



# 1H22 ANALYST PACK

HALF YEAR ENDED 31 DECEMBER 2021

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The Nearmap Analyst Pack summarises the financial and operational metrics for the six months ended 31 December 2021, with comparatives for the six months ended 31 December 2020 and 30 June 2021 respectively.

The Analyst Pack is to be read in conjunction with the “Appendix 4D Interim Financial Report for the half-year ended 31 December 2021” and the “Investor Presentation 1H22 Results” released to the ASX on 16 February 2022.

### Important Note

Information presented in the 1H22 Analyst Pack is presented on an operational basis (rather than statutory) to reflect a management view of the business. Nearmap Ltd (ACN 083 702 907) also provides statutory reporting as prescribed under the Corporations Act 2001 (Cth). The Nearmap Ltd Interim Financial Report is also available from the Nearmap website at [www.nearmap.com/investors](http://www.nearmap.com/investors).

The Analyst Pack is not audited. The statutory net loss after tax as disclosed in the consolidated profit or loss (page 28) has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001 (Cth). The results for 1H22 are extracted from the reviewed consolidated statement of comprehensive income.

Tables may not add due to rounding of amounts.

Any forward-looking statements included in this document are by nature subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, Nearmap, such that actual results or events may vary from those forward-looking statements and the assumptions on which they are based.

Past performance is not an indicator of future performance, and no guarantee of future returns is implied or given. While Nearmap has sought to ensure that information is accurate by undertaking a review process, it makes no representation, guarantee or warranty as to the accuracy or completeness of any information or statement contained in this document. In particular, information and statements in this document do not constitute investment advice or a recommendation on any matter and should not be relied upon.

## NEARMAP OVERVIEW

Nearmap is a leading provider of cloud-based geospatial information services and an innovative location intelligence company.

Nearmap captures a rich data set about the real world, providing high-value insights to a diverse range of more than 11,000 businesses and government organisations.

Using its own patented camera systems and processing software, Nearmap conducts aerial surveys capturing wide-scale urban areas in Australia, New Zealand, the United States of America and Canada multiple times each year, making fresh content instantly available in the cloud via web app or API integration.

Every day, Nearmap helps tens of thousands of users conduct virtual site visits for deep, data-driven insights – enabling businesses and government organisations to make informed decisions, streamline operations and bolster bottom lines.

Founded in Australia in 2007, Nearmap is one of the ten largest aerial survey companies in the world by annual data collection volume, employs over 400 people and was named as one of Fast Company’s 10 Most Innovative Enterprise Companies in 2020.

### NEARMAP CAPTURES IMAGERY IN 4 COUNTRIES...



United States  
77% population coverage



Canada  
66% population coverage



Australia  
91% population coverage



New Zealand  
74% population coverage

### ...DELIVERED TO A DIVERSE CUSTOMER BASE...



Commercial



Roofing



Insurance



Government

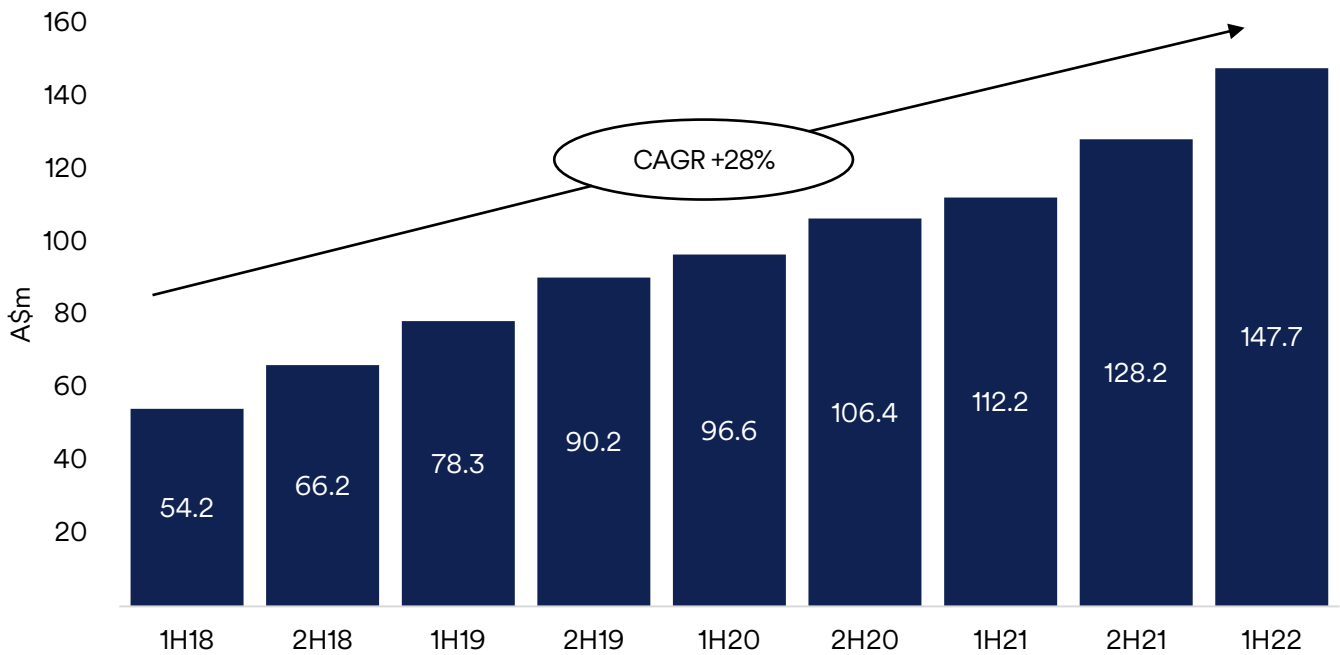
## GROUP PERFORMANCE INDICATORS

A\$'000	1H21 Reported	2H21 Reported	FY21 Reported	1H22 Reported	YoY % Reported	1H22 at CC <sup>1</sup>	YoY % at CC
<b>Group ACV portfolio</b>							
<b>Opening ACV</b>	<b>106,437</b>	<b>112,191</b>	<b>106,437</b>	<b>128,210</b>	<b>20%</b>	<b>126,792</b>	<b>19%</b>
New business	4,902	11,242	16,144	8,623	76%	8,310	70%
Net upsell	9,245	7,204	16,449	12,053	30%	11,446	24%
Churn	(3,838)	(3,548)	(7,386)	(3,333)	13%	(3,256)	15%
<b>Net incremental ACV</b>	<b>10,309</b>	<b>14,898</b>	<b>25,207</b>	<b>17,343</b>	<b>68%</b>	<b>16,500</b>	<b>60%</b>
FX impact	(4,555)	1,121	(3,434)	2,131		-	
<b>Closing ACV</b>	<b>112,191</b>	<b>128,210</b>	<b>128,210</b>	<b>147,684</b>	<b>32%</b>	<b>143,292</b>	<b>28%</b>
Retention (%)	93.9%	93.1%	93.1%	93.9%		93.9%	
<b>Opening subscriptions</b>	<b>10,458</b>	<b>10,785</b>	<b>10,458</b>	<b>11,255</b>	<b>8%</b>	<b>11,255</b>	<b>8%</b>
New business	900	1,107	2,007	949	5%	949	5%
Churn	(573)	(637)	(1,210)	(503)	12%	(503)	12%
<b>Closing subscriptions</b>	<b>10,785</b>	<b>11,255</b>	<b>11,255</b>	<b>11,701</b>	<b>8%</b>	<b>11,701</b>	<b>8%</b>
Closing ARPS (\$)	10,402	11,391	11,391	12,621	21%	12,246	18%
Group revenue	54,718	58,713	113,431	67,550	23%	67,859	24%
Cash costs to capture	(8,175)	(11,806)	(19,981)	(12,928)	(58%)	(13,079)	(60%)
Storage, administration & other	(4,253)	(4,576)	(8,829)	(5,334)	(25%)	(5,365)	(26%)
<b>Cost of revenue - pre-capitalisation</b>	<b>(12,428)</b>	<b>(16,382)</b>	<b>(28,810)</b>	<b>(18,262)</b>	<b>(47%)</b>	<b>(18,444)</b>	<b>(48%)</b>
<b>Gross margin - pre-capitalisation</b>	<b>42,290</b>	<b>42,331</b>	<b>84,621</b>	<b>49,288</b>	<b>17%</b>	<b>49,415</b>	<b>17%</b>
Gross margin (%) - pre-capitalisation	77%	72%	75%	73%		73%	
Direct sales and marketing costs	(11,944)	(16,306)	(28,250)	(17,817)	(49%)	(17,937)	(50%)
Indirect sales and marketing costs	(9,061)	(9,626)	(18,687)	(7,147)	21%	(7,223)	20%
<b>Total sales and marketing costs - pre-capitalisation</b>	<b>(21,005)</b>	<b>(25,932)</b>	<b>(46,937)</b>	<b>(24,964)</b>	<b>(19%)</b>	<b>(25,160)</b>	<b>(20%)</b>
Sales Team Contribution Ratio (%) - pre-capitalisation	86%	91%	89%	97%		92%	
<b>Other metrics</b>							
Group EBITDA	13,537	10,772	24,309	10,690	(21%)	10,866	(20%)
Group EBIT	(9,418)	(11,385)	(20,803)	(13,347)	(42%)	(13,317)	(41%)
Statutory NPAT	(9,386)	(9,434)	(18,820)	(11,934)	(27%)	(11,924)	(27%)
Portfolio LTV (A\$m)	1,416	1,338	1,394	1,767	25%	1,715	21%
Cash and cash equivalents	129,323	123,431	123,431	109,762	(15%)	109,216	(16%)
Cash and cash equivalents movement	93,183	(5,892)	87,291	(13,669)	(115%)	(14,215)	(115%)

<sup>1</sup> Constant Currency (CC) revalues 1H22 results at 1H21 FX rates.

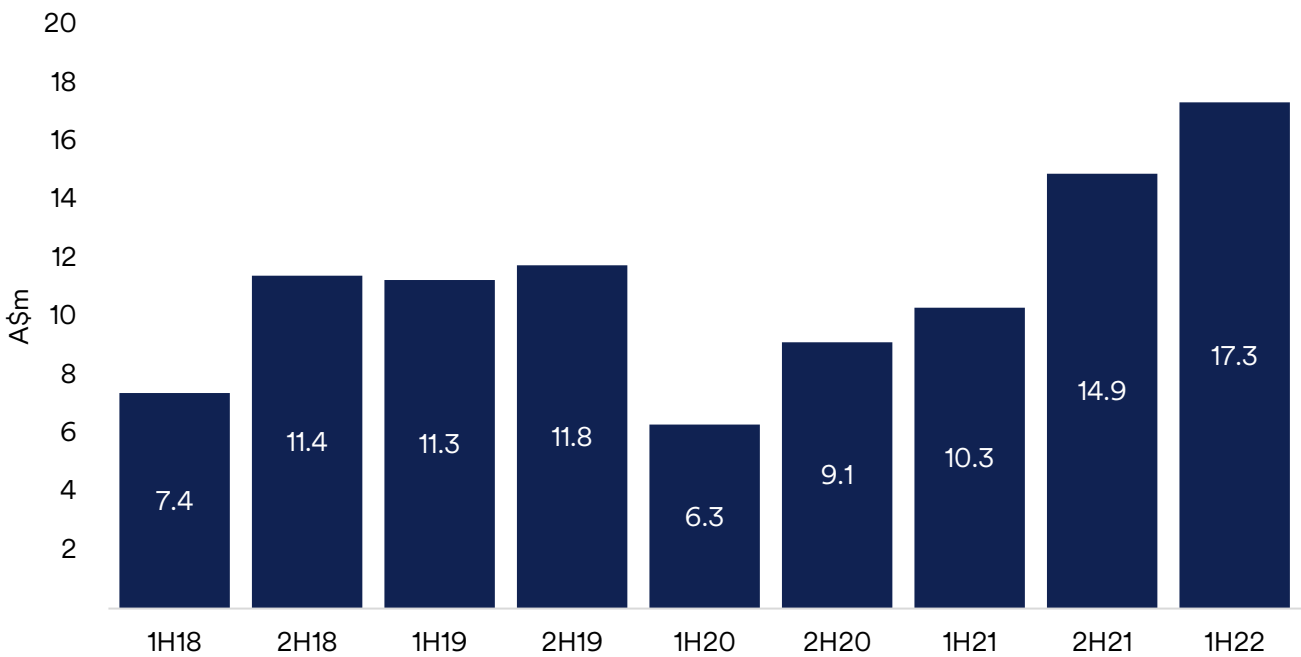
### Annual Contract Value

Group Annual Contract Value (ACV) as reported grew by 32% to \$147.7m (31 December 2020: \$112.2m). On a constant currency (CC) basis, Group ACV grew 28% vs pcp to \$143.3m.

