



NEARMAP LTD

APPENDIX 4D INTERIM FINANCIAL REPORT

HALF YEAR ENDED 31 DECEMBER 2020

Nearmap Ltd

ABN 37 083 702 907

Lodged with the ASX under Listing Rule 4.2B

APPENDIX 4D

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

NAME OF ENTITY:	Nearmap Ltd
ABN:	37 083 702 907
REPORTING PERIOD:	Half-year ended 31 December 2020
PREVIOUS CORRESPONDING PERIOD:	Half-year ended 31 December 2019
RELEASE DATE:	15 February 2021

				A\$'000
REVENUE FROM ORDINARY ACTIVITIES	Up	18%	To	54,718
LOSS FROM ORDINARY ACTIVITIES AFTER TAX ATTRIBUTABLE TO MEMBERS	Down	50%	To	9,386
NET LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS	Down	50%	To	9,386

	31 DECEMBER 2020	31 DECEMBER 2019
NET TANGIBLE ASSETS PER SHARE (CENTS) ¹	21.56	6.44

¹ Net assets (excluding intangible assets and net deferred tax liabilities) divided by number of shares outstanding at the end of the half-year.

DIVIDENDS

Nearmap Ltd has not paid, and does not propose to pay, any dividends for the half-year ended 31 December 2020.

COMMENTARY AND OPERATIONAL OVERVIEW

For a discussion on the items above refer to the Operating and Financial Review section contained in the Directors' Report.

NEARMAP LTD

INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2020

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DIRECTORS' REPORT

The Directors submit their report, together with the consolidated interim financial statements of the Group consisting of Nearmap Ltd and the entities it controlled at the end of, or during the half-year ended 31 December 2020.

DIRECTORS

The Directors of the Company at any time during or since the end of the half-year and up to the date of this report are:

Mr Peter James	Non-Executive Chairman
Dr Rob Newman	Chief Executive Officer & Managing Director
Ms Tracey Horton	Non-Executive Director
Ms Sue Klose	Non-Executive Director
Mr Ross Norgard	Non-Executive Director
Mr Cliff Rosenberg	Non-Executive Director

OPERATING AND FINANCIAL REVIEW

Financial performance

Group ACV Portfolio (A\$'000)	HY21	HY20	YoY \$	YoY %
Opening ACV	106,437	90,240	16,197	18%
New business	4,902	8,584	(3,682)	(43%)
Net upsells	9,245	4,599	4,646	101%
Churn	(3,838)	(6,880)	3,042	(44%)
Net incremental ACV	10,309	6,303	4,006	64%
Foreign exchange	(4,555)	33	(4,588)	
Closing ACV	112,191	96,576	15,615	16%
Total revenue	54,718	46,347	8,371	18%
Total net expenses (ex. D&A, interest, tax)	(41,181)	(43,128)	1,947	5%
EBITDA	13,537	3,219	10,318	321%
Depreciation and amortisation	(22,955)	(22,126)	(829)	(4%)
EBIT	(9,418)	(18,907)	9,489	50%
Net finance costs	(1,387)	(304)	(1,083)	(356%)
Income tax benefit	1,419	604	(815)	(135%)
NPAT	(9,386)	(18,607)	9,221	50%
Earnings per share	(1.98)	(4.14)	2.16	52%
Operating cash flow	19,639	(787)	20,426	2,595%

Overall financial and operational performance in HY21 was strong, reflecting the resiliency of the Group's business model and the strong returns on investments made across all functional areas of the business in prior periods. The Group posted record performance in the North American (NA) business, providing validation of the market opportunity and the Group's decision to refine its focus in support of core growth verticals. This was achieved whilst retention rates reverted to industry leading levels, adoption of newly developed content types and product lines continued to grow, and the Group continued to maintain its disciplined approach to cost management to ensure positive returns on investment. The strength of business performance combined with the strength of the Group balance sheet means that the Group is well placed to continue on its growth journey and to accelerate opportunities as they become apparent.

Total revenue for the half-year ended 31 December 2020 (HY21) increased 18% to \$54.7m compared to total revenue for the half-year ended 31 December 2019 (HY20) of \$46.3m. ANZ revenue increased 11% to \$33.0m compared to prior half-year total revenue of \$29.6m, while NA revenue increased 30% to \$21.7m compared to prior half-year total revenue of \$16.7m.

The increase in revenue is correlated to the 16% growth in the Annual Contract Value ("ACV") portfolio over the same period. The drivers behind ACV growth for the half-year ended 31 December 2020 are:

DIRECTORS' REPORT (CONT.)

OPERATING AND FINANCIAL REVIEW (CONT.)

Financial performance (cont.)

- **New business:** New customers contributed \$4.9m of incremental ACV in HY21, down 43% on prior half-year. This is due to a combination of the timing of when large deals were signed in NA in the previous financial year and the impact of the prevailing economic conditions on enterprise customers. The NA and ANZ segments respectively represented \$2.6m and \$2.3m of the Group's new business for the half-year ended 31 December 2020 (31 December 2019: \$5.7m and \$2.9m respectively).
- **Net upsell:** Net upsell is the aggregate of customer upgrades offset by downgrades. Net upsell in HY21 totalled \$9.2m which was \$4.6m above prior half-year. Upgrades were strong in both segments and particularly in NA, highlighting the increased uptake of new content types to customers in key industry verticals and the growing relevance of Nearmap content to remote working solutions. Net upsell in ANZ was impacted by two downgrades to enterprise accounts reflecting business restructuring and adverse economic conditions. In these situations, Nearmap's primary focus is to ensure that customer business impact is minimised by enabling continued access to Nearmap content, with a view to the long-term relationship. The NA and ANZ segments respectively reported net upsell of \$7.1m and \$2.1m during the half-year ended 31 December 2020 (31 December 2019: \$2.3m and \$2.3m respectively).
- **Retention:** As a subscription business selling annual contracts, a key focus for sales and marketing activities is the retention of existing customers. Nearmap has invested and continues to invest significantly in customer retention activities. In HY20, two large-enterprise churn events relating to the cancellation by a partner which was subject to a permanent court injunction, and the loss of a customer contract due to the slowdown in mapping for the autonomous vehicle industry skewed the ACV portfolio churn upward. As at HY21, ACV portfolio churn has decreased to 6.1%, which is in line with historical churn rates, is significantly ahead of the industry average and is evidence of the growing importance of Nearmap to existing customers in times of economic challenge. The NA and ANZ segment respectively reported churn to the value of \$1.4m and \$2.4m during the half-year ended 31 December 2020 (31 December 2019: \$4.8m and \$2.1m respectively).

