NEARMAP LTD

APPENDIX 4E
FULL YEAR FINANCIAL REPORT

YEAR ENDED 30 JUNE 2020

Nearmap Ltd
ABN 37 083 702 907
Lodged with the ASX under Listing Rule 4.3A

APPENDIX 4E

FULL YEAR FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

NAME OF ENTITY: Nearmap Ltd
ABN: 37 083 702 907
REPORTING PERIOD: Year ended 30 June 2020
PREVIOUS CORRESPONDING PERIOD: Year ended 30 June 2019
RELEASE DATE: 19 August 2020

				A$'000
REVENUE FROM ORDINARY ACTIVITIES	Up	25%	To	**96,714**
LOSS FROM ORDINARY ACTIVITIES AFTER TAX ATTRIBUTABLE TO MEMBERS	Up	146%	To	**36,717**
NET LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS	Up	146%	To	**36,717**

	30 JUNE 2020	30 JUNE 2019
NET TANGIBLE ASSETS PER SHARE (CENTS)[1]	**3.25**	11.74

[1] Net assets (excluding intangible assets and net deferred tax liabilities) divided by number of shares outstanding at the end of the period

DIVIDENDS

Nearmap Ltd has not proposed to pay any dividends for the year ended 30 June 2020.

AUDIT

The above information is extracted or derived from the consolidated financial statements and notes attached below which have been audited by KPMG.

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
ABN 37 083 702 907

ANNUAL FINANCIAL REPORT
YEAR ENDED 30 JUNE 2020

DIRECTORS' REPORT

The Directors submit their report together with the consolidated financial statements of the Group, consisting of Nearmap Ltd ("Nearmap" or the "Company") and the entities it controlled at the end of, or during, the financial year ended 30 June 2020 and the auditor's report thereon.

DIRECTORS

The Directors of the Company at any time during, or since the end of, the financial year are:

NAME, QUALIFICATION, INDEPENDENCE STATUS, EXPERIENCE AND SPECIAL RESPONSIBILITIES	OTHER DIRECTORSHIPS
Mr Peter James, BA, FAICD *Independent Non-executive Chairman* Peter has extensive experience as Chair, Non-executive Director and Chief Executive Officer across a range of publicly listed and private companies, particularly in emerging technologies and e-commerce. Previously among other roles, Peter was a long-term Director of iiNet, chairing iiNet's Strategy and Innovation Committee. Peter is a successful investor in digital media and technology businesses in Australia and the US and travels extensively in reviewing innovation and consumer trends globally. Peter is an experienced and successful business leader with significant strategic and operational expertise. He brings a strong record of corporate governance and stakeholder communication and is a Fellow of the Australian Computer Society. Peter holds a BA degree with majors in Business and Computer Science. Special responsibilities: Member of the Audit and Risk Management Committee Member of the People, Culture and Remuneration Committee	Current ASX listed company directorships: • Nearmap Ltd (since 21 December 2015) - Non-executive Chairman • Macquarie Telecom Ltd (ASX: MAQ) (since 2 April 2012) - Non-executive Chairman • Droneshield Limited (ASX: DRO) (since 1 April 2016) - Non-executive Chairman • UUV Aquabotix Ltd (UUV) (since 9 March 2017) - Non-executive Chairman • Keytone Dairy Corporation Limited (ASX: KTD) (since 25 September 2018) - Non-executive Director Former ASX listed company directorships in the last 3 years: • Dreamscape Networks Limited (ASX: DN8) (from 16 September 2016 to 30 October 2019) - Non-executive Chairman
Dr Rob Newman, B.Eng (1st Hons), Ph.D. *Chief Executive Officer & Managing Director* Rob has a unique track record as a successful Australian technology entrepreneur in Australia and Silicon Valley. He has twice founded and built Australian technology businesses, both successfully entering overseas markets. Rob is a trained engineer and spent his career in marketing, business development and general management in Information Technology businesses focusing on communications. Rob also spent ten years as a venture capitalist co-founding Stone Ridge Ventures and was previously an investment Director for Foundation Capital. As a venture capitalist, Rob has extensive experience in identifying and helping growth companies with significant commercial potential, especially those addressing overseas markets. In the 1980s, Rob was the inventor and co-founder of QPSX Communications Pty Ltd. Rob provided the technical leadership and product strategy and was instrumental in establishing QPSX as a worldwide standard for Metropolitan Area Networks.	Current ASX listed company directorships: • Nearmap Ltd (since 17 February 2011). Appointed CEO & Managing Director in October 2015 Former ASX listed company directorships in the last 3 years: • Pointerra Limited (ASX: 3DP) (30 June 2016 to 9 November 2018) - Non-executive Director

DIRECTORS' REPORT (CONT.)

DIRECTORS (CONT.)

NAME, QUALIFICATION, INDEPENDENCE STATUS, EXPERIENCE AND SPECIAL RESPONSIBILITIES	OTHER DIRECTORSHIPS
Ms Tracey Horton AO, B.Econ.(Hons), MBA, FAICD, FGIA *Independent Non-executive Director* Tracey is an experienced Company Director with significant global strategy experience and is currently a Non-executive Director of GPT Group Limited (ASX.GPT), a member of the Australian Takeovers Panel, the National Board of the Australian Institute of Company Directors, Chair of Australian Industry Skills Committee and was, until recently, Chair of Navitas Limited (ASX.NVT). Tracey's extensive prior board experience includes a wide range of listed, government and not-for-profit boards. Tracey has lived, worked, and studied in Australia, USA, Canada and the UK. Tracey was previously a Winthrop Professor and Dean of the University of Western Australia's Business School. Prior to that she held executive and senior management roles with Bain & Company in North America, and in Australia with advisory firm Poynton and Partners and the Reserve Bank of Australia. Tracey has a Bachelor of Economics (Hons) from the University of WA and an MBA from Stanford University. Special responsibilities: Chair of the People, Culture and Remuneration Committee Member of the Audit and Risk Management Committee	Current ASX listed company directorships: • Nearmap Ltd (since 1 September 2019) - Non-executive Director • The GPT Group Ltd (ASX: GPT) (since 1 May 2019) - Non-executive Director Former ASX listed company directorships in the last 3 years: • Navitas Limited (13 June 2012- 16 November 2016) – Non-Executive Director • Navitas Limited (16 October 2016 - 8 July 2019) - Non-Executive Chairman
Ms Sue Klose, B.Sci.Econ., MBA, GAICD *Independent Non-executive Director* Sue is an experienced senior executive and board director, with a diverse background in Software as a Service (SaaS) businesses with a focus on digital strategy, corporate development, partnerships and business growth in Australia and the US. Suen was previously the Chief Marketing Officer of GraysOnline, where she was responsible for brand development, marketing operations and digital product strategy. In prior roles in consulting and global media companies including News Ltd, Sue has led strategic planning and development and is passionate about helping teams continually seek new opportunities for growth and innovation. As Director of Digital Corporate Development for News Ltd, Sue screened hundreds of potential investments, leading multiple acquisitions, establishing the CareerOne and Carsguide joint ventures, and holding multiple board roles in high-growth digital and SaaS businesses. Sue has an MBA with honours in Finance, Strategy and Marketing from the JL Kellogg School of Management at Northwestern University, and a Bachelor of Science in Economics from the Wharton School of the University of Pennsylvania. Sue is currently a Non-executive Director of Pureprofile (ASX: PPL) and Stride Mental Health Limited, one of Australia's largest mental health care providers. Special responsibilities: Chair of the Audit and Risk Management Committee Member of the People, Culture and Remuneration Committee	Current ASX listed company directorships: • Nearmap Ltd (since 14 August 2017) - Non-executive Director • Pureprofile Ltd (ASX: PPL) (since 17 July 2018) - Non-executive Director Former ASX listed company directorships in the last 3 years: • None

DIRECTORS' REPORT (CONT.)

DIRECTORS (CONT.)

NAME, QUALIFICATION, INDEPENDENCE STATUS, EXPERIENCE AND SPECIAL RESPONSIBILITIES	OTHER DIRECTORSHIPS
Mr Ross Norgard, FCA *Non-executive Director* In 1987, Ross became the founding Chairman of Nearmap Ltd. He held this role until 18 March 2016, at which point he moved into a Non-executive role. Ross is a former managing partner of Arthur Andersen and KMG Hungerfords and its successor firms in Perth, Western Australia. For over 30 years he has worked extensively in the fields of raising venture capital and the financial reorganisation of businesses. He has held numerous positions on industry committees including former Chairman of the Western Australian Professional Standards Committee of the Institute of Chartered Accountants, a former member of the National Disciplinary Committee of the Institute of Chartered Accountants, former Chairman of the Friends of the Duke of Edinburgh's Award Scheme and a former member of the University of WA's Graduate School of Management (MBA Program). Ross is also Western Australia's Honorary Consul-General to Finland. Special responsibilities: Member of the People, Culture and Remuneration Committee Member of the Audit and Risk Management Committee	Current ASX listed company directorships: • Nearmap Ltd (since 1987) - Non-executive Director • Brockman Mining Ltd (ASX: BCK) (since 22 August 2012) - Non-executive Director Former ASX listed company directorships in the last 3 years: • None
Mr Cliff Rosenberg, B.Bus.Sci., M.Sc. Management *Independent Non-executive Director* Cliff has more than 20 years' experience leading change and innovation in technology and media companies. As the former Managing Director of LinkedIn for Australia, NZ and South-East Asia, Cliff started the Australian office in 2009 and oversaw the expansion of LinkedIn in Australia from 1 million members in 2009 to more than 8 million members in 2017. Previously, he was Managing Director at Yahoo! Australia and New Zealand, and prior to that role he was the founder and Managing Director of iTouch Australia NZ where he grew the Australian office to one of the largest mobile content and application providers in Australia. Previously Cliff was head of corporate strategy for Vodafone Australasia and also served as an international management consultant with Gemini Consulting and Bain Consulting. Cliff has more than ten years' experience on the boards of publicly listed companies. His current directorships include Nearmap (ASX:NEA), A2B Australia Limited (ASX:A2B), TechnologyOne (ASX:TNE) and Bidcorp (JSE:BID). Cliff was also a Non-Executive Director with Dimmi (online reservations company bought by Tripadvisor.com in May 2015) and Afterpay Touch Group. He holds a Bachelor of Business Science (Hons) from the University of Cape Town and a Masters of Science (Hons) from the Universitat Ben Gurion Ba-Negev. Special responsibilities: Member of the People, Culture and Remuneration Committee Member of the Audit and Risk Management Committee	Current ASX listed company directorships: • Nearmap Ltd (since 3 July 2012) - Non-executive Director • A2B Australia Ltd (ASX:CAB) (since 25 August 2017) - Non-executive Director • Technology One Pty Ltd (ASX: TNE) (since 27 February 2019) - Non-executive Director Former ASX listed company directorships in the last 3 years: • Pureprofile Ltd (ASX: PPL) (12 June 2015 to 28 February 2019) - Non-executive Director • IXUP Ltd (ASX: IXU) (29 September 2017 to 2 July 2019) - Non-executive Director • Afterpay Touch Group Ltd (ASX: APT) (23 March 2016 to 24 May 2020) - Non-executive Director

DIRECTORS' REPORT (CONT.)

