztein) is calculated by dividing the participant's dollar value LTI opportunity for FY24 by the closing share price on the trading day immediately before the date of the grant date.

[2] Subsequent to Mr. Barton's departure on 30 August 2024, the FY24 LTI plan award has been forfeited.

FY24 LONG TERM INCENTIVE PLAN (LTIP) – KEY TERMS

Performance Period

1 July 2023 to 30 June 2026

Performance conditions and vesting schedule

The FY24 LTI performance rights are subject to performance testing against the following performance conditions over the 3-year performance period:

- ACV (50%); and
- rTSR (50%).

The ACV and rTSR targets are assessed at the end of FY26. If the targets are met, the performance rights will vest in the Company's first open trading window following the release of its audited financial statements for FY26 in accordance with the below, unless otherwise already vested including as a result of a change of control event as outlined below. Specific ACV targets (which are compound annual growth rate targets (**CAGR**) over the 3-year performance period) will not be disclosed until the end of FY26 due to commercial sensitivity. In respect of the rTSR targets, this will be measured against a peer group comprising of companies in the ASX All Technology Index.

ACV Performance (50% weighting)

	Level of vesting	ACV targets
Below Threshold	0%	*To be disclosed at the end of FY26*
Threshold	20%	*To be disclosed at the end of FY26*
Between Threshold and Target	Between 20% and 50% determined on a linear sliding scale	*To be disclosed at the end of FY26*
Between Target and Maximum	Between 50% and 100% determined on a linear sliding scale	*To be disclosed at the end of FY26*
Maximum	100%	*To be disclosed at the end of FY26*

rTSR Performance (50% weighting)

	Level of vesting	rTSR targets
Below Threshold	0%	*< 50th percentile*
Threshold	50%	*Equal to 50th percentile*
Between Threshold and Maximum	Between 50% and 100% determined on a linear sliding scale	*Between 50th and 75th percentile*
Maximum	100%	*Equal to or more than 75th percentile*

Treatment on cessation of employment

The Board may specify in the terms of an invitation or make a determination as to how a KMP Awards will be treated on the occurrence of cessation of employment of the KMP. Applicable treatment may include:

- vesting on the cessation date;
- options only be exercisable within a specified period; or
- lapse or forfeit of the Awards.

FY24 LONG TERM INCENTIVE PLAN (LTIP) – KEY TERMS	
Forfeiture and clawback	In the event of an inappropriate circumstance, the Board retains the discretion to determine the treatment of Awards. Examples of inappropriate circumstance include (without limitation): • fraudulent or dishonest behaviour, serious misconduct or any breach of obligation to the Company; • acting in a manner that brings the Company into disrepute; and • any other circumstance which the Board determines in good faith constitutes an inappropriate circumstance. If an inappropriate circumstance occurs, the Board retains absolute discretion and may exercise its discretion to (amongst other things) determine that the Performance Rights (or Shares acquired on the exercise of Performance Rights) will lapse.
Change of control	The Board may specify in the terms of an invitation or make a determination as to how an employee's Awards will be treated on the occurrence of a change of control event (for example, a takeover bid, scheme of arrangement, merger or any other transaction or event that in the Board's opinion is a change of control event for us). This may include, subject to the ASX Listing Rules, with respect to each award, that: • Awards, to the extent not fully vested, will become vested and exercisable in full or in part; • Options may be exercised within a specific period only, otherwise they will lapse; • disposal restrictions or any other terms which apply to the Awards cease to apply; or • the Company, on behalf of the employee, will direct the trustee to transfer trust shares into the employee's name..

4.7 Retention & incentive grant 2023 (one-off grant)

A. Overview

The Retention & Incentive (R&I) Plan is designed to provide additional incentive to KMP to remain united and focused on the delivery, for the benefit of shareholders, of the strategic plan over the course of the FY24-FY26. The Board has strong conviction that the strategic plan, if delivered, will lead to material wealth creation for the Company's shareholders. By structuring the R&I Plan around share-price growth hurdles and service conditions, this plan:

- is fully aligned with increasing shareholder value;
- complements the existing annual STI and LTI plans; and

provides strong incentive for the ELT and other critical talent to deliver across the next three year period whilst the strategic plan is achieved.

All five Executive KMP were eligible to participate in the Retention & Incentive Grant 2023 (one-off grant). The awards will be delivered in performance rights and vest upon the release of the Company's financial results in FY26.

Table 15. FY24 R&I Plan awards to Executive KMP

Executive KMP	# Rights Allocated	Value of R&I opportunity ($)[1]	Value of R&I opportunity as a % of TFR	Value of R&I awarded ($)	% of R&I awarded	% of R&I award forfeited	Grant date fair value
Jonathan Rubinsztein	1,280,000	1,190,400	170%	NA	NA	NA	$0.93
Chad Barton	704,000	654,720	83%	NA	NA	NA[2]	$0.93
Warren Brugger	384,000	357,120	81%	NA	NA	NA	$0.93
Jonathan Rees	384,000	357,120	69%	NA	NA	NA	$0.93
Michael Smith	384,000	357,120	72%	NA	NA	NA	$0.93

B. R&I Plan key terms – further detail

Table 16 below outlines the key terms attaching to the R&I Plan awards granted to Executive KMP during FY24.

Table 16. Key terms of R&I Plan awards granted to Executive KMP

<table>
<tr><th colspan="2">RETENTION & INCENTIVE (R&I) PLAN – KEY TERMS</th></tr>
<tr><td>Eligibility</td><td>A fixed pool of up to 6,400,000 performance rights to be issued to the ELT and other personnel who are identified or recruited to fill critical capability needs as determined by the Board.</td></tr>
<tr><td>Awards</td><td>The R&I Plan provides the Company with ability to grant performance rights. Each performance right entitles the holder to one fully paid ordinary share in the Company (or a cash equivalent payment at the discretion of the Board).</td></tr>
<tr><td>Performance period</td><td>1 July 2023 to 30 June 2025</td></tr>
<tr><td>Vesting conditions</td><td>The R&I Plan performance rights are subject to performance testing against the following share price hurdles:
<table><tr><th>Share price hurdles</th><th>Percentage of performance rights that will vest</th></tr><tr><td>< $2.40</td><td>0%</td></tr><tr><td>≥ $2.40 to < $3.20</td><td>30%</td></tr><tr><td>≥ $3.20 to < $4.00</td><td>65%</td></tr><tr><td>≥ $4.00</td><td>100%</td></tr></table></td></tr>
</table>

[1] Calculated at fair market value of $0.93 per ordinary share.

[2] Subsequent to Mr. Barton's departure on 30 August 2024, the FY24 R&I plan award has been forfeited.

RETENTION & INCENTIVE (R&I) PLAN – KEY TERMS	
Vesting conditions (continued)	The share price targets will be tested against a rolling 30-day VWAP during the testing period that commences on the release of the Company's audited financial statements for FY25 and ends on 30 June 2026. Subject to satisfying the above performance condition, performance rights will vest in the Company's first open trading window following the date that is 12 months after the date that the above performance condition is satisfied, provided that the relevant participant remains employed by the Company as at that date (and has not given or received notice of cessation of employment), unless otherwise already vested including as a result of a change of control event as outlined further below. The Board retains the discretion to waive any vesting condition if it considers it to be in the best interests of the Company. The Board also has the discretion to adjust the share price targets in the event of a reorganisation of the issued capital of the Company to minimise or eliminate any material advantage or disadvantage to the participant resulting from the reorganisation.
Exercise price or Purchase price	No exercise price or purchase price is payable in respect of performance rights granted under the R&I Plan.
Vesting and exercise	Performance rights will vest and be settled by the delivery of shares (or, where applicable, cash) when the applicable vesting conditions have been satisfied.
Lapsing	Performance rights will lapse, on the occurrence of a date or circumstance specified in the award agreement (for example, upon failure to satisfy a vesting or performance condition).
Dealing restrictions	A participant may not deal with a performance right in any manner, other than as required by law or permitted by the Company's Securities Trading Policy.
Treatment on cessation of employment	Where a participant ceases employment (or gives notice or receives notice in relation to the cessation of their employment) prior to the vesting of the performance rights, the treatment of those performance rights will depend on whether they are a Good Leaver or a Bad Leaver (as those terms are defined in the R&I Plan. If they are a Bad Leaver, their performance rights will lapse (unless the Board determines otherwise which it may do in its absolute discretion). If they are a Good Leaver, a pro-rated number (based on the proportion of the performance period served) of the performance rights will remain on foot and may vest subject to the performance conditions, with the remainder to lapse (unless the Board determines otherwise which it may do in its absolute discretion).
Clawback	In the event of an inappropriate circumstance, the Board retains the discretion to determine the treatment of Awards. Examples of inappropriate circumstance include (without limitation): • fraudulent or dishonest behaviour, serious misconduct or any breach of obligation to the Company; • acting in a manner that brings the Company into disrepute; and • any other circumstance which the Board determines in good faith constitutes an inappropriate circumstance. If an inappropriate circumstance occurs, the Board retains absolute discretion and may exercise its discretion to (amongst other things) determine that the performance rights (or shares acquired on the exercise of performance rights) will lapse.

RETENTION & INCENTIVE (R&I) PLAN – KEY TERMS	
Change of control	Where there is a change of control event (for example, a takeover bid, scheme of arrangement, merger or any other transaction or event that in the Board's opinion is a change of control event), (unless otherwise determined by the Board), a pro-rated number (based on the proportion of the performance period elapsed up to the date of the change of control event) of performance rights will vest subject to the share price hurdles being met if the relevant share price was instead the share price implied by the change of control event. Notwithstanding the above, if a change of control event occurs, the Board retains absolute discretion in respect of the treatment of the awards in the context of the relevant circumstances and may exercise its discretion to (amongst other things) waive any vesting condition and/or determine that any vesting condition is satisfied.
ASX Listing Rules	The R&I Plan and awards made under it are always subject to the ASX Listing Rules and applicable law.

4.8 One-off awards

A. Sign-on equity for EVP Americas and EVP APAC and Alliances

Nuix appointed a new EVP Americas and EVP APAC and Alliances in FY23. In order to attract executives of this calibre and wealth of experience, sign-on incentives were provided as summarised below:

- EVP Americas: In recognition of incentives forfeited with his previous employer, Nuix provided a sign on grant at a face value of $300,000. The number of performance rights issued was 483,014, based on the 5-day VWAP being immediately preceding his start date (25 July 2022). The grant will be issued as performance rights and will vest subject to continuous service in the first trading window following the first and subsequent anniversary dates of the commencement date. Each vesting is subject to a continued service hurdle. In FY24, 96,603 rights (1/5) were vested to the Executive following the achievement of Year 1 of the continued service hurdle.
- EVP APAC and Global Alliances: Nuix provided a sign on grant at a face value of $300,000. The number of performance rights issued was 519,930, based on the 5-day VWAP being immediately preceding the effective date of his contract (14 November 2022). The grant will be issued as performance rights and will vest subject to continuous service in the first trading window following the first and subsequent anniversary dates of the commencement date. Each vesting is subject to a continued service hurdle In FY24, 103,986 rights (1/5) were vested to the Executive following the achievement of Year 1 of the continued service hurdle.

B. Exit Arrangements for COO/CFO

It was announced that Chief Operating Officer & Chief Financial Officer (Mr. Chad Barton) would step down at the end of August 2024 following the release of the FY24 results. The Board agreed the following exit arrangements with Mr. Barton in recognition of his service to the Group as well as to ensure a smooth handover and transition:

Departing KMP	Exit Arrangements
Chad Barton Chief Operating Officer / Chief Financial Officer	• Separation Payment • Eligible for FY24 STIP (to be assessed against Group financial metrics) • Earned but unvested Awards will be retained

4.9 Legacy option awards

The EVP, EMEA has options that remain on foot that were granted to them prior to the IPO. These options are subject to remaining employed at vesting date. Refer to Table 17 for the number of options held and in table 10, the share-based payments include the cost of these options for this year.

The former CEO (Rod Vawdrey) and CFO (Stephen Doyle) retained LTI options on departure in 2021. These options were tested against the FY23 Revenue and EBITDA performance in line with the contractual arrangements. The Board determined that 100% of the revenue target was achieved and 100% of the EBITDA target was achieved and therefore 100% of the available options vested to them. The exercise price for these options is $5.31.

4.10 Executive KMP remuneration statutory table

The table below sets out Executive KMP remuneration for FY24 in accordance with the requirements of the Accounting Standards and *Corporations Act 2001* (Cth). The table reflects the accounting value of remuneration attributable to KMP, derived from the various components of their remuneration.

Table 17. Statutory remuneration table

		Short-term benefits			Long-term benefits		Share-based payments	Separation payment		
	Financial year	Salary[1]	Cash bonus	Non-monetary benefits[2]	Long service leave	Super-annuation	Equity Settled	Separation payment	Total	Proportion of remuneration performance-related
		$	$	$	$	$	$	$	$	%
Jonathan Rubinsztein	FY24	694,619	309,167	7,416	-	27,399	1,019,531	-	2,058,132	60%
	FY23	721,181	336,000	1,961	-	25,292	719,282	-	1,803,716	49%
Chad Barton	FY24	774,808	305,467	-	-	27,399	920,059	342,125[3]	2,369,858	48%
	FY23	820,382	303,360	-	-	25,292	661,205	-	1,810,239	49%
Warren Brugger	FY24	452,692	131,340	-	-	27,399	352,342	-	963,773	31%
	FY23[4]	282,752	79,157	-	-	18,771	205,573	-	586,253	24%
Jonathan Rees	FY24	526,155	62,068	-	-	47,354	248,288	-	883,865	28%
	FY23	503,304	236,939	-	-	19,678	254,526	-	1,014,447	36%
Michael Smith	FY24	336,291	362,646	-	-	30,131	465,354	-	1,194,422	60%
	FY23[5]	490,506	299,698	-	-	8,174	362,290	-	1,160,668	42%
TOTAL	**FY24**	**2,784,565**	**1,170,688**	**7,416**	**-**	**159,682**	**3,005,574**	**342,125**	**7,470,050**	
TOTAL	**FY23**	**2,818,125**	**1,255,154**	**1,961**	**-**	**97,363**	**2,202,876**	**-**	**6,375,479**	

[1] Includes annual leave expenses recognised during FY24.

[2] Includes benefits such as, but not limited to, the provision of car parking and fringe benefits tax (FBT). FBT included is in respect of the FBT year ended 30 June 2024.

[3] The value shown represents 42.5% of the total Mr Barton's separation payment accrued in 2024. The remaining 57.5% will payable following his exit from the business on 30 August 2024 and represented in Nuix's FY25 remuneration report.

[4] From 4 November 2022.

[5] From 25 July 2022.

5. Non-Executive Director remuneration

5.1 Overview

The Board sets the fees for its Non-Executive Directors in line with the key objectives of the Group's Non-Executive Director remuneration policy set out below.

Non-Executive Director remuneration is reviewed annually and the Remuneration and Nomination Sub-Committee makes recommendations to the Board regarding the remuneration of Non-Executive Directors.

The Group does not make sign-on payments to new Non-Executive Directors nor provide for retirement allowances / benefits for Non-Executive Directors (other than superannuation). Executive Directors of the Group are not entitled to be paid Non-Executive Directors' fees.

Table 18. Non-Executive Director remuneration overview

Elements	Details
Market competitive	• The Board's policy is to pay Non-Executive Directors at market competitive rates to attract and retain high calibre Directors with the necessary skills, expertise and experience for the Nuix Board • In positioning fees, the Board has regards to fees payable by comparable companies (based on external benchmarking data) as well as the time commitment and workloads of Non-Executive Directors
Independence and impartiality	• No element of Non-Executive Director remuneration is "at risk" (i.e. subject to performance conditions) in order to preserve the Directors' independence and impartiality • Two Non-Executive Directors (Sir Iain Lobban & Jeffrey Bleich) held options over Nuix shares that were granted to them pre-IPO. These options are not performance tested so as not to conflict with their obligation to bring an independent judgement to matters before the Board. No options have been granted to Non-Executive Directors since Listing • It is not intended to grant options or performance rights to Non-Executive Directors in the future
Shareholder alignment	• Non-Executive Directors are encouraged to hold securities in the Company to create alignment between interests of Directors and shareholders

5.2 Fee pool and schedule

Non-Executive Directors are paid from an aggregate annual fee pool of $1,100,000, as approved by the Group's shareholders upon its listing in 2020.

Table 19 sets out the fees (inclusive of superannuation) payable to the Non-Executive Directors of the Group in respect of FY24.

The Chair and Deputy Chair do not receive separate fees for their participation in Board committees.

The Non-Executive Directors did not receive a fee increase in FY24.

Table 19. Non-Executive Director fees for FY24

Position	Fees for FY24 (Annualised)
Chairman	$240,000
Deputy Chairman	$160,000
Directors	$120,000
Committee chairman	$20,000
Committee member	$10,000

5.3 Legacy options held by Non-Executive Directors

As outlined in section 6.4.2.7 of Nuix's Prospectus, Non-Executive Directors Jeffrey Bleich and Sir Iain Lobban (via Cyberswift Ltd) each held 625,000 options over Nuix shares prior to completion of the IPO. Upon completion of the IPO, 375,000 of those options were cancelled for cash and 250,000 options remained on foot for each of them. In FY24, these options lapsed for Mr Bleich and Sir Iain Lobban on 30 September 2023.