Total revenue is recognised evenly over the subscription period, while ACV represents the annualised value of all active subscription contracts in effect at a particular date. The difference between ACV growth and total revenue growth is a result of the timing of new business, net upsell and churn events across the financial year.

The Group continued to perform well despite the ongoing uncertainty created by COVID-19. The Group continued to grow its overall ACV portfolio during this period, with growth particularly strong in NA, demonstrating the strength of business operations and the increasing relevance of the Group's products to many customers who themselves are working remotely and are unable to make physical site visits.

Group EBITDA for the half-year ended 31 December 2020 is up 320% to \$13.5m compared to prior half-year Group EBITDA of \$3.2m. In ANZ, EBITDA is up 33% to \$13.6m compared to prior half-year EBITDA of \$10.3m, mainly driven by growing revenue on top of a relatively stable cost base. In NA, EBITDA is up 99% to (\$0.1m) compared to prior year half-year EBITDA of (\$7.1m). The increase in revenue was coupled with a decrease of \$2.0m in net expenses, largely driven by a reduction in non-capitalised capture costs and general and administrative costs. The lower non-capitalised capture costs reflect efficiencies to the capture program and the overall survey operations program in the first part of the half-year, while the lower general and administrative costs are partly due to the on-going travel restrictions in place throughout the Group.

Employees continue to work remotely with no discernible impact to productivity or engagement, and salaries were returned to 100% on 1 November 2020 following a 6-month period during which they were reduced by 20% (25% for Non-Executive Directors and the Chief Executive Officer). A COVID-19 stock compensation scheme was introduced for all non-Key Management Personnel employees to offset salary foregone in the form of Restricted Stock Units.

Group NPAT for the half-year ended 31 December 2020 is up 50% to (\$9.4m) compared to prior year of (\$18.6m). The increase in NPAT is driven by the increase in EBITDA and an increase of 135% or \$0.8m in tax benefit, offset by an increase of 4% or \$0.8m in depreciation and amortisation expense resulting from the increased cost base of capture costs, an increase in net finance costs (including interest income) of 85% or \$1.1m mainly driven by the appreciating Australian dollar during the half-year.

DIRECTORS' REPORT (CONT.)

OPERATING AND FINANCIAL REVIEW (CONT.)

Financial position

Nearmap's balance sheet remains strong with no debt and a closing cash balance at 31 December 2020 of \$129.3m (30 June 2020: \$36.1m). The significant increase in cash and cash equivalents is primarily due to the receipt of proceeds from the capital raise in September/October 2020 whereby \$93.5m was received by the Group, net of transaction costs.

Management intends to gradually invest these proceeds into the business in support of its longer term strategic and financial aspirations. In accordance with the investor presentation issued on 10 September 2020, these funds will be invested into the Sales and Marketing workforce (mainly in NA) and expanding product solutions for specific industry verticals, accelerating the roll-out of HyperCamera3 to enable quicker future expansion, and acquiring new operational systems to support business growth. Investment in these initiatives will be phased across the second half of FY21 and FY22, with the balance of additional funds available to be invested as needed to pursue other growth opportunities in subsequent years.

The Group's net working capital, excluding cash and cash equivalents and deferred revenue, increased 52% to \$11.1m from \$7.3m between 30 June 2020 and 31 December 2020. The main elements driving the increase are trade receivables which have increased by a \$3.4m in line with the increase in revenue, and other current assets which have increased by \$2.3m as a result of insurance premiums increases across the market. Offsetting these, employee benefit liabilities have increased by \$3.5m, mainly as a result of the deferral of the FY20 (Short Term Incentive Plan (STIP) payment to the second half of FY21. Cash receipts from customers for the year were \$58.1m compared to \$46.6m in the previous half-year, an increase of \$11.5m or 25% which is reflective of the growing customer portfolio.

The Group's net assets as at 31 December 2020 increased 159% to \$146.8m, from \$56.7m at 30 June 2020. The increase is largely due to the capital raise in September/October 2020 (\$93.5m), as well as the recognition of the share-based payment expense against equity reserves (\$5.0m). The latter includes the cost of the stock compensation grant issued to employees in exchange for a 20% salary reduction during the COVID-19 outbreak. These increases were offset by the net loss recorded by the Group during the half-year (\$9.4m).

ROUNDING OFF

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated interim financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

AUDITOR'S INDEPENDENCE DECLARATION

KPMG, our auditor, have provided a written independence declaration as required under section 307C of the *Corporations Act 2001* to the Directors in relation to their review of the consolidated interim financial statements for the half year ended 31 December 2020. This independence declaration forms part of the Directors' Report and can be found at page 7.

Signed in accordance with a resolution of the Directors.