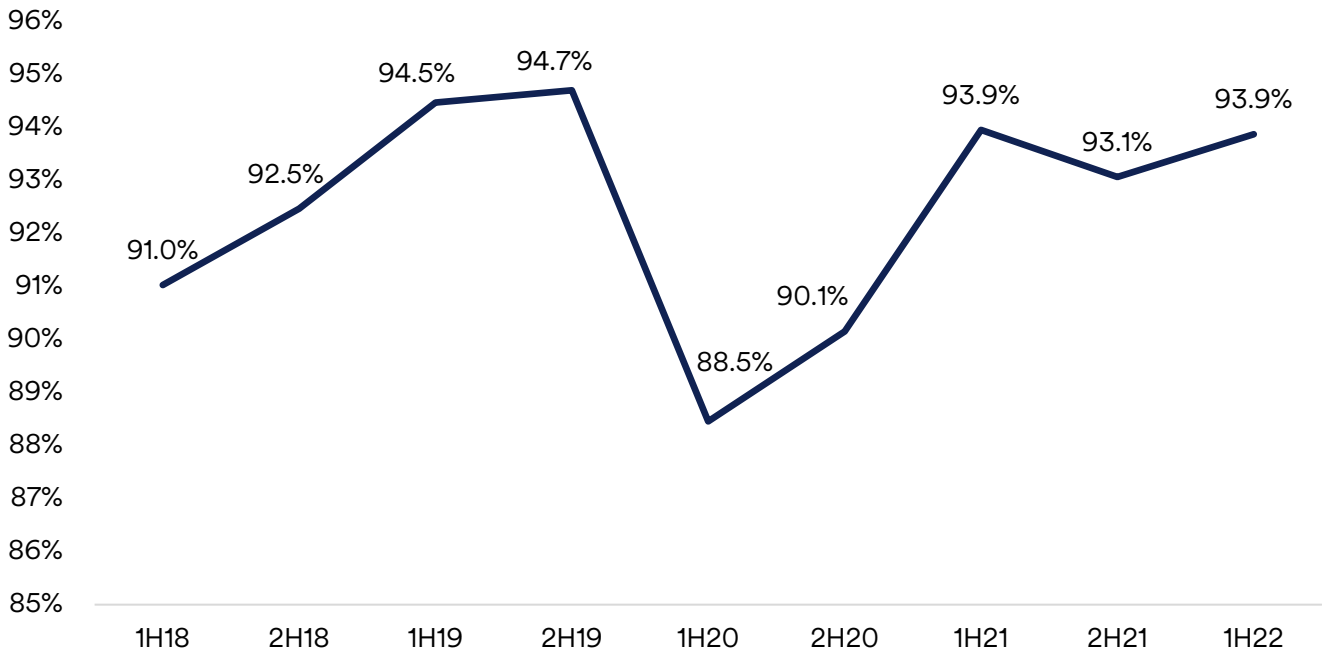


### Net incremental ACV

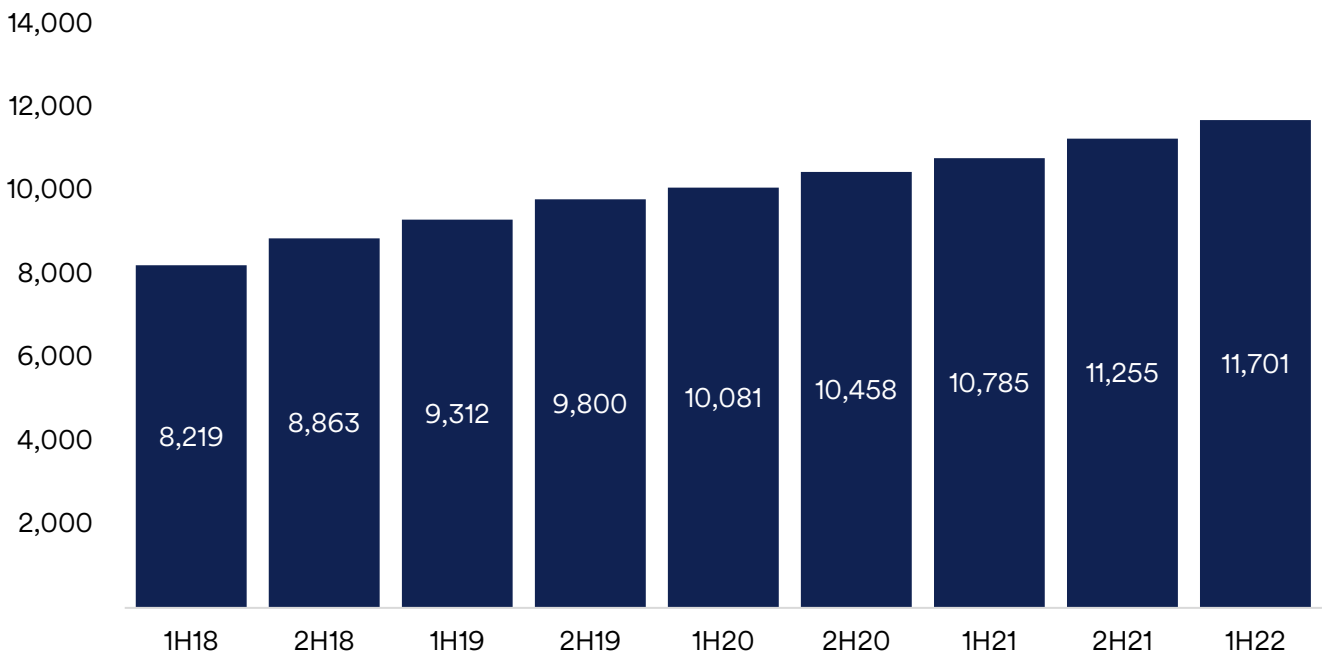
Incremental ACV growth as reported of \$17.3m (31 December 2020: \$10.3m). On a CC basis, incremental ACV grew by \$16.5m, driven by record growth in North America.



### Retention

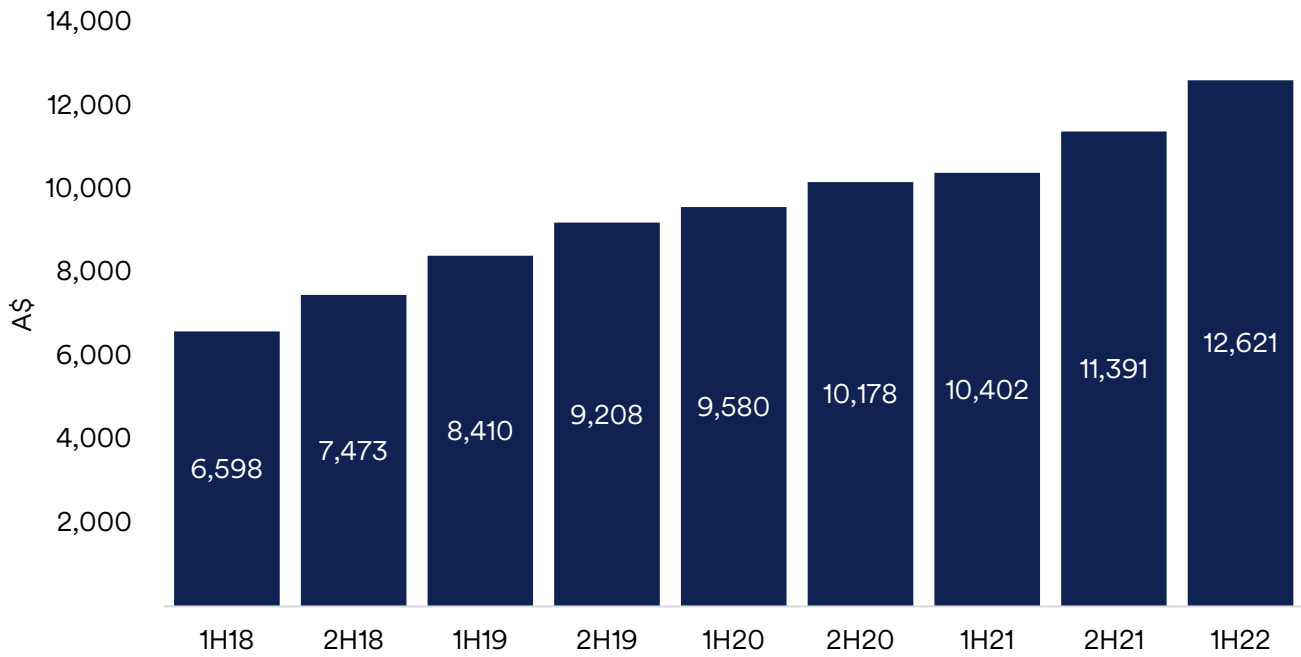


### Subscriptions



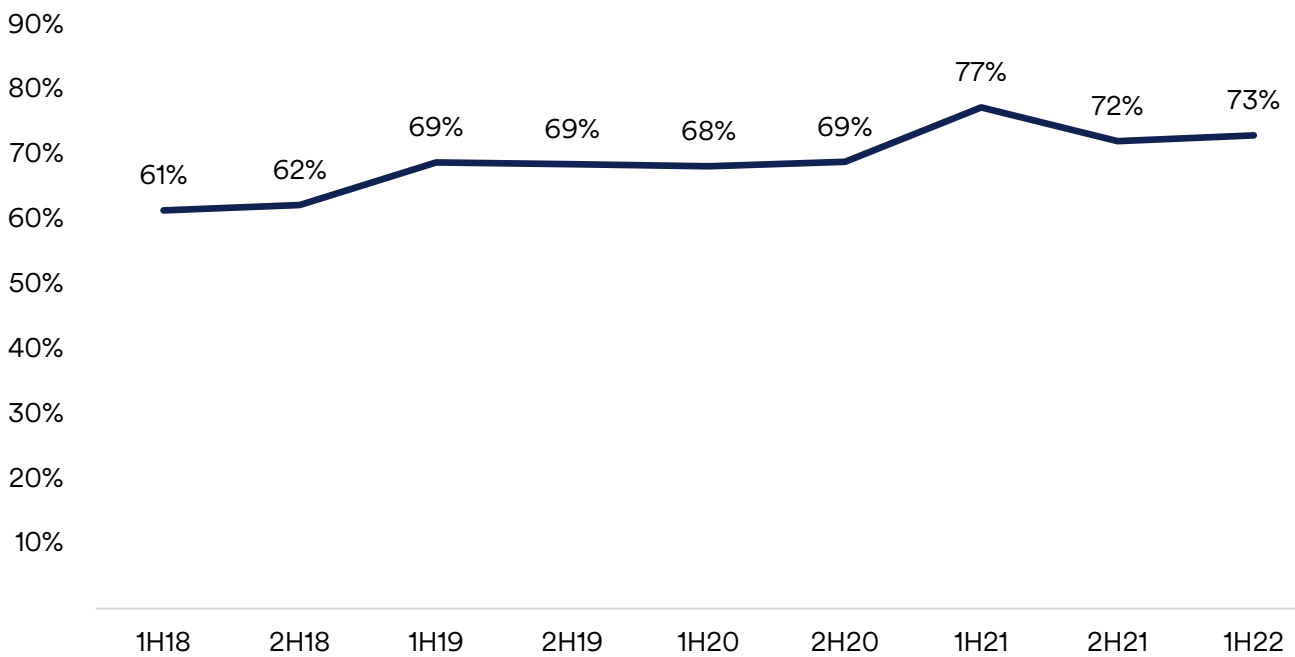
### Average Revenue Per Subscription

Group Average Revenue Per Subscription (ARPS) increased to \$12,621 (30 June 2021: \$11,391). The continued upward trend highlights the increasing utility customers experience from the expanding set of higher-value products and content types provided by Nearmap.



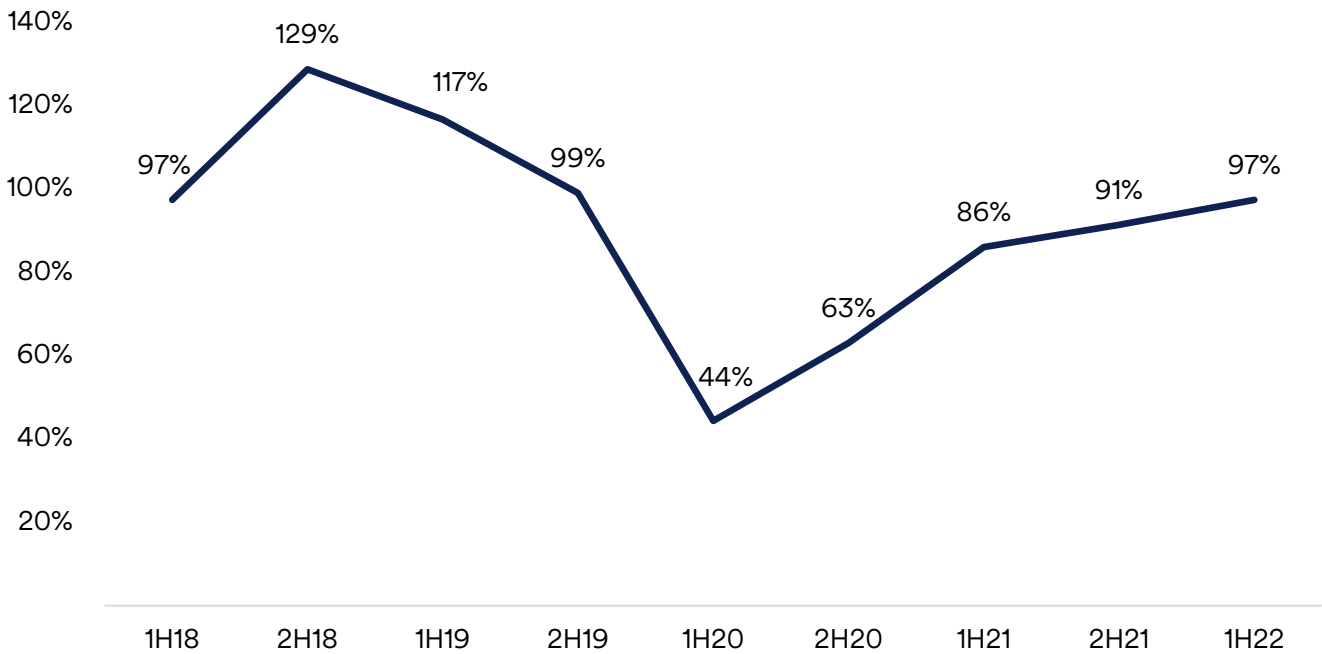
### Gross Margin (pre-capitalisation)

Gross Margin (pre-capitalisation) increased to 73%, reflecting the efficiency of the capture program as it supports a growing ACV portfolio.

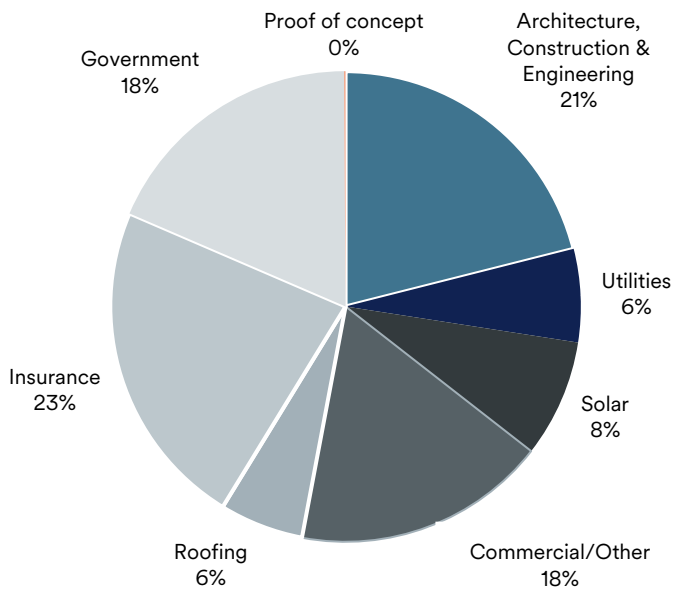


Sales Team Contribution Ratio (pre-capitalisation)

Group Sales Team Contribution Ratio (STCR) increased to 97% in 1H22 (2H21: 91%), delivered during a period of investment in the go-to-market teams and further demonstrating strong returns on investments in product and content.



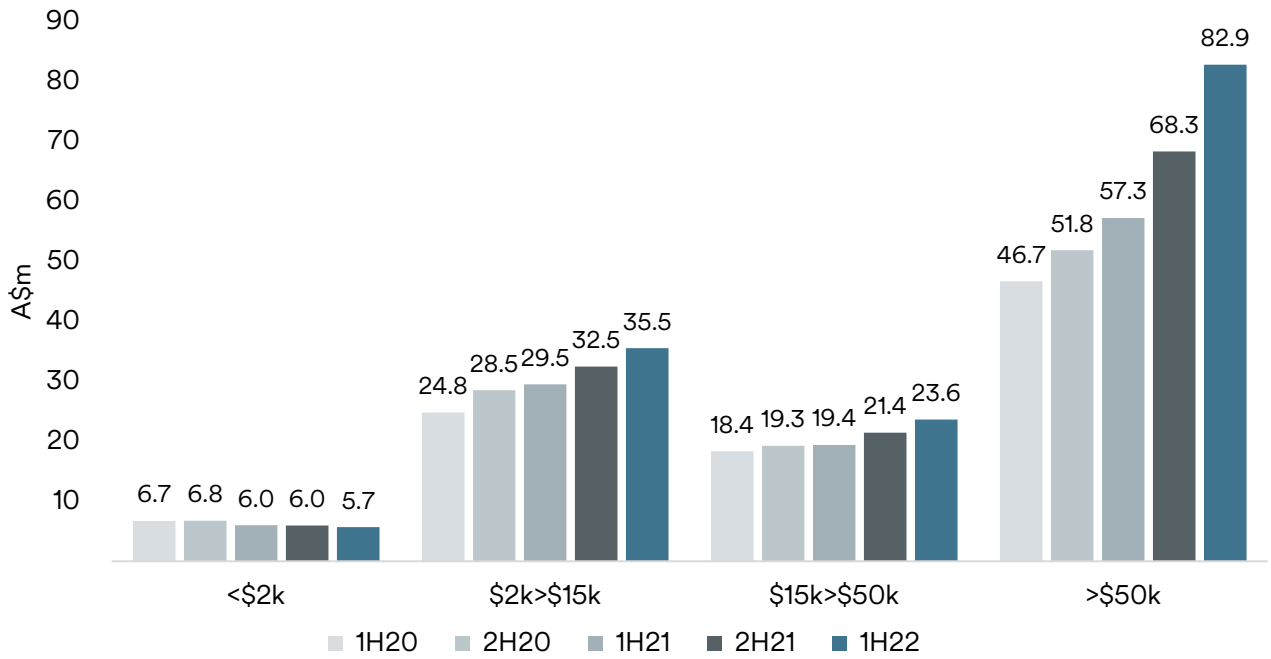
Group ACV portfolio at 31 December 2021 by industry segment (%)