DIRECTORS (CONT.)

NAME, QUALIFICATION, INDEPENDENCE STATUS, EXPERIENCE AND SPECIAL RESPONSIBILITIES	OTHER DIRECTORSHIPS
Mr Ian Morris, MBA (Resigned, 14 November 2019) *Independent Non-executive Director* Ian has enjoyed a successful business career in the US technology sector. He currently is the CEO of Likewise, Inc., a Gates Ventures backed technology company which he co-founded. Previously he served as President and CEO of Market Leader for more than a decade, a leading provider of real estate Software as a Service (SaaS) solutions. Under his leadership, Market Leader was ranked the 4th fastest growing technology company in North America, leading to a successful IPO in 2004 and the sale of the company to Trulia in 2013 for US$380M. Ian also spent seven years at Microsoft leading early online marketing efforts and later served as the General Manager of Microsoft HomeAdvisor. He has also served as a strategic advisor and Board member to a number of leading US technology companies.	Current ASX listed company directorships: • None Former ASX listed company directorships in the last 3 years: • Nearmap Ltd (28 January 2016 to 14 November 2019) - Non-executive Director

COMPANY SECRETARY

Ms Shannon Coates LLB was appointed to the position of company secretary in June 2013. Ms Coates is a qualified lawyer, Chartered Secretary and graduate of the AICD Company Directors course, with over 20 years' experience in corporate law and compliance. She is currently company secretary to a number of publicly listed and unlisted companies and has provided company secretarial and corporate advisory services to boards and various committees across a variety of industries, including financial services, resources, manufacturing and technology.

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director are as follows:

	FULL BOARD MEETINGS		AUDIT AND RISK COMMITTEE MEETINGS		PEOPLE, CULTURE AND REMUNERATION COMMITTEE MEETINGS[3]	
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
P James	11	11	4	4	3	3
R Newman	11	11	-	2[4]	-	2[4]
T Horton[1]	9	8[5]	3	4[5]	2	2
S Klose	11	11	4	4	3	3
I Morris[2]	4	4	-	-	1	-
R Norgard	11	10	4	3	3	3
C Rosenberg	11	11	4	4	3	3

[1] Tracey Horton was appointed as a Director on 1 September 2019.
[2] Ian Morris resigned as a Director on 14 November 2019.
[3] The Committee was re-named from Nomination and Remuneration Committee to People, Culture and Remuneration Committee on 9 June 2020.
[4] Dr Newman attended these committee meetings as an invitee.
[5] Ms Horton attended one meeting of the Audit and Risk Committee as an invitee. Ms Horton did not attend one of the Board meetings due to another previously scheduled Board meeting that prevented her attendance.

DIRECTORS' REPORT (CONT.)

PRINCIPAL ACTIVITIES

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. There were no significant changes in the nature of the activities of the Group during the year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

OPERATING AND FINANCIAL REVIEW

Overview of the Group
Founded in Australia in 2007, Nearmap is a location intelligence company capturing data about the real world and providing insights to a diverse range of businesses. By subscribing to Nearmap, customers can remotely plan and inspect, monitor and validate, assess risk, communicate and visualise, estimate and quote, and generate leads, enabling businesses to increase their productivity by reducing the need for costly, time-consuming site visits.

Nearmap has a diverse subscription base of more than 10,000 customers across a number of industry verticals. These verticals include Architecture, Construction, Engineering (25% of the Group's customer portfolio), Insurance (19% of the Group's customer portfolio), Solar (8% of the Group's customer portfolio), Utilities (11% of the Group's customer portfolio), Commercial (16% of the Group's customer portfolio), Roofing (3% of the Group's customer portfolio), and to government organisations (18% of the Group's customer portfolio). Given this diversity, the Group does not have concentration risk on specific industry segments or individual customers.

Using its own patented camera systems and processing software, the Group captures wide-scale urban areas in Australia (89% population coverage), New Zealand (73% population coverage), the United States (71% population coverage) and Canada (64% population coverage) multiple times each year. The updated content is delivered to customers as Orthogonal (2D) imagery, Oblique cardinal direction imagery, 3D imagery and, as of June 2020, via Nearmap AI, a new product that enables customers to more accurately and efficiently measure change and quantify attributes through a series of datasets constructed from machine learning models deployed across the Group's high-definition aerial images.

The Group's content includes a wide range of analytics and tools, including artificial intelligence content, and is instantly available in the cloud via web app or API integration.

The pivotal features underpinning the success of the Nearmap business model are:
- the frequency with which this data is captured and updated;
- the clarity (resolution) of the imagery provided;
- the large geographic scale of the coverage area; and
- the availability of previous surveys on the same platform, allowing users to track changes at locations over time.

The Group is a participant in the large, fragmented and growing global location intelligence market, holding a global market share of less than 1%. Nearmap's strategy is to effectively monetise its content by providing convenient access to the content via desktop and mobile platforms, through a subscription model and value-add products supported by e-commerce facilities. The Group generates revenues in two main geographic regions, Australia and New Zealand (together "ANZ"), and the United States and Canada (together "NA"). See segment reporting in note 3 to the consolidated financial statements for more details of the financial performance of the Group's operating segments.

DIRECTORS' REPORT (CONT.)

OPERATING AND FINANCIAL REVIEW (CONT.)

Review of operations

Financial performance

For the year ended 30 June 2020, the Group reported revenue of $96.7m (30 June 2019: $77.6m), and a net loss after tax of $36.7m (30 June 2019: $14.9m).

Group ACV Portfolio (A$'000)	FY20	FY19	YoY $	YoY %
Opening ACV	**90,240**	66,234	**24,006**	**36%**
New business	**16,028**	17,386	**(1,358)**	**(8%)**
Net upsell	**8,288**	9,152	**(864)**	**(9%)**
Churn	**(8,889)**	(3,514)	**(5,375)**	**(153%)**
Net incremental ACV	**15,427**	23,024	**(7,597)**	**(33%)**
Foreign exchange	**770**	982	**(212)**	**(22%)**
Closing ACV	**106,437**	90,240	**16,197**	**18%**
Total revenue	**96,714**	77,642	**19,072**	**25%**
Total net expenses (ex. D&A, interest, tax)	**(87,643)**	(62,158)	**(25,485)**	**(41%)**
EBITDA	**9,071**	15,484	**(6,413)**	**(41%)**
Depreciation and amortisation	**(46,698)**	(26,659)	**(20,039)**	**(75%)**
EBIT	**(37,627)**	(11,175)	**(26,452)**	**(237%)**
Net finance income	**524**	1,338	**(814)**	**(61%)**
Tax benefit/(expense)	**386**	(5,097)	**5,483**	**(108%)**
NPAT	**(36,717)**	(14,934)	**(21,783)**	**(146%)**
Earnings per share	**(8.14)**	(3.43)	**(4.71)**	**(137%)**
Operating cash flow	**12,088**	24,899	**(12,811)**	**(51%)**

Total revenue for the year ended 30 June 2020 (FY20) increased 25% to $96.7m compared to total revenue for the year ended 30 June 2019 (FY19) of $77.6m. ANZ revenue increased 13% to $60.2m compared to prior year total revenue of $53.2, while NA revenue increased 49% to $36.5m compared to prior year total revenue of $24.5m.

The increase in revenue is correlated to the 18% growth in the Annual Contract Value ("ACV") portfolio over the same period. The drivers behind ACV growth for the year ended 30 June 2020 are:

- New business: New customers contributed $16.0m of incremental ACV in FY20. This increase is marginally down on prior year, in part impacted by the onset of COVID-19, but shows the continued penetration of the total addressable market to new user groups across key industry segments in both ANZ and NA. The NA and ANZ segments respectively represented $10.2m and $5.8m of the Group's new business for the year ended 30 June 2020.
- Net upsell: Net upsell is the aggregate of customer upgrades offset by downgrades. Net upsell in FY20 totalled $8.3m which was $0.9m below prior year but includes a significant downgrade from an enterprise customer in NA impacted by a downturn in the autonomous vehicle sector. Net upsell across both segments highlights the increasing value that existing customers derive from Nearmap, and the success of cross-selling into new products and features. The NA and ANZ segments respectively reported net upsell of $4.2m and $4.1m during the year ended 30 June 2020.
- Churn: As a subscription business selling annual contracts, a key focus for sales and marketing activities is the retention of existing customers. Nearmap has invested significantly in customer retention activities and in FY19 recorded ACV portfolio churn of 5.3%. In FY20 this number increased to 9.9%, largely due to 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. Without these two events, churn would have been 5.4% which is consistent with prior year and a strong result when considering the change in the macroeconomic environment as a result of COVID-19. The NA and ANZ segment respectively reported churns worth $5.5m and $3.4m during the year ended 30 June 2020.

DIRECTORS' REPORT (CONT.)

OPERATING AND FINANCIAL REVIEW (CONT.)

Review of operations (cont.)
Financial performance (cont.)
COVID-19 had the impact of slowing sales velocity during March-June 2020. Despite this, the Group continued to grow its overall ACV portfolio during this period, 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.

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. Excluding the impact of the two material NA churns at the end of the first half, revenue growth would have aligned with ACV growth for the year ended 30 June 2020.

Group EBITDA for the year ended 30 June 2020 is down 41% to $9.1m compared to prior year Group EBITDA of $15.5m. In ANZ, EBITDA is down 23% to $10.5m compared to prior year EBITDA of $13.7m. Offsetting the increase in revenue, an increase in staff related expenses of 33% or $7.7m compared to prior year is the main driver of the decrease in EBTIDA. This is in line with the commitment made during the September 2018 capital raise to expand the sales, marketing, product and technology teams to support and accelerate the delivery of strategic objectives. In NA, EBITDA is down 178% to ($1.4m) compared to prior year of $1.8m. The drivers of the decrease in NA are consistent with those in ANZ.

Group NPAT for the year ended 30 June 2020 is down 146% to ($36.7m) compared to prior year of ($14.9m). The decrease in NPAT is driven by the decrease in EBITDA, as well as by an increase of 75% or $20.0m in depreciation and amortisation expense resulting from the increased cost base of capture costs and the accelerated depreciation of capture costs (5 years to 2 years) implemented prospectively from 1 January 2019. The net tax expense of the Group reduced by $5.5m mainly as a result of a $1.9m reduction in current tax expense in Australia and a favourable net deferred tax adjustment of $3.6m. Other drivers of the decrease in NPAT include a decrease of $0.8m in net finance income resulting from lower interest income on the Group's cash and cash equivalents, a $0.6m increase in interest expense as a result of the adoption of AASB 16 on 1 July 2019, offset by a $0.5m foreign exchange gain for the year ended 30 June 2020.

Financial position
Nearmap's balance sheet remains strong with no debt and a closing cash balance at 30 June 2020 of $36.1m (30 June 2019: $75.9m). The 30 June 2019 balance included a significant part of the net proceeds from a fully underwritten $70m capital placement to institutional investors in September 2018. The decrease between 30 June 2019 and 30 June 2020 is in line with the intended use of the capital raised, being the investment in the sales and marketing workforce, the development of international and partnership opportunities, and new product and technology development.