5.4 Non-Executive Directors – statutory remuneration

The fees paid or payable to the Non-Executive Directors of the Group in respect of FY24 are set out in the table on the next page. No fees paid or payable to the Non-Executive Directors of the Group were performance related.

Table 20. FY24 Non-Executive Directors statutory remuneration table

Non-Executive Director remuneration	Financial year	Short-term benefits	Post-employment benefits	Share based payments	
		Salary & fees	Super-annuation	Options	Total
		$	$	$	$
Robert Mactier	**FY24**	216,216	23,784	-	240,000
	FY23	171,041	13,549	-	184,590
Jeffrey Bleich	**FY24**	157,773	-	-	157,773
	FY23	211,607	-	-	211,607
Sir Iain Lobban	**FY24**	119,516	-	-	119,516
	FY23	126,306	-	-	126,306
Sue Thomas	**FY24**	35,046	3,855	-	38,901[1]
	FY23	129,035	13,549	-	142,584
Jacqueline Korhonen	**FY24**	126,126	13,874	-	140,000
	FY23	126,697	13,303	-	140,000
Sara Watts	**FY24**	126,126	13,874	-	140,000
	FY23	60,599	6,363	-	66,962
Alan Cameron	**FY24**	122,122	13,433	-	135,555[2]
	FY23	58,378	6,130	-	64,508
TOTAL	**FY24**	**909,925**	**68,820**	**-**	**971,745**
TOTAL	**FY23**	**883,663**	**52,894**	**-**	**936,557**

[1] Fees for service rendered up to 18 Oct 2023.

[2] Rate change effective 12 Dec 2023 for participation in Audit and Risk Committee.

6. Remuneration governance

6.1 Responsibility for setting remuneration

Nuix maintains a robust remuneration governance framework, which aims to ensure that the Group's remuneration practices are fair and reasonable, aligned with best practice and balance both financial and non-financial risk considerations.

Table 21. Nuix's remuneration governance framework

NUIX BOARD

The Board is responsible for the overall corporate governance, operation and stewardship of the Group and, in particular, for the long-term growth and profitability, the strategies, values, policies and financial objectives.

The Board reviews, challenges, applies judgment and, as appropriate, approves the Remuneration and Nomination Committee's recommendations. It approves the remuneration of Executive KMP and of Non-Executive Directors and the polices and frameworks that govern both.

REMUNERATION AND NOMINATION COMMITTEE

The role of the Remuneration and Nomination Committee is to assist the Board by reviewing and making recommendations to the Board in relation to:

- the Group's Remuneration Policy (including as it applies to Non-Executive Directors);
- remuneration packages of senior executives equity-based incentive plans and other employee benefit programs;
- the process by which the pool of Non-Executive Directors' fees approved by shareholders is allocated to Directors, succession planning for the Board and senior executives and the recruitment of new Non-Executive Directors and senior executives;
- the appointment and re-election of people as members of the Board and its committees;
- the Group's recruitment, retention and termination policies;
- the process for the evaluation of the performance of the Board, its Board committees and individual Non-Executive Directors; and
- the size and composition of the Board and strategies to address Board diversity and the Group's performance in respect of the Group's Diversity Policy.

MANAGEMENT	EXTERNAL ADVICE
Management is responsible for preparing proposals to be considered by the Remuneration and Nomination Committee on remuneration arrangements and outcomes. Management also oversees the implementation of approved remuneration policies and processes.	External advisers may be used from time-to-time to supplement the Remuneration and Nomination Committees own information and insights (as required) and to ensure the Committee is appropriately informed when discharging its obligations.

6.2 Use of remuneration consultants

The Remuneration and Nomination Committee seeks external remuneration advice to assist the Committee with discharging its duties and ensure that it is fully informed when making decisions (including on recent market trends and practices and other remuneration related matters).

Any advice from consultants is used as a reference point by the Remuneration and Nomination Committee and the Board only and does not serve as a substitute for thorough consideration by Non-Executive Directors.

No remuneration recommendations (as defined in section 9B of the *Corporations Act 2001*) were obtained during the financial year ended 30 June 2024.

6.3 Details of Executive Service Agreements

Key terms of the service agreements of Executive KMP are summarised in Table 22 below.

Table 22. Key terms of Executive KMP contracts in FY23

EXECUTIVE SERVICE AGREEMENTS	
Element	**Further detail**
Duration	Permanent employees with an ongoing term.
Periods of notice required to terminate	The Group or Executive KMP may terminate the contract by giving the following notice: • CEO, COO/CFO and EVP APAC and Alliances - 6 months' written notice • EVP EMEA and EVP Americas – 90 days written notice For all Executive KMP, the Group may terminate the service agreement immediately without notice in certain circumstances, including (but not limited to) where the relevant Executive KMP engages in a serious breach of agreement or serious misconduct.
Termination payments	Members of the Executive KMP may be entitled to termination payments in limited circumstances and subject to local legislative requirements and practices (but not when the termination occurs for cause). A payment may be made in lieu of notice at the discretion of the Board where termination occurs other than for cause.
Restraints	All Executive KMP are subject to post-employment restraints as follows: • CEO, EVP APAC and Alliances and EVP Americas: 12 months • COO/CFO, EVP EMEA: 6 months

7. Further information

7.1 Executive KMP and Director share ownership

Tables 23 and 24 below set out the number of shares held directly, indirectly or beneficially by KMP.

Table 23. Movements in shareholdings not held under an employee share plan

	Opening balance	Purchase of shares	Disposal of shares	Vesting of performance rights	Other changes	Balance 30-Jun-24
Non-Executive Directors						
Robert Mactier	175,000	-	-	-	-	175,000
Jeffrey Bleich	135,000	-	-	-	-	135,000
Sir Iain Lobban	-	-	-	-	-	-
Sue Thomas	315,300	-	-	-	-	315,300
Jacqueline Korhonen	-	-	-	-	-	-
Sara Watts	-	-	-	-	-	-
Alan Cameron	23,800	-	-	-	-	23,800
Executive KMP						
Jonathan Rubinsztein	642,348	-	-	252,579	-	894,927
Chad Barton	42,016	-	-	189,683	-	231,699
Warren Brugger	-	-	-	103,986	-	103,986
Jonathan Rees	4,610	-	-	-	-	4,610
Michael Smith	-	-	-	96,603	-	96,603

Table 24. Movements in options and performance rights held under an employee share plan

	Instrument	Opening balance	Granted	Vested and exercised	Forfeited	Lapsed	Balance 30-Jun-24	Vested and exercisable 30-Jun-24	Maximum value yet to vest[1]	Future vesting schedule
Non-Executive Directors										
Robert Mactier	Options	-	-	-	-	-	-	-	-	-
Jeffrey Bleich	Options	240,000	-	-	-	(240,000)	-	-	-	-
Sir Iain Lobban[2]	Options	250,000	-	-	-	(250,000)	-	-	-	-
Sue Thomas	Options	-	-	-	-	-	-	-	-	-
Jacqueline Korhonen	Options	-	-	-	-	-	-	-	-	-
Sara Watts	Options	-	-	-	-	-	-	-	-	-
Alan Cameron	Options	-	-	-	-	-	-	-	-	-
Executive KMP										
Jonathan Rubinsztein	Options	-	-	-	-	-	-	-	-	-
	Performance Rights	2,206,022	1,950,682	(252,579)	-	-	3,904,125	-	$2,016,420	FY25-FY28
Chad Barton	Options	-	-	-	-	-	-	-	-	-
	Performance Rights	1,686,418	1,264,799	(189,683)	-	-	2,761,534	-	-	-
Warren Brugger	Options	-	-	-	-	-	-	-	-	-
	Performance Rights	641,314	485,395	(103,986)	-	-	1,022,723	-	$673,654	FY25-FY28
Jonathan Rees	Options	420,041	-	-	(45,834)	-	374,207	241,140	-	-
	Performance Rights	149,628	536,231	-	-	-	685,859	-	$493,640	FY25-FY28
Michael Smith	Options	-	-	-	-	-	-	-	-	-
	Performance Rights	819,307	610,132	(96,603)	-	-	1,332,837	-	$772,279	FY25-FY28

There were no options or rights that we were vested but unexercisable at balance date.

[1] The maximum value of share rights yet to vest is determined based on the amount of the grant date fair value that is yet to be expensed. The minimum value of share rights yet to vest is nil since the share rights will be forfeited if the vesting conditions are not met.

[2] Sir Iain Lobban held options through Cyberswift Ltd, an entity incorporated in the United Kingdom.

7.2 Other transactions and balances with KMP

A. Loans to Executive KMP

No Executive KMP or their related parties received loans, guaranteed or secured, directly or indirectly from the Group during the year.

B. Other Executive KMP transactions

The Group did not engage in any transactions with Executive KMP or their related parties during the year.

C. Other transactions

There were no other transactions that occurred with the Executive KMP or their related parties during the year.

NUIX LIMITED AND CONTROLLED ENTITIES

Financial Report

For the Year Ended 30 June 2024

A.B.N. 80 117 140 235
A.C.N. 117 140 235
ASX Code: NXL

Consolidated statement of comprehensive income

For the year ended 30 June 2024

	Notes		2024 $000		2023 $000
Revenue	2.1		220,617		182,465
Cost of goods sold			(21,645)		(22,949)
Gross profit			**198,972**		**159,516**
Sales and distribution			(73,539)		(65,039)
Research and development			(65,060)		(58,382)
General and administration					
Legal fees related to litigation matters[1]		(8,547)		(7,816)	
Other general and administration		(43,988)		(35,398)	
Total general and administration			(52,535)		(43,214)
Remeasurement of government grant income[2]	3		(3,051)		-
Other income	2.4		969		1,319
Net realised and unrealised foreign exchange gains			873		735
Operating profit/(loss)			**6,629**		**(5,065)**
Finance costs	2.5		(890)		(1,220)
Finance income	2.6		292		-
Fair value gain on contingent consideration			2,137		1,011
Profit/(Loss) before income tax			**8,168**		**(5,274)**
Income tax expense	3.1		(3,142)		(315)
Profit/(Loss) for the year			**5,026**		**(5,589)**
Other comprehensive income/(loss)					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations			(2,115)		4,074
Other comprehensive income, net of tax			**(2,115)**		**4,074**
Total comprehensive income/(loss) for the year, net of tax			**2,911**		**(1,515)**
Earnings per share					
Basic	2.8		0.02		(0.02)
Diluted	2.8		0.02		(0.02)

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

[1] Refer to Note 9.7, net of Insurance recoveries.

[2] Refer to discussion on change in estimates associated with an uncertain tax position and related impact on measurement of government grant income, deferred government grant income and deferred tax assets in Section 3 of the notes to the financial statements.

Consolidated statement of financial position

As of 30 June 2024

	Notes	2024 $000	2023 $000
Current assets			
Cash and cash equivalents	4.1	38,032	29,588
Trade and other receivables (including contract assets)	4.2	66,844	68,534
Other current assets	4.3	8,652	7,323
Current tax assets	3.4	1,832	1,441
Total current assets		**115,360**	**106,886**
Non-current assets			
Trade and other receivables (including contract assets)	4.2	21,664	12,566
Deferred tax assets	3.3	5,556	3,958
Intangible assets	5.1	243,933	244,567
Property and equipment	5.2	2,288	2,944
Right of use assets	5.3	8,277	8,647
Total non-current assets		**281,718**	**272,682**
Total assets		**397,078**	**379,568**
Current liabilities			
Trade and other payables	4.4	34,866	28,655
Deferred revenue	4.5	38,444	38,998
Provisions	4.6	3,177	3,000
Lease liabilities	5.3	3,189	3,028
Other current liabilities	9.1	3,949	9,839
Total current liabilities		**83,625**	**83,520**
Non-current liabilities			
Deferred revenue	4.5	7,683	15,947
Provisions	4.6	1,239	1,171
Lease liabilities	5.3	6,583	8,088
Deferred tax liabilities	3.3	8,548	-
Other non-current liabilities	9.1	2,708	-
Total non-current liabilities		**26,761**	**25,206**
Total liabilities		**110,386**	**108,726**
Net assets		**286,692**	**270,842**
Equity			
Issued capital	8.1	376,947	370,696
Reserves	8.2	(151,602)	(156,175)
Retained earnings		61,347	56,321
Total equity		**286,692**	**270,842**

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 2024

	Issued capital $000	Share based payment reserve $000	Foreign currency translation reserve $000	Treasury share reserve $000	Retained earnings $000	Total equity $000
Balance at 1 July 2022	**370,696**	**(168,731)**	**5,192**	**-**	**61,910**	**269,067**
Loss 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 payment arrangement	-	(176)	-	176	-	-
Balance at 30 June 2023	**370,696**	**(165,441)**	**9,266**	**-**	**56,321**	**270,842**
Balance at 1 July 2023	**370,696**	**(165,441)**	**9,266**	**-**	**56,321**	**270,842**
Profit for the year	-	-	-	-	5,026	5,026
Other comprehensive income/(loss)	-	-	(2,115)	-	-	(2,115)
Total comprehensive income	-	-	(2,115)	-	5,026	2,911
Transactions with owners						
Shares issued in relation to acquisition of Rampiva	3,041	-	-	-	-	3,041
Shares issued in relation to acquisition of Topos	3,210	-	-	-	-	3,210
Share-based payments	-	6,688	-	-	-	6,688
Balance at 30 June 2024	**376,947**	**(158,753)**	**7,151**	**-**	**61,347**	**286,692**

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 2024

	Notes	2024 $000	2023 $000
Cash flows from operating activities			
Receipts from customers		200,224	165,188
Payments to employees and suppliers		(148,199)	(132,366)
Interest received		63	19
Income tax paid		(1,745)	(277)
Net cash provided from operating activities	2.7	**50,343**	**32,564**
Cash flows from investing activities			
Payments for software development costs		(32,358)	(37,233)
Acquisition of Rampiva, net of cash acquired	8.3	(3,563)	-
Payments of consideration for Topos Labs, LLC	9.1	(1,793)	(6,890)
Purchase of property and equipment		(741)	(1,300)
Net cash used in investing activities		**(38,455)**	**(45,423)**
Cash flows from financing activities			
Payments of principal on lease liabilities		(2,902)	(2,880)
Interest paid		(544)	(1,239)
Purchase of treasury shares		-	(176)
Net cash used in financing activities		**(3,446)**	**(4,295)**
Net change in cash and cash equivalents		8,442	(17,154)
Cash and cash equivalents at beginning of year		**29,588**	**46,846**
Exchange differences on cash and cash equivalents		2	(104)
Cash and cash equivalents at end of year		**38,032**	**29,588**

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

Notes to the consolidated financial statements

Notes to the consolidated financial statements

1. Basis of preparation

The notes are grouped into 9 sections. Each section contains an introduction and general information, along with the relevant accounting policies and key judgements.

The layout of these financial statements has been streamlined to present them in a way that is intuitive for readers to follow. This is achieved by grouping disclosures, and focusing information in a manner which provides increased clarity and ease of understanding.

This section describes the key accounting principles and policies that we have adopted in preparing the financial statements for the Group as a whole. This section also analyses the impact of any newly issued but not yet effective accounting standards which will be effective for Nuix in future years.

1.1 Reporting entity

Nuix Limited ('Nuix' or the 'Company') is a company that is incorporated and domiciled in Australia. The Company's registered address is Level 27, 1 Market Street, Sydney NSW Australia. Nuix is a leading provider of investigative analytics and intelligence software. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

1.2 Basis of accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board, and the *Corporations Act 2001*. The consolidated financial statements also comply with International Financial Reporting Standards and Interpretations ('IFRICs') adopted by the International Accounting Standards Board.

The financial statements were authorised for issue by the Board of Directors on 9 September 2024.

The consolidated financial statements are presented in Australian dollars, which is the reporting currency of the Company, 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.

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.

1.3 Going concern

At 30 June 2024, the Group is in a net current asset position of $31,735,000. At 30 June 2024, the Group had $38,032,000 available cash and cash equivalents (refer to Note 4.1) and the Group was cash flow positive during the year, notwithstanding legal fees related to litigation matters and cash payments relating to the acquisitions of Rampiva and Topos Labs. 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 net cash inflows in FY25, and the potential outcomes and timings of the regulatory and litigation matters as discussed in Note 9.7. The uncertainties attached to 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 have considered a cash flow forecast which considers the following assumptions, associated risks and mitigating factors:

- cash flow forecasts include new pricing plans, customer migration to Nuix Neo, growth in revenue supported by the continued investment in sales capability and continued product development along with ongoing legal fees;
- recent results of operating activities aligned with the Nuix strategy and improved 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 9.7. In applying the assumptions and judgements, we have had regard to the penalty regime, views of our advisors and potential likelihood of outcomes. The Directors also have had regard to the Group's options to appeal any adverse judgement, should one arise, and the associated usual appeal hearing timeframes. With the exception of legal fees, the forecasts do not include cash outflows related to any claims;
- the Company having entered into a debt financing agreement with The Hongkong and Shanghai Banking Corporation, Sydney Branch (HSBC) to provide an AUD $30,000,000 multicurrency revolving credit facility under a Facility Agreement, with a maturity of three years, to be used for general corporate purposes as detailed in Note 4.7. No amount has been drawn during the year.