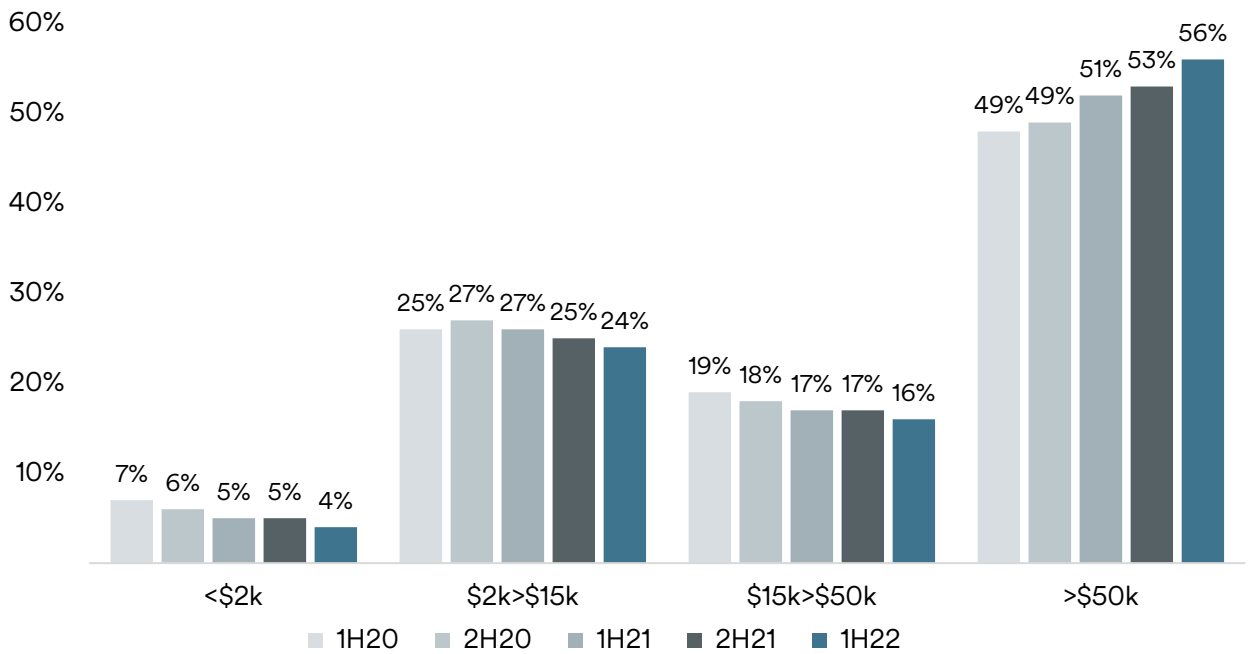
The Group ACV portfolio is diversified across key focus industries with Insurance, Roofing and Government comprising 47% of the total portfolio (30 June 2021: 42%).



Group ACV portfolio by subscription size



Group ACV portfolio by % of total portfolio



Other metrics (as a % of the overall portfolio)

	1H21	1H22
Top 10 customers	19%	23%
Multi year deals	42%	43%
Premium content	59%	70%

FTE Breakdown

As at 31 December 2021

Region	Sales & Marketing	Technology & Product	Business Operations	Group
ANZ	68	143	78	289
NA	85	11	32	128
<b>Total</b>	<b>153</b>	<b>154</b>	<b>110</b>	<b>417</b>

As at 30 June 2021

Region	Sales & Marketing	Technology & Product	Business Operations	Group
ANZ	65	111	72	248
NA	87	5	21	113
<b>Total</b>	<b>152</b>	<b>116</b>	<b>93</b>	<b>361</b>

## NORTH AMERICA SEGMENT

The NA segment is responsible for all sales and marketing efforts in the United States and Canada.

All figures in this section are stated in United States Dollars.

US\$'000	1H21	2H21	FY21	1H22	YoY %
<b>Opening ACV</b>	<b>28,788</b>	<b>35,129</b>	<b>28,788</b>	<b>44,451</b>	<b>54%</b>
New business	1,991	5,913	7,904	3,922	97%
Net upsell	5,469	4,135	9,604	7,605	39%
Churn	(1,128)	(734)	(1,862)	(967)	14%
<b>Net incremental</b>	<b>6,332</b>	<b>9,314</b>	<b>15,646</b>	<b>10,560</b>	<b>67%</b>
FX impact	9	8	17	(8)	
<b>Closing ACV</b>	<b>35,129</b>	<b>44,451</b>	<b>44,451</b>	<b>55,003</b>	<b>57%</b>
Retention (%)	93.5%	93.5%	93.5%	95.2%	
<b>Opening subscriptions</b>	<b>1,856</b>	<b>2,029</b>	<b>1,856</b>	<b>2,240</b>	<b>21%</b>
New business	278	355	633	306	10%
Churn	(105)	(144)	(249)	(85)	19%
<b>Closing subscriptions</b>	<b>2,029</b>	<b>2,240</b>	<b>2,240</b>	<b>2,461</b>	<b>21%</b>
Closing ARPS (\$)	17,313	19,844	19,844	22,350	29%
Revenue	15,693	19,911	35,604	23,848	52%
Cash costs to capture	(4,665)	(7,497)	(12,162)	(7,895)	(69%)
Storage, administration & other	(2,641)	(3,075)	(5,716)	(3,387)	(28%)
<b>Cost of revenue - pre-capitalisation</b>	<b>(7,306)</b>	<b>(10,572)</b>	<b>(17,878)</b>	<b>(11,282)</b>	<b>(54%)</b>
<b>Gross margin - pre-capitalisation</b>	<b>8,387</b>	<b>9,339</b>	<b>17,726</b>	<b>12,566</b>	<b>50%</b>
Gross margin (%) - pre-capitalisation	53%	47%	50%	53%	
Direct sales and marketing costs	(5,741)	(8,444)	(14,185)	(9,265)	(61%)
Indirect sales and marketing costs	(3,426)	(3,679)	(7,105)	(2,306)	33%
<b>Total sales and marketing costs - pre-capitalisation</b>	<b>(9,167)</b>	<b>(12,123)</b>	<b>(21,290)</b>	<b>(11,571)</b>	<b>(26%)</b>
Sales Team Contribution Ratio (%) - pre-capitalisation	110%	110%	110%	114%	
Segment contribution <sup>1</sup>	(3,391)	1,115	(2,276)	4,631	237%
Segment contribution %	(22%)	6%	(6%)	19%	

<sup>1</sup> For a reconciliation on the segment contribution, refer to the Segment Performance on page 25.

## NA ACV portfolio

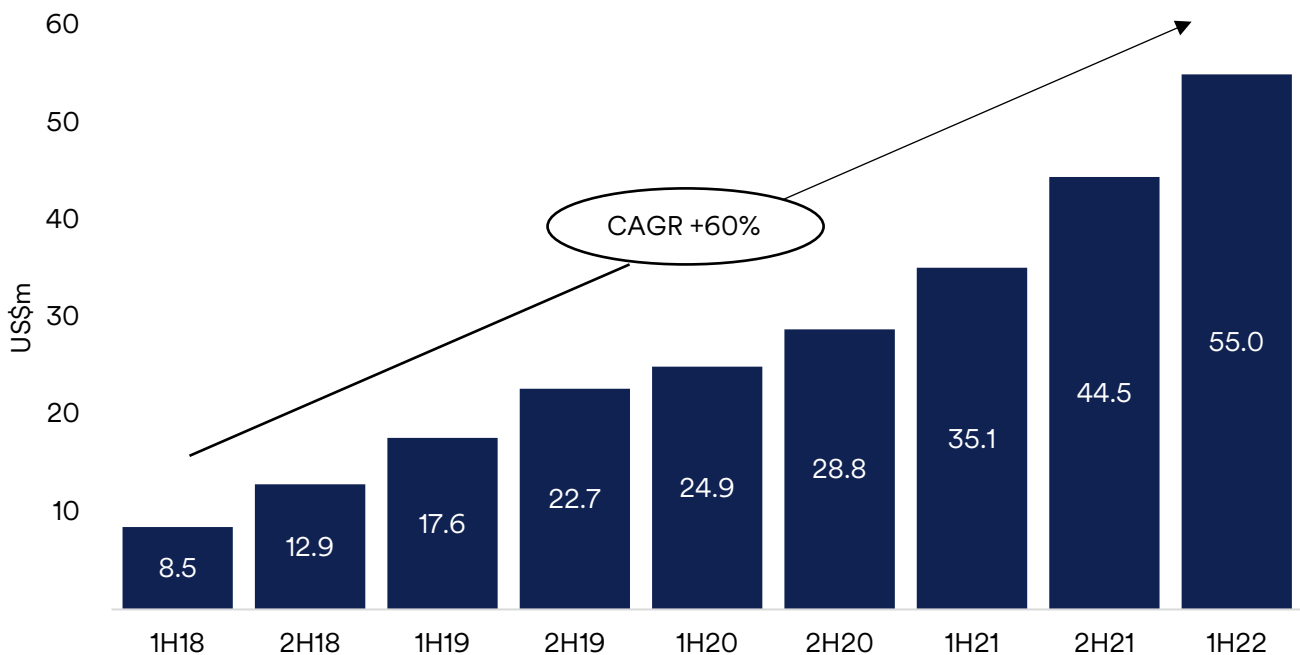
During 1H22, the NA ACV portfolio increased US\$10.6m from US\$44.5m to US\$55.0m, representing 57% growth on pcp. This represents a record half for the NA business, underpinned by the revised vertical GTM strategy implemented in FY21.

The key components of this growth were:

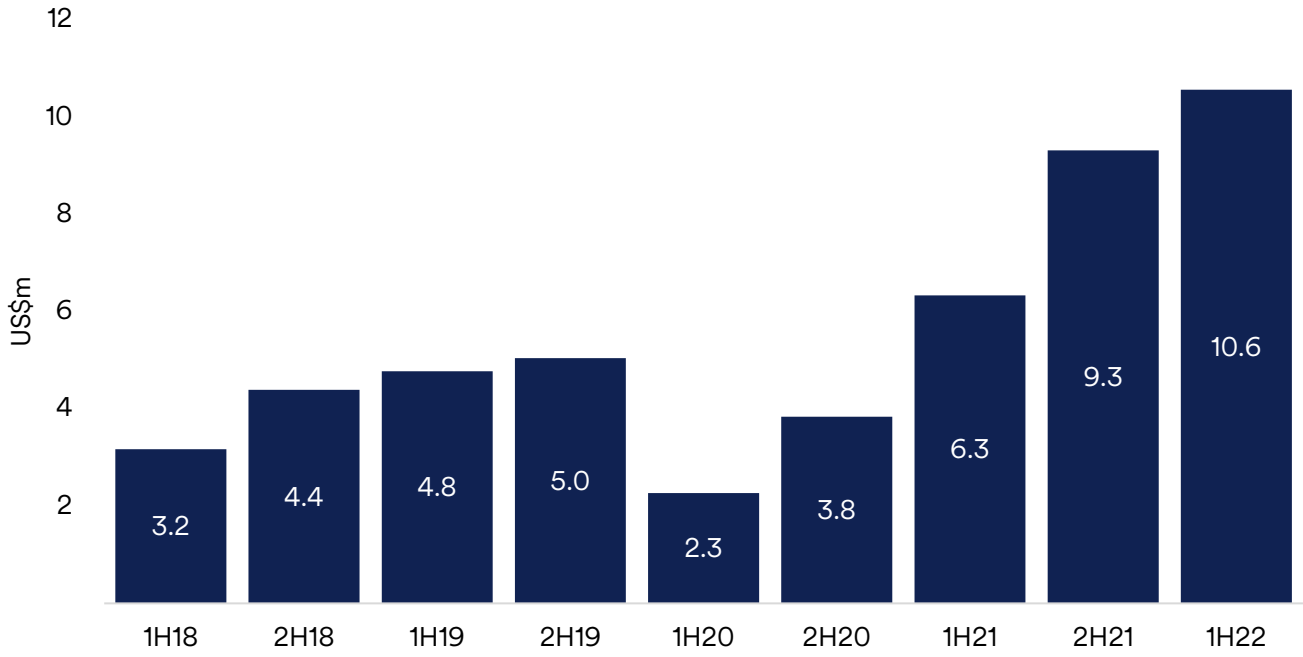
- **New business** of US\$3.9m represents a 97% increase on pcp, including an enterprise deal with another top insurer in North America, with four of the top six insurance companies in North America now Nearmap customers. New acquisitions into the key Government and Commercial verticals also performed well, highlighting the increasing momentum of Nearmap's disruptive subscription business model in the NA market.
- **Net upsell** of US\$7.6m shows a 39% increase on pcp, with over 25 enterprise transactions in the period (\$50k+). All key verticals showed success in expanding the existing customer base and delivering enhanced value to customers through continued product innovation.
- **Customer portfolio retention** for the 12 months to 31 December 2021 was 95.2% (FY21: 93.5%). This positive trend reflects the continued focus on customer engagement, aligned execution across all GTM teams and the growing relevance of Nearmap content to the growing customer base.

## Annual Contract Value

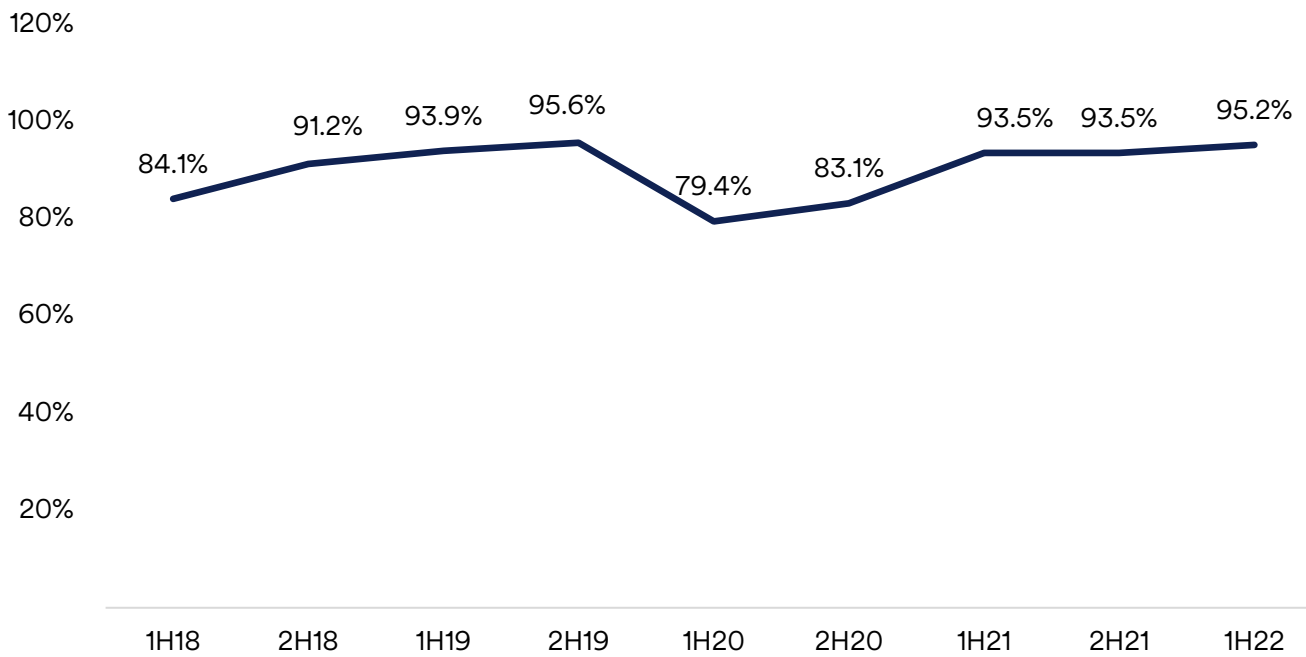
ACV grew by 57% to US\$55.0m (30 June 2021: US\$44.5m), representing strong 60% compound annual growth over 4 years.