Dr Rob Newman

Chief Executive Officer & Managing Director
Sydney, 14 February 2021



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

To the Directors of Nearmap Ltd

I declare that, to the best of my knowledge and belief, in relation to the review of Nearmap Ltd for the half-year ended 31 December 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Caoimhe Toouli

KPMG

Caoimhe Toouli

Partner

Sydney

14 February 2021

**CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

		31 DECEMBER 2020 \$'000	31 DECEMBER 2019 \$'000
	NOTES		
Revenue		54,718	46,347
Other income ¹		694	615
TOTAL REVENUE AND OTHER INCOME	3	55,412	46,962
Employee benefits expense		(29,051)	(27,760)
Amortisation	9	(18,178)	(18,202)
Depreciation	8	(4,777)	(3,924)
Other operational expenses	5	(12,637)	(15,481)
TOTAL EXPENSES		(64,643)	(65,367)
OPERATING LOSS		(9,231)	(18,405)
Net finance costs ¹	6	(1,574)	(806)
LOSS BEFORE TAX		(10,805)	(19,211)
Income tax benefit	7	1,419	604
LOSS AFTER TAX FOR THE HALF-YEAR ATTRIBUTABLE TO THE OWNERS OF NEARMAP LTD		(9,386)	(18,607)
OTHER COMPREHENSIVE INCOME			
<i>Items that are or may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(621)	460
Fair value loss on cash flow hedges		(365)	(297)
Transfer of hedging losses to the consolidated statement of profit or loss		956	-
Income tax associated with these items		(177)	89
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE HALF-YEAR		(207)	252
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO THE OWNERS OF NEARMAP LTD		(9,593)	(18,355)
LOSS PER SHARE			
Basic loss per share for the year (cents per share)		(1.98)	(4.14)
Diluted loss per share for the year (cents per share)		(1.98)	(4.14)

¹ Net finance costs exclude finance income which is presented within other income.

The above consolidated interim statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the consolidated interim financial statements on pages 13 to 25.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		31 DECEMBER 2020 \$'000	30 JUNE 2020 \$'000
	NOTES		
CURRENT ASSETS			
Cash and cash equivalents	11	129,323	36,140
Trade receivables		27,150	23,706
Other current receivables		2,525	612
Other current assets		5,484	3,180
TOTAL CURRENT ASSETS		164,482	63,638
NON-CURRENT ASSETS			
Other non-current receivables		427	-
Property, plant and equipment	8	28,641	33,408
Intangible assets	9	42,613	47,415
Deferred tax assets		5,761	4,313
TOTAL NON-CURRENT ASSETS		77,442	85,136
TOTAL ASSETS		241,924	148,774
CURRENT LIABILITIES			
Trade and other payables		6,823	5,574
Unearned revenue		52,326	49,576
Employee benefits		10,083	6,534
Lease liabilities		4,339	4,500
Other current liabilities		1,004	2,398
Current tax liabilities		1,804	1,220
TOTAL CURRENT LIABILITIES		76,379	69,802
NON-CURRENT LIABILITIES			
Unearned revenue		901	-
Deferred tax liabilities		7,739	9,716
Employee benefits		489	379
Lease liabilities		7,519	9,896
Other non-current liabilities		2,123	2,233
TOTAL NON-CURRENT LIABILITIES		18,771	22,224
TOTAL LIABILITIES		95,150	92,026
NET ASSETS		146,774	56,748
EQUITY			
Contributed equity	10	221,343	126,577
Reserves		23,641	19,055
Profits reserve		7,078	7,078
Accumulated losses		(105,288)	(95,962)
TOTAL EQUITY		146,774	56,748

The above consolidated interim statement of financial position should be read in conjunction with the notes to the consolidated interim financial statements on pages 13 to 25.

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

		31 DECEMBER 2020 \$'000	31 DECEMBER 2019 \$'000
	NOTES		
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		58,119	46,647
Payments to suppliers and employees		(37,173)	(46,501)
Interest received		56	618
Income taxes paid		(1,363)	(1,551)
NET CASH FROM OPERATING ACTIVITIES		19,639	(787)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in fixed-term deposits		(2,356)	-
Purchase of plant and equipment		(793)	(6,511)
Payments for development costs		(6,350)	(7,000)
Payment for capture costs		(8,466)	(11,578)
Proceeds from sale of plant and equipment		-	251
Proceeds from sale of unlisted investments		507	-
NET CASH USED IN INVESTING ACTIVITIES		(17,458)	(24,838)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share offer, net of transaction costs	10	92,728	-
Proceeds from exercise of share options		764	1,264
Proceeds from repayment of share option loans		373	37
Payments for treasury shares		-	(212)
Payments for lease liabilities ¹		(2,319)	(1,744)
NET CASH FLOWS FROM FINANCING ACTIVITIES		91,546	(655)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the half-year		36,140	75,914
Effect of movement of exchange rates on cash held		(544)	(13)
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	11	129,323	49,621

¹The Group has classified cash payments for the principal portion and the interest portion of lease payments as financing activities.

The above consolidated interim statement of cash flows should be read in conjunction with the notes to the consolidated interim financial statements on pages 13 to 25.

**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	NOTES	CONTRIBUTED EQUITY \$'000	ACCUMULATED LOSSES \$'000	PROFITS RESERVE \$'000	SHARE-BASED PAYMENT RESERVE \$'000	OTHER RESERVES \$'000	TOTAL EQUITY \$'000
AT 1 JULY 2020		126,577	(95,962)	7,078	20,051	(996)	56,748
Loss for the half-year		-	(9,386)	-	-	-	(9,386)
<i>Other comprehensive income:</i>							
Fair value loss on cash flow hedges (net of tax)		-	-	-	-	(256)	(256)
Transfer of hedging losses to the consolidated statement of profit or loss (net of tax)		-	-	-	-	670	670
Exchange differences on translation of foreign operations		-	-	-	-	(621)	(621)
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR		-	(9,386)	-	-	(207)	(9,593)
<i>Transactions with owners of the Company:</i>							
Share issue	10	93,475	-	-	-	-	93,475
Share options exercised	10	764	-	-	-	-	764
Repayment of share option loans	10	373	-	-	-	-	373
Share-based payment expense	4	-	-	-	5,007	-	5,007
Treasury shares transferred to employees	10	154	60	-	(214)	-	-
AT 31 DECEMBER 2020		221,343	(105,288)	7,078	24,844	(1,203)	146,774

The above consolidated interim statement of changes in equity should be read in conjunction with the notes to the consolidated interim financial statements on pages 13 to 25.