During the year ended 30 June 2020 the Group implemented a number of cash management initiatives in response to the macroeconomic uncertainty created by COVID-19. This resulted in a 30% reduction to the overall cost base and included a 10% reduction to permanent employment costs, a temporary 20% reduction to employee salaries for a 6 month period from 1 May 2020 (offset by the grant of restricted-stock units of an equivalent value to non-KMPs), a temporary 25% reduction to Non-executive Director fees and the Chief Executive Officer & Managing Director's salary for the same period, and various other cost savings across the business. In doing so, the Group accelerated the drive to cash flow breakeven and brought greater strength and flexibility to the balance sheet.

The Group's net working capital, excluding cash and cash equivalents and deferred revenue, increased 128% to $7.3m from $3.2m between 30 June 2019 and 30 June 2020. The increase is mainly driven by trade receivables which have increased by $9.2m, in line with the increase in revenue, offset by an increase in current lease liabilities of $4.5m resulting from the adoption of AASB 16 on 1 July 2019 (see below). Cash receipts from customers for the year were $100.2m compared to $86.9m for the previous year, an increase of $13.3m or 15%.

DIRECTORS' REPORT (CONT.)

OPERATING AND FINANCIAL REVIEW (CONT.)

Review of operations (cont.)

Financial position (cont.)

On 1 July 2019, the Group adopted new accounting standard AASB 16 *Leases* using the modified retrospective approach under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, comparative figures have not been restated in the consolidated financial statements.

The newly effective standard introduced a single, on-balance sheet accounting model for lessees. Upon transition, the Group, as a lessee, has recognised right-of-use assets of $6.0m in property, plant and equipment on the consolidated statement of financial position representing its right to use the underlying assets, deferred tax assets of $0.1m, lease liabilities of $7.8m representing its obligation to make lease payments, derecognised the lease liabilities accounted for under AASB 117 *Leases* of $1.2m and recognised the initial application impact of $0.4m in accumulated losses. As at 30 June 2020, the carrying value of the right-of-use assets and lease liabilities are respectively $14.1m and $14.4m. See note 2 to the financial statements for a comprehensive review of the impact of the transition to AASB 16 *Leases* on the consolidated statement of financial position and the Group's accounting policy.

The Group's net assets as at 30 June 2020 decreased 35% to $56.7m, from $87.7m at 30 June 2019. The decrease is mainly driven by the $37.5m comprehensive loss recorded by the Group for the year ended 30 June 2020 and the $0.4m opening retained earnings adjustment on initial application of AASB 16, offset by $2.0m increase in contributed equity resulting from the exercise of share options and repayment of limited recourse loans, and a $5.0m increase in share based payment reserve.

DIVIDENDS

No dividends have been paid or proposed in respect of the current year (30 June 2019: nil).

EVENTS SUBSEQUENT TO THE REPORTING DATE

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS

The Group will continue to implement the business strategies put in place to ensure that the Group continues on its growth trajectory in the foreseeable future, subject to a stable macro-economic environment. The Group will continue to seek new opportunities to build scale and to broaden its customer base, sales and marketing capability, product offering and technological advantage.

In reliance on s299A(3) of the *Corporations Act 2001*, we have not disclosed further information on business strategies and prospects, because disclosure of that information is likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION

The current activities of the Group are not subject to any significant environmental regulation. However, the Board believes that the Group has adequate systems in place to manage its environmental obligations and is not aware of any breach of those environmental requirements during the period covered by this report as they apply to the Group.

DIRECTORS' INTERESTS

The relevant interest of each Director in the shares, debentures, interests in registered schemes and rights and options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the Directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report are as follows:

DIRECTORS' REPORT (CONT.)

DIRECTORS' INTERESTS (CONT.)

	ORDINARY SHARES	OPTIONS OVER ORDINARY SHARES
P James	2,382,000	-
R Newman	9,600,000	2,302,018
T Horton	20,000	-
S Klose	100,000	-
R Norgard	27,738,921	-
C Rosenberg	3,201,000	-

SHARE OPTIONS

As at 30 June 2020 there were 16,979,545 unissued ordinary shares under option. Refer to note 5 to the consolidated financial statements for further details of the Group's share-based payment plans.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITOR

Indemnification of officers
The Company has agreed to indemnify the current Directors and certain Senior Executives of the Company and its controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors or Senior Executives of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including legal fees.

Since the end of the previous financial year, the Group has paid insurance premiums in respect of Directors' and officers' liability and legal expenses insurance contracts. The insurance premiums relate to:

- legal costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage or to cause detriment to the Company.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnification of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Non-audit services
During the year, KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the consolidated financial statements.

DIRECTORS' REPORT (CONT.)

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES (CONT.)

Non-audit services (cont.)
The Board has considered the non-audit services provided during the year by the auditor of the Group, KPMG, and in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to KPMG and its network firms for audit and non-audit services provided during the year are outlined in note 18 to the consolidated financial statements.

Lead auditor's independence declaration
The lead auditor's independence declaration as required under section 307c of the Corporations Act 2001 is set out on page 34 and forms part of the Directors' report for the financial year ended 30 June 2020.

ROUNDING OF AMOUNTS

The Group 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 financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

REMUNERATION REPORT

The remuneration report on pages 14 to 33 forms part of this Director's Report.

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

On behalf of the Board of Directors

Rob Newman
Chief Executive Officer & Managing Director
18 August 2020

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED

INTRODUCTION

This remuneration report outlines the remuneration arrangements in place for Directors and key management personnel of Nearmap Ltd (the Company) and the consolidated entity (the Group) for the year ended 30 June 2020.

Contents:

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001* and forms part of the Directors' Report.

A. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSED IN THIS REPORT

KMP are the directors and employees who have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year. On that basis, the following roles and individuals are addressed in this report:

Directors

The following persons were Directors of the Company during the current and previous financial year and up to the date of this report, unless otherwise stated:

P James	Non-executive Chairman
R Newman	Chief Executive Officer & Managing Director
T Horton	Non-executive Director (appointed 1 September 2019)
S Klose	Non-executive Director
R Norgard	Non-executive Director
C Rosenberg	Non-executive Director
I Morris	Non-executive Director (resigned 14 November 2019)

Senior executives classified as key management personnel

The following persons were Senior executives classified as key management personnel of the Group during the current and previous financial year and up to the date of this report, unless otherwise stated:

A Watt	Chief Financial Officer
T Celinski	Chief Technology Officer
H Sanchez	Chief Marketing Officer (appointed 8 October 2018)
S Shugg	Chief People Officer (appointed 21 October 2019)
J Adams	Chief Revenue Officer (appointed 20 February 2020)[1]
T Agresta	Vice President of Product (until 20 February 2020)[1]
S Preston	Vice President of Sales – Australia (until 20 February 2020)[1]
P Quigley	Senior Vice President and General Manager – International and Partners (until 20 February 2020)[1]
S Steel	Vice President, People and Culture (resigned 4 September 2019 and last day of employment 31 March 2020)

[1] Effective 20 February 2020, the Group appointed J Adams as Chief Revenue Officer, reporting directly to R Newman as Chief Executive Officer. As a result, T Agresta, S Preston and P Quigley had their reporting lines changed to report directly to J Adams and are therefore no longer considered KMPs in the sense intended by the Corporations Act 2001 and the Australian Accounting Standards Board (AASB).

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

B. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Remuneration philosophy

The performance of the Group depends upon the quality of its Directors and executives. To prosper, the Group must attract, motivate and retain highly skilled Directors and executives.

To this end, the Group applies the following principles in its remuneration framework:
- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Establish appropriate, demanding performance hurdles in relation to variable executive remuneration.

People, Culture and Remuneration Committee

The People, Culture and Remuneration Committee (formerly "Nomination and remuneration committee") of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors and the Chief Executive Officer & Managing Director, and ensuring that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of Director. The Committee make recommendations to the Board for the fixed and variable remuneration for the Chief Executive Officer & Managing Director, and review and recommend the overall Group variable remuneration framework to the Board. The Committee also review and endorse the Chief Executive Officer & Managing Director's recommendations for KMP remuneration packages.

The People, Culture and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and the Chief Executive Officer & Managing Director on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

Securities trading policy

A securities trading policy ("Trading Policy") has been adopted by the Board to provide guidance to Directors, employees of the Group, and other parties who may have access to price sensitive information, who may be contemplating dealing in the Company's securities or the securities of entities with whom the Company may have dealings.

The Trading Policy is designed to ensure that any trading in the Company's securities is in accordance with the law. Any non-compliance with the Trading Policy will be regarded as an act of serious misconduct. The Trading Policy is available on the Nearmap website at www.nearmap.com/au/en/investors/governance.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-executive Director and key management personnel remuneration is separate and distinct.

(i) Non-executive Director remuneration

Objective: The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, while incurring a cost which is acceptable to shareholders.

Structure: Each Non-executive Director receives a fee for being a Director of the Company. The Constitution and the *ASX Listing Rules* specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting (AGM) held on 15 November 2018 when shareholders approved an aggregate remuneration of $850,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned among Directors is reviewed annually.

During the year ended 30 June 2018, fees were introduced for the sub-committee Chairs and members (other than the Board Chair) to recognise their additional responsibilities. The current base Director fees per annum, including statutory superannuation, are:

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

B. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (CONT.)

Remuneration structure (cont.)

(i) Non-executive Director remuneration (cont.)

	30 June 2020
Chairman	$175,000
Non-executive Director	$110,000
Committee Chair	$10,000

The Board periodically reviews the level of fees paid to Non-executive Directors, including seeking external advice. The last external review was undertaken during the year ended 30 June 2019 by Godfrey Remuneration to benchmark Non-executive Director remuneration and the proposed design of an equity plan. Following this review, it was agreed that an equity plan would not be put in place for Non-executive Directors. A grant of Non-executive Director share options was last made during the year ended 30 June 2016. No grants were made in the years ended 30 June 2017, 30 June 2018, 30 June 2019 or 30 June 2020.

During the year ended 30 June 2020, KPMG were engaged to provide general remuneration advice including the preparation of a discussion paper on COVID-19 related remuneration arrangements for employees, KMPs and Non-executive Directors. The total costs of this exercise were $21,450 including GST. Following the review, all Non-executive Director fees were reduced by 25% for a period of 6 months, effective 1 May 2020.

The Company is planning a comprehensive review of its remuneration structure, to be conducted over the course of FY21.

(ii) Key management personnel and Executive Director remuneration

Objective: The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group in order to:

- Reward executives and individual performance against key performance indicators;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

Structure: Remuneration typically consists of the following key elements:

1) Fixed Remuneration
2) Variable Remuneration, comprising:
   - Short-Term Incentive (STI), and
   - Long-Term Incentive (LTI)

1) Fixed Remuneration

Objective: The level of fixed remuneration is set to provide a base level of remuneration which is both appropriate to the position and competitive in the market.

Fixed remuneration is reviewed annually by the People, Culture and Remuneration Committee. The process consists of a review of individual performance, comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

During the year ended 30 June 2020, performance related adjustments were made to the fixed remuneration of the Chief Executive Officer & Managing Director, the Vice President of Product, the Chief Technology Officer, the Vice President of Sales – Australia, the Senior Vice President and General Manager – International Partnerships & Expansion, the Chief Marketing Officer, and the Chief Financial Officer.