Net incremental ACV

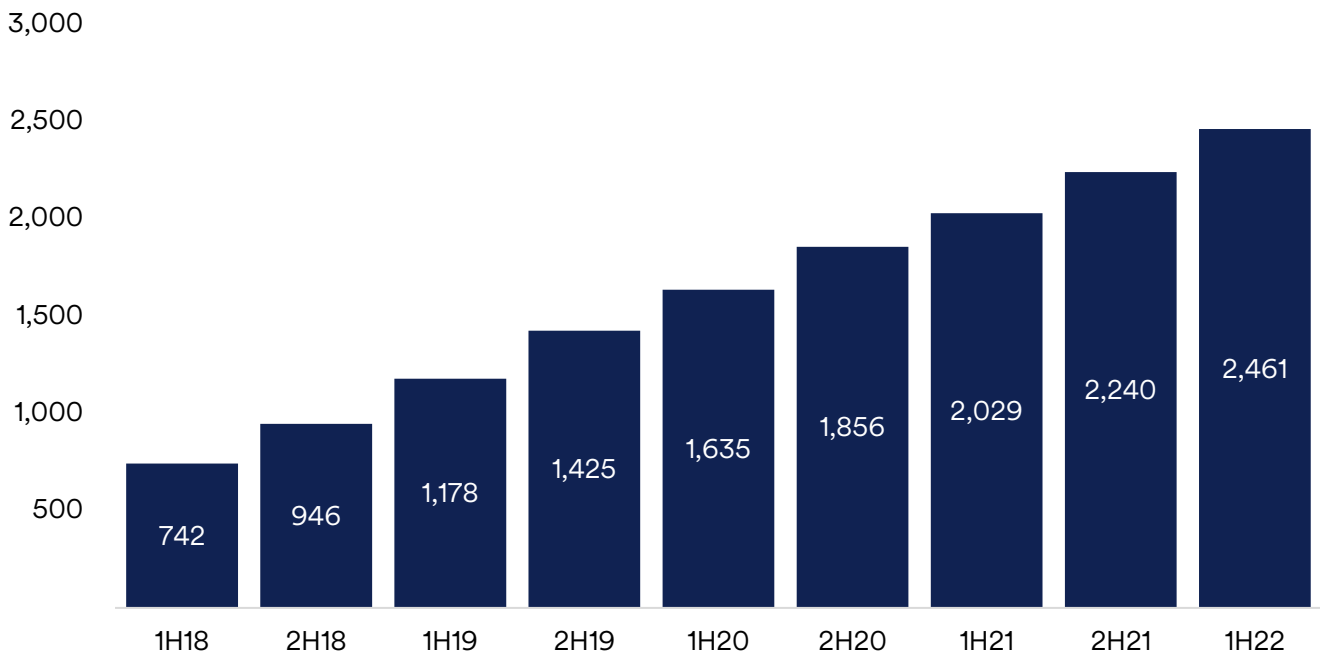


Retention



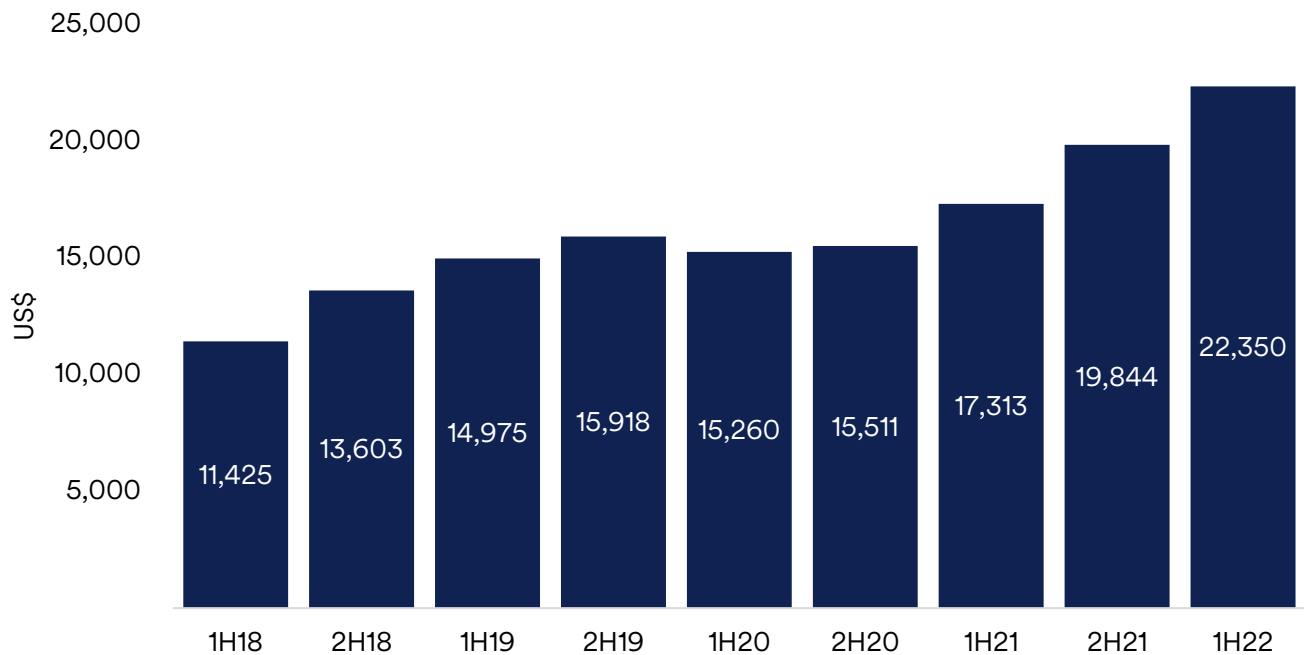
## Subscriptions

Subscriptions grew to 2,461 (30 June 2021: 2,240), demonstrating effective customer acquisition strategies and industry leading retention, with Nearmap establishing itself as the industry leader in content provision served via a subscription business model.



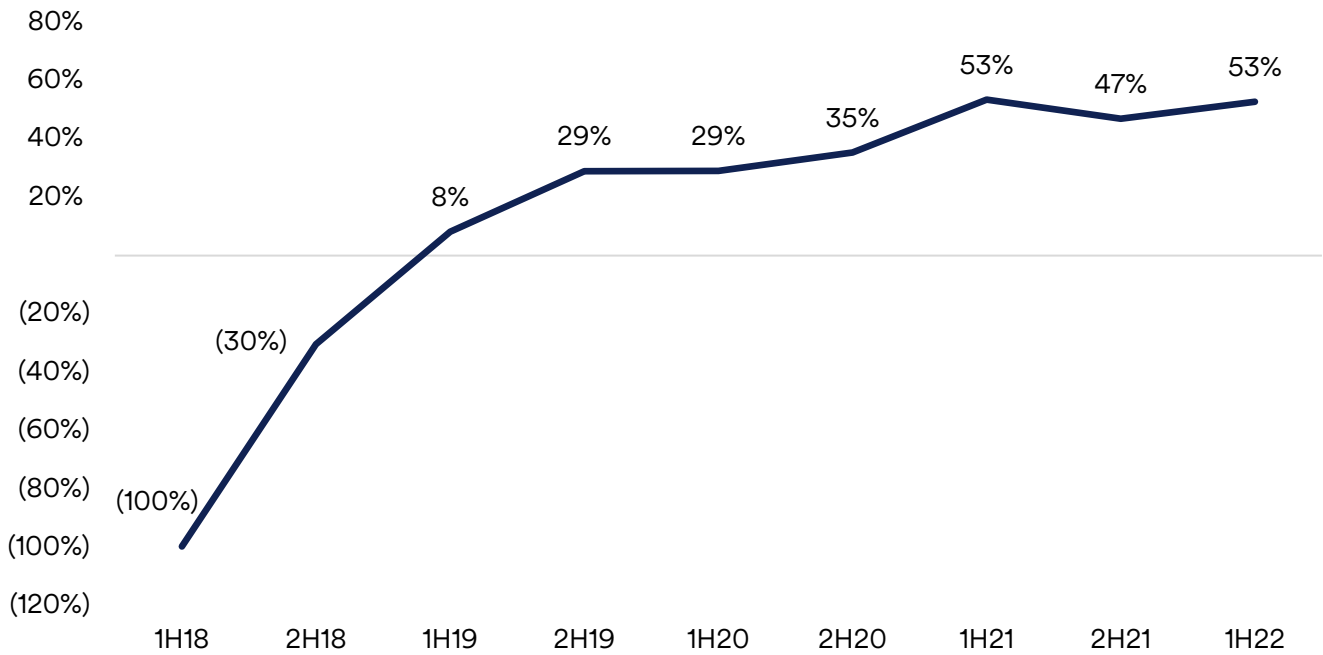
## Average Revenue Per Subscription

ARPS increased to US\$22,350 (30 June 2021: US\$19,844). The strong upward trend highlights the increasing utility customers experience from the expanding set of content types provided by Nearmap.



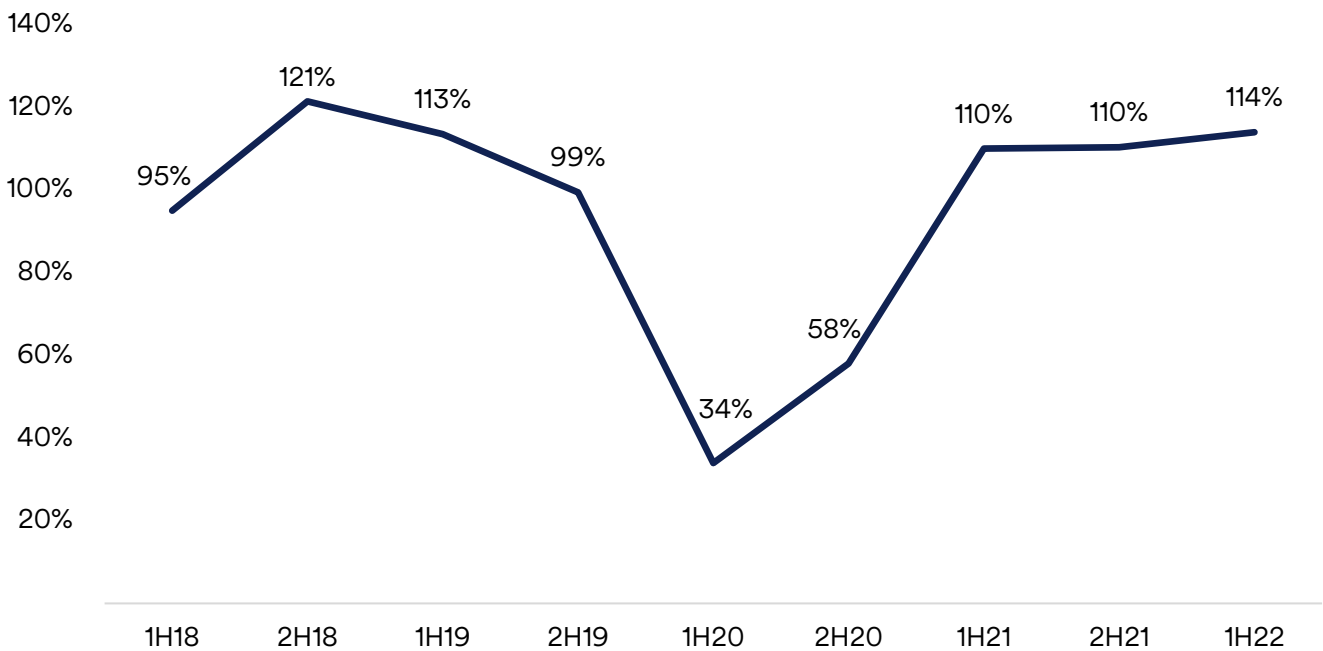
Gross Margin (pre-capitalisation)

Gross Margin (pre-capitalisation) increased to 53%. The operating leverage of the NA business is demonstrated by the growing ACV portfolio, served by a well-defined and growing capture program.

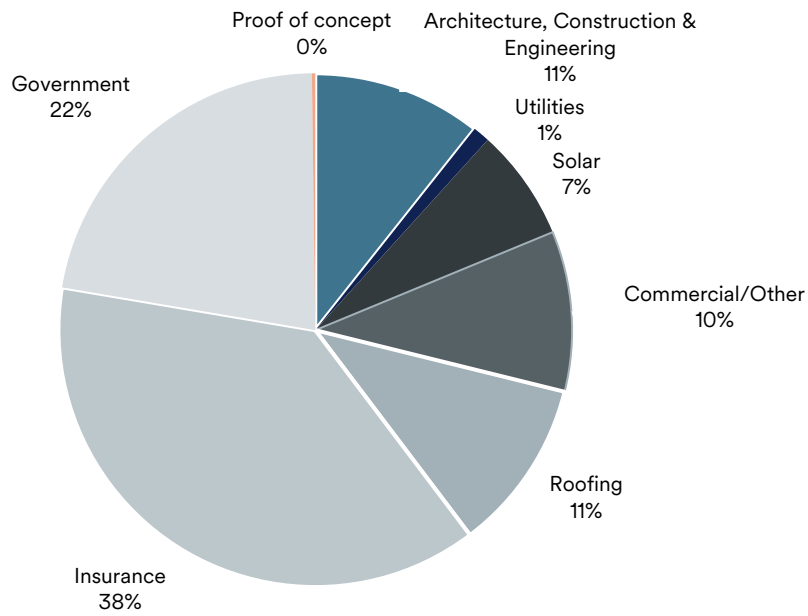


Sales Team Contribution Ratio (pre-capitalisation)

STCR increased to 114% in 1H22 (2H21: 110%), validating the efforts to accelerate investment in key industry verticals.



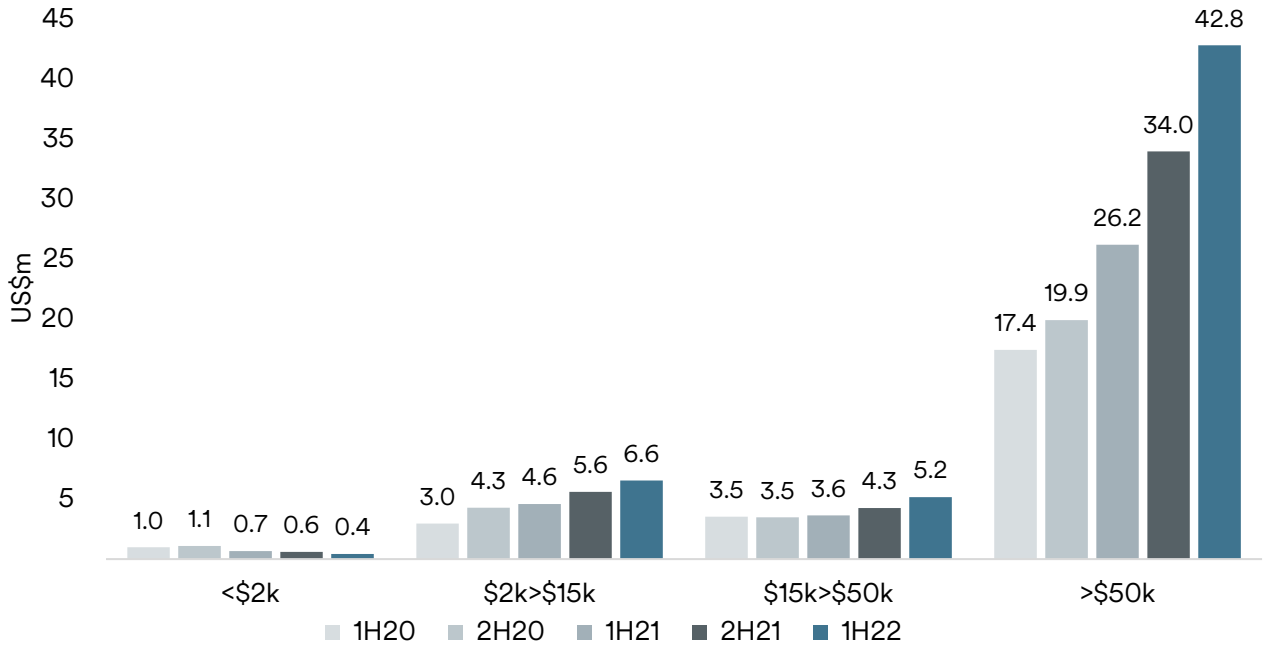
## ACV portfolio at 31 December 2021 by industry segment



The Group's three core industry verticals – Insurance, Roofing and Government – all contributed to the strong 1H22 performance and now comprise 71% of the NA portfolio. Proof of Concept ACV represents an ongoing project with an enterprise customer. The customer continues to consider the opportunity with its own customer base and has downgraded its subscription during the evaluation stage. The outcome of this evaluation stage will determine whether this becomes a longer-term opportunity.