**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	NOTES	CONTRIBUTED EQUITY \$'000	ACCUMULATED LOSSES \$'000	PROFITS RESERVE \$'000	SHARE-BASED PAYMENT RESERVE \$'000	OTHER RESERVES \$'000	TOTAL EQUITY \$'000
At 30 June 2019*		124,617	(58,885)	7,078	15,053	(210)	87,653
Adjustment on initial application of AASB 16 (net of tax)		-	(358)	-	-	-	(358)
At 1 July 2019		124,617	(59,243)	7,078	15,053	(210)	87,295
Loss for the half-year		-	(18,607)	-	-	-	(18,607)
<i>Other comprehensive income:</i>							
Fair value loss on cash flow hedges (net of tax)		-	-	-	-	(208)	(208)
Exchange differences on translation of foreign operations		-	-	-	-	460	460
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR		-	(18,607)	-	-	252	(18,355)
<i>Transactions with owners of the Company:</i>							
Share options exercised	10	1,264	-	-	-	-	1,264
Repayment of share option loans	10	37	-	-	-	-	37
Share-based payment expense	4	-	-	-	1,546	-	1,546
Treasury shares acquired	10	(212)	-	-	-	-	(212)
Treasury shares transferred to employees	10	164	16	-	(180)	-	-
AT 31 DECEMBER 2019		125,870	(77,834)	7,078	16,419	42	71,575

* The Group has initially applied AASB 16 *Leases* at 1 July 2019, using the modified retrospective approach. Under this approach, the cumulative effect of initially applying AASB 16 *Leases* is recognised in retained earnings at the date of initial application.

The above consolidated interim statement of changes in equity should be read in conjunction with the notes to the consolidated interim financial statements on pages 13 to 25.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

A. BASIS OF PREPARATION

1. Reporting entity
2. Summary of significant accounting policies

B. KEY FINANCIAL RESULTS

3. Segment results, revenue and other income
4. Share-based payment plans
5. Other operational expenses
6. Net finance costs
7. Income tax

C. INVESTING ACTIVITIES

8. Property, plant and equipment
9. Intangibles

D. CAPITAL STRUCTURE AND FINANCIAL INSTRUMENTS

10. Contributed equity
11. Financial instruments
12. Dividends paid on ordinary shares

E. OTHER

13. Related party transactions
14. Contingent liabilities
15. Subsequent events

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

A. BASIS OF PREPARATION

1. REPORTING ENTITY

Nearmap Ltd (the "Company") is a for-profit company domiciled in Australia. These consolidated interim financial statements for the half-year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). The Company's registered office is at Level 4, Tower One, International Towers 100 Barangaroo Avenue, Barangaroo NSW 2000.

The principal activity of the Group during the course of the financial year was the provision of online aerial photomaps to business customers via subscription through its 100% owned subsidiaries, Nearmap Australia Pty Ltd and Nearmap US Inc. These consolidated interim financial statements were authorised for issue by the Board of Directors on Sunday, 14 February 2021.

Going concern basis of accounting

The Group has recognised a net loss after tax of \$9,386 thousand for the half-year ended 31 December 2020 (31 December 2019: \$18,607 thousand). However, as at that date, the Group has no external debt, \$129,323 thousand of cash and cash equivalent (30 June 2020: \$36,140 thousand), current assets exceed current liabilities by \$88,103 thousand (30 June 2020: current liabilities exceeded current assets by \$6,164 thousand) and net operating cash inflows of \$19,639 thousand (31 December 2019: net operating cash outflows of \$787 thousand). The Group has not seen any material impact from COVID-19 on business performance, evidenced by strengthening ACV portfolio growth and by the fact that there has been no discernible impact on the Group's ability to recover its trade receivable balances. As a result, the Group did not receive financial assistance that were initiated by governments in response to COVID-19 (e.g. Jobkeeper program in Australia).

The Group's current liabilities include unearned income of \$52,326 thousand (30 June 2020: \$49,576 thousand). Unearned income includes income received in advance which has been deferred in the consolidated interim statement of financial position until the service is performed. These liabilities are expected to be settled without a corresponding cash outflow. The consolidated interim financial statements have been prepared on a going concern basis, which assumes the Group will continue its operations and be able to meet its obligations as and when they become due and payable. This assumption is based on the Group's ability to meet its future cash flow requirements based on the Group's cash flow forecast and existing cash reserves held as at 31 December 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated interim financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated interim financial statements of the Group also comply with International Accounting Standards IAS 34 *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last consolidated annual financial statements for the year ended 30 June 2020. These consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these consolidated interim financial statements are to be read in conjunction with the consolidated annual financial statements for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and *ASX Listing Rules*. A copy of the consolidated annual financial statements for the year ended 30 June 2020 and public announcements is available at www.nearmap.com.au.

The consolidated interim financial statements are presented in Australian dollars. The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated interim financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Judgements and estimates

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

A. BASIS OF PREPARATION (CONT.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Judgements and estimates (cont.)

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2020.

Significant accounting policies

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied in the consolidated annual financial statements for the year ended 30 June 2020. A number of amendments to standards are effective from 1 July 2020 but they do not have a material effect on the Group's consolidated interim financial statements, or they have been early adopted in preparing the 30 June 2020 consolidated financial statements.

A number of new standards and amendments to standards are effective for annual reporting periods beginning after 1 July 2020 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these consolidated interim financial statements, and these new or amended standards do not have a material effect on the Group's consolidated financial statements.

B. KEY FINANCIAL RESULTS

3. SEGMENT RESULTS, REVENUE AND OTHER INCOME

This note provides results by operating segment for the half-year ended 31 December 2020. Operating segments are reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM has been identified as the Nearmap Executive Team which ultimately makes strategic decisions. This note also provides additional information on revenue, including types of revenue, primary geographical market of customers, and the industry in which the Group's customers operate.

Segment reporting

The CODM assess the Group's performance based on geographical areas of operation. Accordingly, the Group has identified two reportable segments, which are presented below:

SEGMENT	INFORMATION
Australia & New Zealand (ANZ)	Responsible for all sales and marketing efforts in Australia and New Zealand.
North America (NA)	Responsible for all sales and marketing efforts in the United States and Canada.