The outcomes of these indicate sufficient cash balances throughout the next 12 months.

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

1.4 Basis of consolidation

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

The consideration transferred in the acquisition is generally measured at fair value. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Identifiable assets and liabilities in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit and loss as a bargain purchase. Any goodwill that arises is tested annually for impairment.

Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

1.4.1. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.4.2. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

1.5 Foreign currency transactions and balances

1.5.1. Functional and presentation currency

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

1.5.2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Australian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Australian dollars at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income (OCI) and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

1.6 New standards, interpretations and amendments adopted by the Group

A number of new or amended standards and interpretations became applicable for the current reporting period effective from 1 July 2023. The Group did not have to change its accounting policies or make retrospective adjustments to adopt these standards, as they did not have a significant impact on the Group’s consolidated financial statements.

1.7 Impact of standards issued but not yet applied by the Group

A number of new or amended standards and interpretations have been published that are not mandatory for 30 June 2024 full year reporting and have not been early adopted by the Group. When they are required to be adopted, and whilst the Group is still assessing the impact of these new or amended standard and interpretations, they are not expected to have a significant impact on the Group’s consolidated financial statements.

1.8 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Determining whether the going concern basis of preparation remains appropriate – Note 1.3;
- Identifying the performance obligations in contracts with customers, attributing value amongst the standalone selling price of various performance obligations identified within contracts, determining whether a significant financing component exists in a contract, and whether sales involving certain partners are where the partner acts as an agent of Nuix, or is a principal in the transaction – Note 2.1.
- Determining the activities and costs that are required to be capitalised – Note 5.1;
- Determining whether facts and circumstances give rise to a contingent liability, or are such that they establish that a provision is required – Note 9.7
- Identifying CGUs and applying the required impairment tests – Note 5.4.

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Uncertain tax treatments – Note 3;
- Useful life of intangible assets – Note 5.1; and
- Contingent consideration – Note 9.1..

1.9 Significant events and transactions

During the year ended 30 June 2024, the Group has acquired Rampiva (refer Note 8.3), and entered into a Facility Agreement with The Hongkong and Shanghai Banking Corporation, Sydney Branch (HSBC) (refer Note 4.7). The Group also made a change in estimate relating to the measurement of historically recognised government grant income associated with accounting for R&D offsets claimed in the years FY16 through FY19 (refer Note 3).

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

For a detailed discussion about the Group's performance and financial position, refer to the "Operating and financial review" included in the Directors' Report.

1.10 Financial instruments

1.10.1 Recognition and initial measurement

Trade receivables are initially recognised when customers are invoiced. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual obligations.

A financial asset (unless it is a trade receivable) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition. Trade receivables without a significant financing component are initially measured at the transaction price.

1.10.2 Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers/ retains substantially all of the risks and rewards of ownership, and it does not retain control.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified financial liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

1.10.3 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has the legally enforceable right to set off the amounts and it intends either to settle them net, or to realise the asset and settle the liability simultaneously.

1.10.4 Impairment

The Group assesses on a forward-looking basis, the expected credit losses associated with its trade receivables and contract assets. Loss allowances for trade receivables and contract assets are always measured at an amount equal to the expected lifetime losses. The expected lifetime losses are those that result from all possible default events over the expected life of a financial instrument. Loss allowances for financial assets measured at amortised cost, are deducted from the gross carrying amount of the assets.

1.11 Goods and services tax

Revenues, expenses and assets are recognised net of the associated goods and services tax (GST), value-added tax (VAT), and sales tax unless when the tax incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of tax recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet. Cash flows are presented on a gross basis.

The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

1.12 Employee share trust

The Group has formed a Trust to administer the Group's employee share scheme. This Trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group. Shares held by the Nuix Limited Employee Share Trust are disclosed as treasury shares and included in issued capital.

No treasury shares were acquired this year.

1.13 Classification of expenses

1.13.1 Presentation of results

The Group has presented the expense categories within the consolidated statement of profit or loss on a functional basis. The categories used are cost of goods sold, research and development, sales and distribution and general and administration. The presentation style provides insight into the Company's business model and enables users to consider the results of the Group compared to other major software companies. The methodology and the nature of costs within each category are further described below.

1.13.2 Cost of goods sold

Cost of goods sold consists of expenses directly associated with securely hosting the Group's services and providing support to customers. Costs include data centre costs, personnel and related costs directly associated with cloud infrastructure and customer consulting, implementation and customer support, contracted third party costs, reseller channel costs and allocated overheads.

1.13.3 Research and development expenses

Research and development expenses consist primarily of personnel and related costs directly associated with the Company's research and development employees, as well as direct costs of research and development (including subscriptions) and allocated overheads. When future economic benefits from development of an intangible asset are determined probable and the development activities are capable of being reliably measured, the costs are capitalised as an intangible asset and then amortised to profit or loss over the estimated life of the asset created. The development activities comprise the interface design, coding, documentation and testing of a chosen alternative for new or improved software products, processes, systems and services. The amortisation of those costs capitalised is included as a research and development expense.

1.13.4 Sales and distribution expenses

Sales and distribution expenses consist of personnel costs directly associated with the sales and marketing teams' activities to acquire new customers and grow revenue from existing customers. Other costs included are external advertising, digital platforms, marketing and promotional events as well as allocated overheads.

1.13.5 General and administration expenses

General and administration expenses consist of personnel and related costs for the Company's executive, Board of Directors, finance, legal, human resources, corporate strategy, and IT employees. They also include legal, accounting and other professional services fees, insurance premiums, acquisition and integration costs associated with the Company's ongoing acquisition strategy, other corporate expenses and allocated expenses.

1.13.6 Overhead allocation

The presentation of the consolidated statement of comprehensive income by function requires certain overhead costs to be allocated to functions. These allocations require management to apply judgement. The costs associated with the Group's facilities, internal information technology and non-product related depreciation and amortisation are allocated to each function based on respective headcount.

1.14 Fair value measurement

A number of the Group's accounting policies require the measurement of fair values, for both financial and non-financial assets and liabilities. The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables are assumed to approximate their fair values due to their short-term nature. When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs to the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on market observable data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The Group does not have any debt securities or derivative financial instruments which require measurement at fair value. As the inputs to the valuation of contingent consideration are not based on observable market data, this is deemed a Level 3 measurement of fair value.

Refer to Note 9.1 for fair value disclosures related to contingent consideration.

2. Operating results and financial performance notes

This section focuses on the operating results and financial performance of the Group.

It includes disclosures related to revenue and its recognition during the period, breakdowns of selected costs, segment reporting, other income, and a reconciliation of profit before tax to operating cash flows.

2.1 Revenue

	2024 $000	2023 $000
Software	212,377	176,691
Services	8,205	5,335
Revenue from events (sponsorship and ticket sales)	35	439
Total revenue	**220,617**	**182,465**

Disaggregation of revenue

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

Revenue by type

	2024 $000	2023 $000
Subscription licences	127,272	115,428
Perpetual licences	29,982	30,317
Consumption licences	55,123	30,946
Total licence revenues (including related support and maintenance)	**212,377**	**176,691**
Professional services	8,205	5,335
Revenue from events (sponsorship and ticket sales)	35	439
Total other revenues	**8,240**	**5,774**
Total revenues	**220,617**	**182,465**

Timing of revenue recognition

	2024 $000	2023 $000
Point in time	142,909	114,933
Over time	77,708	67,532
	220,617	**182,465**

Accounting policies

i. Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to be received in exchange for those products or services. We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognised net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities.

The timing of revenue recognition may differ from the timing of invoicing to our customers.

ii. Nature of products and services

Licences for on-premises software provide the customer with a right to use the software as it exists when made available to the customer. Customers may purchase perpetual licences or subscribe to licences for on-premise software, which provide customers with the same functionality and differ mainly in the duration over which the customer benefits from the software. Revenue from distinct on-premises licenses are recognised upfront at the point in time when the software is made available to the customer, and in the case of renewals, when the original period ends and the additional period has started on the basis that this is the date from which the customer can use and benefit from the renewal.

Subscription licencing agreements are generally combined with support and maintenance, which conveys rights to unspecified upgrades released over the contract period and support and maintenance to help customers deploy and use products more efficiently. On-premises licenses are considered distinct performance obligations when sold with support and maintenance.

Revenue allocated to support and maintenance is recognised rateably over the contract period as customers simultaneously consume and receive the benefits, given that support and maintenance comprises distinct performance obligations that are satisfied over time.

For consumption licences, the customer is charged based on the volume of data processed or under management in each licence period. Customers are charged on a tiered “cost per gigabyte” basis, typically with minimum annual volume/revenue commitments.

Where such consumption licences are for a right to use software, and there is a fixed minimum commitment, a portion of the contract value related to the sale of the licence is recognised when the licence is made available to the customers, with the portion related to support and maintenance recognised over time. Any overage charges are recognised when the usage occurs, as this corresponds directly with the value to the customer of Nuix’s performance completed to date.

Where such consumption licences are for a right to access software, generally the case for consumption licences related to our software as a service (‘SaaS’) offering Discover SaaS, revenue is recognised over time as they are delivered. This is because the obligation to provide a SaaS service is determined to be a series of distinct service periods, and allocation of the fees earned to each distinct service period based on the customer’s usage each period would reasonably reflect the fees to which Nuix expect to be entitled for providing the SaaS during that period.

A licence is a right to access software where:

- the contract requires, or the customer reasonably expects, that the entity will undertake activities that significantly affect the IP to which the customer has rights;
- the rights granted by the licence directly expose the customer to any positive or negative effects of the entity’s activities that significantly affect the IP; and
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

iii. Support and maintenance revenue

Support and maintenance services are either bundled into licensing arrangements or sold separately to customers.

Where these services are bundled the Group allocates the transaction price to support and maintenance performance obligations based on their relative standalone selling price. We determine standalone selling price by considering multiple factors including but not limited to prices we charge for similar offerings and pricing practices. Priority is placed on observable pricing where available. Support and maintenance services are provided over the contractual period and accordingly are recognised over time.

iv. Professional services revenue

Professional services revenue mainly consists of fees charged for consultancy and training service. Where sold in combination with licences, and or support and maintenance of those licences, the group allocates a portion of consideration received for the professional services based on its relative stand alone selling price. Revenue from a contract to provide consulting and training services is recognised over time as the consulting and training is performed.

v. Sale of licences to third party software

The Group on occasion will arrange for licences to third party software to be provided a customer, in circumstances where the Group does not obtain control of the software nor provide an integrated product to the end customer. Revenue from the sale of these licences is recognised net of costs, when the contract is obtained for the third party software provider as this corresponds to the transfer of control of the goods to the Group’s customer.

vi. Sponsorship and ticket sales for events

The Group on occasion will host various marketing events, whereby customers can make a payment for tickets to attend and receive the benefits of networking and expanding their knowledge of the use cases of our products, and partners can pay to sponsor certain elements of the events in return for prominent locations to market their capabilities to our customers. Revenue is recognised at the time that the events are held.

vii. Costs of obtaining a customer contract

Incremental costs associated with acquiring a customer contract, such as sales commissions, are generally required to be recognised as an asset and amortised over a period that corresponds with the period of benefit.

We recognise an asset for the incremental costs of obtaining a contract with a customer if the Group expect the benefit of those costs to be longer than one year. The Group has determined that certain sales incentives meet the requirements to be capitalised.

The Group applies a practical expedient to expense costs as incurred for costs to obtain a contract with a customer when the amortisation period would have been one year or less. These costs include our internal sales commission compensation program and reseller margin where it has been determined that the reseller is acting as an agent for Nuix.

viii. Sales through partners

Where the Group uses partners, the Group must assess whether its customer is the partner or the end user. Where the end user is the customer, revenue is recognised for the consideration paid by the end user with any commission retained by the partner recognised as commission expense within costs of goods sold. Where the partner is the customer, revenue is recognised at the net (of commission) amount received.

ix. Contract balances and other receivables

Timing of revenue recognition may differ from the timing of invoicing to customers. The Group records a contract asset when revenue is recognised prior to invoicing, or deferred revenue when revenue is recognised subsequent to payment being received or due. For multi-year agreements, the Group generally invoice customers annually at the beginning of each annual coverage period. The Group records a contract asset for revenue recognised for multi-year on-premises licences, and a trade receivable when the Group has an unconditional right to invoice and receive payment. Deferred revenue comprises mainly unearned revenue related to support and maintenance obligations, cloud services (Nuix hosted SaaS services), and revenues from subscription licences where Nuix presently have billed customers, but the customer can only begin to benefit from the licence post balance date.

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 60 days of invoicing. In instances where the timing of revenue recognition differs from the timing of invoicing, the Group have determined our contracts generally do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with simplified and predictable ways of purchasing our products and services, not to receive financing from our customers or to provide customers with financing. An example of providing such simplified and predictable ways of purchasing our product and services include multi-year on-premises licences that are invoiced annually, with revenue recognised upfront. Where management have determined that a contract with a customer does include a significant financing component, the contract consideration is reduced by the financing component before allocating amounts to performance obligations, and it is recognised as interest income over the period commencing from when the financed performance obligation is delivered, until the relevant portion of total contract consideration is received.

Significant judgements and assumptions

Determination of contract term

For licences to use the Group's software, determining the non-cancellable term of a contract with a customer can require significant judgement. Given a substantial portion of our contracting is with governmental agencies, and the varied nature of our contracting with customers, interpretation of termination clauses at the inception of the contract requires judgement. If a contract term is determined to be non-cancellable for a longer period, a higher amount of revenue is likely to be recognised upfront; whereas a contract term that is determined to be non-cancellable for a shorter period, a lower amount of revenue is likely to be recognised upfront.

Contracts with multiple performance obligations

The Group enters into contracts with its customers that can include promises to transfer multiple performance obligations. A promised good or service must be distinct to be accounted for as a separate performance obligation. For software license contracts, there is a combination of goods and services that include software licensing, software maintenance and support services which are generally treated as separate performance obligations on the basis that the customers can benefit from them separately (or with other rights that they have), and they are separately identifiable in the contract.

Judgement has been exercised in estimating the standalone selling price for software licences with bundled support and maintenance. To estimate the standalone selling prices for the software licenses and bundled support and maintenance, Nuix considers available observable inputs, such as the support and maintenance charges where there is no bundling, including adjustments to these observable inputs to reflect differences in the licensing arrangements and pricing practices.

Recognition of revenue on sales made through partners

Where the Group transacts with customers through partners, the Group is required to assess whether the partner is:

- our customer – in which case, Nuix will recognise the net consideration receivable from the partner as revenue; or
- an agent, and the end customers are Nuix's customers, in which case Nuix will recognise the gross consideration paid by the end customer as revenue, with the partner's fee usually recognised as a cost.

Nuix sells through partners which includes entities that are referred to by Nuix as resellers and distributors. Nuix's partners help to extend coverage and capacity of Nuix's distribution network. The flagship program for Nuix partners is known as the Partner Connect Program, which involves the tiering of partners to deliver a strategic focus by Nuix on high revenue generating partners and an efficient support framework for those with less sales frequency and volume. A reseller is an intermediary that acts on behalf of Nuix and sells Nuix software to third parties. A distributor also sells Nuix software to third parties, however the distributor may also appoint sub-distributors or agents to market and sell Nuix products on their behalf. There are a number of other types of organisations that Nuix considers to be partners that do not support indirect sales in the same way as a reseller or distributor. These partnerships include advisories and service providers, integrations partners, authorised training partners, original equipment manufacturing (OEM) partners and transactional resellers.

Nuix has concluded that reseller partners are the only partner sales where the seller is considered an agent of Nuix. This is on the basis that the partners do not obtain control of the goods and services that are provided by Nuix to end customers as part of that sales channel. In relation to sales of licences to Nuix software, resellers are required to provide Nuix with an order from an end customer and Nuix has the unilateral ability to decline such an order form. On the basis that the licence to an end customer is generated only on acceptance by Nuix of such an order form, and that the licence and associated support and maintenance is provided directly to the end customer, Nuix has concluded that the end customer is its customer, and the reseller is acting as an agent in these arrangements. In these instances, Nuix applies judgment to determine the consideration to which it is entitled using all relevant facts and circumstances that are available.

For all other sales made through partners (e.g. advisories, distributors and original equipment manufacturing partners), Nuix has concluded that the partners take control of the licence and related support and maintenance, and as a result those partners are Nuix's customers in those arrangements.

2.2 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

	2024 $000	2023 $000
Software	212,377	176,691
Services	8,205	5,335
Revenue from events (sponsorship and ticket sales)	35	439
Total revenue	**220,617**	**182,465**

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.