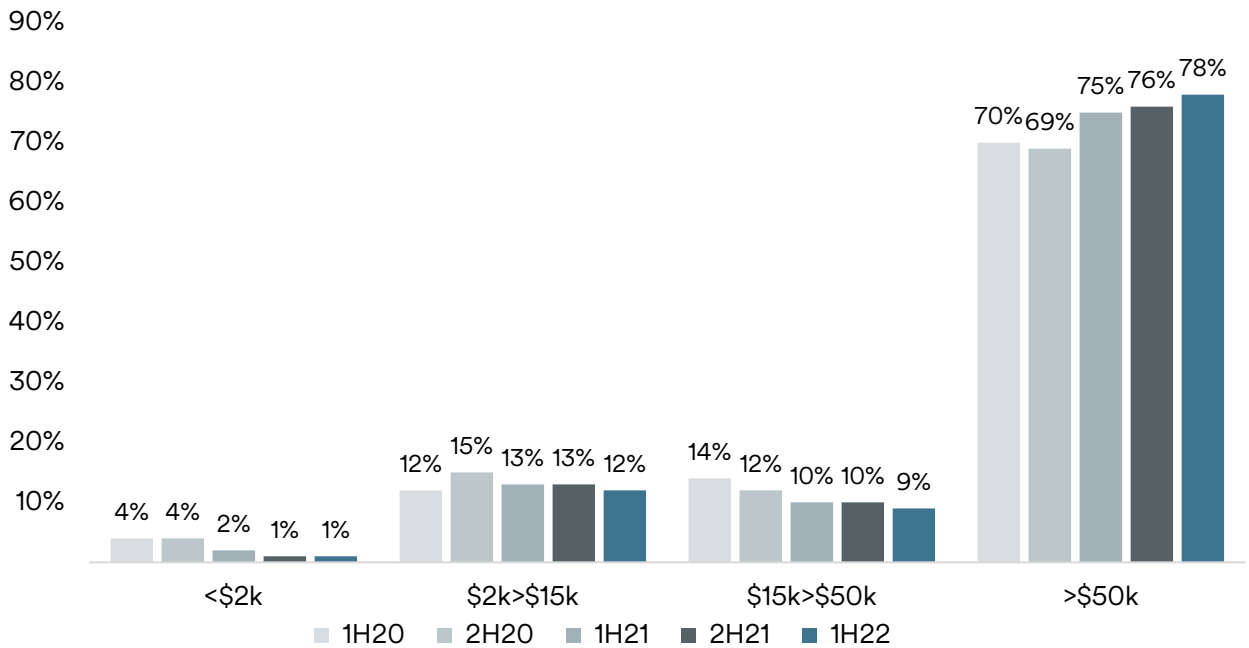


ACV portfolio by subscription size



The chart shows another clear step-change in the Enterprise customer segment during the period, highlighting the inherent value and strategic significance of the Nearmap product suite in the identified core verticals. The focus will remain on growing Enterprise customers whilst also continuing to address the significant opportunity that exists with small to medium businesses.

ACV portfolio by % of total portfolio



## AUSTRALIA & NEW ZEALAND SEGMENT

The ANZ segment is responsible for all sales and marketing efforts in Australia & New Zealand.

A\$'000	1H21	2H21	FY21	1H22	YoY %
<b>Opening ACV</b>	<b>64,490</b>	<b>66,580</b>	<b>64,490</b>	<b>69,085</b>	<b>7%</b>
New business	2,317	3,377	5,694	3,218	39%
Net upsell	2,145	1,703	3,848	1,572	(27%)
Churn	(2,373)	(2,573)	(4,946)	(2,000)	16%
<b>Net incremental</b>	<b>2,089</b>	<b>2,507</b>	<b>4,596</b>	<b>2,790</b>	<b>34%</b>
FX Impact	1	(2)	(1)	4	
<b>Closing ACV</b>	<b>66,580</b>	<b>69,085</b>	<b>69,085</b>	<b>71,879</b>	<b>8%</b>
Retention (%)	94.0%	92.3%	92.3%	93.1%	
<b>Opening subscriptions</b>	<b>8,602</b>	<b>8,756</b>	<b>8,602</b>	<b>9,015</b>	<b>5%</b>
New business	622	752	1,374	643	3%
Churn	(468)	(493)	(961)	(418)	11%
<b>Closing subscriptions</b>	<b>8,756</b>	<b>9,015</b>	<b>9,015</b>	<b>9,240</b>	<b>6%</b>
Closing ARPS (\$)	7,604	7,663	7,663	7,779	2%
Revenue	33,004	32,879	65,883	34,880	6%
Cash costs to capture	(1,702)	(2,089)	(3,791)	(2,154)	(27%)
Storage, administration & other	(598)	(590)	(1,188)	(706)	(18%)
<b>Cost of revenue - pre-capitalisation</b>	<b>(2,300)</b>	<b>(2,679)</b>	<b>(4,979)</b>	<b>(2,860)</b>	<b>(24%)</b>
<b>Gross margin - pre-capitalisation</b>	<b>30,704</b>	<b>30,200</b>	<b>60,904</b>	<b>32,020</b>	<b>4%</b>
Gross margin (%) - pre-capitalisation	93%	92%	92%	92%	
Direct sales and marketing costs	(4,049)	(5,350)	(9,399)	(5,116)	(26%)
Indirect sales and marketing costs	(4,345)	(4,852)	(9,197)	(4,032)	7%
<b>Total sales and marketing costs - pre-capitalisation</b>	<b>(8,394)</b>	<b>(10,202)</b>	<b>(18,596)</b>	<b>(9,148)</b>	<b>(9%)</b>
Sales Team Contribution Ratio (%) - pre-capitalisation	52%	47%	49%	55%	
Segment contribution <sup>1</sup>	21,636	21,502	43,138	23,655	9%
Segment contribution %	66%	65%	65%	68%	

<sup>1</sup> For a reconciliation on the segment contribution, refer to the Segment Performance on page 25.

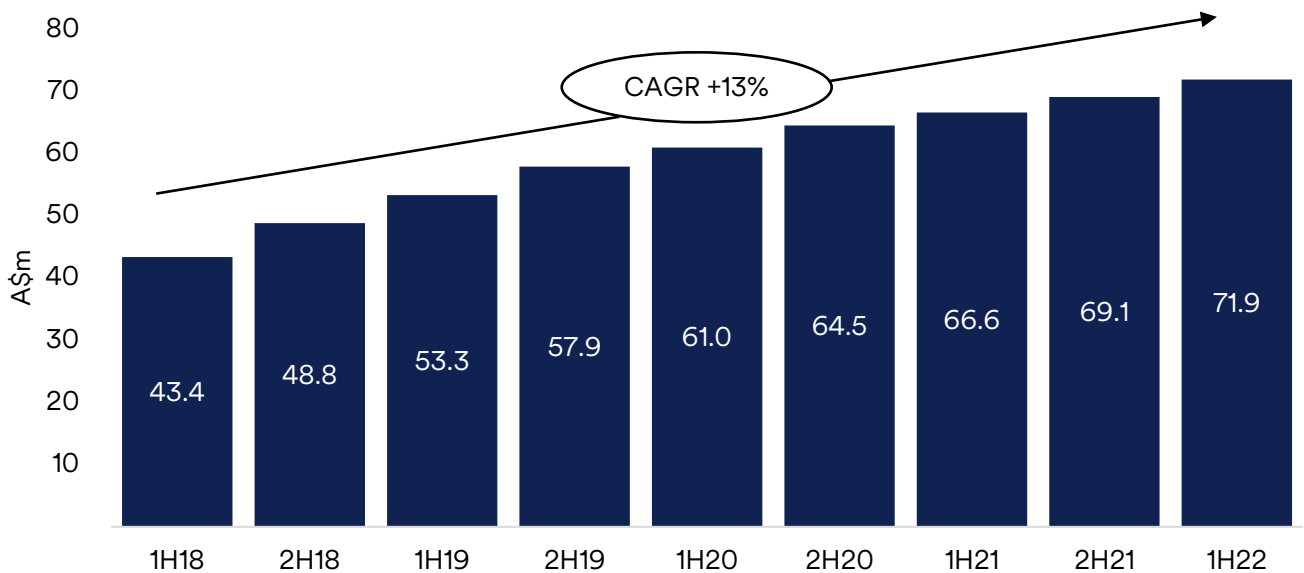
## ANZ ACV portfolio

During 1H22, the ANZ ACV portfolio increased from \$69.1m to \$71.9m. Incremental ACV growth of \$2.8m shows a positive growth trend when compared against the \$2.5m delivered in 2H21 and \$2.1m delivered in the pcp.

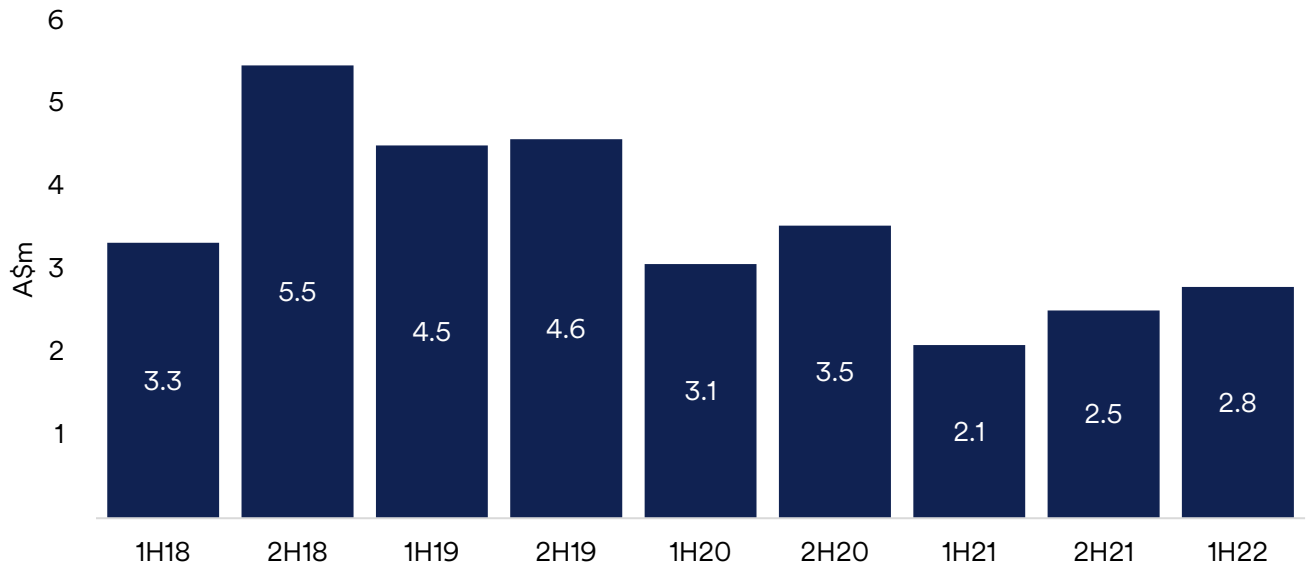
The key components of 1H22 growth were:

- **New business** of \$3.2m shows the continued penetration of the addressable market in Australia and New Zealand and represents a 39% uplift on pcp. The SME and Mid-Market segments continued to perform well, with 1H also seeing a pleasing improvement in the acquisition of enterprise customers.
- **Net upsell** of \$1.6m represents the continued expansion of the existing customer base. Splitting net upsell into its constituent parts, upgrades to existing customer subscriptions remained strong. However, as was also seen in 2H21, 1H performance was impacted by a small number of downgrades to Enterprise accounts, reflecting business restructuring and adverse economic conditions. The rebuild of the Enterprise sales function, including a focus on upselling premium content to existing customers, provides a good opportunity to improve net upsell in future periods.
- **Customer portfolio retention** for the 12 months to 31 December 2021 was 93.1% (FY21: 92.3%). This metric remains strong for the ANZ business, highlighting the deeply embedded nature of Nearmap in customer workflows and the growing relevance to customers of the expanded Nearmap product and content suite.