Cost of revenue are all the costs directly attributable to the ongoing delivery of the subscription product, including amortisation of capture costs. Sales and marketing costs include direct in-country costs. A portion of general and administration costs, representing general operating expenses, remain unallocated in determining the segment contribution presented to the CODM. These unallocated costs comprise the product and technology department costs, and the portion of the corporate department costs that are not allocated to specific segments.

The assets and liabilities of the Group are reported and reviewed by the CODM in total and are not allocated by operating segment. Operating segment assets and liabilities are therefore not disclosed.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

B. KEY FINANCIAL RESULTS (CONT.)

3. SEGMENT RESULTS, REVENUE AND OTHER INCOME (CONT.)

Segment reporting (cont.)

HALF-YEAR ENDED 31 DECEMBER 2020	ANZ \$'000	NA \$'000	UNALLOCATED \$'000	TOTAL \$'000
Revenue	33,004	21,714	-	54,718
TOTAL REVENUE	33,004	21,714	-	54,718
Capture cost amortisation	(2,376)	(10,079)	-	(12,455)
Storage, administration & other	(598)	(3,655)	-	(4,253)
TOTAL COST OF REVENUE	(2,974)	(13,734)	-	(16,708)
GROSS PROFIT	30,030	7,980	-	38,010
GROSS MARGIN %	91%	37%	-	69%
Direct sales & marketing	(4,049)	(7,895)	-	(11,944)
Indirect sales & marketing	(4,345)	(4,716)	-	(9,061)
TOTAL SALES & MARKETING COSTS	(8,394)	(12,611)	-	(21,005)
General & administration	(4,171)	(3,663)	(8,596)	(16,430)
Overhead depreciation	(1,212)	(915)	(891)	(3,018)
Other income	-	-	694	694
Finance costs ¹	-	-	(301)	(301)
TOTAL GENERAL & ADMINISTRATION	(5,383)	(4,578)	(9,094)	(19,055)
SEGMENT CONTRIBUTION	16,253	(9,209)	(9,094)	(2,050)
Amortisation & depreciation of unallocated assets				(7,482)
Foreign exchange loss				(1,273)
LOSS BEFORE TAX				(10,805)
Income tax benefit				1,419
LOSS AFTER TAX				(9,386)

¹ Excluding foreign exchange losses, which are presented on a consolidated level below segment contribution.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

B. KEY FINANCIAL RESULTS (CONT.)

3. SEGMENT RESULTS, REVENUE AND OTHER INCOME (CONT.)

Segment reporting (cont.)

HALF-YEAR ENDED 31 DECEMBER 2019	ANZ \$'000	NA \$'000	UNALLOCATED \$'000	TOTAL \$'000
Revenue	29,623	16,724	-	46,347
TOTAL REVENUE	29,623	16,724	-	46,347
Capture cost amortisation	(3,050)	(11,563)	-	(14,613)
Storage, administration & other	(453)	(2,257)	-	(2,710)
TOTAL COST OF REVENUE	(3,503)	(13,820)	-	(17,323)
GROSS PROFIT	26,120	2,904	-	29,024
GROSS MARGIN %	88%	17%	-	63%
Direct sales & marketing	(4,461)	(9,759)	-	(14,220)
Indirect sales & marketing	(2,456)	(3,818)	-	(6,274)
TOTAL SALES & MARKETING COSTS	(6,917)	(13,577)	-	(20,494)
General & administration	(5,619)	(4,698)	(9,720)	(20,037)
Overhead depreciation	(961)	(731)	(691)	(2,383)
Other income	-	-	615	615
Finance costs ¹	-	-	(317)	(317)
TOTAL GENERAL & ADMINISTRATION	(6,580)	(5,429)	(10,113)	(22,122)
SEGMENT CONTRIBUTION	12,623	(16,102)	(10,113)	(13,592)
Amortisation & depreciation of unallocated assets				(5,130)
Foreign exchange loss				(489)
LOSS BEFORE TAX				(19,211)
Income tax benefit				604
LOSS AFTER TAX				(18,607)

¹ Excluding foreign exchange losses, which are presented on a consolidated level below segment contribution.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

B. KEY FINANCIAL RESULTS (CONT.)

3. SEGMENT RESULTS, REVENUE AND OTHER INCOME (CONT.)

Revenue and other income

The Group's operations, revenue streams, and recognition policies are those described in the last consolidated annual financial statements. In the following table, revenue is disaggregated by type, primary geographical market, and customer industry.

	31 DECEMBER 2020 \$'000	31 DECEMBER 2019 \$'000
Types of revenue and other income		
Subscription revenue	54,373	46,205
Royalty income	345	142
TOTAL REVENUE	54,718	46,347
Interest income	187	502
Gain on disposal of assets	-	113
Gain on sale of unlisted investments	507	-
TOTAL OTHER INCOME	694	615
TOTAL REVENUE AND OTHER INCOME	55,412	46,962
Primary geographical markets¹		
Australia & New Zealand	33,004	29,623
North America	21,714	16,724
Unallocated	694	615
TOTAL REVENUE AND OTHER INCOME	55,412	46,962
Subscription revenue by industry		
Architecture, Construction & Engineering	12,960	11,857
Commercial/Other	12,298	11,620
Government	9,797	7,386
Utilities	5,600	5,563
Insurance & Property	5,898	5,590
Solar	4,351	4,189
Roofing ²	3,469	-
TOTAL SUBSCRIPTION REVENUE	54,373	46,205

¹ The Group's revenue by geography is based on customer billing address.

² During the half-year ended 31 December 2020, the Group added roofing to its disaggregation of revenue by industry as it now monitors the revenue recognised from these customers separately from those of other industries. In the comparative period, roofing revenue was mainly included in the Architecture, Construction & Engineering industry. Comparatives have not been restated.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

B. KEY FINANCIAL RESULTS (CONT.)

4. SHARE-BASED PAYMENT PLANS

At 31 December 2020, the Group had the following share-based payment arrangements.