Fixed remuneration for KMPs was reduced by 20% for a six-month period from 1 May 2020 in response to the uncertainty created by the impact of COVID-19. Fixed remuneration for the Non-executive Directors and the Chief Executive Officer & Managing Director was reduced by 25% for the same period. Continuing revenue growth during the COVID-19 affected period meant that the Group was ineligible for any Australian or US government-funded salary incentives schemes i.e. Jobkeeper allowance. See note 5 of the consolidated financial statements for the year ended 30 June 2020 for further details of the impact of COVID-19 on non-KMP remuneration structures.

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

B. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (CONT.)

Remuneration structure (cont.)

(ii) Key management personnel and Executive Director remuneration (cont.)

2) Variable Remuneration

Structure: Senior executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

Short Term Incentive (STI)
Objective: The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the employees charged with meeting those targets.

The total potential STI where available is set at a level to provide sufficient incentive to employees to achieve the operational targets at a cost to the Group that is reasonable in the circumstances.

Structure: Actual STI payments granted to each employee depend on the extent to which specific operating targets are met. The operational targets consist of a number of Key Performance Indicators (KPIs) covering individual and Group performance measures aligned to the short-term success of the business. The performance measures are set as follows:

- Group performance: 60% of the STI comprises of a Group Revenue target. The payout is scaled to the internal Group Revenue target (FY20 Group Revenue Target $102.3m). Subject to meeting the gateway, outperformance results in higher than target payments (maximum payout of 150% of the 60%), while underperformance results in below target payments (target achievement of 90% or less results in nil payment). The Group removed the EBITDA threshold for FY20 (FY19: EBITDA threshold > $0) to align variable remuneration with the Group's revenue growth strategy. Group performance will be measured against incremental ACV in FY21, further aligning employee incentivisation with the primary operating metric for the business.
- Individual performance: 40% of the STI comprises personal performance targets, typically including employee engagement, leadership/team contribution and functional specific deliverables.

Executives responsible for sales have an uncapped STI aligned to internal ACV growth targets.

STI payments are made, subject to Board discretion, if the relevant targets are achieved. If the targets are not achieved, then any STI payment is discretionary and will only be made if the Board deem that the executive has demonstrated exceptional performance in meeting other objectives.

The amount of annual STI payments available for employees across the Group is subject to the approval of the Board, on the recommendation of the People, Culture and Remuneration Committee. Payments made are usually delivered as a cash bonus paid after the release of the audited financial statements.

Long Term Incentive (LTI)
Objective: The objective of the LTI plan is to reward employees in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Structure: There are two components to the LTI granted to KMPs: a share option grant upon hiring and a yearly share option grant thereafter.

- New hire award: options are granted to KMPs upon becoming an executive of the Group. One-off LTI grants to new executives are delivered in the form of options with the amount for the Chief Executive Officer & Managing Director recommended by the People, Culture and Remuneration Committee and approved by the Board, and for other executive KMPs by the Chief Executive Officer & Managing Director with endorsement by the People, Culture and Remuneration Committee. Consideration is given to:
  - The seniority of the relevant Eligible Person and the position the Eligible Person occupies within the Group;
  - The potential contribution of the Eligible Person to the growth of the Group; and
  - Any other matters which the Board considers relevant.

  One-off LTI grants to new executives granted subsequent to 1 July 2017 are granted at the closing share price on the grant date and vest in equal tranches over 3 years. Vesting is subject to the Executive continuing in employment or service. See Section E of the remuneration report for further details.

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

B. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (CONT.)

Remuneration structure (cont.)

(ii) Key management personnel and Executive Director remuneration (cont.)

2) Variable Remuneration (cont.)

Long Term Incentive (LTI) (cont.)

- Annual award: Executives are entitled to an annual award, set at 40% of total remuneration (an increase from 25% in FY19 to further incentivise KMP on attaining long-term value creation for share-holders), and subject to a total shareholder return (TSR) growth performance vesting condition and to the Executive continuing in employment or service until the vesting date. TSR is a measure of the increase in the price of a share (assuming dividends are reinvested). The number of options that will vest (and become exercisable) at the vesting date will be determined by reference to the achievement of a percentage of the Group's compound annual growth rate (CAGR) in TSR over the period commencing on the grant date and ending on the vesting date, as follows:

CAGR % achieved	% of Options which will vest
15%	50%
16%	60%
17%	70%
18%	80%
19%	90%
20%	100%

Options are issued with a strike price based on the five-day volume weighted average price of the Company's shares as traded on the ASX over the five trading days prior to the date of the annual general meeting. Options vest 36 months from the date of grant and expire 48 months after the date of grant.

An employee loan scheme arrangement exists should an employee elect to apply for a loan on exercise of premium-priced options granted prior to 30 June 2017, which may be granted at the discretion of the Chief Executive Officer & Managing Director. Refer to section E for limited recourse loans.

(iii) Group Performance

The overall level of executive reward takes into account the technology commercialisation nature of the business and realistic timeframes for generating profits. In particular, executive rewards recognise the commercialisation of the Nearmap business and future shareholder wealth contained therein and the progress that has been made in unlocking value to date.

In considering the Group's performance and benefits for shareholder wealth, the People, Culture and Remuneration Committee has given regard to the following indices over the last 5 financial years.

	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Total revenue and other income	$97,513	$79,375	$54,140	$41,065	$31,289
Change in share price	($1.53)	$2.64	$0.53	$0.20	($0.18)

DIRECTORS' REPORT (CONT.)

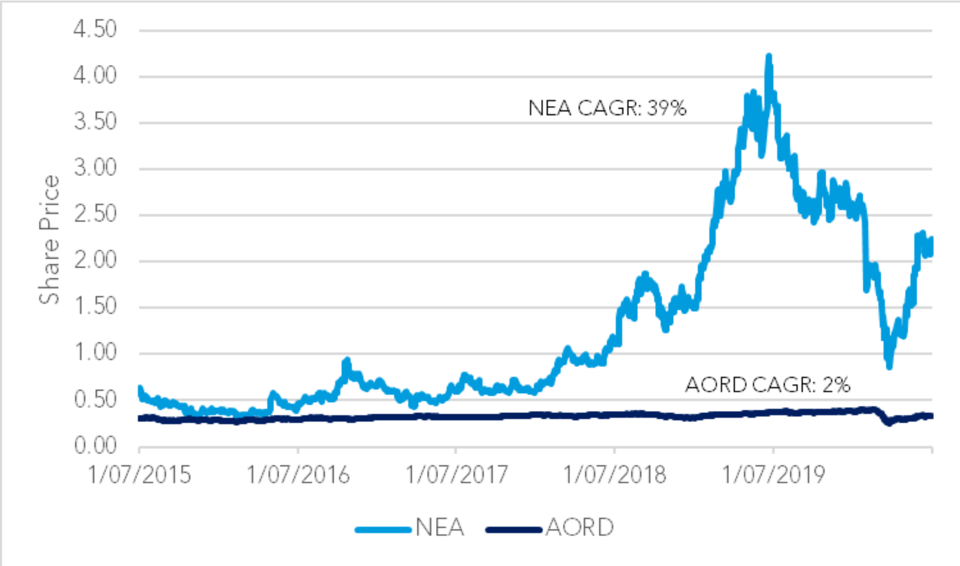
REMUNERATION REPORT – AUDITED (CONT.)

B. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (CONT.)

Remuneration structure (cont.)

(iii) Group Performance (cont.)

The graph below shows the Company's closing share price since 1 July 2015 and the relative performance against the ASX All Ordinaries.



C. DETAILS OF REMUNERATION

Performance for the year ended 30 June 2020 is reflected in the outcome of the variable components of the remuneration framework:

- Group performance: Group Revenue was delivered to 95.3% of management target which, based on the tiered earnings schedule, means that employees are entitled to a payout of 76.3% of their target. This would have equated to a payout of 45.8% of the 60% Group performance entitlement.
- Individual performance: The People, Culture and Remuneration Committee would normally review the Chief Executive Officer & Managing Director's performance against the individual performance criteria set at the start of the year and would review and endorse the Chief Executive Officer & Managing Director's recommendations relating to KMP performance against individual targets.
- Based on Group and Individual performance criteria, the likely STI payout to KMPs for the year ended 30 June 2020 would have been at or close to 85.8%. However, due to the exceptional circumstances presented by COVID-19, the Board opted to make a discretionary payment of 50% of the maximum payout to all KMPs, with the timing of payment at Board discretion. In using its discretion, the Board felt that a 50% payout was appropriate to provide recognition of the ongoing efforts of KMPs in maintaining business operations and in continuing to deliver growth during a challenging economic period, where the Group has made some difficult decisions to significantly reduce operating expenses, including headcount reductions, in the light of economic uncertainty.
- Executives with a commission based STI were paid in accordance with the terms of their commission schemes.
- STI payout percentages to Directors and key management personnel are shown below:

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

C. DETAILS OF REMUNERATION (CONT.)

	GROUP TARGET REVENUE		SALES TARGET ACV		INVIDICUAL TARGET FUNCTIONAL SPECIFIC		SUB-TOTAL			
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Discretionnary	TOTAL
DIRECTORS										
R Newman	60%	-	-	-	40%	-	100%	-	50%	50%
OTHER KEY MANAGEMENT PERSONNEL										
J Adams	0%	-	100%	50%	-	-	100%	50%	-	50%
T Celinski	60%	-	-	-	40%	-	100%	-	50%	50%
H Sanchez	60%	-	-	-	40%	-	100%	-	50%	50%
S Shugg	60%	-	-	-	40%	-	100%	-	50%	50%
A Watt	60%	-	-	-	40%	-	100%	-	50%	50%

- LTI grants were awarded to the Chief Executive Officer & Managing Director and other KMP as follows:
  - Dr Newman received a grant of 812,101 market-priced share options vesting in three years, as approved at the Company AGM on 14 November 2019 (executive annual award);
  - Mr Celinski, Mr Sanchez, Ms Shugg and Mr Watt received grants on 14 November 2019 of 495,499, 400,261, 490,351 and 464,611 market-priced share options respectively, vesting in three years (executive annual award); and
  - Upon joining the Company during the 2020 financial year, Ms Shugg received a grant of 200,000 market-priced share options, vesting in equal tranches over three years (new hire LTI grant).
  - Upon joining the Company during the 2020 financial year, Mr Adams received a grant of 1,500,000 market-priced share options, vesting in equal tranches over three years (new hire LTI grant).

Statutory remuneration tables

The following table of KMP remuneration has been prepared in accordance with accounting standards and the Corporations Act 2001 (Cth) requirements.