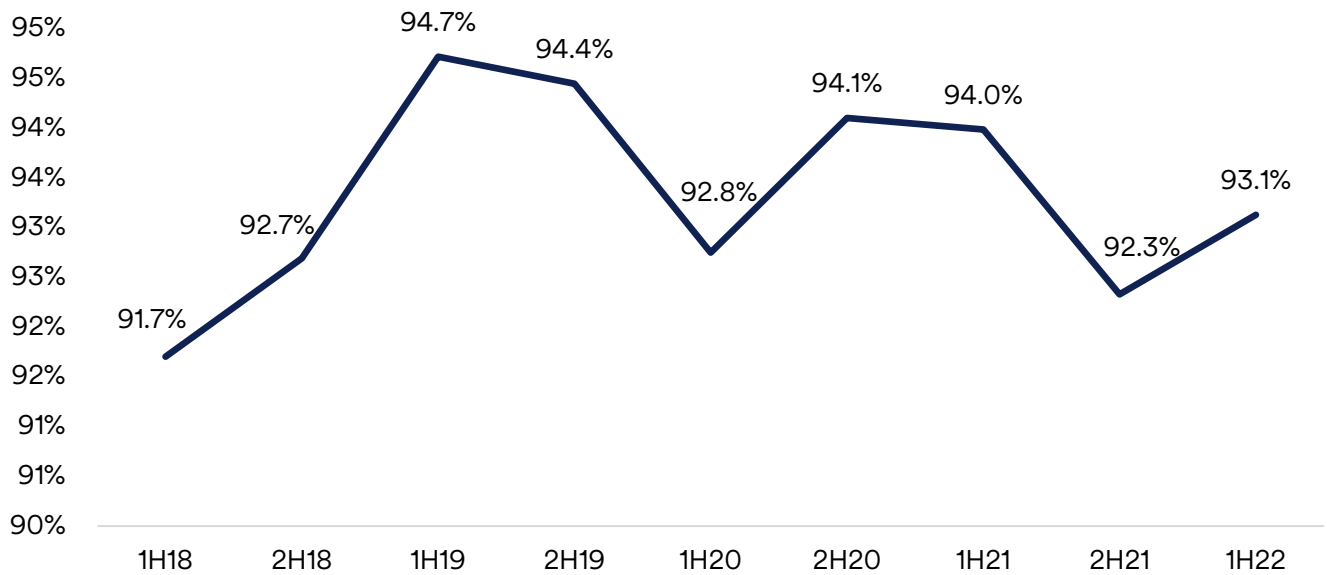
## Annual Contract Value



### Net incremental ACV

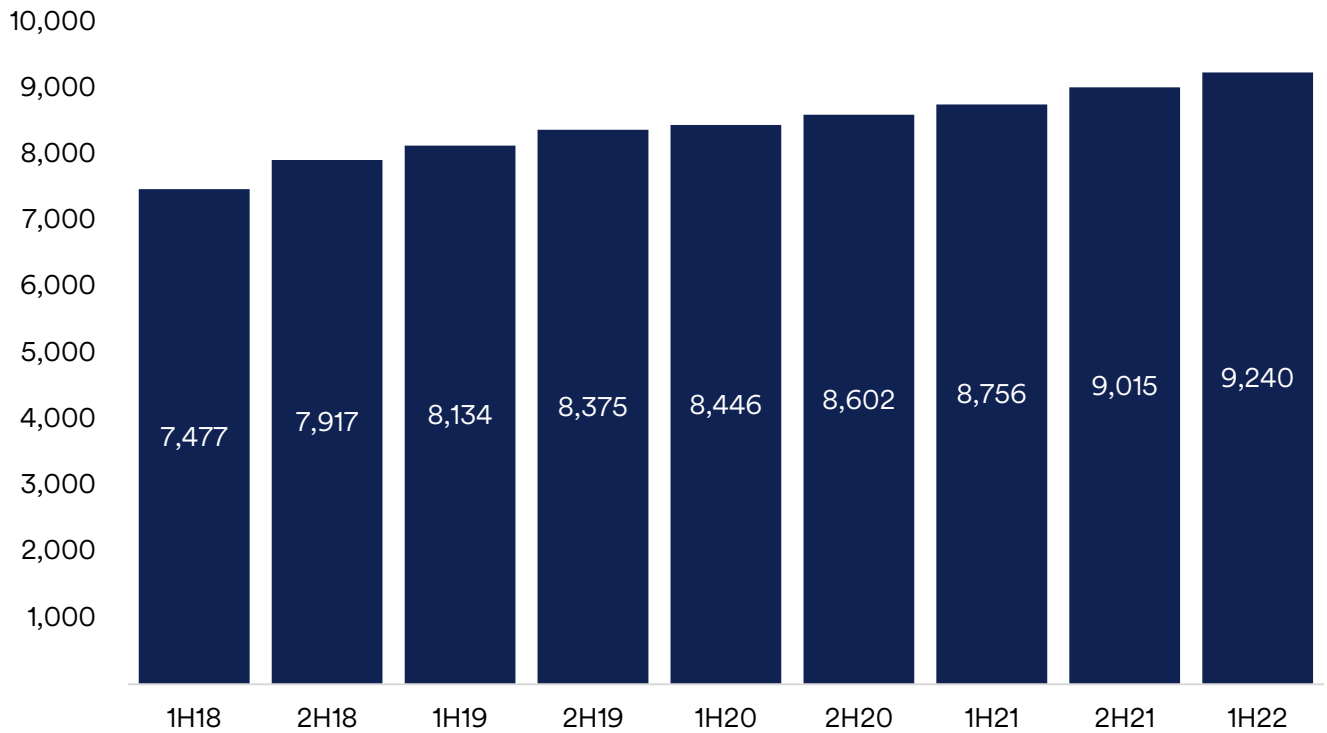


### Retention



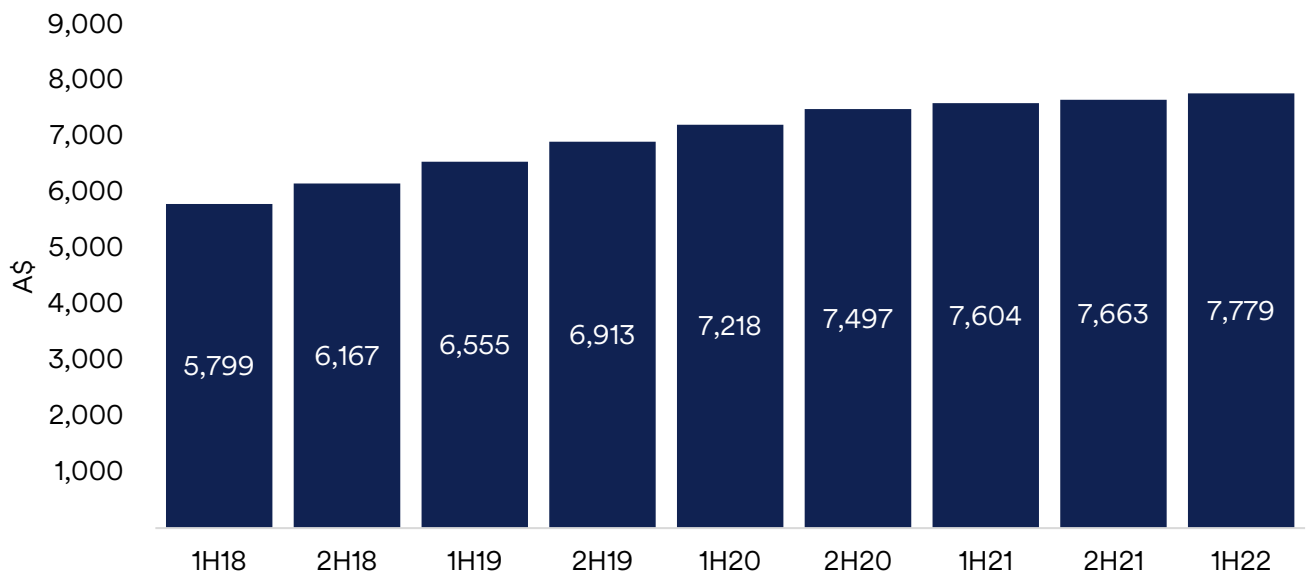
## Subscriptions

Subscriptions increased to 9,240 (30 June 2021: 9,015), highlighting the continued effectiveness of customer acquisition strategies across Sales and Marketing over the period.



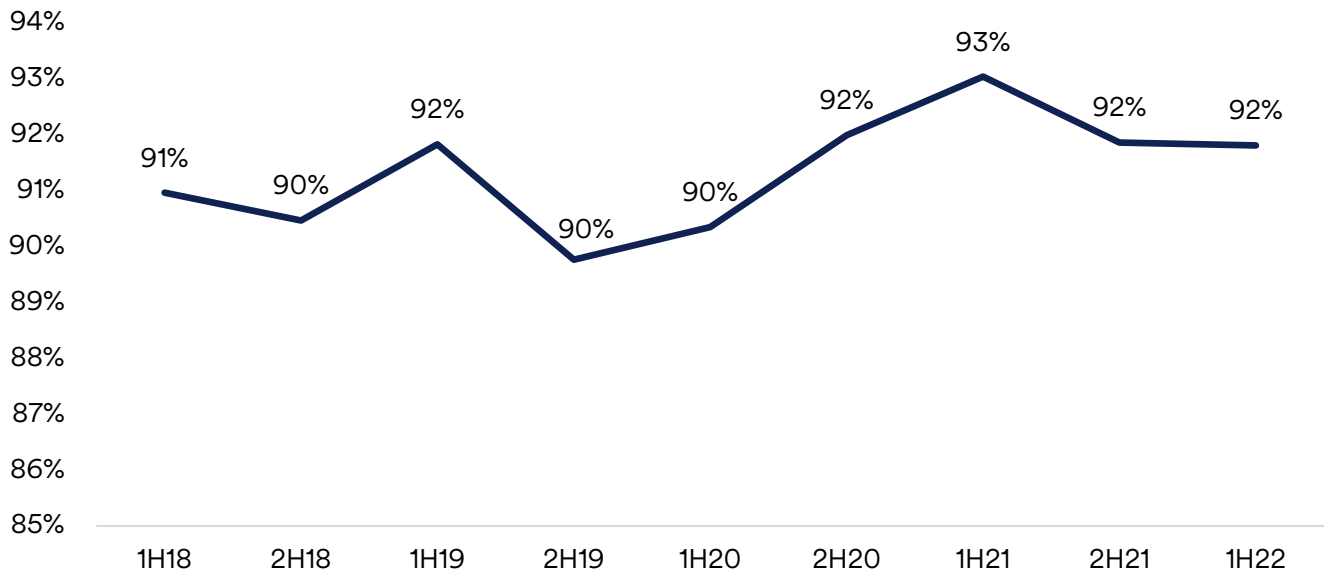
## Average Revenue Per Subscription

ARPS increased to \$7,779 (30 June 2021: \$7,663). The upward trend in this metric highlights the increased utility and economic value that the expanded content types bring to both new and existing customers, with the opportunity to penetrate more deeply into both customer segments.



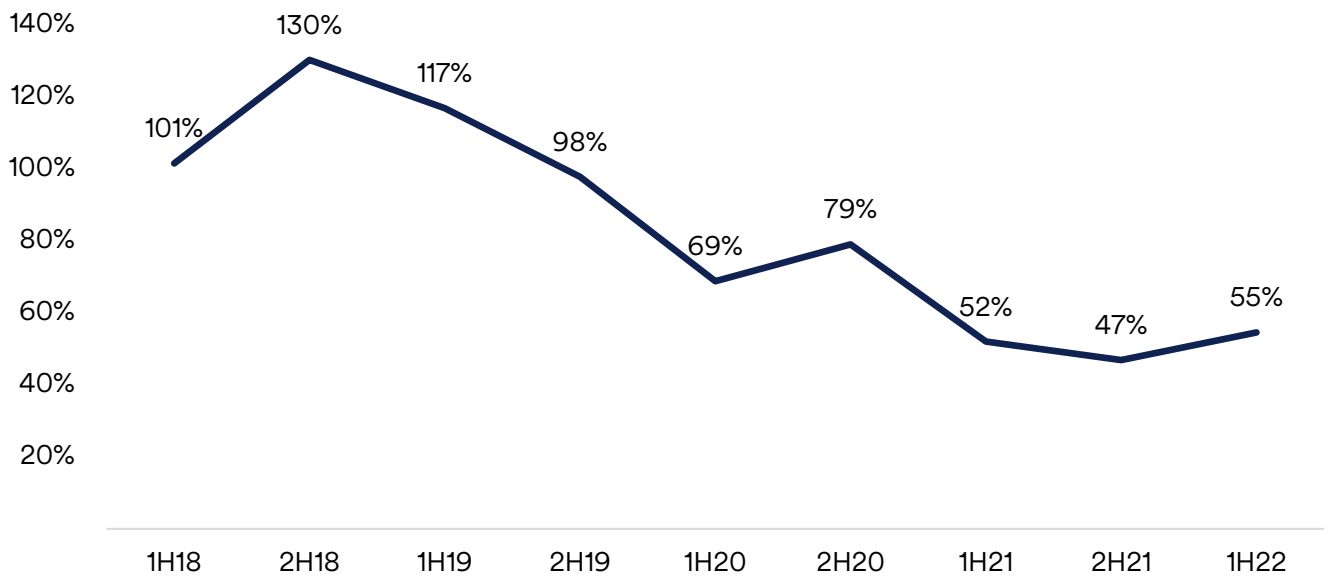
### Gross Margin (pre-capitalisation)

Gross Margin (pre-capitalisation) remains above 90%, reflecting the operating leverage of a growing revenue base against a consistent capture program.

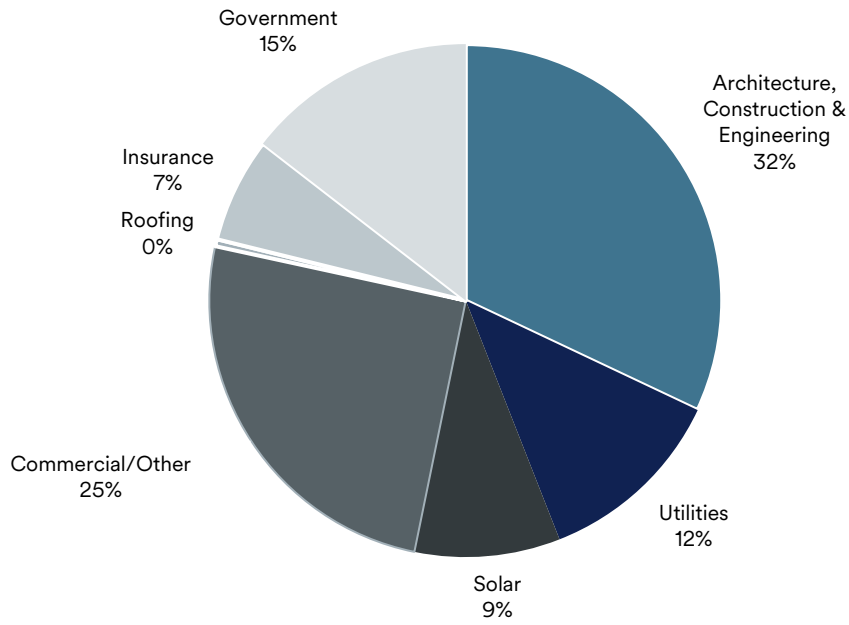


### Sales Team Contribution Ratio (pre-capitalisation)

STCR increased to 55% in 1H22 (2H21: 47%), an increase on pcp and with further improvements expected.

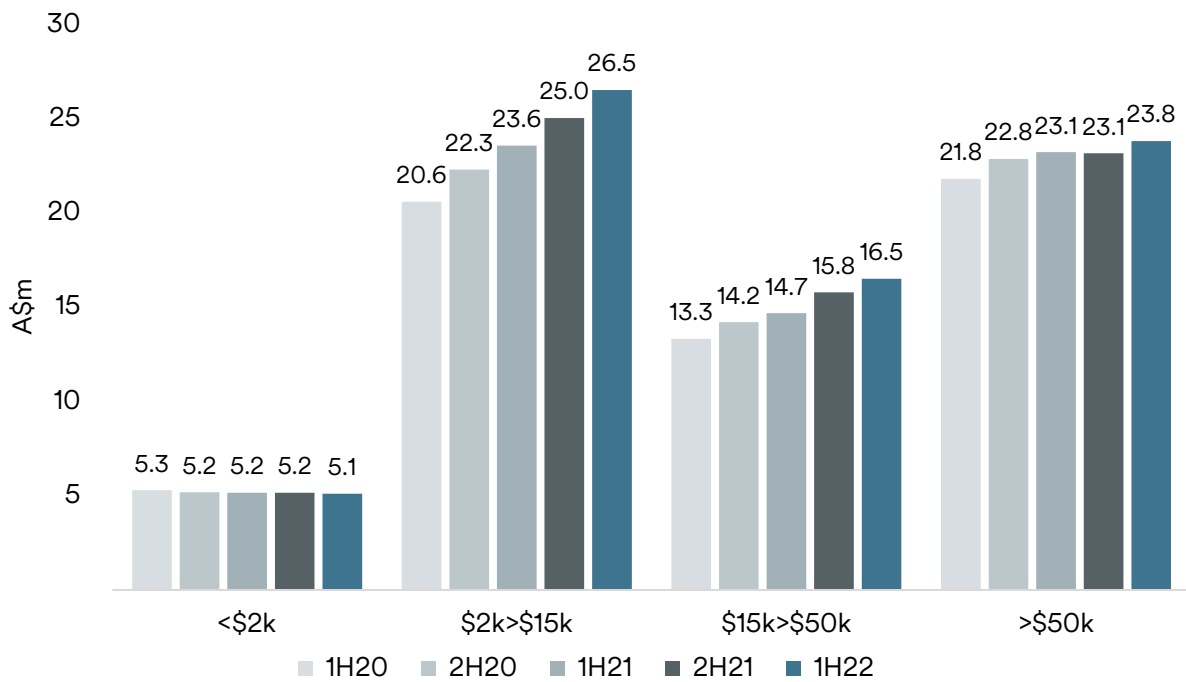


ACV portfolio at 31 December 2021 by industry segment

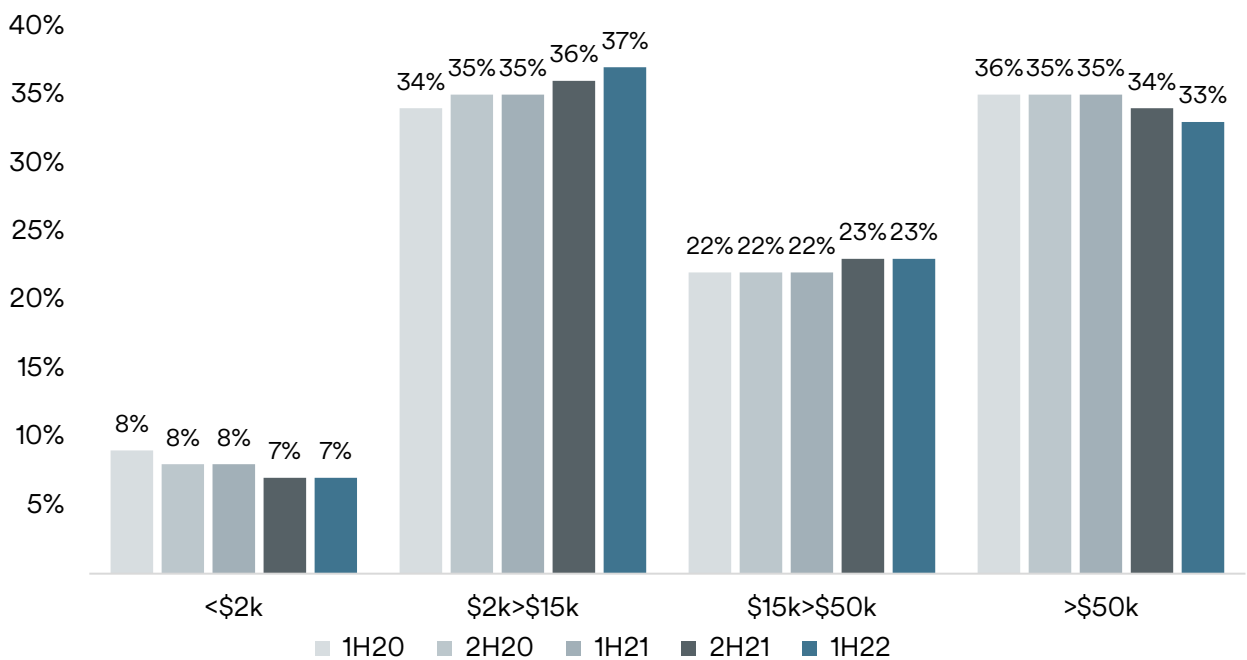


Portfolio diversification is consistent with prior periods across the Group's core industry verticals.

