ASX RELEASE

21 August 2019

FY19 – RECORD PORTFOLIO GROWTH AS THE BUSINESS SCALES FOR A GLOBAL OPPORTUNITY

Nearmap Ltd (ASX:NEA) is pleased to announce its financial results for the year ended 30 June 2019 (FY19).

- Group annualised contract value (ACV) grew by a record $24.0m (36%) in the year to $90.2m – North America (NA) now comprises more than one third of the total portfolio.
- Statutory revenue of $77.6m was up 45% on the prior comparative period (FY18: $53.6m).
- Global subscriptions rose 11% to 9,800, with Group average revenue per subscription (ARPS) increasing 23% to $9,208 (FY18: $7,473).
- Group customer churn reduced to 5.3% (FY18: 7.5%), with FY19 customer churn lower in dollar terms than in FY18.
- Group sales team contribution ratio (STCR) remains strong at 106% and includes the increased investment during 2H19 in NA sales and marketing.
- 40% of the Group ACV portfolio is backed by multi-year subscriptions, and $26m (29%) of the portfolio now relates to subscriptions incorporating premium product features (FY18: $9.0m).

Commenting on the result, Chief Executive Officer and Managing Director, Dr Rob Newman said "FY19 has been a milestone year for Nearmap, with record portfolio growth as we delivered a step change in our product offering with Nearmap 3D and our beta release of Artificial Intelligence content. These investments place Nearmap in an excellent position to deliver another year of strong growth in FY20, as we consolidate our market leadership in Australia and execute on the growing momentum in North America."

FY19 Financial and Operational Overview

NORTH AMERICA – RECORD ANNUAL ACV GROWTH

- ACV portfolio at 30 June 2019 of US$22.7m (30 June 2018 US$12.9m), representing 76% growth.
- ACV now comprises 36% of the Group portfolio, up from 26% at 30 June 2018.
- STCR remains strong at 106% (FY18: 109%) and includes a 20% increase in total sales and marketing costs vs prior year in support of growth opportunities.
- ACV churn halved to 4.4% (FY18: 8.8%) and for the first time is lower than in ANZ.
- Subscriptions of 1,425 (FY18: 946), growth of 51%, with ARPS increasing 17% to US$15,918 (FY18: US$13,603).
- Pre-capitalisation gross margin of 20% (FY18: (55%)), demonstrating the increasing operating leverage as the NA business scales.

AUSTRALIA & NEW ZEALAND – CONTINUED GROWTH THROUGH MARKET LEADERSHIP

- ACV portfolio at 30 June 2019 of $57.9m (30 June 2018: $48.8m), representing 19% growth.
- STCR of 106%, reflecting investment in customer experience and retention in FY19.
- Subscriptions of 8,375 (30 June 2018: 7,917).
- ACV churn improved to 5.6% at the end of FY19 (FY18: 7.3%).
- Pre-capitalisation gross margin of 91%, consistent with FY18.

GROUP – CORE BUSINESS CASH FLOW BREAK EVEN GUIDANCE ACHIEVED

- Group cash balance at 30 June 2019 of $75.9m (30 June 2018: $17.5m). Excluding the capital raise initiatives, core business cash balance of $17.8m, an increase of $0.3m.
  - $9.0m of capital raise proceeds have been deployed into accelerating growth initiatives, including expanding the capture program to Canada, investment into NA sales and marketing including opening a second NA sales office and further investments into research and development.
- Strong net operating cash inflows of $24.9m (FY18: $13.7m) as the business benefits from continuing operational leverage.
- Group EBITDA[1] of $15.5m (FY18: $4.9m).
- Group portfolio Lifetime Value (LTV) increased to $1.2b (FY18: $0.5b), demonstrating progress on a number of key metrics; portfolio growth, pre-capitalisation gross margin expansion and reducing churn.

Commenting on the results, Mr Andy Watt, Chief Financial Officer, said "Nearmap's portfolio growth in FY19 was achieved as we delivered on our guidance for the core business to be cash flow break even excluding the deployment of the capital raise proceeds. The ongoing improvements in our unit economics delivered another strong year of ACV growth, and the capital raise in September last year has allowed us to accelerate our strategic objectives as we focus on the considerable global opportunity in front of us."

FY20 Outlook

Commenting on the outlook for the business, Dr Newman said that Nearmap remains well positioned to extend its growth and deliver on the Company's priorities in FY20. "FY19 has been another successful period of strong growth for Nearmap which we are well positioned to continue in FY20. Nearmap 3D and the beta release of our Artificial Intelligence content represents an exciting time in the evolution of our Company and in FY20 we will increase investment into our people and technology to deliver even better content to our customers.

"With our unique technology and business model which no other aerial imagery company has been able to replicate at scale, Nearmap continues to focus on the global opportunity to become the world's leading provider of subscription-based location intelligence."

-ends-

Important Note

This announcement includes the following measures used by the Directors and management in assessing the ongoing performance and position of the Group: EBITDA, EBIT, ACV, ARPS, Churn, LTV and STCR. These measures are non-IFRS and have not been audited or reviewed. A reconciliation of statutory net loss after tax to EBITDA and EBIT is included on page 19 of the accompanying Investor Presentation released to the ASX.

[1] EBITDA is net profit before interest, taxes, depreciation and amortisation

NEARMAP.COM
Level 4 Tower One, 100 Barangaroo Avenue
Barangaroo NSW 2000
T: +61 2 8076 0700 | F: +61 2 8076 0701
E: queries@nearmap.com | Twitter: @nearmap
ABN 37 083 702 907
Investors: investor.relations@nearmap.com