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

	2024 $000	2023 $000
Net profit/(loss) after tax	5,026	(5,589)
Add: Income tax expense	3,142	315
Profit/(loss) before income tax	**8,168**	**(5,274)**
Add: Depreciation and amortisation	50,111	40,691
Add: Interest expense	890	1,220
Less: Net foreign exchange gains	(873)	(735)
Less: Interest income	(292)	-
Less: Fair value gain on contingent consideration	(2,137)	(1,011)
EBITDA	**55,867**	**34,891**

Geographic Information

Revenue generated by location of customer[1]	2024 $000	2023 $000
Asia Pacific	33,670	41,698
Americas	129,666	91,740
Europe, Middle East and Africa (EMEA)	57,281	49,027
	220,617	**182,465**

Non-current assets by geographic location	2024 $000	2023 $000
Asia Pacific	140,749	143,400
Americas	139,026	128,137
Europe, Middle East and Africa (EMEA)	1,943	1,145
	281,718	**272,682**

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

2.3 Profit/(Loss) for the year

The profit/(loss) for the year has been arrived at after charging the following items:

	2024 $000	2023 $000
Expenses (included in general and administration)		
Legal fees – other	5,282	2,909
Legal fees – litigation matters[1]	8,547	7,816
Bad debts expense	100	956
Low value / short term leases	1,046	1,018
Employee benefit expenses, inclusive of share-based payments		
Support and operations (costs of goods sold)	6,058	5,929
Sales and distribution	62,691	52,646
Research and development	16,499	19,227
General and administration	19,196	15,992
Depreciation and amortisation		
Sales and distribution	810	1,895
Research and development	46,550	36,688
General and administration	2,451	1,808
Cost of goods sold	300	300
Interest expense	890	1,220
Remeasurement of government grant income[2]	3,051	-
Fair value gain on contingent consideration	(2,137)	(1,011)

2.4 Other income

	2024 $000	2023 $000
Government grant income	904	1,080
Other income	65	239
	969	**1,319**

Government grants recognised as other income for the current financial year relates to benefits received under the Research and Development Tax Incentive regime in excess of the statutory income tax rate.

Accounting policies – government grants

Allowances under the Australian Research and Development Tax Incentive regime are accounted for as a tax credit, except for the incremental benefit above the statutory income tax rate which is accounted for as a government grant.

Grants from the government are recognised where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to intangible assets are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

[1] Relates to costs for Group's defences to the actions brought as disclosed in Note 9.7. This amount is presented net of amounts received from insurers.

[2] Refer to discussion on change in estimates associated with an uncertain tax position and related impact on measurement of government grant income, deferred government grant income and deferred tax assets in Section 3.

2.5 Finance costs

	2024 $000	2023 $000
Interest expense	879	1,220
Finance facility costs	11	-
	890	**1,220**

Accounting policies – interest expense

Interest expense comprises interest payable on financial liabilities calculated using the effective interest method, unwinding of the discount rate on lease liabilities, provisions and contingent or deferred consideration.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments through the expected life of a financial liability to the amortised cost of the financial liability.

2.6 Finance income

	2024 $000	2023 $000
Interest income	292	-
	292	**-**

Accounting policies – interest income

Interest income comprises interest receivable on financial assets calculated using the effective interest method, and the interest earned on contracts with customers that contain a significant financing component.

Where it is determined that a contract with a customer has a significant financing component, the unwinding of the discount rate applied to the cash flows expected to be received under the contract in consideration for performance obligations delivered at a time that is greater than 12 months from the expected cash flows, is recognised as interest income.

2.7 Reconciliation of cash flows from operating activities

	2024 $000	2023 $000
Cash flows from operating activities		
Profit/(Loss) for the year (before income tax)	8,168	(5,274)
Non-cash charges recognised in profit and loss:		
Depreciation	3,681	4,305
Amortisation of intangible assets	46,430	36,386
Amortisation of capitalised borrowing costs	-	14
Bad debts expense	100	956
Share based payment expense	6,723	3,514
Net exchange rate differences	279	(34)
Fair value gain on contingent consideration	(2,137)	(1,011)
Remeasurement of government grant income	3,051	-
Changes in assets and liabilities:		
Decrease in trade and other receivables	(6,736)	(19,584)
Decrease in deferred tax asset	(11,060)	(156)
(Increase) / decrease in other current assets	(1,365)	713
Decrease in trade and other payables	(3,576)	(2,585)
(Decrease) / increase in deferred revenue	(8,022)	5,758
Increase in employee benefits provisions	6,509	4,458
Decrease in current tax liabilities	(2,223)	(316)
Increase in deferred tax liabilities	10,548	-
(Decrease) / increase in other liabilities	(103)	5,371
Increase in provision for make good	76	49
Net cash from operating activities	**50,343**	**32,564**

2.8 Earnings per share

	2024 $000	2023 $000
Profit/(Loss) for the year	5,026	(5,589)
Weighted average number of ordinary shares (basic)	323,528,786	317,375,912
Basic earnings per share (in dollars)	**0.02**	**(0.02)**
Profit/(Loss) for the year	5,026	(5,589)
Weighted average number of ordinary shares (basic)	323,528,786	317,375,912
Shares issuable in relation to equity-based compensation schemes	19,257,383	9,595,860[1]
Effect of share options and performance rights	Dilutive	Antidilutive[2]
Diluted weighted average number of ordinary shares	333,124,646	326,971,772
Diluted earnings per share (in dollars)	**0.02**	**(0.02)**

Accounting policies – earnings per share

Basic earnings per share is calculated by dividing:

- profit attributable to owners, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, excluding any treasury shares.

Diluted earnings per share adjusts amounts used to compute basic earnings per share to take into account:

- the after-tax effect of interest / financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

[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). With the exception of 2,623,841 options issued pre-IPO, the 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.

3. Taxation of our global operations

This section focuses on the taxation of our global operations.

It includes disclosures related to the income tax expense recognised from both current and deferred taxes, a reconciliation of the effective tax rate for the group, and breakdowns for the deferred tax assets and liabilities of the Group.

The note also includes disclosures of significant judgements and uncertainties related to our tax positions.

3.1 Income tax expense/(benefit)

	2024 $000	2023 $000
Current tax expense		
Current tax on profits for the year	1,920	1,430
Changes in estimates related to prior years	522	(312)
Total current tax expense	**2,442**	**1,118**
Deferred tax expense		
Increase/(decrease) in deferred tax assets	5,358	(2,495)
(Decrease)/Increase in deferred tax liabilities	(2,517)	1,075
Decrease in deferred tax assets (initially recognised directly in equity)[1]	788	788
Changes in estimates related to prior years	(2,929)	(171)
Total deferred tax benefit/(expense)	**700**	**(803)**
Income tax expense	**3,142**	**315**

[1] Section 40-880 deduction recognized and amortized over 5 years in respect to the IPO costs incurred in December 2020, for the portion that was recognised directly in equity.

3.2 Reconciliation of effective tax rate

	2024 $000	2023 $000
Profit/(loss) before income tax expense	8,168	(5,274)
Tax at the Australian tax rate of 30% (2023: 30%)	2,450	(1,582)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment	110	32
Share-based payments	2,017	1,067
Interest expense	56	14
Difference in overseas tax rates	(357)	(861)
Benefit of Australia R&D tax credit amortised to other income	644	(324)
Benefit of United States R&D tax credit recognised in income tax expense	-	(968)
Benefit of Australia R&D tax credit recognised in income tax expense	(121)	(1,221)
Non-deductible R&D expenditures	-	951
Recognition of permanent benefits on R&D at 8.5%	-	270
Deferred tax assets not brought to account – Nuix Limited[1]	-	2,610
Deferred tax assets recognised in current year, not previously brought to account - Nuix Limited[1]	(2,610)	-
Changes in estimates related to prior years - Nuix Limited	145	(183)
Changes in estimates related to prior years - Nuix North America and other subsidiaries	145	(130)
Others	663	640
Income tax expense	**3,142**	**315**

[1] In FY23, deferred tax assets have not been brought to account for tax losses incurred by Nuix Limited to the extent that they were not covered by deferred tax liabilities as the utilisation of the tax losses was not regarded as sufficiently probable at 30 June 2023.

As of 30 June 2024, as the quantum of the deferred tax assets recognised in Nuix Limited that is not offset by deferred tax liabilities has reduced to nil, it is considered that there has been a change such that there are now sufficient sources of assessable income that the valuation provision against deferred tax assets recognised in Australia is required to be reversed as of 30 June 2024.

Refer to discussion below for further disclosures relating to unrecognised tax assets.

3.3 Deferred tax balances

Deferred tax assets

	2024 $000	2023 $000
Research and development tax credit to carry forward – Australia[1]	9,870	14,433
Research and development tax credit to carry forward – United States	984	3,980
Employee benefits	3,895	2,088
Deferred revenue	8,084	6,990
Lease liabilities	2,022	2,562
Tax losses	15,250	16,384
s40-880 “black hole” deductions related to IPO costs	3,024	6,048
Others	1,837	92
Total deferred tax assets	44,966	52,577
Set-off deferred tax liabilities pursuant to set-off provisions	(39,410)	(48,619)
Net deferred tax assets	**5,556**	**3,958**

Deferred tax liabilities

	2024 $000	2023 $000
Intellectual property	45,143	45,233
Right of use assets	1,699	1,975
Property and equipment	1,101	1,411
Others	15	-
Total deferred tax liabilities	47,958	48,619
Set-off deferred tax assets pursuant to set-off provisions	(39,410)	(48,619)
Net deferred tax liabilities	**8,548**	**-**

3.4 Current tax assets / (liabilities)

	2024 $000	2023 $000
Opening balance	1,441	1,918
Current income tax provision (net of tax credits)	(1,332)	(968)
Income tax payments	1,745	277
Changes in estimates related to prior years	(11)	154
Foreign exchange difference	(11)	60
Closing balance	**1,832**[2]	**1,441**

[1] As a result of a change in estimate regarding an uncertain tax position, the balance for deferred tax assets relating to the carried forward Australian R&D offsets has reduced by $3,906,000. Additionally in the current year, separate to the change in estimate relating to the uncertain tax position, there was a true up of the opening balance for deferred tax assets of $657,000 relating to estimates made in FY23 and various prior years as to the amount of R&D offsets claimed in those years.

[2] The current tax liability account is in a net refund position primarily due to refunds expected to be received from the US Internal Revenue Service as a result of amended returns filed in FY24. Under the tax loss carry back rules for US tax purposes, Nuix North America Inc. amended the FY15 to FY19 tax returns to apply the tax losses incurred in those years and is expected to result to a cash refund.

Accounting policies – income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets and liabilities in a transaction that:
    - is not a business combination; and
    - at the time of the transaction i) affects neither accounting nor taxable profit or loss and ii) does not give rise to equal taxable and deductible temporary differences;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects an assessment of uncertain tax positions taken.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

iii. Accounting for Investment Tax Credits

The accounting for an Investment Tax Credit (ITCs) is dependent upon whether the arrangement is more akin to a credit received for investment in a certain area, or rather a reduction in an applicable tax rate. Where an ITC is the former, it is treated as a government grant (with the relevant benefit amortised over the period necessary to match the benefits with the costs that they are intended to compensate), and where it is the latter, it is treated as a part of current tax expense.

iv. Uncertainty over income tax treatments

The application of the tax law to a particular transaction or circumstances may be unclear and the acceptance of the treatment may not be known until the relevant taxation authority undertakes an examination of the tax treatment adopted or, in the event of a dispute, when a court makes a decision at a future time.

Where there is uncertainty over income tax treatments the recognition and measurement of current or deferred tax assets or liabilities is determined applying Interpretation 23 – Uncertainty Over Income Tax Treatments.

Each uncertain tax treatment is considered separately unless consideration together with one or more other uncertain tax treatments gives rise to a better prediction of the resolution of the uncertain treatments on examination by the relevant taxation authority.

Where it is considered probable (more likely than not) that the relevant taxation authority will accept the tax treatment used or planned to be used in its income tax filings the tax treatment adopted is consistent with that used or planned treatment in the income tax filings.

In assessing such probability in the recognition and measurement of uncertain tax treatments it is assumed that the relevant taxation authority will examine amounts it has the right to examine and have full knowledge of all related information when making those examinations and determining whether or not to accept the tax treatment in the relevant income tax filings. In the event that the relevant taxation authority will not accept the tax treatment, the uncertainty of each treatment is measured using either of the following methods:

- The most likely amount – the single most likely amount in a range of possible outcomes, particularly where the outcome is binary or concentrated on one value; or
- The expected value – the sum of the probability weighted amounts in a range of possible outcomes.

In the event that an uncertain tax treatment affects both current and deferred tax the judgements made in relation to the uncertain tax treatment are made consistently for current and deferred tax.

Significant judgements and assumptions

Uncertainty over income tax treatments

In the current and prior periods as disclosed in the Prospectus and previous annual financial reports, the Group has exercised judgement in recognising and measuring Research and Development ('R&D') tax offsets available under Australian tax legislation relating to eligible R&D expenditure incurred on eligible overseas development activities and related eligible core Australian activities.

In respect of the Group's endpoint Cyber Security Project ("Endpoint Project"), the relevant overseas and Australian activities were the subject of an Advance Finding and Overseas Finding for the years ended 30 June 2016 (FY16) to 30 June 2018 (FY18). As the registered R&D activities were considered to be continuing into the year ended 30 June 2019 (FY19) claims continued to be made in relation to spend in FY19.

The Group has exercised judgement in prior years in assessing that it was probable that the relevant taxation authority would accept the Group's tax treatment for the Endpoint Project for the years FY16 to FY19. This judgement remained consistent in the preparation of the Groups' financial statements from FY20 through 1H FY24.

In 1H FY24, the regulator commenced a review of Nuix's tax affairs covering the period from FY16 to FY22. As a result of certain developments during the review and due to additional information, which has been identified in the course of Nuix responding to requests from the regulator, the Group has reconsidered the likelihood of the taxation authority continuing to accept the Group's tax treatment for the Endpoint Project.

As a result, and while the matter is finely balanced, the Group considers there may be a risk that the tax authority would not accept the Group's tax treatment for the Endpoint Project for the years FY16 to FY19 and has remeasured various tax balances.

In determining the impact of this change in judgement, consideration has been given as to whether the spend giving rise to the R&D offsets in the lodged returns subject to scrutiny would otherwise be deductible for tax purposes in the year of expenditure and not treated as capital or capital in nature.

Accounting standards require the benefit from the R&D offset above the 30% corporate tax rate be subject to government grant accounting. As a result, any changes to R&D offsets recognised from amounts claimed in relation to R&D activities, has an impact on amounts recognised as other income.

The impact of the change in accounting estimate in the current period has been that there is a reduction in deferred tax assets of $3,906,000, a reduction in deferred government grant income of $796,000, a reversal of historically recognised government grant income of $2,666,000 and a reduction in government grant income recognised in the current year of $385,000. The impact of the change in estimate on the FY24 profit and loss is $3,051,000. The change in estimate has not resulted in the identification of any shortfall in payments for income tax in previous periods, and is a non-cash adjustment.

Recoverability of tax assets

Evaluating the need for a provision for recoverability of deferred tax assets often requires significant judgement and extensive analysis of all the evidence available to determine whether all or some portion of the deferred tax assets will not be realised. A recoverability provision must be established for deferred tax assets when it is more-likely-than-not (a probability level of more than 50%) that they will not be realised.

Management have assessed all evidence available including historical utilisation patterns, anticipated timing of the reversal of deductible and taxable temporary differences and forecast future assessable income, and have concluded that sufficient taxable differences will reverse and/or it is sufficiently probable that future taxable profits will be generated to allow the Group to benefit from the deferred tax asset recognized at the reporting date. Accordingly as of 30 June 2024, no valuation adjustment is required to be recognised against deferred tax assets and they are recognised in full (30 June 2023: valuation adjustment of $2,610,000 was recognised against deferred tax assets recognised in Nuix Limited).

3.5 Income tax paid by legal entity[1]

	2024 $000	2023 $000
Nuix North America Inc	1,556	243
Nuix Ireland Ltd	113	1
Nuix Limited	11	4
Nuix Holding Pty Ltd	22	17
Nuix Philippines Regional Operating Headquarters	32	8
Nuix Pte. Ltd.	11	4
Nuix Technology UK Ltd[2]	-	-
	1,745	**277**

[1] Refer the consolidated entity disclosure statement, which disclosures the tax residency of all entities in the group

[2] Nuix Technology UK has utilised carried-forward tax losses to reduce income tax payable to nil.

3.6 Franking credits

Franking credits arising from the payments of income tax, by Nuix Limited in prior years until 30 June 2024 are represented below.

Franking credits attributable to the Company	2024 $000	2023 $000
Franking credits available for subsequent financial years based on a tax rate of 30% (2023: 30%)	669	669

The amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax (2024: Nil);
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date (2024: Nil); and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date (2024: Nil).

Franking credits attributable to Nuix Limited as an ASX listed company only are represented above. Additional franking credits will be received if the distributable profits of the subsidiaries were paid as dividends to Nuix Limited.

4. Working capital

This section focuses on the working capital of the group as of balance date, how it has moved during the year, and how balances are anticipated to be realised in forthcoming periods.

4.1 Cash and cash equivalents

	2024 $000	2023 $000
Bank balances	38,032	29,588
Total cash and cash equivalents	**38,032**	**29,588**

Accounting policies – cash

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Refer to Note 1.10 for accounting policies and disclosures related to financial instruments.