ACV portfolio by subscription size



ACV portfolio by % of total portfolio



The ACV portfolio is diversified across a range of businesses in size, with subscriptions to small and medium businesses (subscriptions below \$15,000 p.a.) representing 44% of the portfolio at 31 December 2021, and those to Enterprise customers (subscriptions greater than \$15,000 p.a.) totalling 56%.



## SEGMENT PERFORMANCE

The segment results for the business for 1H22 (with 1H21 as a comparative) as reported in the Appendix 4D Interim Financial Report for the year ended 31 December 2021 are set out in the tables below, with individual segment operational performance set out further in the pages following.

The NA segment discussion is presented in USD, and these USD results have been converted to AUD at the applicable exchange rates for each period.

### Segment Performance

A\$'000	ANZ	1H22 NA	Total	US\$'000 NA
Revenue	34,880	32,670	67,550	23,848
<b>Total revenue</b>	<b>34,880</b>	<b>32,670</b>	<b>67,550</b>	<b>23,848</b>
Capture cost amortisation	(2,014)	(9,021)	(11,035)	(6,603)
Storage, administration & other	(706)	(4,628)	(5,334)	(3,387)
<b>Total cost of revenue</b>	<b>(2,720)</b>	<b>(13,649)</b>	<b>(16,369)</b>	<b>(9,990)</b>
<b>Gross profit</b>	<b>32,160</b>	<b>19,021</b>	<b>51,181</b>	<b>13,858</b>
<b>Gross margin %</b>	<b>92%</b>	<b>58%</b>	<b>76%</b>	<b>58%</b>
Direct sales & marketing	(4,340)	(9,082)	(13,422)	(6,642)
Indirect sales & marketing	(3,810)	(2,358)	(6,168)	(1,751)
Contract acquisition costs amortisation	(355)	(1,142)	(1,497)	(834)
<b>Total sales &amp; marketing cost</b>	<b>(8,505)</b>	<b>(12,582)</b>	<b>(21,087)</b>	<b>(9,227)</b>
<b>Segment contribution</b>	<b>23,655</b>	<b>6,439</b>	<b>30,094</b>	<b>4,631</b>
General & administration			(31,968)	
Unallocated depreciation and amortisation			(11,505)	
Other income			268	
Interest expense			(184)	
Foreign exchange			83	
<b>Loss before tax</b>			<b>(13,212)</b>	
Income tax benefit			1,278	
<b>Loss after tax</b>			<b>(11,934)</b>	

**General & administration** costs reflect corporate costs and costs associated with product, engineering and technology that are not specifically allocated to a segment. However, with the current and future growth opportunities greater in North America, the majority of these costs are incurred in support of scaling the North America segment.

A\$'000	1H21			US\$'000
	ANZ	NA	Total	NA
Revenue	33,004	21,714	54,718	15,693
<b>Total revenue</b>	<b>33,004</b>	<b>21,714</b>	<b>54,718</b>	<b>15,693</b>
Capture cost amortisation	(2,376)	(10,079)	(12,455)	(7,276)
Storage, administration & other	(598)	(3,655)	(4,253)	(2,641)
<b>Total cost of revenue</b>	<b>(2,974)</b>	<b>(13,734)</b>	<b>(16,708)</b>	<b>(9,917)</b>
<b>Gross profit</b>	<b>30,030</b>	<b>7,980</b>	<b>38,010</b>	<b>5,776</b>
<b>Gross margin %</b>	<b>91%</b>	<b>37%</b>	<b>69%</b>	<b>37%</b>
Direct sales & marketing	(4,049)	(7,895)	(11,944)	(5,741)
Indirect sales & marketing	(4,345)	(4,716)	(9,061)	(3,426)
Contract acquisition costs amortisation	-	-	-	-
<b>Total sales &amp; marketing cost</b>	<b>(8,394)</b>	<b>(12,611)</b>	<b>(21,005)</b>	<b>(9,167)</b>
<b>Segment contribution</b>	<b>21,636</b>	<b>(4,631)</b>	<b>17,005</b>	<b>(3,391)</b>
General & administration			(16,430)	
Unallocated depreciation and amortisation			(10,500)	
Other income			694	
Interest expense			(301)	
Foreign exchange			(1,273)	
<b>Loss before tax</b>			<b>(10,805)</b>	
Income tax benefit			1,419	
<b>Loss after tax</b>			<b>(9,386)</b>	

## TECHNOLOGY AND PRODUCT

A\$'000	1H21	2H21	FY21	1H22	YoY %
<b>Technology &amp; product</b>					
Development capex	(6,132)	(6,257)	(12,389)	(9,746)	(59%)
Maintenance opex	(8,082)	(9,529)	(17,611)	(14,306)	(77%)
<b>Total</b>	<b>(14,214)</b>	<b>(15,786)</b>	<b>(30,000)</b>	<b>(24,052)</b>	<b>(69%)</b>
Development technology & product spend as % of revenue	11.2%	10.7%	10.9%	14.4%	
<b>Net investing activities</b>					
Development capex	(6,132)	(6,257)	(12,389)	(9,746)	(59%)
Corporate capex	(222)	(894)	(1,116)	(624)	(181%)
<b>Total</b>	<b>(6,354)</b>	<b>(7,151)</b>	<b>(13,505)</b>	<b>(10,370)</b>	<b>(63%)</b>

**Development expenditure** represents cash costs incurred in the construction of new camera systems and capitalised development costs of software and systems. These amounts are capitalised to the respective balance sheet assets and amortised over the applicable useful lives of those assets (3-5 years). Technology and Product spend as a proportion of revenue increased to 14% in 1H22.

**Maintenance expenditure** represents the cash cost of servicing existing software and camera systems.

## CONSOLIDATED STATUTORY PROFIT OR LOSS

A\$'000	1H21	2H21	FY21	1H22	YoY %
Revenue	54,718	58,713	113,431	67,550	23%
Interest income	187	350	537	236	26%
Other income	507	7	514	32	(94%)
<b>Total revenue</b>	<b>55,412</b>	<b>59,070</b>	<b>114,482</b>	<b>67,818</b>	<b>22%</b>
<b>Expenses</b>					
Employee benefits expense	(29,051)	(29,578)	(58,629)	(35,896)	(24%)
Amortisation and depreciation	(22,955)	(22,157)	(45,112)	(24,037)	(5%)
Other operational expenses	(12,637)	(18,370)	(31,007)	(20,996)	(66%)
<b>Total expenses</b>	<b>(64,643)</b>	<b>(70,105)</b>	<b>(134,748)</b>	<b>(80,929)</b>	<b>(25%)</b>
<b>Net finance (costs)/income</b>	<b>(1,574)</b>	<b>(615)</b>	<b>(2,189)</b>	<b>(101)</b>	<b>94%</b>
<b>(Loss)/profit before tax</b>	<b>(10,805)</b>	<b>(11,650)</b>	<b>(22,455)</b>	<b>(13,212)</b>	<b>(22%)</b>
Income tax (expense)/benefit	1,419	2,216	3,635	1,278	(10%)
<b>Loss after tax</b>	<b>(9,386)</b>	<b>(9,434)</b>	<b>(18,820)</b>	<b>(11,934)</b>	<b>(27%)</b>

The results are extracted from the consolidated statement of comprehensive income.

**Revenue** – Revenue increased 22% pcp to \$67.8m (2H21: \$59.1m), reflecting the growth of the subscription ACV portfolio in both ANZ and NA.

**Interest income** – Interest income represents interest earned by the company on its cash deposit holdings.

**Other income** – Other income represents a gain on the sale of an unlisted investment.

**Expenses** – Key expense categories represent:

- Employee benefits expense represents the direct and indirect costs of employing Nearmap employees and Directors, including non-cash share-based payments expense. These costs in 1H22 were \$35.9m (2H21: \$29.6m), reflecting the increase in headcount to support the continued growth of the business.
- Amortisation and depreciation reflect the expense applied to the Group's tangible and intangible assets.
- Other operational expenses represent other costs incurred by the Group in the scaling of its operations, including flight capture costs, cloud-based processing and storage costs, administrative costs, litigation fees and other corporate expenses.

**Tax** – Tax benefit for the period was \$1.3m. The tax benefits for 1H22 are largely driven by the deferred tax benefit recognised on temporary differences between accounting and tax bases. \$1.9m of deferred tax benefit was recognised in the US, mainly relating to temporary difference on unearned revenue, which was offset by \$0.7m deferred tax expense on to temporary difference on intangible assets in AU. As of 31 December 2021, the Group has unrecognised deferred tax asset of \$7,868 thousand in respect of US tax losses, \$8,144 thousand in respect of Australian tax losses, and \$1,714 thousand in respect of unused Australian R&D credits as at 31 December 2021.

A\$'000	1H21	2H21	FY21	1H22
<b>Total profit/(loss) before tax</b>	<b>(10,805)</b>	<b>(11,650)</b>	<b>(22,455)</b>	<b>(13,212)</b>
Prima facie tax benefit at 30%	3,242	3,494	6,736	3,964
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Effect of lower tax rate in the US	(853)	1,081	228	36
Share based payments expense	(1,502)	(521)	(2,023)	(894)
Entertainment expenses	9	(31)	(22)	(96)
Recognition of previously unrecognised deductible temporary differences	-	(81)	(81)	-
Current year losses and unused R&D tax credits for which no deferred tax asset is recognised	(809)	(3,802)	(4,611)	(3,886)
Over provision in the prior year	1,332	(37)	1,295	-
Utilisation of tax losses not previously recognised	-	2,113	2,113	2,154
<b>Current year tax benefit/(expense)</b>	<b>1,419</b>	<b>2,216</b>	<b>3,635</b>	<b>1,278</b>

#### Reconciliation of statutory net loss after tax to EBIT & EBITDA

A\$'000	1H21	2H21	FY21	1H22	YoY %
Loss after tax	(9,386)	(9,434)	(18,820)	(11,934)	(27%)
Income tax	(1,419)	(2,216)	(3,635)	(1,278)	10%
Interest income	(187)	(350)	(537)	(236)	(26%)
Interest expense	301	234	535	184	(39%)
Foreign exchange	1,273	381	1,654	(83)	<100%
<b>EBIT</b>	<b>(9,418)</b>	<b>(11,385)</b>	<b>(20,803)</b>	<b>(13,347)</b>	<b>(42%)</b>
Amortisation & depreciation	22,955	22,157	45,112	24,037	5%
<b>EBITDA</b>	<b>13,537</b>	<b>10,772</b>	<b>24,309</b>	<b>10,690</b>	<b>(21%)</b>

## CONSOLIDATED BALANCE SHEET

A\$'000	31 Dec 20	30 Jun 21	31 Dec 21
<b>Current assets</b>			
Cash and cash equivalents	129,323	123,431	109,762
Trade receivables	22,697	23,855	35,076
Other current receivables	4,728	5,485	4,885
Prepayments and other current assets	5,484	6,260	5,352
Current tax receivable	-	147	277
<b>Total current assets</b>	<b>162,232</b>	<b>159,178</b>	<b>155,352</b>
<b>Non-current assets</b>			
Property, plant and equipment	28,641	25,095	23,012
Intangible assets	42,613	49,269	57,196
Deferred tax assets	5,761	5,767	8,096
Other non-current receivables	427	370	443
<b>Total non-current assets</b>	<b>77,442</b>	<b>80,501</b>	<b>88,747</b>
<b>Total assets</b>	<b>239,674</b>	<b>239,679</b>	<b>244,099</b>
<b>Current liabilities</b>			
Trade and other payables	6,823	7,612	8,193
Unearned revenue	50,076	55,837	68,389
Employee benefits	10,083	11,775	10,581
Lease liabilities	4,339	4,681	4,836
Other current liabilities	1,004	38	98
Current tax liabilities	1,804	-	-
<b>Total current liabilities</b>	<b>74,129</b>	<b>79,943</b>	<b>92,097</b>
<b>Non-current liabilities</b>			
Unearned revenue	901	945	962
Deferred tax liabilities	7,739	8,240	8,870
Employee benefits	489	602	632
Lease liabilities	7,519	5,145	3,265
Other non-current liabilities	2,123	2,150	2,188
<b>Total non-current liabilities</b>	<b>18,771</b>	<b>17,082</b>	<b>15,917</b>
<b>Total liabilities</b>	<b>92,900</b>	<b>97,025</b>	<b>108,014</b>
<b>Net assets</b>	<b>146,774</b>	<b>142,654</b>	<b>136,085</b>
<b>Equity</b>			
Contributed equity	221,343	224,192	226,279
Reserves	23,641	26,106	29,384
Profits reserve	7,078	7,078	7,078
Accumulated losses	(105,288)	(114,722)	(126,656)
<b>Total equity</b>	<b>146,774</b>	<b>142,654</b>	<b>136,085</b>

Key balance sheet items represent:

**Cash** – The Group’s cash balance decreased to \$109.8m (30 June 2021: \$123.4m). \$9.1m of cash consumed through normal business operations as disciplined cash management maintained during a period of investment. An additional \$4.5m was paid in relation to the litigation in the Utah District Court.

**Trade receivables** – Amounts outstanding from customers were \$35.1m (30 June 2021: \$23.9m). The increase reflects the continued growth in ACV during 1H22 and the timing of contract wins/renewals. There were improvements to both the cash collection cycle and debtor ageing profile during the period.

**Prepayments and other current assets** – The decrease in this balance of \$0.9m vs 30 June 2021 represent a decrease in general prepayments.

**Plant and equipment and intangible assets** – These balances represent fixed assets, camera assets, capitalised development costs, capitalised capture costs, contract acquisition costs, right-of-use assets and intellectual property.

**Unearned revenue** – Unearned revenue is recognised when the value of billings to date exceeds the transaction price allocated to the satisfied performance obligations. The Group primarily bills and collects payments from customers for services in advance on an annual basis, however, a small group of customers are invoiced quarterly or bi-annually. The Group initially records subscription fees as unearned revenue and then recognises revenue as performance obligations are satisfied over the subscription period.