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

C. DETAILS OF REMUNERATION (CONT.)

		SHORT-TERM		LONG-TERM	POST-EMPLOYMENT				
		SALARY & FEES[1]	CASH BONUS	LONG SERVICE LEAVE[2]	SUPER-ANNUATION	TERMINATION BENEFITS	SHARE BASED PAYMENT OPTIONS[3]	TOTAL	PERCENTAGE PERFORMANCE RELATED[8]
NON-EXECUTIVE DIRECTORS									
P James	2020	153,158	-	-	14,550	-	-	167,708	-
P James	2019	123,287	-	-	11,712	-	17,040	152,040	-
T Horton[4]	2020	83,714	-	-	7,953	-	-	91,667	-
S Klose[5]	2020	105,023	-	-	9,977	-	-	115,000	-
S Klose	2019	70,776	-	-	6,724	-	-	77,499	-
R Norgard	2020	96,271	-	-	9,146	-	-	105,417	-
R Norgard	2019	73,059	-	-	6,941	-	-	80,001	-
C Rosenberg[6]	2020	111,250	-	-	-	-	-	111,250	-
C Rosenberg	2019	85,000	-	-	-	-	7,618	92,618	-
FORMER NON-EXECUTIVE DIRECTORS									
I Morris[6,7]	2020	45,333	-	-	-	-	-	45,333	-
I Morris	2019	104,886	-	-	-	-	14,581	119,466	-
EXECUTIVE DIRECTORS									
S Klose[5]	2020	-	-	-	-	-	-	-	-
S Klose	2019	9,299	-	-	883	6,222	-	16,404	-
R Newman	2020	584,583	157,751	12,450	21,003	-	306,630	1,082,417	43%
R Newman	2019	525,468	291,427	6,320	20,531	-	456,807	1,300,553	33%

[1] Salary includes annual leave. All Non-executive Director and Executive Director fees were reduced by 25% for a period of 6 months, effective 1 May 2020 due to COVID-19.
[2] Relates to long service leave accrued during the year with a negative balance representing an overall reduction in the employee leave provision compared to prior year.
[3] AASB 2 accounting value determined at grant date, recognised over related vesting periods. The amount included as remuneration is not related to or indicative of the benefit (if any) that the individual key management personnel may ultimately realise should the equity instruments vest. The notional value of options as at the date of their grant has been determined in accordance with the accounting policy in note 5 to the consolidated financial statements.
[4] Ms Horton was appointed as Non-Executive Director on 1 September 2019.
[5] Ms Klose was appointed as interim Chief Marketing Officer on 5 March 2018 and temporarily became an executive Director, remaining on the board. Ms Klose completed her role as interim Chief Marketing Officer on 5 July 2018 and returned to her role as Non-executive Director on 6 July 2018.
[6] Mr Rosenberg and Mr Morris elected to have their remuneration remitted through management companies. Total fees remitted were inclusive of superannuation guarantee contributions.
[7] Mr Morris resides in the USA. The remuneration disclosures represent the US compensation components translated to AUD at average exchange rates for the year. Mr Morris resigned on 14 November 2019.
[8] Performance related remuneration comprises short-term cash bonuses together with share-based payments which are subject to Total Shareholder Return vesting conditions.

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

C. DETAILS OF REMUNERATION (CONT.)

ASX Listing Rule 10.17 states that 'Directors' fees' constitutes fees, including superannuation, but excluding securities issued. The total Directors' fees paid to Non-executive Directors during the year ended 30 June 2020, excluding share-based payments, was $636,375 which is within the amount determined at the AGM on 15 November 2018.

		SHORT-TERM		LONG-TERM	POST-EMPLOYMENT				
		SALARY & FEES[1]	CASH BONUS	LONG SERVICE LEAVE[2]	SUPER-ANNUATION	TERMINATION BENEFITS	SHARE BASED PAYMENT OPTIONS[3]	TOTAL	PERCENTAGE PERFORMANCE RELATED[4]
OTHER KEY MANAGEMENT PERSONNEL									
A Watt	**2020**	**328,667**	**90,251**	**2,527**	**21,003**	**-**	**179,999**	**622,447**	**44%**
A Watt	2019	320,000	181,759	1,577	20,531	-	205,289	729,156	36%
T Celinski	**2020**	**352,367**	**96,251**	**1,557**	**21,003**	**-**	**210,071**	**681,249**	**36%**
T Celinski	2019	350,600	197,771	186	20,531	-	182,238	751,326	26%
H Sanchez	**2020**	**280,333**	**77,751**	**130**	**21,003**	**-**	**174,047**	**553,264**	**36%**
H Sanchez	2019	202,372	114,523	75	15,399	-	88,931	421,299	34%
S Shugg[5]	**2020**	**239,759**	**95,251**	**98**	**15,752**	**-**	**180,118**	**530,978**	**34%**
J Adams[5]	**2020**	**165,498**	**81,211**	**-**	**-**	**-**	**256,490**	**503,199**	**16%**
FORMER KEY MANAGEMENT PERSONNEL									
T Agresta[6]	**2020**	**240,473**	**233,711**	**-**	**-**	**-**	**102,463**	**576,647**	**55%**
T Agresta	2019	324,041	171,614	-	-	-	98,369	594,023	34%
S Preston[6]	**2020**	**227,067**	**151,260**	**528**	**15,752**	**-**	**130,719**	**525,326**	**50%**
S Preston	2019	318,100	301,897	1,411	20,531	-	112,156	754,095	50%
P Quigley[6]	**2020**	**405,240**	**63,066**	**-**	**-**	**-**	**157,431**	**625,737**	**34%**
P Quigley	2019	491,793	602,452	-	-	-	144,630	1,238,874	57%
S Steel[7]	**2020**	**141,545**	**-**	**(2,403)**	**13,223**	**-**	**(79,814)**	**72,551**	**0%**
S Steel	2019	225,600	131,052	1,142	20,531	-	82,626	460,952	41%

[1] Salary includes annual leave. All KMP salary and fees were reduced by 20% for a period of 6 months, effective 1 May 2020 due to COVID-19.
[2] Relates to long service leave accrued during the year with a negative balance representing an overall reduction in the employee leave provision compared to prior year.
[3] AASB 2 accounting value determined at grant date, recognised over related vesting periods. The amount included as remuneration is not related to or indicative of the benefit (if any) that the individual key management personnel may ultimately realise should the equity instruments vest. The notional value of options as at the date of their grant has been determined in accordance with the accounting policy in note 5 to the consolidated financial statements.
[4] Performance related remuneration comprises short-term cash bonuses together with share-based payments which are subject to Total Shareholder Return vesting conditions.
[5] Ms Shugg and Mr Adams commenced on 24 October 2019 and 20 February 2020 respectively. The remuneration for these Executives reflects their time in their KMP roles.
[6] T Agresta, S Preston and P Quigley remuneration for FY20 is for the period from 1 July 2019 to 20 February 2020, reflecting their time in their KMP roles.
[7] Ms Steel's last day was 31 March 2020.

REMUNERATION REPORT – AUDITED (CONT.)

C. DETAILS OF REMUNERATION (CONT.)

The overall KMP fixed and variable remuneration framework is established by the People, Culture and Remuneration Committee. The proportion of fixed and potential at risk components for the KMP as a percentage of potential target total annual remuneration for the 2020 year, is shown below:

	SALARIES AND BENEFITS 2020	LTI[1] 2020	AT RISK – STI 2020
NON – EXECUTIVE DIRECTORS			
P James	100%	-	-
T Horton	100%		
S Klose	100%	-	-
R Norgard	100%	-	-
C Rosenberg	100%	-	-
FORMER NON – EXECUTIVE DIRECTORS			
I Morris	100%	-	-
EXECUTIVE DIRECTORS			
R Newman	40%	40%	20%
OTHER KEY MANAGEMENT PERSONNEL			
A Watt	40%	40%	20%
T Celinski	40%	40%	20%
H Sanchez	40%	40%	20%
S Shugg	40%	40%	20%
J Adams	66%	-	33%
T Agresta	40%	40%	20%
S Preston	33%	33%	33%
P Quigley	31%	31%	38%
S Steel	100%	-	-

[1] Annual LTI awards have performance related vesting conditions. See Section B for further detail on the remuneration structure of Directors and key management personnel.

D. EMPLOYMENT CONTRACTS

All executive employees and KMP are employed under contract. All executives have ongoing contracts and as such only have commencement dates and no expiry dates. Details of KMP contracts as at 30 June 2020 are:

NAME	NOTICE PERIOD FOR TERMINATION
R Newman	6 months
A Watt	4 months
T Celinski	3 months
J Adams	3 months
H Sanchez	3 months
S Shugg	3 months

On resignation any unvested options are forfeited. Limited recourse loans (LRL's) may be granted to key management personnel in respect to vested premium priced options. If an employee ceases to be employed by the Group (including by way of resignation, retirement, dismissal, etc) and has an outstanding LRL, the employee may elect to have the Company sell the loan shares and apply the net proceeds of the sale in repayment of the loan or repay the outstanding amount on the loan. This determination must generally be made within one month of the date of ceased employment.

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

D. EMPLOYMENT CONTRACTS (CONT.)

The Group may terminate an employment agreement by providing the respective written notice period or provide payment in lieu of the notice period (based on the fixed component of remuneration). On such termination by the Group, any LTI options that have vested, or will vest during the notice period will be required to be exercised within 180 days from termination date or the options expiry date if earlier. LTI options that have not yet vested will be forfeited.

The Group may terminate an employment contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the employee is only entitled to that portion of remuneration, which is fixed, and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.

There are no formal contracts between the Company and Non-executive Directors in relation to remuneration other than the letter of appointment that stipulates the remuneration as at the commencement date.

E. SHARE-BASED COMPENSATION

Options

A share option incentive scheme, the Nearmap Employee Share Option Plan, has been established whereby Directors and certain employees of the Group may be issued with options over ordinary shares of the Company.

In Australia, up until 30 June 2017, options were issued for nil consideration at an exercise price calculated with reference to prevailing market prices and a 43% premium in accordance with performance guidelines established by the Directors of the Company. From 1 July 2017, all options issued are for nil consideration at an exercise price calculated with reference to prevailing market prices.

The grants are either issued for 4 years:
- (i) with TSR growth performance vesting conditions and are exercisable after three years; or
- (ii) without any performance vesting conditions and are exercisable on various dates (usually in two or three equal annual tranches when vested).

In the US, options are issued for nil consideration at an exercise price equal to the prevailing market price. The options are issued for terms up to four or five years and are exercisable on various dates within four or five years from grant date.

The options only vest under certain conditions, principally centred on the employee still being employed at the time of vesting (that is, once the service has been satisfied), or specified performance hurdles being achieved to determine vesting. The options cannot be transferred without the approval of the Company's Board and are not quoted on the ASX. As a result, plan participants may not enter into any transaction designed to remove the "at risk" aspect of an option before it is exercised.

Refer to the tables later in this section for details of the options that were issued to KMP during the year ended 30 June 2020.

Limited recourse loans (LRLs)

The Nearmap Employee Share Option Plan includes an Employee Loan Scheme that permits the Company to grant financial assistance to Australia-based employees by way of LRLs to enable them to exercise premium priced options granted prior to 30 June 2017 and acquire shares. Interest on the loans is payable by KMPs at loan maturity and accrues daily. The Company determines the rate of interest applicable to LRLs (currently the cash rate set by the Reserve Bank of Australia plus 20 basis points). Loans are repayable four years after the issue date subject to the total share value being greater than the loan's principal plus accrued interest.

