FY20 MARKET UPDATE AND REVISED GUIDANCE

Nearmap Ltd (NEA:ASX) today announces a market update on its performance for the period ended 31 December 2019 (1H FY20). The Company’s closing Annualised Contract Value (ACV) grew by 23% on the previous corresponding period (pcp) to $96.6m (1H19: $78.3m) and subject to audit review, its statutory revenue grew by 31% on pcp to $46.4m (1H19: $35.5m). The Company has also revised full year FY20 ACV guidance to $102m-$110m from prior ACV guidance of $116m-$120m.

<table>
<thead>
<tr>
<th></th>
<th>ACV 31-Dec-2019</th>
<th>ACV 31-Dec-2018</th>
<th>Change on pcp</th>
<th>Growth in ACV 1H20</th>
<th>Growth in ACV 1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group (AU$m)</td>
<td>96.6</td>
<td>78.3</td>
<td>+23%</td>
<td>6.4</td>
<td>11.3</td>
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<tr>
<td>NA (US$m)</td>
<td>24.9</td>
<td>17.6</td>
<td>+41%</td>
<td>2.3</td>
<td>4.8</td>
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<tr>
<td>ANZ (AU$m)</td>
<td>61.0</td>
<td>53.3</td>
<td>+14%</td>
<td>3.1</td>
<td>4.5</td>
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</tbody>
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¹ Group ACV calculated using 31 December 2019 exchange rate of AUD$1 = USD$0.7006

Nearmap Chief Executive Officer and Managing Director, Dr Rob Newman, said, “Nearmap has established a unique position in the location intelligence market and we will continue to build our leadership position through innovation and world-leading technology that addresses a diverse range of customer needs. The fundamentals of our business model remain firmly intact and we are confident on the outlook for the medium to long-term, notwithstanding that performance in 1H20 showed that at our current scale, our performance can be impacted by a small number of larger customers. The potential for a small number of customers to impact our results will become less as we grow, continue to diversify our customer base and leverage opportunities to grow into new markets.”

NORTH AMERICA (NA) – CORE BUSINESS RAMPING WITH 41% INCREASE IN ACV ON PCP

- NA core business (excluding large enterprise and partnership deals) delivered a strong and improved performance in its second quarter, validating the investment made by the Company into Sales & Marketing and giving further confidence in the scalability of the NA business.
- ACV portfolio at 31 December 2019 of US$24.9m (30 June 2019: US$22.7m) with 1H20 incremental ACV of US$2.3m (1H19: US$4.8m).
- New Business & Net Upsell ACV similar to the pcp. Twelve month rolling churn increased from 6.1% in 1H19 to 20.6% in 1H20 as a result of the three enterprise churn/downgrade events totaling US$4.85m (AUD$6.9m):
  - The cancellation of a large contract by a partner which was subject to a permanent court injunction.
  - Two significant churn/downgrade events due to the slowdown in mapping for the autonomous vehicle industry. Following the churn/downgrade of these two contracts,
Nearmap’s downside exposure to this market is minimal, with potential future upside as the industry recovers.

- The 1H20 result was also impacted by the inability to close an expected significant partnership deal due to the partner’s budget constraints.
- Sales Team Contribution Ratio will be between 30-40%. Excluding the three large and unanticipated churn/downgrade events mentioned above, Sales Team Contribution Ratio would have been >100%, with underlying churn consistent with the numbers reported at 30 June 2019.
- The Company made its first acquisition in 1H20, purchasing roof geometry technology and intellectual property from Pushpin to serve the roofing and solar industry verticals. ACV has already been generated from roof geometry content, and the market is a strong growth opportunity for 2H20 and beyond.

AUSTRALIA & NEW ZEALAND (ANZ) – ACV INCREASE OF 14% ON PCP AND STRENGTHENED FOCUS ON SALES & MARKETING

- ACV portfolio at 31 December 2019 of $61.0m (30 June 2019: $57.9m) with 1H20 incremental ACV of $3.1m (1H19: $4.5m).
- New Business & Net Upsell ACV similar to the pcp.
- Twelve month rolling churn increased from 5.3% in 1H19 to 7.2% in 1H20:
  - The majority of the increase in churn is due to a combination of consolidated subscriptions, reductions to customer funding and Nearmap internal execution issues.
  - The number of subscriptions lost to competitors was minimal and Nearmap continued to have considerable success at winning new subscriptions from competitors.
- Sales Team Contribution Ratio for 1H20 will be between 65-75%, primarily due to the increase in churn.
- The Company is driving a strengthened focus on the ANZ segment through a re-organised sales leadership team, which it expects to contribute to improved ACV growth.

GROUP – REVISED FY20 GUIDANCE

- The Company announced at its AGM in November 2019 that it expected ACV at 30 June 2020 to be in the range $116m-$120m.
- Full year FY20 ACV guidance is revised to $102m-$110m. This is due to unforeseen churn/downgrade and deal timing events for a small number of major NA customers. The combined full extent of these specific events was unexpected at the time of the AGM.
- Despite the revision to guidance, the Company remains extremely positive on the medium and long-term outlook, and the fundamentals of the business model remain firmly intact.
  - The ANZ business continues to build on its market leadership position, outgrowing the competition significantly, with steps taken to strengthen focus and return to normalised growth rates.
  - Following a strong and improved quarter, the NA core business is building momentum, with new product enhancements improving customer utility and driving our content deeper into customer workflows. Nearmap remains fully committed to leveraging its unique content types and business model to take a leadership position in the large and rapidly growing NA location intelligence market.
- Nearmap remains confident that it will continue to deliver 20-40% YoY ACV growth, and that churn will continue to be managed below 10%, outside of the one-off events outlined previously.
• Group cash balance (subject to audit review) at 31 December 2019 of $50m, with funds invested across all areas of the business in line with the investment strategy outlined at the time of the September 2018 capital raise. As previously advised, cash consumption in 2H20 will be at a much-reduced rate with a focus on driving returns from investments already made.

• The Company has hired a Global Chief Revenue Officer (CRO), based in the US, to strengthen the overall sales leadership. The CRO is expected to start within the next month:
  ○ This addition will help relieve the pressure on the ANZ sales leadership team which has been heavily involved in NA sales.
  ○ NA sales leadership will be based solely in that market, reflecting the increasing importance of NA sales to the Company’s overall portfolio.

• The Company’s technology leadership position and competitive advantage continues to grow with investment in 1H20 in a range of initiatives, including:
  ○ The roll-out of Artificial Intelligence capabilities in beta mode.
  ○ The strategic move into the roofing geometry market.
  ○ The continued evolution of the best-in-market camera systems and capture technology.

Dr. Rob Newman and Chief Financial Officer Mr. Andy Watt will host a conference call for investors today at 09:30 AEDT. Details are set out below:

Webcast Link: http://www.openbriefing.com/OB/3679.aspx

Conference Call Details

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<tr>
<td>Australia toll-free</td>
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At this stage the Company is not yet able to provide details of its IFRS results, pending completion of the half year audit review. Nearmap intends to release its financial results for the six months ended 31 December 2019 on 19 February 2020. Management will present the results on a conference call, details of which will be available on the Company’s website.

Authorised by:
Board of Nearmap Ltd

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