Employee Share Option Plan

An Employee Share Option Plan (ESOP) has been established whereby Directors and certain employees of the Group may be issued with options over the ordinary shares of the Company. The options, which are usually issued for nil consideration at an exercise price calculated with reference to prevailing market prices as at the date of grant, are issued in accordance with terms established by the Directors of the Company. The options cannot be transferred without the approval of the Company's Board and are not quoted on the ASX.

The grants are issued with a life of 4 years with either:

- (i) total Shareholder Return (TSR) growth performance vesting conditions, exercisable after three years; or
- (ii) without any performance vesting conditions, exercisable on various dates (usually vesting in two or three equal annual tranches).

All options are settled by issuing ordinary shares. The Nearmap ESOP also includes an Employee Loan Scheme that permits the Company to grant financial assistance to employees by way of limited recourse loans (LRLs) to enable them to exercise options and acquire shares. The employee does not have a beneficial interest in the shares until the loan is repaid with any such shares being held in escrow until that time. The Group recorded a net expense of \$1,209 thousand in the half-year ended 31 December 2020 (31 December 2019: \$628 thousand) in relation to the ESOP. In addition, \$18 thousand has been capitalised in the cost of intangible assets and property, plant and equipment (31 December 2019: \$31 thousand).

Employee Matching Share Rights Plan

Employees have the opportunity to purchase shares in Nearmap using up to 5% of their annual base salary. For every three acquired shares, the employee will be awarded a right to receive one additional share in Nearmap under the conditions outlined in the Employee Matching Share Rights Plan. The additional shares are purchased on the market by the Group throughout the contribution period. The Group recorded a net expense of \$142 thousand in the half-year ended 31 December 2020 (31 December 2019: \$94 thousand) in relation to the Employee Matching Share Rights Plan. In addition, \$72 thousand has been capitalised in the cost of intangible assets and property, plant and equipment (31 December 2019: \$23 thousand).

Long Term Incentive Plan

Pursuant to the employee Long Term Incentive Plan (LTIP), certain key senior employees are granted either options issued with a life of 4 years or Restricted Stock Units (RSUs) representing between 10% and 25% of the employee's base remuneration. The rights vest in 9 tranches over three years from the date of the initial grant, subject to ongoing employment. All vested rights under the LTIP are settled by issuing ordinary shares. Additionally, during the year ended 30 June 2020 a one-off grant was made to all non-key management personnel employees to compensate for the 20% salary reduction implemented as a result of COVID-19 during the period of 1 May 2020 until 31 October 2020 (salary compensation grant). The Group recorded a net expense of \$2,690 thousand in the half-year ended 31 December 2020 (31 December 2019: \$824 thousand) in relation to the LTIP, of which \$2,226 thousand relates to the salary compensation grant (31 December 2019: nil). In addition, \$876 thousand has been capitalised in the cost of intangible assets and property, plant and equipment (31 December 2019: \$276 thousand).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

B. KEY FINANCIAL RESULTS (CONT.)

4. SHARE-BASED PAYMENT PLANS (CONT.)

MOVEMENT IN SHARE OPTIONS AND LOANS	6 MONTHS ENDED 31 DECEMBER 2020	WEIGHTED AVERAGE EXERCISE PRICE	YEAR ENDED 30 JUNE 2020	WEIGHTED AVERAGE EXERCISE PRICE
Number of options outstanding at the beginning of the period	16,979,545	\$1.53	16,337,184	\$0.84
Options lapsed/forfeited	(911,768)	\$2.06	(1,371,303)	\$1.58
Options exercised – loans granted	-	-	(1,958,346)	\$0.90
Options exercised – cash payment	(1,141,422)	\$0.67	(3,085,333)	\$0.51
Options granted	3,402,403	\$2.44	7,057,343	\$2.37
NUMBER OF OPTIONS OUTSTANDING AT THE END OF THE PERIOD	18,328,758	\$1.72	16,979,545	\$1.53
OPTIONS VESTED & EXERCISABLE	5,769,543	\$0.83	2,348,011	\$0.57

As at 31 December 2020, there were 18,328,758 options outstanding (30 June 2020: 16,979,545) at exercise prices ranging from \$0.39 to \$2.97 (30 June 2020: \$0.39 to \$2.97) and a weighted average remaining contractual life of 2.29 years (30 June 2020: 2.40 years).

The fair values of the options granted under the LTIP and ESOP were determined using the Black-Scholes model, or the Monte Carlo model for TSR vesting performance grants. The following table presents the weighted average assumptions used to determine the fair values of options granted:

	MONTE CARLO		BLACK-SCHOLES	
	31 DECEMBER 2020	31 DECEMBER 2019	31 DECEMBER 2020	31 DECEMBER 2019
ESOP				
Dividend yield (%)	-	-	N/A	-
Risk-free interest rate (%)	0.19	0.85	N/A	0.82
Expected life (years)	4.00	4.00	N/A	3.00
Expected volatility for the share price (%)	65.25	52.18	N/A	53.86
WEIGHTED-AVERAGE FAIR VALUES (\$)	0.92	0.78	N/A	1.09
LTIP				
Dividend yield (%)			-	-
Risk-free interest rate (%)			0.34	0.75
Expected life (years)			2.85	2.66
Expected volatility for the share price (%)			64.32	53.13
WEIGHTED-AVERAGE FAIR VALUES (\$)			0.96	0.88

The expected volatility is based on the historical volatility of the Company's share price. The risk-free interest rate used is equal to the yield on Australian Government Bonds at the date of grant with a term equal to the expected life of options.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

B. KEY FINANCIAL RESULTS (CONT.)

4. SHARE-BASED PAYMENT PLANS (CONT.)

MOVEMENT IN RSUs	6 MONTHS ENDED 31 DECEMBER 2020	WEIGHTED AVERAGE FAIR VALUE	YEAR ENDED 30 JUNE 2020	WEIGHTED AVERAGE FAIR VALUE
Number of RSUs outstanding at the beginning of the period	929,972	\$2.56	-	-
RSUs lapsed/forfeited	(60,244)	\$2.37	(209,565)	\$2.58
RSUs granted	2,215,707	\$2.26	1,139,537	\$2.57
RSUs vested and converted	(1,752,377)	\$2.57	-	-
NUMBER OF RSUs OUSTANDING AT THE END OF THE PERIOD	1,333,058	\$2.37	929,972	\$2.56

The fair value of RSUs on measurement date is based on the closing market price on the day preceding the grant.