4.2 Trade and other receivables (including contract assets)

	2024 $000	2023 $000
Trade receivables	36,639	41,634
Provision for impairment of trade receivables and contract asset	(1,791)	(1,702)
Contract assets	53,322	40,422
Other investment (cash backed bank guarantee)	-	746
Other deposits	338	-
Total trade and other receivables	**88,508**	**81,100**

Presentation of balances

	2024 $000	2023 $000
Current	66,844	68,534
Non-current	21,664	12,566
Total trade and other receivables	**88,508**	**81,100**

Ageing of overdue receivables

	2024 $000	2023 $000
1 – 3 months	3,811	6,918
4 – 6 months	153	1,234
Over 6 months	1,169	736
	5,133	**8,888**

Accounting policies – trade and other receivables (including contract assets)

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

Nuix has contracts with certain customers, for purchases of a subscription licenses that cover a multiyear period. As the term of a license is a characteristic of the license which is delivered to and controlled by the customer at a point-in-time, the portion of the consideration related to the provision of the license is recognised as revenue when the license is delivered to the customer, the contractual term of the license period begins, and the customer can benefit from having the license.

Refer to Note 1.10 for accounting policies and disclosures related to financial instruments.

4.3 Other current assets

	2024 $000	2023 $000
Prepayments	5,464	5,504
Costs of obtaining contracts	1,677	1,485
Other receivables	1,511	334
Total other current assets	**8,652**	**7,323**

4.4 Trade and other payables

	2024 $000	2023 $000
Sundry payables and accrued expenses	29,439	22,397
Trade payables	3,201	4,215
Customer deposits	197	54
Payroll tax and other statutory liabilities	644	852
Indirect taxes payable	1,385	1,137
Total trade and other payables	**34,866**	**28,655**

Accounting policies – trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid in the normal course of business within 45 days of recognition or according to the payment agreement. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. Refer to Note 1.10 for accounting policies and disclosures related to financial instruments.

4.5 Deferred revenue

	2024 $000	2023 $000
Customer-related (contract liabilities)		
Support and maintenance on term licences	13,528	20,669
Term licences (billed) commencing post balance date	1,804	3,890
Support and maintenance on perpetual licenses	16,026	16,077
Consumption income	7,987	7,510
Professional services income	4,924	3,060
	44,269	**51,206**
Tax incentive-related		
Research and development	1,858	3,739
Total deferred revenue	**46,127**	**54,945**

Movements during the year of tax incentive related deferred revenue

	2024 $000	2023 $000
Opening balance	3,739	4,916
Other income recognised in the current year	(904)	(1,080)
Change in estimates related to uncertain tax position[1]	(796)	-
Other changes in estimates	(181)	(366)
Additional research and development incentive	-	269
Closing balance	**1,858**	**3,739**

Presentation of balances

	2024 $000	2023 $000
Current	38,444	38,998
Non-current	7,683	15,947
Total deferred revenue	**46,127**	**54,945**

Revenue recognised in the year included in the opening deferred revenue balance

Revenue recognised in the year that was included in the deferred revenue balance at the beginning of the year amounted to $47,399,000 (2023: $30,211,000).

Transaction price allocated to remaining performance obligations

Remaining performance obligations represents the total contractual commitments for which services will be performed. Remaining performance obligations include deferred revenue, which primarily consists of billings, unbilled receivables or payments received in advance of revenue recognition.

The transaction price allocated to remaining performance obligations is $84,156,000 (2023: $63,814,000). Approximately 43.5% (2023: 73.9%) of the remaining performance obligations are expected to be recognised over the next 12 months with the remainder recognised thereafter.

[1] Refer to discussion in Section 3 on change in estimate relating to an uncertain tax position.

4.6 Provisions

	2024 $000	2023 $000
Current		
Annual leave	2,963	2,704
Long service leave	214	296
	3,177	**3,000**
Non-current		
Long service leave	327	286
Make good obligation	912	885
	1,239	**1,171**

Movements in make good obligation during the year

	2024 $000	2023 $000
Make good obligation		
Opening balance	885	836
Charged to profit or loss	27	49
Closing balance	**912**	**885**

Accounting policies – provisions

The current portion of these liabilities represents the Group's obligations to which the employee has a current legal entitlement. These liabilities arise mainly from accrued annual leave entitlements at the reporting date. A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash outflows in respect of long service leave, the probability of long service leave being taken is based upon historical data and obligations are discounted to a present value using a rate consistent with that of high quality corporate bonds. The measurement and recognition criteria for employee benefits have been included in Note 6.1.

Nuix is required to restore the leased office at 1 Market Street in Sydney, Foster Plaza Building 3 in Holiday Drive Suite 300 in Pittsburgh, and Unit 201 Alameda Del Prado in Novato to the original condition at the end of the respective leases. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

4.7 Borrowing facility

Secured liabilities

During the year, Nuix Limited has entered into an agreement with The Hongkong and Shanghai Banking Corporation, Sydney Branch (HSBC), to provide a AUD $30,000,000 multicurrency revolving credit facility to the Company. HSBC has committed to provide the debt facilities under a new secured facility agreement (“Facility Agreement”), subject to the satisfaction of customary conditions precedent.

Overview of Facility Agreement Terms:

- Facility Amount: AUD $30,000,000 with an AUD $2,000,000 bank guarantee sub-limit.
- Maturity of three years.
- The new facility is to be utilised for general corporate purposes of the Company, other than costs associated with litigation, arbitration or administrative proceedings.
- The Facility Agreement includes customary representations and warranties, undertakings and events of default and review events for a financing of this nature.
- Amounts owing under the Facility Agreement are secured by the assets of the Company and its material subsidiaries.

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 headquarters in Australia. This obligation is cash backed by the Group. Nuix Limited's obligations in respect to the bank guarantee are contingent only.

Accounting policies – borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowing using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised and amortised over the period of the facility to which it relates.

5. Non-current assets

This section focuses on the non-current assets of the Group including how management identify activities that are required to be capitalised, how balances have moved during the period, and how the Group has assessed whether there has been any impairment of these assets.

Most of the non-current assets held by Nuix relate to the intellectual property embedded within the software platform that has been developed (the Nuix platform). This software platform comprises a powerful, proprietary, data processing engine (called the Nuix Engine) and several software applications. It has been developed in-house, shaped by feedback from long-standing government and private sector customers, and assists customers in solving many of their complex data challenges.

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

In addition to the Nuix Engine, the Nuix platform comprises a suite of visualization, analytics and relationship-mapping software applications (Nuix Workstation, Nuix Investigate, Nuix Endpoint and Nuix Discover) that use the outputs of the Nuix Engine to provide insights and intelligence to customers in many different investigative and analytical situations. These applications have extended and continue to extend the number of use cases for the Nuix platform and assist Nuix to grow into new and broader markets.

Nuix acquired Topos Labs, LLC during FY22, to further expand the capability of the Nuix Engine and related Nuix platform products in Natural Language Processing. Activities to complete integration of the capability of this acquired Intellectual Property with Nuix platform products are complete, enabling Nuix to make available to customers of Nuix platform products occurred in earnest throughout FY22 and FY23, culminating in the General Availability release of Nuix Neo in July 2023.

Nuix acquired Rampiva Global, LLC and Rampiva Technology, Inc. during FY24, to meet greater productivity demands by automating data processing tasks of Nuix's customers. The transaction brings to the Group the Rampiva team, technological capabilities, and cross-sell and growth opportunities for both Nuix and Rampiva customers. As licences of the Rampiva software are complimentary to the offerings of licences to Nuix's software as of the date of acquisition, it was determined that the cash inflows of attributable to the Rampiva intellectual property were already substantially integrated with that of the existing cash inflows for Nuix intellectual property such that there were no changes to the identified cash generating units of the group as a result of the acquisition of Rampiva.

Following a strategic review of the orchestration capabilities of the in house developed Nuix Automation and the acquired Rampiva intellectual property respectively, market trends and customer feedback, it was determined that Nuix would focus energy and investment in Rampiva as our orchestration product. This necessitated a change in estimate of the remaining useful life of the Nuix Automation intellectual property, as it is not expected that customers with licences to use Nuix Automation which extend to 30 June 2025, would renew these licences. The remaining carrying value of Nuix Automation will be amortised in full by 30 June 2025, as all customers using Nuix Automation are expected to have transitioned onto using Rampiva as their orchestration product for Nuix software. The current year impact from acceleration of amortisation for Nuix Automation was $4,516,000, with the remaining carrying value of $6,773,000 to be amortised in FY25.

5.1 Intangible assets

Reconciliation of carrying amount

	Goodwill $000	External licenses $000	Brand $000	Customer relationships $000	Intellectual property $000	Total $000
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**
Year ended 30 June 2024						
Balance at 1 July 2023	19,112	684	378	-	224,393	244,567
Effect of movements in exchange rates - cost	(216)	(13)	(8)	-	(1,114)	(1,351)
Effect of movements in exchange rates - accumulated amortisation & impairment	-	14	4	-	690	708
Acquisition via business combination[1]	3,407	-	111	139	8,318	11,975
Additions	-	-	-	-	34,464	34,464
Amortisation	-	(309)	(297)	(77)	(45,747)	(46,430)
Balance at 30 June 2024	**22,303**	**376**	**188**	**62**	**221,004**	**243,933**
Carrying amount at 30 June 2024						
At cost	22,303	3,838	958	139	422,651	449,889
Accumulated amortisation & impairment	-	(3,462)	(770)	(77)	(201,647)	(205,956)
Balance at 30 June 2024	**22,303**	**376**	**188**	**62**	**221,004**	**243,933**

[1] Following the acquisition of Rampiva, the US Dollar denominated balances of the intangible assets acquired as a part of the business combination are: Goodwill: US $2,273,000; Brand: US $74,000; Customer relationships: US $93,000; Intellectual property: US $5,548,000.

The difference between the Australian Dollar denominated balances in Note 5.1 and Note 8.3 arises from the movement in the foreign currency exchange rates between the acquisition date 1 July 2023 and the yearend date 30 June 2024. The balances in Note 8.3 were presented using foreign exchange rate at 1 July 2023 (1.51 AUD to 1 USD) whereas the balances in Note 5.1 were translated using the foreign exchange rate at 30 June 2024 (1.50 AUD to 1 USD).

Accounting policies – intangible assets

i. Development costs recorded as Intellectual Property

Development costs are capitalised where future economic benefits from development of a chosen alternative for new or improved software products, processes, systems or services are considered probable, and expenditure in relation to such activities is capable of reliable measurement. Future economic benefits are considered probable where commercial benefit and technical feasibility have been established. The expenditure includes all directly attributable costs, including external direct costs of materials, services, direct labour and overheads.

Other development expenditure that does not meet these criteria, which includes research activities and the expenditure on maintenance of computer software, is expensed as incurred.

ii. Goodwill

Goodwill acquired in a business combination is measured at cost and subsequently at cost less any impairment losses. The cost represents the excess of the cost of a business combination over the fair value of the identifiable assets and liabilities acquired.

iii. External software licenses

External software licenses are carried at historic cost or fair value at the date of acquisition less accumulated amortisation and impairment losses.

iv. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as it is incurred.

v. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss. Goodwill is not amortised. Intangible assets, other than goodwill, have finite useful lives. Goodwill has an indefinite useful life.

Class of intangible asset	Depreciation rate (per year)
External software	20% - 33%
Brand	25% - 100%
Intellectual Property	10% - 20%

Significant judgements and assumptions

Capitalisation and useful life of intangible assets

Management has made judgements in respect of intangible assets when assessing whether an internal project in the development phase meets the criteria to be capitalised, and on measuring the costs and economic life attributed to such projects. On acquisition, specific intangible assets are identified and amortised over their estimated useful lives. The capitalisation of these assets and the related charges are based on judgements about their value and economic life.

Management has also made judgements and assumptions when assessing the economic life of intangible assets and the pattern of consumption of the economic benefits embodied in these assets. The economic lives for intangible assets are estimated at between three and ten years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

5.2 Property and equipment

Reconciliation of carrying amount

	Office & computer equipment $000	Furniture & fixtures $000	Leasehold improvement $000	Total $000
Year ended 30 June 2023				
Balance at 1 July 2022	**1,324**	**615**	**1,101**	**3,040**
Effect of movements in exchange rates - cost	454	66	146	666
Effect of movements in exchange rates - accumulated depreciation	(426)	(45)	(115)	(586)
Additions	1,073	100	127	1,300
Disposals	-	-	-	-
Depreciation	(975)	(213)	(288)	(1,476)
Balance at 30 June 2023	**1,450**	**523**	**971**	**2,944**
Carrying amount at 30 June 2023				
At cost	14,192	1,900	5,023	21,115
Accumulated depreciation	(12,742)	(1,377)	(4,052)	(18,171)
Balance at 30 June 2023	**1,450**	**523**	**971**	**2,944**
Year ended 30 June 2024				
Balance at 1 July 2023	1,450	523	971	2,944
Effect of movements in exchange rates - cost	(100)	(11)	(34)	(145)
Effect of movements in exchange rates - accumulated depreciation	89	10	45	144
Additions	602	6	132	740
Disposals	-	-	-	-
Depreciation	(940)	(154)	(301)	(1,395)
Balance at 30 June 2024	**1,101**	**374**	**813**	**2,288**
Carrying amount at 30 June 2024				
At cost	14,694	1,895	5,121	21,710
Accumulated depreciation	(13,593)	(1,521)	(4,308)	(19,422)
Balance at 30 June 2024	**1,101**	**374**	**813**	**2,288**

Accounting policies – property and equipment

i. Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and impairment losses. If significant parts of property and equipment have different useful lives, then they are accounted for as separate items or property and equipment. Any gain or loss on disposal of an item of property and equipment is recognised in profit and loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that future economic benefits will flow to the Group.

iii. Depreciation

The depreciable amount of all property and equipment is depreciated on a straight-line basis over the useful lives commencing from the time that the assets are held ready for use. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Class of plant and equipment	Depreciation rate (per year)
Office and computer equipment	33%
Furniture and fixtures	20%
Leasehold improvements	Lower of lease term and useful life (10-33%)

5.3 Leases

The Group primarily leases various office space. These leases typically run for a period of three to five years. Rental contracts are typically made for fixed periods but may have extension options.

Amounts recognised in the balance sheet

	2024 $000	2023 $000
Right of use assets, net of depreciation	**8,277**	**8,647**
Lease liabilities		
Current	3,189	3,028
Non-current	6,583	8,088
Lease liabilities	**9,772**	**11,116**

Right of use assets	2024 $000	2023 $000
Balance at 1 July	8,647	11,189
Additions	1,935	-
Depreciation expense	(2,646)	(2,829)
Reassessment	360	-
Exchange difference	(19)	287
Balance at 30 June	**8,277**	**8,647**

Amounts recognised in profit and loss

	2024 $000	2023 $000
Depreciation charge of right-of-use assets	2,646	2,829
Impact of reassessment	(359)	-
Interest expense (included in finance cost)	178	560
Expenses relating to short-term leases	993	1,011
Expenses relating to leases of low-value assets that are not shown above as short-term leases	53	7
	3,510	**4,407**

Amounts recognised in statement of cash flows

	2024 $000	2023 $000
Total cash outflow for leases	3,422	3,441

Extension options

Some property leases contain extension options exercisable by the Group of up to twelve months before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension options across all leases where they are available, would result in an increase in lease liability of $6,077,000 (2023: $6,053,000).

Accounting policies – leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative standalone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in any optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including low-value IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5.4 Impairment testing of non-financial assets

Reassessment of identification of CGUs

Management had previously identified that on the acquisition of Topos Labs, LLC that the group would have two CGUs until the completion of the integration of Topos Labs, LLC with the Nuix platform CGU. In May 2023, it was announced internally that the NLP team had formally joined their respective functional streams within Product, Engineering and Solution Consulting. Additionally it is anticipated that Nuix Neo (which is the product that embeds both the Nuix Engine and Nuix NLP functionality) will be available for General Availability in Q1 F24. As a consequence, management determined that the Topos Labs, LLC CGU no longer exists, and it has been subsumed into the Nuix platform CGU as of 30 June 2023.

As noted in the introduction to Section 5, the customers of Rampiva prior to it's acquisition by Nuix on 1 July 2023 were all existing Nuix customers. The existing Rampiva customers had acquired licences to use Rampiva's intellectual property, which is complimentary to the offerings of the licences to the Nuix intellectual property. From the date of acquisition of Rampiva, its cash flows were considered to be substantially integrated with that of the existing Nuix platform CGU, and accordingly there was no changes to the identified CGUs of the group and all goodwill from the acquisition of Rampiva was allocated to the Nuix platform CGU.

	2024 $000	2023 $000
Goodwill allocated to Nuix platform CGU	22,772	19,112
	22,772	19,112

Key assumptions in determining the recoverable amount of the Nuix platform CGU

The recoverable amount of a CGU, is the higher of an the CGU's fair value less costs of disposal or value in use.

In the current period, fair value less costs of disposal derived the higher value for the Nuix platform CGU.

The fair value less costs of disposal considers projected revenues, gross margins and expenses which have been determined with reference to historical company experience, industry data and management's expectation of the future over a five-year period, with a perpetuity growth rate beyond that, and an estimate of the costs of disposal. In modelling forecast revenues, gross margins and expenses for the Group, management have used the FY25 board-approved budget as an input, with revenue growth of between 10 and 15% during the five-year period. The perpetuity growth rate was set consistent with consensus views on long term GDP growth rates. The measurement of the fair value less costs of disposal of the Nuix platform CGU is considered to be a Level 3 measure of fair value (as described in Note 1.15).