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 this time. For accounting purposes, the granting of the LRL is considered to be a modification to the existing option. Any increase in the fair value of the option is recognised as an expense immediately at the date the limited recourse loan is granted.

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

E. SHARE-BASED COMPENSATION (CONT.)

If the employee fails to repay the loan, Nearmap takes security over the option shares and can sell some or all of the shares to repay the loan. In the event that the shares are sold for an amount less than the amount of the loan and any interest, the employee is only required to repay the loan and any interest to the amount of the sale proceeds. Nearmap has no other recourse against the employee.

The Group does not expect to grant new LRLs in future financial years as the last premium priced options held by Australia-based KMPs have been exercised during the year ended 30 June 2020.

Compensation options

(i) Grants made prior to 30 June 2017

Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at an exercise price determined at a 43% premium to the market price of the shares on the date of grant (Australia) or the market price on grant date (US). When an individual is granted an LRL to exercise their option, the effect is to extend the life of the original option. The exercise price includes interest accrued.

(ii) Grants made after 30 June 2017

Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at an exercise price determined by the market price of the shares on the date of grant. When an individual is granted an LRL to exercise their option, the effect is to extend the life of the original option. The exercise price includes interest accrued.

Details on unvested options over ordinary shares in the Company that were granted as compensation to each KMP during the reporting period, lapsed or forfeited by KMP during the reporting period, and vested during the reporting period are as follows:

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

E. SHARE-BASED COMPENSATION (CONT.)

YEAR ENDED 30 JUNE 2020	UNVESTED BALANCE AT 1 JULY	GRANTED DURING THE PERIOD	LAPSED OR FORFEITED DURING THE PERIOD	VESTED DURING THE PERIOD	UNVESTED BALANCE AT 30 JUNE	GRANT DATE	VALUE PER OPTION/SHARE AT GRANT DATE[1] $	EXERCISE PRICE PER SHARE (OPTIONS)/CURRENT PRICE PER SHARE (LOANS) $	VESTING DATE	EXPIRY DATE
DIRECTORS										
R Newman										
- Options	666,667	-	-	666,667	-	Nov 16	0.2191	1.06	Dec 19	Dec 20
- Options	933,908	-	-	-	933,908	Nov 17	0.2490	0.71	Nov 20	Nov 21
- Options	556,009	-	-	-	556,009	Nov 18	0.4910	1.60	Nov 21	Nov 22
- Options	-	812,101	-	-	812,101	Nov 19	0.7770	2.48	Nov 22	Nov 23
OTHER KEY MANAGEMENT PERSONNEL										
J Adams										
- Options	-	500,000	-	-	500,000	Feb 20	0.6321	1.81	Feb 21	Feb 24
- Options	-	500,000	-	-	500,000	Feb 20	0.6899	1.81	Feb 22	Feb 24
- Options	-	500,000	-	-	500,000	Feb 20	0.7625	1.81	Feb 23	Feb 24
T Celinski										
- Options	333,000	-	-	333,000	-	Feb 18	0.3283	0.82	Feb 20	Feb 22
- Options	334,000	-	-	-	334,000	Feb 18	0.3863	0.82	Feb 21	Feb 22
- Options	377,324	-	-	-	377,324	Dec 18	0.4910	1.60	Nov 21	Nov 22
- Options	-	495,499	-	-	495,499	Nov 19	0.7770	2.48	Nov 22	Nov 23

[1] AASB 2 accounting value determined at grant date.

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

E. SHARE-BASED COMPENSATION (CONT.)

YEAR ENDED 30 JUNE 2020	UNVESTED BALANCE AT 1 JULY	GRANTED DURING THE PERIOD	LAPSED OR FORFEITED DURING THE PERIOD	VESTED DURING THE PERIOD	UNVESTED BALANCE AT 30 JUNE	GRANT DATE	VALUE PER OPTION/SHARE AT GRANT DATE[1] $	EXERCISE PRICE PER SHARE (OPTIONS)/CURRENT PRICE PER SHARE (LOANS) $	VESTING DATE	EXPIRY DATE
OTHER KEY MANAGEMENT PERSONNEL										
H Sanchez										
- Options	120,000	-	-	120,000	-	Oct 18	0.2867	1.65	Oct 19	Oct 22
- Options	120,000	-	-	-	120,000	Oct 18	0.4208	1.65	Oct 20	Oct 22
- Options	120,000	-	-	-	120,000	Oct 18	0.5218	1.65	Oct 21	Oct 22
- Options	300,949	-	-	-	300,949	Dec 18	0.4910	1.60	Nov 21	Nov 22
- Options	-	400,261	-	-	400,261	Nov 19	0.7770	2.48	Nov 22	Nov 23
S Shugg										
- Options	-	66,667	-	-	66,667	Oct 19	0.9636	2.97	Oct 20	Oct 23
- Options	-	66,667	-	-	66,667	Oct 19	1.0670	2.97	Oct 21	Oct 23
- Options	-	66,666	-	-	66,666	Oct 19	1.2358	2.97	Oct 22	Oct 23
- Options	-	490,351	-	-	490,351	Nov 19	0.7770	2.48	Nov 22	Nov 23
A Watt										
- Options	833,334	-	-	833,334	-	Dec 16	0.2241	0.93	Dec 19	Dec 20
- Options	556,753	-	-	-	556,753	Nov 17	0.2490	0.71	Nov 20	Nov 21
- Options	346,774	-	-	-	346,774	Dec 18	0.4910	1.60	Nov 21	Nov 22
- Options	-	464,611	-	-	464,611	Nov 19	0.7770	2.48	Nov 22	Nov 23

[1] AASB 2 accounting value determined at grant date.

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

E. SHARE-BASED COMPENSATION (CONT.)

YEAR ENDED 30 JUNE 2020	UNVESTED BALANCE AT 1 JULY	GRANTED DURING THE PERIOD	LAPSED OR FORFEITED DURING THE PERIOD	VESTED DURING THE PERIOD	UNVESTED BALANCE AT 30 JUNE	GRANT DATE	VALUE PER OPTION/SHARE AT GRANT DATE[1] $	EXERCISE PRICE PER SHARE (OPTIONS)/CURRENT PRICE PER SHARE (LOANS) $	VESTING DATE	EXPIRY DATE
FORMER OTHER KEY MANAGEMENT PERSONNEL										
T Agresta[2]										
- Options	12,500	-	-	12,500	-	Jul 16	0.2678	0.41	Sep 19	Jun 21
- Options	12,500	-	-	12,500	-	Jul 16	0.2744	0.41	Dec 19	Jun 21
- Options	12,500	-	-	12,500	-	Jul 16	0.2807	0.41	Mar 20	Jun 21
- Options	12,500	-	-	12,500	-	Jul 16	0.2868	0.41	Jun 20	Jun 21
- Options	142,112	-	-	-	142,112	Nov 17	0.2490	0.71	Nov 20	Nov 21
- Options	100,000	-	-	100,000	-	Jul 18	0.2134	1.12	Jul 19	Jul 22
- Options	100,000	-	-	-	100,000	Jul 18	0.3032	1.12	Jul 20	Jul 22
- Options	100,000	-	-	-	100,000	Jul 18	0.3710	1.12	Jul 21	Jul 22
- Options	324,534	-	-	-	324,534	Dec 18	0.4910	1.60	Nov 21	Nov 22
- Options	-	451,381	-	-	451,381	Nov 19	0.7770	2.48	Nov 22	Nov 23
S Preston[2]										
- Options	258,345	-	-	258,345	-	Mar 17	0.1614	0.64	Mar 20	Mar 21
- Options	538,793	-	-	-	538,793	Nov 17	0.2490	0.71	Nov 20	Nov 21
- Options	346,774	-	-	-	346,774	Dec 18	0.4910	1.60	Nov 21	Nov 22
- Options	-	464,611	-	-	464,611	Nov 19	0.7770	2.48	Nov 22	Nov 23
S Steel										
- Options	232,511	-	-	232,511	-	Mar 17	0.1614	0.64	Mar 20	Mar 21
- Options	422,055	-	422,055	-	-	Nov 17	0.2490	0.71	Nov 20	Nov 21
- Options	250,032	-	250,032	-	-	Dec 18	0.4910	1.60	Nov 21	Nov 22

[1] AASB 2 accounting value determined at grant date.

[2] Effective 20 February 2020, the Group appointed J Adams as Chief Revenue Officer, reporting directly to R Newman as Chief Executive Officer. As a result, T Agresta, S Preston and P Quigley had their reporting lines changed to report directly to J Adams and are therefore no longer considered KMPs in the sense intended by the Corporations Act 2001 and the Australian Accounting Standards Board (AASB)

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

E. SHARE-BASED COMPENSATION (CONT.)

YEAR ENDED 30 JUNE 2020	UNVESTED BALANCE AT 1 JULY	GRANTED DURING THE PERIOD	LAPSED OR FORFEITED DURING THE PERIOD	VESTED DURING THE PERIOD	UNVESTED BALANCE AT 30 JUNE	GRANT DATE	VALUE PER OPTION/SHARE AT GRANT DATE[1] $	EXERCISE PRICE PER SHARE (OPTIONS)/CURRENT PRICE PER SHARE (LOANS) $	VESTING DATE	EXPIRY DATE
FORMER OTHER KEY MANAGEMENT PERSONNEL										
P Quigley[2]										
- Options	93,750	-	-	93,750	-	Feb 16	0.1323	0.39	Aug 19	Jan 21
- Options	93,750	-	-	93,750	-	Feb 16	0.1323	0.39	Aug 19	Nov 21
- Options	93,750	-	-	93,750	-	Feb 16	0.1367	0.39	Nov 19	Jan 21
- Options	93,750	-	-	93,750	-	Feb 16	0.1367	0.39	Nov 19	Nov 21
- Options	93,750	-	-	93,750	-	Feb 16	0.1410	0.39	Feb 20	Jan 21
- Options	93,750	-	-	93,750	-	Feb 16	0.1410	0.39	Feb 20	Nov 21
- Options	93,750	-	-	93,750	-	Feb 16	0.1451	0.39	May 20	Nov 21
- Options	93,750	-	-	-	93,750	Feb 16	0.1490	0.39	Aug 20	Nov 21
- Options	93,750	-	-	-	93,750	Feb 16	0.1528	0.39	Nov 20	Nov 21
- Options	639,507	-	-	-	639,507	Nov 17	0.2490	0.71	Nov 20	Nov 21
- Options	493,856	-	-	-	493,856	Dec 18	0.4910	1.60	Nov 21	Nov 22
- Options	-	677,072	-	-	677,072	Nov 19	0.7770	2.48	Nov 22	Nov 23

[1] AASB 2 accounting value determined at grant date.

[2] Effective 20 February 2020, the Group appointed J Adams as Chief Revenue Officer, reporting directly to R Newman as Chief Executive Officer. As a result, T Agresta, S Preston and P Quigley had their reporting lines changed to report directly to J Adams and are therefore no longer considered KMPs in the sense intended by the Corporations Act 2001 and the Australian Accounting Standards Board (AASB).

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

E. SHARE-BASED COMPENSATION (CONT.)

All unvested options expire on the earlier of their expiry date or termination of the individual's employment. In addition to a continuing employment service condition, vesting is conditional on the Group achieving certain performance hurdles. Details of the performance criteria are included in the long-term incentives section on pages 17-18.