5. OTHER OPERATIONAL EXPENSES

	31 DECEMBER 2020 \$'000	31 DECEMBER 2019 \$'000
Servicing and processing costs	2,986	2,896
Marketing costs	1,692	2,677
Travel costs	56	2,486
Subscription fees	2,557	2,177
Audit, consulting and legal fees	2,676	1,835
Office and other rental costs	727	1,110
Insurance costs	738	435
All other operating expenses	1,205	1,865
TOTAL OTHER OPERATIONAL EXPENSES	12,637	15,481

6. NET FINANCE COSTS

	31 DECEMBER 2020 \$'000	31 DECEMBER 2019 \$'000
Interest expense on unwinding of lease liabilities	217	289
Net foreign exchange difference loss	317	489
Transfer of hedging losses from the consolidated statement of other comprehensive income	956	-
Other finance costs	84	28
NET FINANCE COSTS	1,574	806

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

B. KEY FINANCIAL RESULTS (CONT.)

7. INCOME TAX

The Group has an unrecognised deferred tax asset of \$23,887 thousand in respect of US tax losses as at 31 December 2020 (30 June 2020: \$25,921 thousand). No deferred tax asset has been recognised for losses in the US given the uncertainty of the timing of future profitability.

C. INVESTING ACTIVITIES

8. PROPERTY, PLANT AND EQUIPMENT

HALF-YEAR ENDED 31 DECEMBER 2020	ASSETS UNDER CONSTRUCTION \$'000	OFFICE EQUIPMENT & FURNITURE \$'000	CAMERA SYSTEMS \$'000	RIGHT-OF-USE ASSETS \$'000	TOTAL \$'000
Opening net book value	-	4,664	14,657	14,087	33,408
Additions	479	222	-	-	701
Transfers ¹	618	-	(618)	-	-
Depreciation	-	(861)	(1,725)	(2,191)	(4,777)
Foreign exchange adjustment	-	(190)	-	(501)	(691)
CLOSING NET BOOK VALUE	1,097	3,835	12,314	11,395	28,641
Cost	1,097	7,350	28,764	17,440	54,651
Accumulated depreciation	-	(3,515)	(16,450)	(6,045)	(26,010)
CLOSING NET BOOK VALUE	1,097	3,835	12,314	11,395	28,641
YEAR ENDED 30 JUNE 2020	ASSETS UNDER CONSTRUCTION \$'000	OFFICE EQUIPMENT & FURNITURE \$'000	CAMERA SYSTEMS \$'000	RIGHT-OF-USE ASSETS \$'000	TOTAL \$'000
At 30 June 2019	-	2,164	14,618	-	16,782
Adjustment on initial application of AASB 16 ²	-	(505)	-	6,530	6,025
At 1 July 2019	-	1,659	14,618	6,530	22,807
Additions	-	4,422	3,248	11,436	19,106
Disposals	-	-	(138)	-	(138)
Depreciation	-	(1,402)	(3,071)	(4,025)	(8,498)
Foreign exchange adjustment	-	(15)	-	146	131
CLOSING NET BOOK VALUE	-	4,664	14,657	14,087	33,408
Cost	-	7,465	29,382	18,086	54,933
Accumulated depreciation	-	(2,801)	(14,725)	(3,999)	(21,525)
CLOSING NET BOOK VALUE	-	4,664	14,657	14,087	33,408

¹ For the half-year ended 31 December 2020, the Group has disclosed separately assets under construction and camera systems. \$618 thousand has been transferred from camera systems to assets under construction, representing the carrying value of assets under construction previously included in camera systems as at 1 July 2020. Comparatives have not been adjusted.

² The Group has initially applied AASB 16 *Leases* at 1 July 2019, using the modified retrospective approach. Under this approach, the Group has recognised right-of-use assets on the date of initial application.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

C. INVESTING ACTIVITIES (CONT.)

9. INTANGIBLES

HALF-YEAR ENDED 31 DECEMBER 2020	GOOD- WILL \$'000	DEVELOPMENT COSTS \$'000	CAPTURE COSTS \$'000	INTELLECTUAL PROPERTY \$'000	OTHER \$'000	TOTAL \$'000
Opening net book value	135	18,670	24,017	4,418	175	47,415
Additions	-	5,653	8,175	-	-	13,828
Amortisation	-	(5,199)	(12,455)	(475)	(49)	(18,178)
Foreign exchange adjustment	-	-	-	(452)	-	(452)
CLOSING NET BOOK VALUE	135	19,124	19,737	3,491	126	42,613
Cost	135	52,199	92,449	4,457	1,937	151,177
Accumulated amortisation	-	(33,075)	(72,712)	(966)	(1,811)	(108,564)
CLOSING NET BOOK VALUE	135	19,124	19,737	3,491	126	42,613
YEAR ENDED 30 JUNE 2020	GOOD- WILL \$'000	DEVELOPMENT COSTS \$'000	CAPTURE COSTS \$'000	INTELLECTUAL PROPERTY \$'000	OTHER \$'000	TOTAL \$'000
Opening net book value	135	11,642	30,030	-	325	42,132
Additions	-	14,959	23,516	4,899	6	43,380
Disposals	-	-	-	-	(25)	(25)
Amortisation	-	(7,931)	(29,529)	(606)	(134)	(38,200)
Foreign exchange adjustment	-	-	-	125	3	128
CLOSING NET BOOK VALUE	135	18,670	24,017	4,418	175	47,415
Cost	135	46,546	84,275	5,001	1,940	137,897
Accumulated amortisation	-	(27,876)	(60,258)	(583)	(1,765)	(90,482)
CLOSING NET BOOK VALUE	135	18,670	24,017	4,418	175	47,415