The following inputs and assumptions have been adopted:

	2024	2023
Post-tax discount rate per annum	11.8%	11.5%
Pre-tax discount rate per annum	16.8%	16.4%
Long-term perpetuity growth rate	2.5%	2.5%

Sensitivity analysis

The key estimates and assumptions used to determine the recoverable amount of a cash generating unit are based on management's current expectations after considering past experience, future plans and external information. They are considered to be reasonably achievable, however significant changes in any of these key estimates or assumptions may result in a cash generating unit's carrying value exceeding its recoverable amount, requiring an impairment charge to be recognised.

As the recoverable amount of the CGU exceeds the carrying amount by more than $100 million, impairment testing is not sensitive to changes in the inputs.

Accounting policies – impairment testing of non-financial assets

At each reporting date, the Group reviews the carrying values of its non-financial assets (other than contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

Significant judgements and assumptions

Impairment testing of goodwill

Determining whether goodwill is impaired requires judgement to allocate amounts of goodwill to CGUs and a combination of judgement and assumptions to estimate recoverable amounts.

Management have concluded that the acquisition of Rampiva has not resulted in a change to the identification of CGUs of the group, as the cash inflows of Rampiva were already substantially integrated with those of the Nuix platform CGU.

Management prepared a discounted cash flow model to determine the fair value less cost to sell for the Nuix platform CGU which is based upon the financial plans approved by the Board for the year ending 30 June 2025, the closing balance sheet for the year ended 30 June 2025, expectations around realisation of assets and settlements of liabilities on balance sheet as of 30 June 2024, projected revenues, gross margins and expenses determined with reference to historical company experience, industry data, management's expectations for the future and an estimated cost of disposal.

This fair value less cost of disposal model determined a recoverable amount in excess of the carrying amount of the Nuix platform CGU, and accordingly no impairment has been recognised.

6. Remuneration

This section focuses on the expenses recognised in relation to the remuneration of our people, which includes details of the employee benefit expenses recognised across the profit and loss, judgements related to accounting for share-based payments, and summary information for remuneration of Key Management Personnel (KMPs).

Nuix is committed to attracting and retaining the best people to work in the organisation, including Directors and senior management. A key element in achieving that objective is to ensure that the Group is able to appropriately remunerate its key people. Nuix has adopted a Remuneration Policy, the purpose of which is to establish a framework for remuneration that is designed to:

- ensure that coherent remuneration policies and practices are observed which enable the attraction and retention of Directors and management who will create value for Shareholders;
- fairly and responsibly reward Directors and senior management having regard to the Company's performance, the performance of senior management and the general pay environment; and
- comply with all relevant legal and regulatory provisions.

Refer to the Remuneration Report for detailed information related to KMPs.

6.1 Employee benefit expenses

	2024 $000	2023 $000
Wages and salaries		
Sales and distribution	59,994	51,530
Research and development[1]	15,326	17,052
General and administration	16,390	15,935
Support and operations (included in cost of goods sold)[2]	6,010	5,763
	97,720	**90,280**
Share-based payment expenses		
Sales and distribution	2,697	1,116
Research and development[1]	1,173	2,175
General and administration	2,806	57
Support and operations (included in cost of goods sold)[2]	48	166
	6,724	**3,514**

[1] Wages and salaries and share-based payment expenses disclosed for the research and development function presented above are net of amounts required to be capitalised as development costs to intangible assets.

Wages and salaries capitalised as development costs to intangible assets totalled $30,517,000 during the year ended 30 June 2024 (2023: $33,672,000), with the remaining amounts capitalised being directly attributable costs and incremental overheads of development activities. As per Note 5.1, a total amount of $34,464,000 was capitalised for development activities during the year ended 30 June 2024 (2023: $39,940,000)

[2] Presented in the face of the financial statements as cost of goods sold in the prior year, however as the underlying nature of the expense is an employee benefit expense is now being disclosed as part of this note.

Accounting policies – employee benefit expenses

i. Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

ii. Defined contribution superannuation plans

All obligations for contributions in respect of employees' defined contribution benefits are recognised as an expense as the related service is provided.

iii. Other long-term employee benefits obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high-quality corporate bond rates with terms to maturity and currency that match, as closely as possible, the estimated cash flows.

iv. Share-based payments

Share-based compensation benefits are provided to employees via the Nuix Employee Incentive Plan.

Share-based compensation arrangements involving share rights are granted on various dates, and are generally for a specific number of rights which convert to shares upon vesting. The fair value of these share-based payment arrangements using share rights is generally determined to be the function of the number of share rights granted and the share price at grant date; unless the grant was subject to market based vesting conditions which are factored into the grant date fair values. Where a share-based compensation arrangement involves the use of options, the fair value of the options is determined using a Black Scholes model with inputs for exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

Vesting is dependent on continued employment with the Group and in certain circumstances meeting predefined non-market performance conditions. Non-market vesting conditions are included in assumptions about the number of options and share rights that are expected to vest.

The fair values of options and share rights granted under the plans are recognised as a share-based payments expense generally with a corresponding increase in equity over the period that the vesting conditions are met. The total amount to be expensed is determined by reference to the grant date fair value of the options and share rights granted.

At the end of each reporting period, the Company revises estimates of the number of options and share rights that are expected to vest based on the non-market vesting conditions. It generally recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

6.2 Share based payments

Instruments on issue	30 Jun 2024	30 Jun 2023
Options	1,882,713	3,094,383
Performance Rights	19,002,348	9,595,860[1]

Details related to the performance rights are as follows:

Grant name / employees entitled	Number of instruments	Vesting condition	Vesting date
Performance rights with performance hurdles			
Performance rights granted to KMP			
FY22 LTI performance rights granted to CEO and COO/CFO	573,419	Minimum revenue, EBITDA targets and employment	31 Aug 2024 31 Aug 2025 31 Aug 2026
FY23 LTI performance rights granted to executive KMP	2,930,966	ACV growth and employment	31 Aug 2023 31 Aug 2024 31 Aug 2025
FY23 STI performance rights granted to executive KMP	348,377	ACV growth and employment	31 Aug 2025
FY24 LTI performance rights granted to executive KMP	1,362,862	ACV growth, relative TSR and employment	31 Aug 2026
FY24 Retention and incentive performance rights granted to executive KMP	3,136,000	Share price target and employment	31 Aug 2026
Performance rights granted to non KMP			
FY23 LTI performance rights	773,922	ACV growth and employment	31 Aug 2024 31 Aug 2025
FY23 STI performance rights	81,245	ACV growth and employment	31 Aug 2025
March 2023 Special performance rights grant	2,808,325	ACV growth and employment	31 Aug 2024 28 Feb 2025
FY24 LTI performance rights	491,656	ACV growth, relative TSR and employment	31 Aug 2026
FY24 Retention and incentive performance rights	2,752,000	Share price target and employment	31 Aug 2026
FY24 Critical talent equity grant	1,327,009	ACV growth and employment	31 Aug 2026
>Performance rights with no performance hurdles			
Sign-on performance rights granted to KMP	1,355,453	4 years service from grant date	
Sign-on performance rights granted to non KMP	298,432	4 years service from grant date	
FY23 Performance rights granted to non KMP	762,682	Employment	31 Aug 2024 31 Aug 2025
Total performance rights on issue	**19,002,348**		

Further details of the FY24 LTI and Retention and Incentive Grant 2023 (one-off grant) are outlined in the Remuneration Report.

[1] Includes performance rights related to FY24 minimum revenue, EBITDA, and ACV growth targets for CEO and COO/CFO, sign-on performance rights for KMP and non-KMP executives granted upon sign-on in FY23, and special performance rights for key staff members granted in FY23. Excludes contingently issuable shares for Topos Retention Recipients, as the number of shares is determined with reference in part to the 5-Day VWAP prior to the date before an Earnout Payment is made, should an earnout payment indeed be achieved, and hence remaining number of shares to be granted was undetermined as of 30 June 2023.

Reconciliation of the number of options and performance rights is provided below:

	Options		Performance Rights	
	1 Jul 2023 to 30 Jun 2024	1 Jul 2022 to 30 Jun 2023	1 Jul 2023 to 30 Jun 2024	1 Jul 2022 to 30 Jun 2023
Opening balance (1 July)	3,094,383	4,527,969	9,595,860	1,024,634
Forfeitures	(721,670)	(1,433,586)	(393,881)	-
Expired	(490,000)	-	-	-
Performance rights granted	-	-	8,694,900	5,008,253
Grant under LTIP	-	-	1,854,518	3,747,337
Exercised	-	-	(749,049)	(184,364)
Closing balance (30 June)	**1,882,713**	**3,094,383**	**19,002,348**	**9,595,860**

D. Employee Share Option Plan (ESOP)

The establishment of the Nuix Limited ESOP was approved by the Board of Directors on or around fiscal year 2012. The ESOP is designed to align the interests of eligible employees more closely with shareholders and provide greater motivation and incentive for them to focus on the Company's longer-term goals. Under the plan, participants are granted options which may only be exercised if the vesting conditions have been met.

Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the plan for no consideration and carry no dividend or voting rights and are non-statutory stock options. Option holders cannot assign, transfer, sell or otherwise deal with the options granted under the Plan without Board of Directors approval.

The amount of Options that vest depends upon the vesting rules of the respective Plan rules (generally three to five years). The Options vest in a series of successive equal monthly instalments beginning on the first anniversary of the vesting commencement date, subject to the option holders' continued employment.

Once vested, the options became exercisable following the consummation of a Corporate Transaction / Liquidity Event (as defined in the Plan rules) or a date determined by the Board. However, under some earlier Plan rules, Options are exercisable for a period of three years once they become fully vested.

Following the exercise of the options, a vested option is converted into one ordinary share within a certain number of business days as determined by the plan rules. The exercise price of options is determined by a combination of internal and external valuation methodologies and presided over by the Board.

E. Fair value of options granted

There were no options granted in either of FY24 or FY23, however the fair value of options granted in previous reporting periods continues to be recognised in profit and loss as the vesting conditions are satisfied.

The fair value of each grant at grant date is independently determined using an adjusted form of the Black Scholes model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies. Options are granted for no consideration and vest over different periods depending on terms.

F. Fair value of performance rights granted

The assessed fair value at grant date of the performance rights granted during the year was determined with reference to the fair value of shares on grant date, adjusted for any expected dividend included in the share price as of grant date. As there were no dividends expected to be paid between grant date and vesting date no adjustment to the share price on grant date is required in determining the fair value of performance rights.

The grant date fair values of the portion of the share rights associated with the FY24 LTIP based on relative Total Shareholder Return (rTSR) performance, and the Retention and Incentive plan one-off grant, were determined using Monte Carlo simulations. The key inputs to the valuations included the risk free rate (determined with reference to the implied zero-coupon curve from Australian government bonds), the expected dividend yield (nil, based on Nuix historical and anticipated dividend payouts during the term of the arrangements), the expected volatility of Nuix shares, and where relevant it's correlation to each entity in the comparator group, and the expected life of the instruments.

There were 9,848,789 performance rights granted during the year with a grant date fair value between $0.91 and $1.56 which are linked to service requirements that conclude between release of the FY24 Group results and May 2028.

G. Reconciliation of outstanding share options

	1 Jul 2023 to 30 Jun 2024		1 Jul 2022 to 30 Jun 2023	
Reconciliation	**Number of options**	**Weighted-average exercise price**	**Number of options**	**Weighted-average exercise price**
Opening balance (1 July)	3,094,383	$4.42	4,527,969	$4.72
Expired during the year	(490,000)	$5.01	-	-
Granted during the year	-	-	-	-
Forfeitures during the year	(721,670)	$5.31	(1,433,586)	$5.30
Outstanding at 30 June	1,882,713	$4.42	3,094,383	$4.42
Exercisable at 30 June	1,214,055	$5.37	1,103,721	$5.08

The options outstanding at 30 June 2024 had an exercise price in the range of $2.00 to $5.79 (2023: $2.00 to $5.79) and a weighted-average remaining contractual life of 2.5 years (2023: 3.5 years[1]).

[1] Exercise price for the 453,273 options previously held by Mr Sheehy as of 30 June 2023 in the above disclosure for the prior year was $2.00. Impact of options previously held by Mr Sheehy is excluded from the assessment of weighted-average contractual life remaining in the prior year. On 22 August 2023, the Group announced it had resolved the proceedings with Mr Sheehy on the basis that the Appeal be dismissed, Mr Sheehy's share options to acquire Nuix shares would be cancelled and that Mr Sheehy make a contribution of $700,000 towards Nuix's legal costs associated with the proceedings. These share options were cancelled on 29 August 2023.

Significant judgements and assumptions – share-based payment expense

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Nuix uses the Black-Scholes option pricing model to determine the grant-date fair value of share options. The determination of the grant-date fair value of stock option awards using the Black-Scholes model is affected by assumptions regarding a number of complex and subjective variables. These variables include the estimated number of years that management expect employees to hold their options, risk-free interest rates and dividends to be paid on Nuix's stock over that term.

If Nuix changes the terms of its employee share-based compensation programs, refines future assumptions or changes valuation models, the stock-based compensation expense recorded in future periods for future grants may differ significantly from historical trends and could materially affect the results of operations.

Management judgment is applied in determining the fair value of options issued under the employee option plan. For the options that were granted pre-IPO, their grant-date fair values were determined with reference to the Company's unlisted status at that time. There are inherent difficulties in determining market volatility for an unlisted entity.

The expected price volatility used in pricing options is based on the historic volatility over a comparable period consistent with the remaining life of the options, adjusted for any expected changes to future volatility due to publicly available information. For the options that were granted pre-IPO, as the Company was privately held and had constant and consistent growth, finding a comparable cohort of companies to which management could benchmark was difficult.

Nuix has assumed a constant volatility rate for all options granted during the three-year period leading up to the IPO in December 2020, and updated this volatility rate to reflect the nature of the Company upon listing for all grants occurring at the time of the IPO, and continues to update this input for all grants of options made subsequent to the IPO.

6.3 KMP Remuneration

	2024 $	2023 $
Short-term employee benefits	3,962,669	5,067,939
Share-based payment expense	3,005,574	2,052,716
Termination benefits	342,125	440,326
Post-employment benefits	159,682	150,919
Long-term benefits	-	-
Total	**7,470,050**	**7,711,900**

Short-term employee benefits

These amounts include salaries, fees, cash bonuses and fringe benefits paid to Key Management Personnel including Executive and Non-Executive Directors.

Share-based payment expense

Share-based payment expense represents the expensing over the vesting period at the fair value of share rights at grant date.

Post-employment benefits

These amounts include the cost of superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave and long-term annual leave benefits accruing during the year.

7. Financial risks

The Group has exposure to credit, liquidity and market risks relating to its use of debt and working capital. This section presents information about the Group's exposure to each of these risks, and its objectives, policies and processes for measuring and managing risk.

7.1 Financial risk management

The Group's activities expose it to a variety of financial risks including: market risk (including currency risk and price risk), credit risk, and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk to determine market risk. Risk management is carried out by the Corporate Services function under policies approved by the Board of Directors.

The Group has principles for overall risk management covering areas such as foreign exchange risk, credit risk and derivative financial instruments.

A. Market risk

i. Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar, British Pound and European Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in thousands of Australian dollars, was as follows:

	2024			2023		
	USD	EUR	GBP	USD	EUR	GBP
Cash and cash equivalents	2,436	758	2,533	5,368	786	507
Trade receivables	7,754	246	591	2,605	702	1,588
Trade payables	298	39	4	485	97	-

The Group's exposure to other foreign exchange movements is not considered material.

Sensitivity

Although Nuix holds financial assets and financial liabilities denominated in many currencies, as the Group has foreign operations with different functional currencies, the impact of a reasonably possible change in foreign exchange rates (+/- 10%) at the end of the reporting period on the profit and loss of the Group is limited:

	2024		2023	
AUD $000's	Effect on equity	Effect on PBT	Effect on equity	Effect on PBT
USD	+/- 3,173	+/- 989	+/- 3,345	+/- 749
GBP	+/- 1,359	+/- 312	+/- 903	+/- 210
EUR	+/- 1,074	+/- 96	+/- 942	+/- 139

B. Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and outstanding receivables, contract assets and committed transactions.

For all customers in all instances the Group retains title over the software. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Trade receivables and contract assets

At 30 June 2024, the exposure to credit risk for trade receivables and contract assets by customer nature was as follows:

	2024 $000	2023 $000
Service providers	51,213	37,202
Corporates	26,095	26,899
Law firms	6,484	8,250
Government	6,169	9,705
	89,961	**82,056**

To measure the expected credit losses, trade receivables and contract assets have been grouped based on the nature of the counterparties (see above) and the days past due. The contract assets relate to unbilled receivables and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over time and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 30 June 2024, expressed in thousands of Australian dollars was determined as follows for both trade receivables and contract assets.