Modification of Terms of Share-based Payment Transactions
A modification to the terms of share-based payment transactions occurs when the Board accepts a KMP's loan request to exercise fully vested options under the Employee Loan Scheme through an LRL in lieu of cash payment of the exercise price. Please refer to Section F, Financial assistance under the Employee Share Option Plan, for details of the terms of the loans granted to these KMP.

F. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Options over shares held in the Company

The movement during the reporting period by number of options on ordinary shares held directly or indirectly by each key management person is as follows:

	BALANCE AT 1 JULY 19	GRANTED AS COMPENSATION	EXERCISED	VALUE EXERCISED[2]	FORFEITED	BALANCE AT 30 JUNE 20	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 20
DIRECTORS								
P James	1,500,000	-	1,500,000	$3,268,500	-	-	-	-
R Newman[1]	2,156,584	812,101	666,667	$1,200,001	-	2,302,018	666,667	-
FORMER DIRECTORS								
I Morris	750,000	-	750,000	$1,713,750	-	-	-	-
OTHER KEY MANAGEMENT PERSONNEL								
J Adams	-	1,500,000	-	-	-	1,500,000	-	-
T Celinski	1,044,324	495,499	-	-	-	1,539,823	333,000	333,000
H Sanchez	660,949	400,261	-	-	-	1,061,210	120,000	120,000
S Shugg	-	690,351	-	-	-	690,351	-	-
A Watt[1]	1,736,861	464,611	833,334	$1,608,335	-	1,368,138	833,334	-
FORMER OTHER KEY MANAGEMENT PERSONNEL								
T Agresta	866,646	451,381	-	-	-	1,318,027	150,000	200,000
P Quigley	3,283,363	677,072	525,000	$244,136	-	3,435,435	656,250	1,437,500
S Preston[1]	1,143,913	464,611	258,345	$769,125	-	1,350,179	258,345	-
S Steel	904,598	-	-	-	672,087	232,511	-	232,511

[1] The exercise of options for these employees was funded through the grant of an LRL under the Employee Loan Scheme.
[2] Value determined based on the share price at exercise date less exercise price.

Loan shares held in the Company

The shares held in the Company include loan shares as follows:

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

F. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (CONT.)

YEAR ENDED 30 JUNE 2020	BALANCE AT 1 JULY 19	EXERCISE OF OPTIONS	NET OTHER CHANGE	BALANCE AT 30 JUNE 20	BALANCE HELD NOMINALLY
DIRECTORS					
R Newman	3,933,333	666,667	-	4,600,000	4,600,000
OTHER KEY MANAGEMENT PERSONNEL					
S Steel[1]	465,020	-	(465,020)	-	-
A Watt	1,666,666	833,334	-	2,500,000	2,500,000
FORMER OTHER KEY MANAGEMENT PERSONNEL					
S Preston	516,689	258,345	-	775,034	775,034

[1] During the year ended 30 June 2020, LRLs relating to 465,020 shares were repaid, releasing the shares from holding lock.

Financial assistance under the Employee Share Option Plan

LRLs advanced to KMP during the year ended 30 June 2020 amounted to $1,647,009 (30 June 2019: $3,227,820). Interest on the loans during the period has been accrued at a rate of between 0.45% and 1.45%. The loans are not recognised in the consolidated statement of financial position.

Shares held in the Company

During the year ended 30 June 2020, the number of shares held by key management personnel changed per the table below. This includes the issue of shares following the exercise of options previously granted as compensation.

YEAR ENDED 30 JUNE 2020	BALANCE AT 1 JULY 19	EXERCISE OF OPTIONS	AMOUNT PAID/OPTION	SHARES PURCHASED	SHARES GRANTED[1]	SHARES SOLD	BALANCE AT 30 JUNE 20	BALANCE HELD NOMINALLY
DIRECTORS								
P James	1,282,000	1,500,000	$0.55	-	-	(400,000)	2,382,000	2,382,000
R Newman	8,933,333	666,667	$1.06	-	-	-	9,600,000	9,600,000
T Horton	-	-	-	20,000	-	-	20,000	20,000
S Klose	-	-	-	100,000	-	-	100,000	100,000
R Norgard	48,076,295	-	-	-	-	(20,337,374)	27,738,921	27,698,921
C Rosenberg	3,201,000	-	-	-	-	-	3,201,000	3,201,000
FORMER DIRECTORS								
I Morris	150,000	750,000	$0.40	$0.00	-	(900,000)	-	-
OTHER KEY MANAGEMENT PERSONNEL								
A Watt	1,666,666	833,334	$0.93	-	8,456	-	2,508,456	2,508,456
FORMER OTHER KEY MANAGEMENT PERSONNEL								
T Agresta	-	-	-	-	21,160	-	21,160	21,160
S Preston	516,689	258,345	$0.64	-	-	-	775,034	775,034
P Quigley	-	525,000	$0.39	-	15,128	-	540,128	540,128
S Steel[2]	465,020	-	-	-	-	-	465,020	465,020

[1] Shares granted as part of the Employee Matching Share Scheme. For further information, refer to note 5 to the consolidated financial statements.
[2] The balance held by S Steel is as at 31 March 2020, her last day of employment by the Group.

There are no amounts unpaid on the shares as a result of the exercise of the options in the year ended 30 June 2020 outside of the LRL granted to KMP, as outlined previously.

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

F. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (CONT.)

Modification of terms of share-based payment transactions

AASB 2 *Share-based Payments* requires that the grant of LRLs for the settlement of share options shall be considered as a modification to the valuation of the options. The standard also requires that any increase in the fair value of the modified option to be recognised in the consolidated statement of profit or loss. During the year ended 30 June 2020, the following share-based payment transactions were modified as a result of an LRL:

	ORIGINAL VALUATION INPUTS						MODIFIED VALUATION INPUTS									
	GRANT DATE	NUMBER OF OPTIONS GRANTED	EXERCISE PRICE AT GRANT DATE	VESTING DATE	EXPIRY DATE	ORIGINAL FAIR VALUE	DATE OF MODIFICATION	VALUE PER SHARE/OPTION AT MODIFICATION DATE	EXPECTED LOAN LIFE (YEARS)	MODIFIED EXERCISE PRICE	LOAN INTEREST RATE	RISK FREE INTEREST RATE	EXPECTED VOLATILITY	MODIFIED FAIR VALUE	INCREMENTAL VALUE
DIRECTORS															
R Newman	Nov 16	666,667	$1.06	Dec 19	Dec 20	1,200,000.60	Dec 19	$1.85	2	$1.08	0.95%	0.77%	53.02%	1,233,840.74	$33,840
OTHER KEY MANAGEMENT PERSONNEL															
A Watt	Dec 16	833,334	$0.93	Dec 19	Dec 20	1,608,334.62	Dec 19	$1.96	2	$0.95	0.95%	0.77%	53.02%	1,634,499.69	$26,165
FORMER OTHER KEY MANAGEMENT PERSONNEL															
S Preston	Mar 17	258,345	$0.64	Mar 20	Mar 21	244,136.03	May 20	$1.03	2	$0.65	0.45%	0.26%	68.92%	266,096.97	$21,961

G. ADDITIONAL INFORMATION

The Group has applied the fair value measurement provisions of AASB 2 *Share-based Payment* for all options granted to Directors and employees. The fair value of such grants is being amortised and disclosed as part of Director and employee remuneration on a straight-line basis over the vesting period. The fair value of executive option plans at grant date is determined using a Black-Scholes or Monte Carlo option pricing model depending on the terms and conditions of each option, that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT – AUDITED (CONT.)

G. SHARES UNDER OPTION

All unissued ordinary shares of the Company under option (relating to key management personnel and other personnel) as at 30 June 2020 are listed below:

DATE OPTIONS GRANTED	EXPIRY DATE	EXERCISE PRICE OF OPTIONS	NUMBER UNDER OPTION
Dec 15	Nov 20	$0.40	25,000
Feb 16	Jan 21	$0.39	125,000
Feb 16	Nov 21	$0.39	1,500,000
Jul 16	Jun 21	$0.41	100,000
Mar 17	Mar 21	$0.64	232,511
Dec 17	Nov 21	$0.71	2,676,073
Feb 18	Nov 21	$0.71	106,196
Nov 17	Nov 21	$0.71	933,908
Feb 18	Feb 22	$0.82	667,000
Jul 18	Jul 22	$1.12	300,000
Oct 18	Oct 22	$1.65	360,000
Nov 18	Nov 22	$1.60	556,009
Nov 18	Nov 22	$1.60	2,714,744
Oct 19	Oct 23	$2.97	200,000
Oct 19	Oct 23	$2.58	727,217
Nov 19	Nov 23	$2.48	812,101
Nov 19	Nov 23	$2.48	3,443,786
Feb 20	Feb 24	$1.81	1,500,000
			16,979,545

This is the end of the audited remuneration report.

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

To the Directors of Nearmap Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Nearmap Limited for the financial year ended 30 June 2020 there have been:

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

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

KPMG

KPMG

Caoimhe Toouli

Caoimhe Toouli

Partner

Sydney

18 August 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	30 JUNE 2020 $'000	30 JUNE 2019* $'000
Revenue		**96,714**	77,642
Other income		**799**	1,733
TOTAL REVENUE AND OTHER INCOME	3	**97,513**	79,375
Employee benefits expense	4	**(56,542)**	(36,843)
Amortisation[1]	11	**(38,200)**	(23,227)
Depreciation[1]	12	**(8,498)**	(3,432)
Other operational expenses[2]	4	**(31,224)**	(25,495)
TOTAL EXPENSES		**(134,464)**	(88,997)
OPERATING LOSS		**(36,951)**	(9,622)
Net finance costs[2]	6	**(152)**	(215)
LOSS BEFORE TAX		**(37,103)**	(9,837)
Income tax benefit/(expense)	7	**386**	(5,097)
LOSS AFTER TAX FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF NEARMAP LTD		**(36,717)**	(14,934)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(44)**	194
Fair value loss on cash flow hedges		**(957)**	(26)
Transfer of hedging gains to the consolidated statement of profit or loss		**(103)**	-
Income tax associated with these items		**318**	8
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(786)**	176
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF NEARMAP LTD		**(37,503)**	(14,758)
LOSS PER SHARE			
Basic loss per share for the year (cents per share)	14	**(8.14)**	(3.43)
Diluted loss per share for the year (cents per share)	14	**(8.14)**	(3.43)

[1] In the prior year, amortisation and depreciation were presented in the same line item. In the current year the expenses are presented separately to enable more comparability. Comparative figures have been adjusted accordingly.
[2] In the prior year, other finance costs of ($24) thousand were presented within other operational expenses, and net foreign exchange loss of ($191) thousand were disclosed on the face of the consolidated statement of profit or loss. In the current year, other finance costs and net foreign exchange loss are presented within net finance costs to enable more comparability. Comparative figures have been adjusted accordingly.