D. CAPITAL STRUCTURE AND FINANCIAL INSTRUMENTS

10. CONTRIBUTED EQUITY

HALF-YEAR ENDED 31 DECEMBER 2020	NUMBER OF SHARES	\$'000
Balance at the beginning of the half-year	453,324,295	126,577
Issue of shares during the half-year, net of transaction costs and tax ¹	36,079,427	93,475
Issued from exercise of share options	1,141,422	764
Repayment of share option loans ²	-	373
Issue of shares on settlement of restricted-stock units	1,752,377	-
Treasury shares transferred to employees	-	154
BALANCE AT THE END OF THE HALF-YEAR	492,297,521	221,343

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

D. CAPITAL STRUCTURE AND FINANCIAL INSTRUMENT (CONT.)

10. CONTRIBUTED EQUITY (CONT.)

YEAR ENDED 30 JUNE 2020	NUMBER OF SHARES	\$'000
Balance at the beginning of the year	448,280,616	124,617
Issued from exercise of share options	3,085,333	1,596
Issued from exercise of share option loans	1,958,346	-
Repayment of share option loans ²	-	396
Treasury shares acquired	-	(400)
Treasury shares transferred to employees	-	368
BALANCE AT THE END OF THE YEAR	453,324,295	126,577

¹ On 11 September 2020, the Company completed a \$72,082 thousand fully underwritten institutional placement (before costs) of 26,022,305 new fully paid ordinary shares at the offer price of \$2.77. Following the underwritten institutional placement, on 8 October 2020, the Company completed a \$23,135 thousand Share Purchase Plan available to all investors whereby a total of 10,057,122 new fully paid ordinary shares were issued at the offer price of \$2.30. The Company incurred a total of \$2,489 thousand in transactions costs, net of \$747 thousand in deferred tax impact, that were recorded directly in contributed equity.

² During the half-year, total loans of \$355 thousand (30 June 2020: \$391 thousand) and accruing interest of \$18 thousand (30 June 2020: \$5 thousand) were repaid to the Company, thereby releasing 633,333 shares (30 June 2020: 631,686) previously under holding lock.

11. FINANCIAL INSTRUMENTS

Forward exchange contracts ("derivatives") are measured at fair value. The fair value and carrying value of derivatives as at 31 December 2020 is \$365 thousand and is included in other current liabilities (30 June 2020: \$957 thousand included in other current liabilities). Derivatives are not quoted in active markets as they are not traded on a recognised exchange. Therefore, the Group uses valuation techniques (present value techniques) which use both observable and unobservable market inputs. As these financial instruments use valuation techniques with unobservable inputs that are not significant to the overall valuation, these instruments are included in Level 2 of the fair value hierarchy. Trade receivables, other current receivables, trade and other payables, and other current liabilities are measured at amortised cost, and their carrying value are assumed to approximate their fair values due to their short-term nature.

The Group recognises transfers between levels of fair value hierarchy as of the end of the reporting period in which the transfer has occurred. There were no transfers between levels of the fair value hierarchy during the half-year ended 31 December 2020, and no transfer during the half-year ended 31 December 2019.

The Group's cash and cash equivalents comprise:

	31 DECEMBER 2020 \$'000	30 JUNE 2020 \$'000
Cash at bank and on hand	39,323	6,466
Deposit at call	-	2,362
Term deposits	90,000	27,312
TOTAL CASH AND CASH EQUIVALENTS	129,323	36,140

Cash and cash equivalents include term deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

D. CAPITAL STRUCTURE AND FINANCIAL INSTRUMENT (CONT.)

12. DIVIDENDS PAID ON ORDINARY SHARES

No dividends were paid or proposed for the half-year ending 31 December 2020 (31 December 2019: nil).

E. OTHER

13. RELATED PARTY TRANSACTIONS

The Nearmap ESOP includes an Employee Loan Scheme that permits Nearmap to grant financial assistance to employees by way of loan to enable them to exercise options and acquire shares. These loans bear interest at rates that ranged from 0.30% to 0.45% during the year ended 30 June 2020 (30 June 2019: 1.50% to 1.70%) and are repayable four years after the issue date. The loans are not recognised in the consolidated statement of financial position.

	31 DECEMBER 2020 \$	30 JUNE 2020 \$
Share option loans outstanding at the beginning of the half-year	7,968,567	6,556,950
Share option loans repaid during the period	(372,771)	(396,449)
Share option loans provided during the period	-	1,759,008
Interest accrued on share option loans	115,638	49,058
SHARE OPTION LOANS OUTSTANDING AT THE END OF THE YEAR	7,711,434	7,968,567

14. CONTINGENT LIABILITIES

As at 31 December 2020, except for bank guarantees of \$2,356 thousand (30 June 2020: \$2,356 thousand), the Directors are not aware of any contingent liabilities in relation to the Company or the Group.

15. SUBSEQUENT EVENTS

As at the date of this report, no matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 25 are in accordance with the Corporations Act 2001, including:
 - (i) complying with AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Nearmap Ltd will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'Rob Newman', with a long horizontal flourish extending to the right.

Dr Rob Newman
Chief Executive Officer & Managing Director
Sydney, 14 February 2021



Independent Auditor's Review Report

To the shareholders of Nearmap Ltd

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Nearmap Ltd.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Nearmap Ltd does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2020 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated interim statement of financial position as at 31 December 2020
- Consolidated interim statement of profit or loss and other comprehensive income, Consolidated interim statement of changes in equity and Consolidated interim statement of cash flows for the Half-year ended on that date
- Notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Nearmap Ltd (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the Half-year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Caoimhe Toouli

Caoimhe Toouli

Partner

Sydney

14 February 2021