	2024			2023		
	Balance '000	Expected Loss Rate	Loss Allowance '000	Balance '000	Expected Loss Rate	Loss Allowance '000
Current	31,506	0.4%	128	32,746	0.6%	199
30 days	2,140	1.0%	21	4,911	0.9%	42
60 days	1,158	2.5%	29	1,394	3.9%	54
90 days	488	0.0%	-	613	7.7%	47
Over 90 days	-	0.0%	-	931	9.5%	88
Specific provision[1]	1,347	100.0%	1,347	1,039	100.0%	1,039
Total	**36,639**		**1,525**	**41,634**		**1,469**
Contract assets	53,322	0.4%	266	40,422	0.6%	233
Subtotal: Trade receivables and contract assets	**89,961**		**1,791**	**82,056**		**1,702**
Cash-backed bank guarantee)[2]	746	-%	-	746	-%	-
Other non-current investment	338	-%	-	-	-%	-
Total	91,045		**1,791**	82,802		**1,702**

[1] As at 30 June 2024 there were $1,347,000 of specifically identified impaired debtors, that have been provided for but not written off (30 June 2023: $1,039,000).

[2] Non-current deposits relating to bank guarantee that is cash-backed by the Group, and therefore not subject to expected credit loss.

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	2024 $000	2023 $000
As at 1 July	1,702	1,007
Increase in loss allowance recognised in profit or loss during the year	1,231	1,389
Receivables written off during the year as uncollectible	-	(283)
Unused amount reversed	(1,131)	(433)
Foreign exchange difference	(11)	22
As at 30 June	**1,791**	**1,702**

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

C. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash in conjunction with the availability of funding through credit facilities to meet financial obligations as and when they fall due. At the end of the reporting period the Group held deposits at call of $38,032,000 (2023: $29,588,000).

Management monitors rolling forecasts of the Group's liquidity reserve as discussed above and cash and cash equivalents (Note 4.1) on the basis of forecasted cash flows. This is carried out at a Group level by Corporate Services. In addition, the Group's liquidity management approach involves projecting cash flows and considering the level of liquid assets necessary to meet obligations and ongoing monitoring of balance sheet liquidity against internal requirements, and the need to draw on available facilities if required.

The cash flows disclosed in the table below are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	Less than 6 months $000	6-12 months $000	Between 1-3 years $000	More than 3 years $000	Total $000	Carrying amount $000
At 30 June 2024						
Trade and other payables	34,866	-	-	-	34,866	34,866
Lease liabilities	1,822	2,098	4,251	2,571	10,742	9,772
Other liabilities	4,045	-	2,999	-	7,044	6,657
	40,733	**2,098**	**7,250**	**2,571**	**52,652**	**51,295**
At 30 June 2023						
Trade and other payables	28,655	-	-	-	28,655	28,655
Lease liabilities	1,505	1,487	4,675	4,160	11,827	11,116
Other liabilities	3,712	6,377	-	-	10,089	9,839
	33,872	**7,864**	**4,675**	**4,160**	**50,571**	**49,610**

8. Business structure

This section focuses on the structure of the Group, specifically movements in issued capital and reserves.

8.1 Issued capital

Movements in ordinary shares	2024 Shares	2023 Shares	2024 $000	2023 $000
Opening balance	317,499,158	317,314,794	370,696	370,696
Shares issued – acquisition of Rampiva	3,578,179	-	3,041	-
Shares issued – acquisition of Topos[1]	1,507,065	-	3,210	-
Shares issued – employee performance rights	944,384	184,364	-	-
Closing balance	**323,528,786**	**317,499,158**	**376,947**	**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.

Accounting policies – Issued capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown as equity as a deduction, net of tax, from the proceeds.

8.2 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

The share-based payment 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.

[1] On 11 April 2024 it was agreed with the sellers of Topos that 1,507,065 shares of Nuix Limited and a payment of US $1,500,000 would be made in settlement of the remaining earnout milestones. This agreement resulted in the derecognition of balances for contingent consideration and employee benefit obligations.

Movements in reserves	2024 $000	2023 $000
Share based payment reserve		
As at 1 July	(165,441)	(168,731)
Share-based payment arrangement	6,688	3,466
Settlement of share-based payment arrangements	-	(176)
As at 30 June	**(158,753)**	**(165,441)**
Foreign currency translation reserve		
As at 1 July	9,266	5,192
Foreign currency translation movement in period	(2,115)	4,074
As at 30 June	**7,151**	**9,266**
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	**(151,602)**	**(156,175)**

Accounting policies – treasury shares

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity.

8.3 Acquisition of Rampiva

The Group acquired all of the shares of Rampiva Global, LLC and Rampiva Technology, Inc. (collectively Rampiva) on 1 July 2023 a workflow automation and job scheduling software provider. Rampiva is a long-term Nuix technology partner founded in 2016 to meet greater productivity demands for Nuix customers by automating their data processing tasks. Rampiva is used by customers where the cost, ease and administration of hyper-scale data processing is no longer sustainable manually.

In the period since acquisition to 30 June 2024, Rampiva recorded a profit of AUD $5,696,000, inclusive of expenses for amortisation of acquired intangibles and related deferred tax expense impacts of AUD $1,588,000, but excluding any specific allocation of sales and distribution costs of the existing Nuix business which facilitated the sales of Rampiva products. Included in this profit/loss since acquisition, are post-acquisition revenues of AUD $7,664,000.

The Group incurred acquisition-related costs of AUD $547,472 relating to external legal fees and legal due diligence costs. These costs have been included in ‘general and administrative expenses’.

A. Consideration

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	Notes	$000
Cash		4,135
Shares		3,041
Contingent consideration	9.1	3,974
Total consideration		**11,150**

The initial cost of the acquisition includes US $2,000,000 in cash (subject to working capital adjustments on financial close), and US $2,000,000 in Nuix newly issued shares payable on financial close. As of the date of acquisition, up to a further US $3,000,000 in Nuix shares would be issued if Rampiva achieved specific ACV growth and cost management target milestones in the three years post-acquisition.

Contingent consideration that is part of the arrangement to acquire Rampiva, as its purpose is to verify or establish the fair value of the acquired business and its payment is not contingent on continued employment or service provision is measured at fair value as described in Note 9.1.

The acquisition date fair value of the then contingent consideration assessed to be part of the arrangement to acquire Rampiva, was determined to be AUD $3,974,000.

Post acquisition, in 2H FY24 it has been positively determined that the objective of these milestones have been met, and that US $3,000,000 in Nuix shares will be issued to the sellers of Rampiva, consistent with the provisions of the Equity Purchase Agreement. The agreement allows Nuix to make a determination in it's sole discretion that the performance objectives of the earnout arrangements have been achieved, and to remove any uncertainty for the parties to the transaction, prior to the full three year term of the earnout arrangement being completed.

The settlement of this amount, notwithstanding this determination by Nuix, continues to be staged over a three-year period. The number of shares that will ultimately be issued in each of the next three years, is determined with reference to the volume weighted average price (VWAP) of Nuix Limited shares in the lead up to each of the three payment dates, where US $1,000,000 in Nuix Limited shares will be issued to the sellers of Rampiva.

The Group has reclassified this consideration as deferred consideration, rather than contingent consideration as of 30 June 2024, as the payment of the consideration is no longer contingent on a future event (refer Note 9.1).

B. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	$000
Cash and cash equivalents	572
Trade receivables	885
Trade and other payables	(94)
Brand	112
Customer relationships	140
Intellectual property	8,368
Deferred tax liabilities	(2,261)
Total identifiable net assets acquired	**7,722**

Given the trade receivables at acquisition date were identified to be primarily with corporations with low credit risk and a short term to contractual receipt, the fair value of the receivables was measured at the gross contractual amounts receivable, and this represents management's best estimate at acquisition date of the contractual cash flows that are expected to be collected.

C. Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Notes	$000
Fair value of consideration	A	11,150
Fair value of net identifiable net assets	B	7,722
Goodwill		**3,428**

The goodwill is primarily related to growth expectations, expected future profitability, the skills and technical talent of Rampiva's workforce, and expected synergies to be achieved from integrating the Rampiva software into the Group's existing products. As the customer base of Rampiva is substantially integrated with that of the Nuix, goodwill recognised on acquisition has been allocated in full to the Nuix platform CGU.

To the extent goodwill arises from the acquisition of Rampiva Global, LLC being $945,000 (USD $626,000 converted at acquisition date), it is considered to be deductible for tax purposes in the United States.

D. Measurement period adjustments

The details of the fair value on acquisition of identifiable assets acquired, liabilities assumed and goodwill determined as set out in this note are considered final, as the measurement period for acquisition accounting has closed. Accounting for the acquisition initially required assets acquired and liabilities assumed to be measured on a provisional basis, as the Group continued to obtain information relating to the determination of tax bases of acquired assets, and assumed liabilities.

During the measurement period extending to the 12 months post-acquisition, adjustments have been made to increase the provisional valuation of the intellectual property by $141,000, reduce the deferred tax liabilities recognised by $1,033,000, reduce trade and other payables by $468,000 and decrease goodwill by $1,641,000 from amounts initially reported in 1H FY24.

Significant judgments and assumptions

When accounting for business combinations using the acquisition method, significant judgements are used when determining whether arrangements are a part of, or separate to the business combination, and in determining the fair value measurement of consideration paid, and of the acquired assets and assumed liabilities. Where such acquisitions include earnout arrangements forming a view on whether they are expected to be achieved can require significant judgement.

Determining whether arrangements are part of the business combination

An acquirer is required to identify amounts that are not part of the exchange for the acquiree. Such amounts are not included in the accounting for the business combination, but rather are accounted for as separate transactions in accordance with other relevant accounting policies.

Determining what is part of the business combination involves an analysis of the relevant factors of the arrangement. The following factors are considered in assessing whether a transaction is part of a business combination or is separate:

- The reasons for the transaction: whether it is primarily for the benefit of the acquirer or combined entity, rather than primarily for the benefit of the acquiree or its former owners before the acquisition;
- Who initiated the transaction: understanding who initiated a transaction may provide insight into whether it is part of the exchange for the acquiree;
- The timing of the transaction: may also provide insight into whether it is part of the consideration.

When it can be demonstrated that an arrangement, such as an earnout milestone, is designed to prove the value of the acquiree and there is no related post-combination service requirement (whether contractual or implied), management have concluded that such an arrangement is part of the consideration for a business combination. This assessment is made on a milestone by milestone basis.

Measurement of fair values at acquisition date

Accounting for business combinations using the acquisition method requires the measurement of consideration, and the acquired assets and assumed liabilities at fair value.

Contingent consideration:

Contingent consideration includes but is not limited to obligations to transfer additional consideration to the former owners of the acquiree if specified future events occur or conditions are met. Contingent consideration may include the issuance of shares in the acquirer or distribution of other consideration (e.g. cash) on resolution of contingencies based on, for example, post-combination revenues, or other factors. All contingent consideration is measured at fair value on the acquisition date and included in the consideration transferred to the extent it is an arrangement that is determined to be part of the business combination.

Estimating the fair value of contingent consideration can be challenging as the arrangements are often complex. Judgement is required to determine whether a set of earnout arrangements should be treated as a single or multiple unit of account. Where earnout arrangements have discrete risk exposures they are treated as having multiple separate units of account, otherwise such arrangements are considered to have a single unit of account.

As observable prices for such transactions are generally not available, management has applied a scenario-based method to determine the most likely payout for each unit of account, based on the information available at the date control was obtained. This method assessed each of the earnout opportunities and considered the goal of the incentive payments and the payoff structures. These estimated future cash flows were then discounted back to present value taking account of the time value of money.

Acquired intangible assets:

The accounting for intangible assets acquired in a business combination is particularly challenging, as many are not recognised in the acquiree's pre-combination financial statements and determining their fair values usually involves estimation techniques as quoted prices are rarely available.

Management have used an income approach to determining the fair value of the Intellectual Property asset acquired as part of the Rampiva acquisition, which requires assumptions to be made about prospective financial information from its operations and an assessment of contributory asset charges to determine its fair value, from the perspective of a market participant. These cash flows are then discounted using a market participants view of the appropriate rate for the business to derive the fair value of the asset.

9. Other

This section provides information that is not directly related to specific line items in the financial statements, including information about dividends, related party transactions, auditor's remuneration, events after the reporting date and other statutory information.

9.1 Other liabilities

	2024 $000	2023 $000
Contingent consideration	-	6,188
Deferred consideration	1,475	-
Other payables	2,474	3,651
Other current liabilities	**3,949**	**9,839**
Deferred consideration	2,708	-
Other non-current liabilities	**2,708**	**-**

Information about the Group's exposure to currency and liquidity risks is included in Section 7.

Other payables

Included in other payables is an amount of $2,174,000 in relation to reverse factoring arrangement that provides Nuix with predictable monthly payments for insurance premiums covering the period December 2023 until December 2024 (30 June 2023: $3,051,000).

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.

Contingent consideration payable

The Group recognises liabilities measured at fair value in relation to contingent consideration arising out of acquisitions made by the Group. The contingent consideration is designated as a financial liability measured at fair value, and is deemed to be a Level 3 measurement of fair value. It has been discounted accordingly based on estimated time to complete a number of milestones. As part of the assessment at each reporting date, the Group considers a range of reasonably possible changes for key assumptions and has not identified any instances that could cause the fair value of contingent consideration to change significantly. Changes in the fair value of contingent consideration after acquisition date are recognised in profit and loss, unless the changes are measurement period adjustments.

A reconciliation of the movements in fair value measurements of contingent consideration is provided below.

Contingent consideration	2024 $000	2023 $000
Opening balance	6,188	13,856
Additions	3,974	-
Foreign exchange difference	29	165
Change in fair value estimate	(2,137)	(1,011)
Unwinding of interest	326	68
Transfers to deferred consideration as contingency has been resolved	(4,123)	-
Cash payments	(1,793)	(6,890)
Settled through the issuance of shares	(2,464)	-
Closing balance	**-**	**6,188**

The effect on profit and loss for the year is due to unwinding of interest on the contingent consideration, and change in fair value estimate due to reassessments of achievability of earnout milestones post-acquisition as indicated in the above reconciliation.

During FY24, in relation to the earnout payments in connection with the acquisition of Topos Labs by Nuix, an amount of USD $1,500,000 in cash was paid in April 2024, and a further USD $2,100,000 in Nuix Limited shares was issued in May 2024 to the sellers of Topos.

- Of the cash payment, USD $1,151,000 (AUD $1,793,000[1]) related to consideration for the business combination which had been included in contingent consideration payable, and USD $349,000 (AUD $543,000) related to consideration for post combination employee benefit arrangements.
- Of the share-based payment, USD $1,612,000 (AUD $2,464,000) related to consideration for the business combination which had been included in contingent consideration payable, and USD $488,000 (AUD $746,000) related to consideration for post combination employee benefit arrangements.

As discussed in Note 8.3, in 2H FY24 it was determined that the milestones to which the contingent consideration in the agreement to purchase Rampiva had been achieved, and accordingly as the liability is no longer contingent on future events occurring, the balance for the consideration has been transferred from contingent consideration to deferred consideration as of 30 June 2024.

Sensitivity

Generally, the fair value measurements of the milestones are sensitive to reasonably possible changes in unobservable inputs to their measurement, including the time frame over which milestones may (or may not) be achieved; the successfulness of integration of the acquired Intellectual Property with the Nuix platform; and the pace at which commercial activities proceed.

As there are no remaining milestones for the Topos acquisition, and the remaining milestones yet to be paid out for the Rampiva acquisition have been determined to have been met, there is no ongoing sensitivity to remeasurement of contingent consideration as of 30 June 2024.

[1] Referred to as “Payments of consideration for Topos Labs, LLC” in the cash flows from investing activities

Deferred consideration payable – liability-classified, equity-settled

Deferred consideration represents the amount payable on acquisition which is time-based, and not subject to ongoing performance conditions.

The deferred consideration is designated as a financial liability measured at fair value and deemed to be a Level 2 measurement of fair value. This measurement of fair value is determined with reference to the market-based discount rates for time value, for known amounts that will be settled at a future date. As part of the assessment at the reporting date, the Group has considered a range of reasonably possible changes for key assumptions and has not identified instances that could cause the fair value of deferred consideration to change significantly.

During the year ended 30 June 2024, certain milestones to which contingent consideration was recognised on acquisition date were confirmed as having been met. As such, to the extent that these liabilities remain on foot and are subject to settlement at a later date they are no longer contingent, and have been reclassified as deferred consideration payable.

The deferred consideration recognised as of 30 June 2024 relates to obligations to deliver to sellers of acquired businesses, a certain USD value of shares of Nuix Limited at specific times.

Deferred consideration – liability classified equity settled	2024 $000	2023 $000
Opening balance	-	-
Transfers from contingent consideration	4,123	-
Unwinding of interest	60	-
Closing balance – liability classified equity settled deferred consideration	**4,183**	-

9.2 Fair value disclosures

The carrying amount of the Group's financial assets and liabilities approximates the fair value of all financial assets and liabilities.

9.3 Dividends

During the year the Directors did not declare an interim dividend (2023: Nil) and have not recommended a final dividend be paid after 30 June 2024 (2023: Nil).

9.4 Related party disclosures

A. Parent entity

The ultimate and parent entity within the Group is Nuix Limited.