**Employee benefits** – Employee benefits decreased by \$1.2m vs 30 June 2021 primarily due to a reduction in bonus accrual due to timing (6-month accrual vs a 12-month accrual).

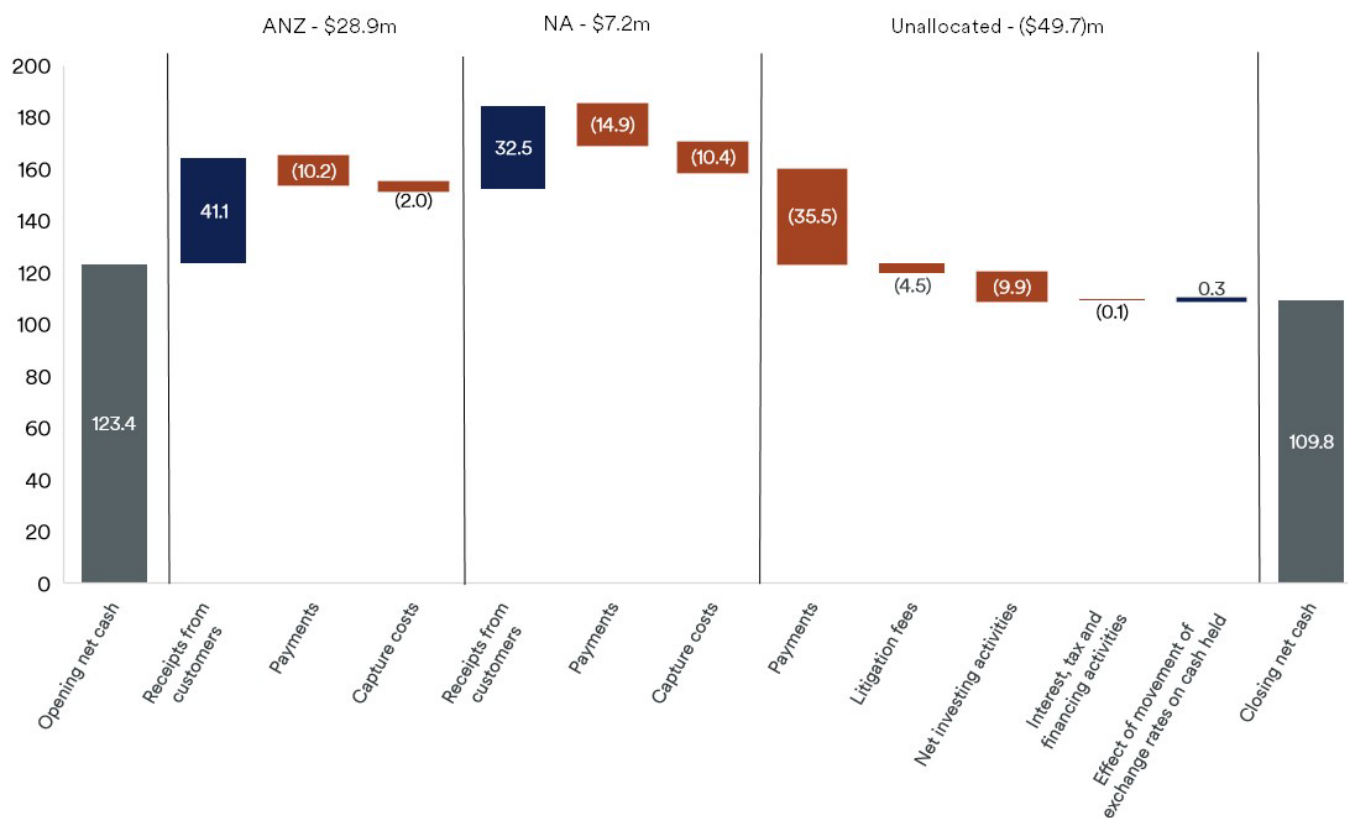
#### Financing

At 31 December 2021, Nearmap did not have any debt facilities in a place other than corporate credit card facilities. Funding for the Group’s operations is provided by the cash inflows from the Group’s sales operations, interest on the Group’s cash holdings and the Group’s internal cash resources.

## CONSOLIDATED OPERATING CASH FLOWS

A\$'000	1H21	2H21	FY21	1H22	YoY %
Receipts from customers	58,119	65,645	123,764	73,564	27%
Payments to suppliers and employees	(37,173)	(55,163)	(92,336)	(65,129)	(75%)
Interest received	56	131	187	579	>100%
Income taxes received/(paid)	(1,363)	792	(571)	(366)	73%
<b>Net cash used in operating activities</b>	<b>19,639</b>	<b>11,405</b>	<b>31,044</b>	<b>8,648</b>	<b>(56%)</b>
<b>Net cash used in investing activities</b>	<b>(17,458)</b>	<b>(18,180)</b>	<b>(35,638)</b>	<b>(22,296)</b>	<b>(28%)</b>
<b>Net cash flows from financing activities</b>	<b>91,546</b>	<b>510</b>	<b>92,056</b>	<b>(347)</b>	<b>&lt;100%</b>
<b>Effect of movement of exchange rates on cash held</b>	<b>(544)</b>	<b>373</b>	<b>(171)</b>	<b>326</b>	<b>&gt;100%</b>
<b>Total movement</b>	<b>93,183</b>	<b>(5,892)</b>	<b>87,291</b>	<b>(13,669)</b>	<b>&lt;100%</b>

### Cash flow waterfall





Key components of the 1H22 cash flows represent:

**ANZ** – The ANZ segment generated free cash flows of \$28.9m (2H21: \$20.2m), with cash receipts of \$41.1m offset by payments of \$12.2m for sales and marketing expenses, capture costs and related net GST payments.

**NA** – The NA segment generated free cash flows of \$7.2m (2H21: (\$3.8m)), with cash receipts of \$32.5m offset by payments of \$25.3m on sales and marketing expenses, capture costs and related sales tax remittances.

**Unallocated** – The Unallocated segment consumed cash flows of \$49.7m, reflecting:

- Payments for general and administrative costs of \$35.5m, which relate to Storage, Administration & Other (relating to the capture program), expensed Technology & Product costs, and Corporate expenses. Refer to the pre-capitalised segment note on page 34 for a breakdown of these costs (noting that this segment note reflects P&L movements whereas the cashflow waterfall is a reflection of cash payments).
- Litigation fees of \$4.5m.
- Net investing activities consist of the following:
  - o Payments for development costs \$ 7.7m
  - o Purchase of plant and equipment \$ 2.2m
- Net outflows of \$0.1m in interest, tax, lease payments and options exercised.

## APPENDICES

### Foreign exchange rates

The following exchange rates were applied during each period.

	Currency	1H21	2H21	FY21	1H22
Average rate	USD	<b>0.7230</b>	0.7717	0.7473	<b>0.7319</b>
Period end spot rate	USD	<b>0.7702</b>	0.7518	0.7518	<b>0.7256</b>
Average rate	NZD	<b>1.0174</b>	1.0756	1.0742	<b>1.0487</b>
Period end spot rate	NZD	<b>1.0665</b>	1.0745	1.0745	<b>1.0628</b>
Average rate	CAD	<b>0.9540</b>	0.9627	0.9583	<b>0.9219</b>
Period end spot rate	CAD	<b>0.9818</b>	0.9318	0.9318	<b>0.9245</b>

### Pre-capitalisation segment note

A\$'000	1H21			1H22			YoY %
	ANZ	NA	Group	ANZ	NA	Group	
Revenue	33,004	21,714	54,718	34,880	32,670	67,550	23%
<b>Total revenue</b>	<b>33,004</b>	<b>21,714</b>	<b>54,718</b>	<b>34,880</b>	<b>32,670</b>	<b>67,550</b>	<b>23%</b>
<b>Cost of sales (pre-capitalisation)</b>							
Cash costs to capture	(1,731)	(6,735)	(8,466)	(2,154)	(10,774)	(12,928)	(53%)
Storage, administration & other	(598)	(3,655)	(4,253)	(706)	(4,628)	(5,334)	(25%)
<b>Total cost of sales</b>	<b>(2,329)</b>	<b>(10,390)</b>	<b>(12,719)</b>	<b>(2,860)</b>	<b>(15,402)</b>	<b>(18,262)</b>	<b>(44%)</b>
<b>Gross profit (pre-capitalisation)</b>	<b>30,675</b>	<b>11,324</b>	<b>41,999</b>	<b>32,020</b>	<b>17,268</b>	<b>49,288</b>	<b>17%</b>
<b>Gross margin % (pre-capitalisation)</b>	<b>93%</b>	<b>52%</b>	<b>77%</b>	<b>92%</b>	<b>53%</b>	<b>73%</b>	
<b>Sales &amp; marketing (pre-capitalisation)</b>							
Direct sales & marketing	(4,049)	(7,895)	(11,944)	(5,116)	(12,701)	(17,817)	(49%)
Indirect sales & marketing	(4,345)	(4,716)	(9,061)	(4,032)	(3,115)	(7,147)	21%
<b>Total sales &amp; marketing costs</b>	<b>(8,394)</b>	<b>(12,611)</b>	<b>(21,005)</b>	<b>(9,148)</b>	<b>(15,816)</b>	<b>(24,964)</b>	<b>(19%)</b>
<b>Segment contribution (pre-capitalisation)</b>	<b>22,281</b>	<b>(1,287)</b>	<b>20,994</b>	<b>22,872</b>	<b>1,452</b>	<b>24,324</b>	<b>16%</b>
Technology & product expensed			(8,082)			(14,306)	(77%)
Technology & product development costs <sup>1</sup>			(5,839)			(8,394)	(44%)
<b>Total technology &amp; product costs <sup>2</sup></b>			<b>(13,921)</b>			<b>(22,700)</b>	<b>(63%)</b>
Corporate expensed			(8,348)			(17,662)	(112%)
Corporate development costs			-			-	
<b>Total corporate costs</b>			<b>(8,348)</b>			<b>(17,662)</b>	<b>(112%)</b>
Camera units <sup>1</sup>			(293)			(1,352)	<100%
Corporate capex			(222)			(624)	<100%
<b>Total capex costs</b>			<b>(515)</b>			<b>(1,976)</b>	<b>&lt;100%</b>
Other income			694			268	(61%)
Cash receipts from unearned income			3,651			12,569	>100%
Capital raise net proceeds			92,728			-	
Other items			(2,100)			(8,492)	<100%
<b>Net increase/(decrease) in cash</b>			<b>93,183</b>			<b>(13,669)</b>	<b>&lt;100%</b>

<sup>1</sup> \$0.2m of employment costs in 1H22 are capitalised to camera systems on the balance sheet (1H21: \$0.2m).

<sup>2</sup> Technology & product costs exclude the costs of camera units.

## Impact of change to sales incentive program

The Group amended its sales incentive program during the year ended 30 June 2021 to bring greater alignment to sales and customer success activities. Effective 1 January 2021 and in accordance with AASB 15 *Revenue from Contracts with Customers*, the Group now capitalises incremental costs of obtaining customer contracts.

Capitalised costs comprise sales commissions and associated oncosts that are directly attributable to new revenue contracts obtained. These costs are amortised over 3 years, representing the expected duration of an average contract with a customer.

The effect of this change for the interim year ended 31 December 2021 was a reduction in employee benefits expense of \$5.4m and an increase in amortisation expense of \$1.5m. The change has no impact to cash.

The segment performance note from page 25 has been restated below to show the impact of the change:

A\$'000	As Reported 1H22			Restated 1H22			Variance 1H22		
	ANZ	NA	Total	ANZ	NA	Total	ANZ	NA	Total
Revenue	34,880	32,670	67,550	34,880	32,670	67,550	-	-	-
<b>Total revenue</b>	<b>34,880</b>	<b>32,670</b>	<b>67,550</b>	<b>34,880</b>	<b>32,670</b>	<b>67,550</b>	-	-	-
Capture cost amortisation	(2,014)	(9,021)	(11,035)	(2,014)	(9,021)	(11,035)	-	-	-
Storage, administration & other	(706)	(4,628)	(5,334)	(706)	(4,628)	(5,334)	-	-	-
<b>Total cost of revenue</b>	<b>(2,720)</b>	<b>(13,649)</b>	<b>(16,369)</b>	<b>(2,720)</b>	<b>(13,649)</b>	<b>(16,369)</b>	-	-	-
<b>Gross profit</b>	<b>32,160</b>	<b>19,021</b>	<b>51,181</b>	<b>32,160</b>	<b>19,021</b>	<b>51,181</b>	-	-	-
<b>Gross margin (%)</b>	<b>92%</b>	<b>58%</b>	<b>76%</b>	<b>92%</b>	<b>58%</b>	<b>76%</b>	-	-	-
Direct sales & marketing	(4,340)	(9,082)	(13,422)	(5,116)	(12,701)	(17,817)	776	3,619	4,395
Indirect sales & marketing	(3,810)	(2,358)	(6,168)	(4,032)	(3,115)	(7,147)	222	757	979
Contract acquisition costs amortisation	(355)	(1,142)	(1,497)	-	-	-	(355)	(1,142)	(1,497)
<b>Total sales &amp; marketing costs</b>	<b>(8,505)</b>	<b>(12,582)</b>	<b>(21,087)</b>	<b>(9,148)</b>	<b>(15,816)</b>	<b>(24,964)</b>	<b>643</b>	<b>3,234</b>	<b>3,877</b>
<b>Segment contribution</b>	<b>23,655</b>	<b>6,439</b>	<b>30,094</b>	<b>23,012</b>	<b>3,205</b>	<b>26,217</b>	<b>643</b>	<b>3,234</b>	<b>3,877</b>
EBIT			(13,347)			(17,224)			3,877
D&A			24,037			22,540			1,497
EBITDA			10,690			5,316			5,374
Cash and cash equivalents			109,762			109,762			-

## GLOSSARY OF TERMS

Term	Definition
ACV	Annual Contract Value – annual value of all active subscription contracts in effect at a particular date
ARPS	Average Revenue Per Subscription – Portfolio ACV divided by the total number of subscriptions
Churn	ACV value of subscriptions which are not renewed by a customer at the end of a subscription period, offset by the value of recovered subscriptions previously churned
Cost of Revenue	<p>These represent the costs of capturing, processing and storing the aerial imagery.</p> <p>The two key components are as follows:</p> <ul style="list-style-type: none"> <li>- Capture flights, processing and related staff costs are capitalised to the balance sheet and amortised to the income statement over a 2-year useful life. Depreciation of existing camera systems are also capitalised to the balance sheet and amortised to the income statement.</li> <li>- Administration, storage, data layers, maintenance and technical support are expensed as incurred</li> </ul>
EBITDA	Earnings before interest, tax, depreciation, amortisation, realised and unrealised foreign exchange gains/losses
FTE	Full-time employee equivalent
Gross Margin (pre-capitalisation)	This represents the gross margin of revenue after deducting the cost of capture, processing, and storage of the imagery before any such costs have been capitalised
Incremental ACV	New Business ACV + Net Upsell ACV – Churn ACV
LTV	Lifetime Value= ACV portfolio value x Gross Margin: (pre-capitalisation %) / Churn %
Net Upsell ACV	ACV value of the net upsell and downsell on subscriptions renewed during or at the end of an existing subscription
New Business ACV	ACV value of subscriptions entered into during a period with a customer who has not previously been a Nearmap customer, or not a customer in the last 12 months
PCP	Prior Comparative Period
Retention	ACV value of subscriptions renewed at the end of a customer's subscription period
STCR (pre-capitalisation)	Sales Team Contribution Ratio - The ratio of incremental ACV generated by a sales team in a period, compared to the pre-capitalised direct costs of obtaining that incremental ACV
Subscriptions	Subscriptions reflect the number of individual subscription contracts entered into by Nearmap customers