B. Interests in other entities

Name of entity	Place of business / country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		2024	2023	2024	2023	
Nuix North America, Inc	United States	100%	100%	-	-	Development and Sale of Licences
Nuix Ireland Ltd	Ireland	100%	100%	-	-	Sale of Licences
Nuix Pte Ltd	Singapore	100%	100%	-	-	Sale of Licences
Nuix Holding Pty Ltd	Australia	100%	100%	-	-	Holding Company
Nuix SaleCo Limited	Australia	100%	100%	-	-	Dormant Company
Nuix Limited Employee Share Trust	Australia	100%	100%	-	-	Discretionary Investment Trust
Nuix USG Inc.	United States	100%	100%	-	-	Sale of Licences
Nuix Technology UK Ltd	United Kingdom	100%	100%	-	-	Sale of Licences
Nuix Philippines ROHQ	Philippines	100%	100%	-	-	Business Support (Branch)
Topos Labs, LLC	United States	100%	100%	-	-	Sale of Licences
Rampiva Global, LLC	United States	100%	-	-	-	Sale of Licences
Nuix Canada Inc.[1]	Canada	100%	-	-	-	Sale of Licences

[1] Formerly known as Rampiva Technology, Inc

C. Transactions with other related parties

Macquarie Corporate Holdings

Macquarie Corporate Holdings has an interest of 30% in Nuix (2023: 30%), which allows it to exercise significant influence over the Group. As a result, Macquarie Corporate Holdings and by extension all related entities of Macquarie Group Limited, are related parties to Nuix.

Alliance agreement license

In December 2018, Nuix entered into an alliance agreement and software licence agreement (in support of the alliance agreement) with Macquarie Group Services Pty Ltd ('MGS') relating to the unlimited use of certain Nuix software and related support and maintenance for a term of ten (10) years, unless terminated prior by MGS. Both these agreements were entered into with the unanimous approval of non-Macquarie Group nominee Board members and without shareholder approval prior to Nuix becoming a public company.

Under the agreements MGS pays Nuix an annual licence fee for a licence to use Nuix software, and the related support and maintenance services for the licence. In December 2021, confirmation of pricing and that the agreement would not be unilaterally cancelled by Macquarie for a three-year period resulted in the recognition of the sale of a licence with a three-year term in December 2021. As the licence was sold with coterminous support and maintenance, consistent with typical arrangements entered with our customers, revenue is recognised for provision of support and maintenance as it is delivered each month.

As of 30 June 2024, $99,913 remains as deferred revenue in relation to the ongoing support and maintenance which will be recognised on a rateable basis until 5 December 2024.

Legal fees claimed under indemnity

Macquarie Capital Australia Limited has claimed $3,151,408 (30 June 2023: $1,791,910) in relation to legal fees under the indemnity provided by Nuix Limited to them under the terms of the Underwriting Agreement. This amount has not been paid.

		2024 $		2023 $
	Transaction	Outstanding balance	Transaction	Outstanding balance
Sale and purchases of goods and services				
Sale of license to related parties	179,023	-	50,311	834,936
Support and maintenance	239,792	-	239,792	-
Rendering of professional service	16,000	16,000	8,360	-
Other arrangements				
Legal fees claimed under indemnity	3,151,408	3,151,408	1,791,910	1,791,910

9.5 Auditor's remuneration

	2024 $	2023 $
Audit and review services		
Auditors of the Group - KPMG		
Audit and review of financial statements - Group	823,000	754,000
Audit and review of financial statements – controlled entities	78,483	82,050
	901,483	836,050
Other auditors		
Audit and review of financial statements – controlled entities	21,339	16,793
Assurance services		
Auditors of the Group - KPMG		
Other assurance services	45,000	42,000
Other services		
Auditors of the Group - KPMG		
Advisory services	72,000	92,000
Other auditors		
Taxation advice and tax compliance services	15,352	4,001

It is the Group's policy to engage KPMG on assignments in addition to their statutory audit duties where their expertise and experience with the Group are relevant. Nuix engaged KPMG to perform advisory services prior to statutory audit engagement.

9.6 Parent or the Company financial information

	2024 $000	2023 $000
Current assets	44,304	30,303
Non-current assets	233,088	231,292
Total assets	277,392	261,595
Current liabilities	14,007	8,494
Non-current liabilities	1,224	9,552
Total liabilities	15,231	18,046
Net assets	**262,161**	**243,549**
Equity		
Issued capital	376,947	370,696
Reserves	(159,012)	(165,433)
Retained earnings	44,226	38,286
Total equity	**262,161**	**243,549**
Profit/(Loss) for the year	**5,940**	**(10,036)**

Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except in so far as investments in subsidiaries are recognised at cost.

9.7 Contingent Liabilities

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

ASIC proceedings

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 relevant period) alleging that from 18 January 2021 to 21 April 2021, aspects of the Company's market disclosures contravened provisions of the *Corporations Act 2001* and *ASIC Act 2001*. 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 ASIC claim was heard in November and December 2023 and Nuix is awaiting judgment which is currently reserved in this matter.

Class Action

Nuix is the subject of a consolidated class action in the Supreme Court of Victoria which has been commenced on behalf of persons who acquired interests in Nuix shares in the period between 18 November 2020 and 29 June 2021. The proceeding also names Macquarie Capital and a former Macquarie Capital nominated director of Nuix as defendants in the proceedings.

In essence, the claim alleges that information disclosed in Nuix's Prospectus dated 18 November 2020 and certain market disclosures regarding its forecast FY21 revenue and performance in the period following the Company's IPO in December 2020 were misleading and contravened provisions of the *Corporations Act 2001* (Cth), the *ASIC Act* 2001 (Cth) and the Australian Consumer Law. The claim seeks damages on behalf of Group Members, but no amount of damages has yet been identified.

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 yet been set down for a hearing.

Bank guarantee

The Company has obtained a bank guarantee in the amount of $746,460 (30 June 2023: $746,460) to secure certain obligations of the Company that arise under a commercial property lease. This obligation is cash backed by the Group.

Accounting policies – contingent liabilities

A provision is recognised when:

- there is a legal or constructive obligation arising from past events or, in cases of doubt over the existence of an obligation (e.g. a court case), when it is more likely than not that a legal or constructive obligation has arisen from a past event;
- it is more likely than not that there will be an outflow of benefits; and
- the amount can be estimated reliably.

In some cases, it may be disputed whether certain events have occurred or, particularly in the case of a legal claim, it may be disputed whether there is an obligation even if it is clear that there is a past event. In such cases of uncertainty, a past event is deemed to give rise to a present obligation if, after taking account of all available evidence, it is more likely than not that a present obligation exists at the reporting date. Otherwise, such an obligation is a contingent liability.

Contingent liabilities are not recognised in the statement of financial position except for certain contingent liabilities that are assumed in a business combination. Contingent liabilities are reviewed continuously to assess whether an outflow of resources has become probable. If the recognition criteria are met, then a liability is recognised in the statement of financial position in the period in which the change in probability occurs.

If a present obligation relates to a past event, the possibility of an outflow is probable and a reliable estimate can be made, then the obligation is not a contingent liability, but instead is a liability for which a provision is required to be recognised.

Contingent liabilities are disclosed unless the likelihood of an outflow of resources embodying economic benefits is remote.

Significant judgements and assumptions

Assessing whether past events give rise to present obligations

In determining the accounting for matters where there is a potential outflow of benefits, the key judgements and assumptions required to be made relate to whether an obligation has arisen.

Where on balance it has not been determined that it is more likely than not that a present obligation for an outflow of benefits exists at reporting date, such a liability is a contingent liability.

As contingent liabilities are generally not recognised in the statement of financial position (except for those assumed in a business combination), concluding that it is not more likely than not that a present obligation does exist, has the result that no accounting entries are booked and there is no impact reported in profit or loss.

9.8 Events after the reporting date

No 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.

Consolidated entity disclosure statement

Set out below is a list of entities that are consolidated in this set of consolidated financial statements at the end of the financial year.

Name of entity	Body corporate, partnership or trust	Place of business / country of incorporation	Ownership interest held by the Group	Australian or Foreign Resident	Jurisdiction of Foreign resident
Nuix Limited	Body corporate	Australia	-	Australian	N/A
Nuix North America, Inc	Body corporate	United States	100%	Foreign	United States
Nuix Ireland Ltd	Body corporate	Ireland	100%	Foreign	Ireland
Nuix Pte Ltd	Body corporate	Singapore	100%	Australian	N/A
Nuix Holding Pty Ltd[1]	Body corporate	Australia	100%	Australian	N/A
Nuix SaleCo Limited	Body corporate	Australia	100%	Australian	N/A
Nuix Limited Employee Share Trust	Trust	Australia	100%	Australian	N/A
Nuix USG Inc.	Body corporate	United States	100%	Foreign	United States
Nuix Technology UK Ltd	Body corporate	United Kingdom	100%	Foreign	United Kingdom
Topos Labs, LLC	Partnership [2]	United States	100%	Foreign	United States
Rampiva Global, LLC	Partnership [2]	United States	100%	Foreign	United States
Nuix Canada Inc. [3]	Body corporate	Canada	100%	Foreign	Canada

[1] Nuix Holding Pty Ltd is incorporated in and operates in Australia and has a registered branch in the Philippines, referred to as the Philippines Regional Operating Headquarters. The branch operations have tax obligations in the Philippines.

[2] Topos Labs, LLC and Rampiva Global, LLC are treated as partnerships under US tax legislation, and accordingly their tax residency flows from that of their sole member, Nuix North America, Inc.

[3] Formerly known as Rampiva Technology Inc.

Significant judgements and assumptions

Determination of Tax Residency

Section 295 (A) of the *Corporations Act 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which is an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency

  The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Tax Ruling TR 2018/5*.

- Foreign tax residency

  The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency.

Partnerships and Trusts

Australian tax law does not contain specific residency tests for partnerships and trusts.

Generally, these entities are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

Branches (permanent establishments)

Foreign branches of Australian subsidiaries are not separate legal entities and therefore do not have a separate residency for Australian tax purposes. Generally, the Australian subsidiary that the branch is a part of will be the relevant tax resident, rather than the branch operations.

Additional disclosures on the tax status of Australian subsidiaries having a foreign branch with a taxable presence in that jurisdiction have been provided where relevant.

Directors' Declaration

In accordance with a resolution of the Directors of Nuix Limited, we state that:

1. In the opinion of the Directors of Nuix Limited (the 'Company'):

   a) the consolidated financial statements and notes that are set out on pages 54 to 117 and the Remuneration Report on pages 21 to 53, are in accordance with the *Corporations Act 2001*, including:

      i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and

      ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;

   b) the consolidated entity disclosure statement as at 30 June 2024 set out on pages 118 to 119 is true and correct; and

   c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2024.

3. The Directors draw attention to Note 1.2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Directors.

SIGNED:

Robert Mactier	**Jonathan Rubinsztein**
Chair	Director
Sydney, Australia	Sydney, Australia
9 September 2024	9 September 2024

Independent Auditor's Report

To the shareholders of Nuix Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Nuix Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'s financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001,* in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2024
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes, including material accounting policies
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Going concern basis of accounting
- Revenue recognition
- Capitalisation of development costs as Intellectual Property

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern basis of accounting	
Refer to Note 1.3 to the financial report	
The key audit matter	**How the matter was addressed in our audit**
The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast doubt on their ability to continue as a going concern. These are outlined in Note 1.3. The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and significant judgements, and the Directors have concluded that there is not a material uncertainty casting doubt on the Group's ability to continue as a going concern. We critically assessed the levels of uncertainty, as it related to the Group's ability to continue as a going concern, within these assumptions and judgements, focusing on the following:	Our procedures included: • We analysed the cash flow projections by: – Evaluating the underlying data used to generate the forecasts. We specifically looked for their consistency against our understanding of the Group's strategy as outlined in Board minutes and Audit & Risk Management Committee minutes, and their comparability to past results and practices; – Checking the consistency of the growth rates to the Group's stated plan and strategy, past performance of the Group, and our experience regarding the feasibility of these in the industry/economic environment in which they operate. – Comparing forecast growth rates to published studies of industry trends and expectations and assessing the significant assumptions and judgements in the operating cash inflows, in particular those related to growth in revenue, and pricing expectations, customer retention rates, consistency of relationships and trends to the Group's historical results, growth rates in the industry, and our understanding of the business, industry experience and economic

• the Group's key cash inflow assumptions particularly, the forecast growth rate in light of the Group's historical results, customer retention rates, and pricing expectations; • the Group's planned levels of operational expenditures, in particular those relating to investment in sales capability and product development, and legal costs relating to the ongoing legal and regulatory matters. We focused on the ability of the Group to manage cash outflows within available resources; • the analysis and advice relating to the timing and range of outcomes of the legal and regulatory matters against the Group such as ASIC proceedings and Class Actions; In assessing this key audit matter, we involved senior audit team members who understand the Group's business, industry and the economic environment it operates in and legal specialists.	conditions impacting the Group; and – Assessing the planned levels of operating and capital cash outflows and significant unusual items, in particular those related to investment in sales capability and product development, ongoing legal fees relating to the matters discussed in Note 9.7 for feasibility, timing, consistency of relationships and trends to the Group's historical results, results since year end, and our understanding of the business, industry and economic conditions impacting the Group. • We analysed the impact of reasonably possible changes in projected cash flows and their timing to the projected periodic cash positions. Assessing the resultant impact to the ability of the Group to pay debts as and when they fall due and continue as a going concern. The specific areas we focused on were informed from our test results of the accuracy of previous Group cash flow projections and sensitivity analysis on key cash flow assumptions; • We obtained the Group's internal and external counsel opinions on the likely timing and probability of any cash outflows as a result of the legal and regulatory matters discussed in Note 9.7 and together with our specialists assessed any cash outflow impact as result of adverse outcomes of contingent liabilities. • We evaluated the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements.

KPMG

Revenue recognition ($220.6 million)	
Refer to Note 2.1 to the financial report	
The key audit matter	**How the matter was addressed in our audit**
The Group's revenue is mainly derived from licensing software products and from related support and maintenance services. The Group's contracts with customers include commitments to transfer perpetual or term-based software licenses bundled with support and maintenance services. For bundled contracts, the Group determines software license to be a distinct performance obligation from support and maintenance. Corresponding revenues are recognised as the related performance obligations are satisfied as required by AASB 15 Revenue from Contracts with Customers. Revenue recognition was a key audit matter for us due to: • its significance to the financial performance; • complexity and volume of transactions; and • the judgments and assumptions required by the Group in the determination of the relative standalone selling prices for each performance obligation in bundled contracts.	Our procedures included: • We assessed the appropriateness of the Group's accounting policies related to revenue recognition against the requirements of the accounting standard and our understanding of the business and industry practice, in particular for bundled contracts. • We evaluated the Group's standalone selling price allocation methodology for software license contracts bundled with support and maintenance against the requirements of AASB 15. • We tested the key underlying assumptions and data, in the standalone selling price model using observable inputs, details of licensing arrangements and pricing practice. • We assessed the mathematical accuracy of the underlying calculations in the standalone selling price model used. • We tested a sample of revenue recognised through the year. This included assessing: – Existence of underlying arrangement to sources such as signed contracts with customers and sales orders; – The amounts invoiced to customers in accordance with the price and agreed terms and conditions in the underlying contract with the customer; and – We checked the accuracy of the revenue recognised against the agreed terms and conditions of underlying contracts and the Group's revenue recognition policy. • We evaluated the adequacy of disclosures in the financial report using our understanding obtained from our testing and against the requirements of Australian Accounting Standards.

Capitalisation of development costs as Intellectual Property ($34.5 million)	
Refer to Note 5.1 to the financial report	
The key audit matter	**How the matter was addressed in our audit**
Capitalisation of software development costs is considered to be a key audit matter due to: • The significance of the amount of development costs capitalised; • The judgement required by the Group in determining whether the development activities undertaken by them meets the capitalisation criteria of the accounting standards. We focused our effort on analysing the underlying sources used by the Group in applying these judgements, and their consistency of application.	Our procedures included: • We assessed the Group's accounting policies and methodology used to capitalise development costs against the requirements of the accounting standard and our understanding of the business and industry practice; • We obtained an understanding of the Group's software development processes and how software developers use their project management tool to record activities. • We evaluated the Group's assessment of development activities and development costs capitalised. This included: – Evaluating the Group's assessment using our knowledge of the business and projects, and through enquiries with various stakeholders, including: the Chief Technology Officer, Chief Product Officer, Head of Engineering and Head of Architecture; – Re-performed a sample of the calculation of development costs capitalised and compared to the amount recorded by the Group; – We tested a sample of activities recorded and capitalised as development costs, checking the nature of respective activities being performed, through direct inquiry with software developer, as one relating to an intangible asset in development or an enhancement to an existing software product as opposed to research or maintenance as defined by the accounting standards.

	• We assessed the costs eligible for capitalisation by testing a sample of key inputs to underlying records including employees' payroll information. We also assessed the Group's allocation of directly attributable overhead costs against the criteria within the accounting standards. • We evaluated the adequacy of the disclosures included in the financial report against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Nuix Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report, and the Letter from Chair of Remuneration and Nomination Committee. The Chairman's Letter, CEO's Review, Sustainability Report, Shareholder Information and Corporate Directory are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the *Remuneration Report* and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor’s Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf description forms part of our Auditor’s Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Nuix Limited for the year ended 30 June 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors’ responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in section 1 to 7.2 of the Remuneration’ report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Trent Duvall
Partner

Sydney
9 September 2024

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

Nuix (www.nuix.com, ASX:NXL) is a leading provider of investigative analytics and intelligence software, that empowers customers to be a force for good by finding truth in the digital world. We help customers collect, process and review massive amounts of structured and unstructured data, making it searchable and actionable at scale and speed with forensic accuracy.

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