* The Group has initially applied AASB 16 *Leases* at 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 *Leases* is recognised in retained earnings at the date of initial application. See Note 2 (i) for further information regarding the transition to AASB 16 *Leases* on 1 July 2019.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the consolidated financial statements on pages 40 to 75.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTES	30 JUNE 2020 $'000	30 JUNE 2019* $'000
CURRENT ASSETS			
Cash and cash equivalents	13	36,140	75,914
Trade receivables	9	23,706	14,535
Other current receivables		612	3,078
Other current assets		3,180	2,663
TOTAL CURRENT ASSETS		63,638	96,190
NON-CURRENT ASSETS			
Property, plant and equipment	12	33,408	16,782
Intangible assets	11	47,415	42,132
Deferred tax assets	7	4,313	3,086
TOTAL NON-CURRENT ASSETS		85,136	62,000
TOTAL ASSETS		148,774	158,190
CURRENT LIABILITIES			
Trade and other payables		5,574	3,777
Unearned revenue		49,576	42,034
Employee benefits		6,534	5,701
Lease liabilities	2	4,500	-
Other current liabilities		2,398	5,446
Current tax liabilities		1,220	2,107
TOTAL CURRENT LIABILITIES		69,802	59,065
NON-CURRENT LIABILITIES			
Deferred tax liabilities	7	9,716	10,190
Employee benefits		379	280
Lease liabilities	2	9,896	-
Other non-current liabilities		2,233	1,002
TOTAL NON-CURRENT LIABILITIES		22,224	11,472
TOTAL LIABILITIES		92,026	70,537
NET ASSETS		56,748	87,653
EQUITY			
Contributed equity	8	126,577	124,617
Reserves		19,055	14,843
Profits reserve		7,078	7,078
Accumulated losses		(95,962)	(58,885)
TOTAL EQUITY		56,748	87,653

* The Group has initially applied AASB 16 *Leases* at 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 *Leases* is recognised in retained earnings at the date of initial application. See Note 2 (i) for further information regarding the transition to AASB 16 *Leases* on 1 July 2019.

The above consolidated statement of financial position should be read in conjunction with the notes to the consolidated financial statements on pages 40 to 75.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	30 JUNE 2020 $'000	30 JUNE 2019* $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		100,189	86,866
Payments to suppliers and employees		(87,290)	(62,517)
Interest received		849	1,404
Other receipts		10	21
Income taxes paid		(1,670)	(875)
NET CASH FROM OPERATING ACTIVITIES	13	12,088	24,899
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(8,253)	(8,238)
Payments for development costs		(17,436)	(8,926)
Payment for capture costs		(24,085)	(20,133)
Proceeds from sale of plant and equipment		251	14
Proceeds from sale of unlisted investments		-	150
NET CASH USED IN INVESTING ACTIVITIES		(49,523)	(37,133)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share offer		-	67,146
Proceeds from exercise of share options		1,596	3,210
Proceeds from repayment of share option loans		396	381
Payments for treasury shares		(400)	(197)
Payments for lease liabilities[1]	2	(3,921)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		(2,329)	70,540
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(39,764)	58,306
Cash and cash equivalents at the beginning of the year		75,914	17,530
Effect of movement of exchange rates on cash held		(10)	78
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13	36,140	75,914

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

* The Group has initially applied AASB 16 *Leases* at 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 *Leases* is recognised in retained earnings at the date of initial application. See note 2 (i) for further information regarding the transition to AASB 16 *Leases* on 1 July 2019. The application of AASB 16 *Leases* has led to operating lease payments previously included in net cash from operating activities now being included as payments for lease liabilities within net cash flow from financing activities.

The above consolidated statement of cash flows should be read in conjunction with the notes to the consolidated financial statements on pages 40 to 75.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	CONTRIBUTED EQUITY $'000	ACCUMULATED LOSSES $'000	PROFITS RESERVE $'000	SHARE-BASED PAYMENTS 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)	2	-	(358)	-	-	-	(358)
AT 1 JULY 2019		124,617	(59,243)	7,078	15,053	(210)	87,295
Loss for the year		-	(36,717)	-	-	-	(36,717)
Other comprehensive income:							
Fair value loss on cash flow hedges (net of tax)		-	-	-	-	(670)	(670)
Transfer of hedging gains to the consolidated statement of profit or loss (net of tax)		-	-	-	-	(72)	(72)
Exchange differences on translation of foreign operations		-	-	-	-	(44)	(44)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		-	(36,717)	-	-	(786)	(37,503)
Transactions with owners of the Company:							
Share options exercised	8	1,596	-	-	-	-	1,596
Repayment of share option loans	8	396	-	-	-	-	396
Share-based payment expense	5	-	-	-	5,364	-	5,364
Treasury shares acquired	8	(400)	-	-	-	-	(400)
Treasury shares reissued to employees	8	368	(2)	-	(366)	-	-
AT 30 JUNE 2020		126,577	(95,962)	7,078	20,051	(996)	56,748

* The Group has initially applied AASB 16 *Leases* at 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 Leases is recognised in retained earnings at the date of initial application. See note 2 (i) for further information regarding the transition to AASB 16 *Leases* on 1 July 2019.

The above consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated financial statements on pages 40 to 75.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	NOTES	CONTRIBUTED EQUITY $'000	ACCUMULATED LOSSES $'000	PROFITS RESERVE $'000	SHARE-BASED PAYMENTS RESERVE $'000	OTHER RESERVES $'000	TOTAL EQUITY $'000
AT 30 JUNE 2018		52,995	(44,062)	7,078	13,369	(386)	28,994
Adjustment on initial application of AASB 15 (net of tax)		-	111	-	-	-	111
AT 1 JULY 2018		52,995	(43,951)	7,708	13,369	(386)	29,105
Loss for the year		-	(14,934)	-	-	-	(14,934)
Other comprehensive income:							
Fair value loss on cash flow hedges (net of tax)		-	-	-	-	(18)	(18)
Exchange differences on translation of foreign operations		-	-	-	-	194	194
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		-	(14,934)	-	-	176	(14,758)
Transactions with owners of the Company:							
Share issue	8	68,228	-	-	-	-	68,228
Share options exercised	8	3,210	-	-	-	-	3,210
Repayment of share option loans	8	381	-	-	-	-	381
Share-based payment expense	5	-	-	-	1,684	-	1,684
Treasury shares acquired	8	(197)	-	-	-	-	(197)
AT 30 JUNE 2019		124,617	(58,885)	7,078	15,053	(210)	87,653

The above consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated financial statements on pages 40 to 75.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The notes include information which is required to understand the consolidated financial statements and is material and relevant to the financial position and performance of the Group. The notes are organised into the following sections:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

A. BASIS OF PREPARATION

IN THIS SECTION

This section sets out the basis upon which the Group's consolidated financial statements are prepared as a whole. Specific accounting policies are described in their respective notes to the consolidated financial statements. This section also shows information on new accounting standards, amendments and interpretations, and whether they are effective in the year ended 30 June 2020 or later years. We explain how these changes are expected to impact the financial position and performance of the Group.

1. REPORTING ENTITY

Nearmap Ltd (the "Company") is a for-profit company domiciled in Australia. These consolidated financial statements for the year ended 30 June 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 Sydney 100 Barangaroo Avenue, Sydney 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, Nearmap US Inc. and Nearmap Remote Sensing US Inc.

Going concern basis of accounting

The Group has recognised a net loss after tax of $36,717 thousand for the year ended 30 June 2020. As at that date, the Group has no external debt, but current liabilities exceed current assets by $6,164 thousand. However, the Group's current liabilities include unearned income of $49,576 thousand. Unearned income includes income received in advance which has been deferred in the consolidated statement of financial position until the service is performed. These liabilities are expected to be settled without a corresponding cash outflow. The consolidated 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 given the breakeven cash flow projection for the 30 June 2021 financial year, and existing cash reserves held as at 30 June 2020.

These consolidated financial statements were authorised for issue by the Board of Directors on Tuesday, 18 August 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) and Interpretations (IFRICs) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and share-based payments, which are respectively measured at fair value in accordance with AASB 9 *Financial Instruments* and AASB 2 *Share-based Payment*.

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is Nearmap Ltd's functional and presentation currency.

Rounding of amounts

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 financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

A. BASIS OF PREPARATION (CONT.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Principles of consolidation

The consolidated financial statements incorporate all assets, liabilities and results of the Company and its subsidiaries. Subsidiaries are all those entities over which the Group has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The assets, liabilities and results of subsidiaries are included in the consolidated financial statements from the date that control commences, until the date that control ceases. Where the Company ceases to have control of a subsidiary, it derecognises the assets, liabilities and other components of equity of the subsidiary. Any resulting gain or loss is recognised in the consolidated statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses, and profit and losses resulting from intra-group transactions have been eliminated.

Foreign currencies

Foreign currency transactions
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Foreign currency differences are generally recognised in the consolidated statement of profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges (to the extent that the hedges are effective) and foreign currency differences arising from monetary items that in substance form part of the net investment in the foreign operations are recognised in other reserves in other comprehensive income (OCI).

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Australian dollars at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and presented in the foreign currency translation reserve (FCTR) included in other reserves in equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to the consolidated statement of profit or loss as part of the profit or loss on disposal.

Significant accounting judgements, estimates and assumptions

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

The key judgements and estimates which are material to the financial report are found in the following notes:

	NOTE	PAGE
Lease term	2	43
Share-based payment plans	5	53
Income tax	7	57
Trade receivables – expected credit loss	9	62
Intangibles – recognition and recoverability	11	67

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

A. BASIS OF PREPARATION (CONT.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Changes in accounting policies

(i) AASB 16 *Leases*

The Group has initially adopted AASB 16 *Leases* (AASB 16) from 1 July 2019. The newly effective standard introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying AASB 117 *Leases* (AASB 117) and Interpretation 4 at the date of initial application.

The Group also elected to use the practical expedient outlined in AASB 16 for leases with a term of less than 12 months and no purchase options, and leases of low value assets. The cost related to these leases is recognised on a straight-line basis over the term of the lease.

The group has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 30 June 2019 has not been restated – i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. On transition to AASB 16, all leases entered into by the Group were classified as operating leases under AASB 117 and related interpretations, and the payments recognised on a straight-line basis in the consolidated statement of profit or loss over the term of the lease. The details of the changes in accounting policies are disclosed below.

Definition of a lease
The Group leases many assets, namely properties and office equipment. Previously, the Group determined at contract inception whether an arrangement was or contained a lease under Interpretation 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under AASB 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

Significant accounting policy
The Group recognises a right-of-use asset and a lease liability at the lease commencement date, being the date that the underlying asset is available for use. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjustment for certain remeasurement of the lease liability. The cost of the right-of-use asset includes the amount of recognised lease liabilities, initial direct costs inherent to the lease, and the expected costs to make good the leased asset, less any incentive received. The Group presents right-of-use assets in property, plant, and equipment, the same line items as it presents underlying assets of the same nature that it owns.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The lease payments include fixed payments (including in substance fixed payments) and variable lease payments that depend on an index or rate. Variable payments that do not depend on an index or rate are recognised as an expense in profit or loss as they are incurred. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The Group has applied judgement to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

A. BASIS OF PREPARATION (CONT.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Changes in accounting policies (cont.)

(i) AASB 16 *Leases* (cont.)

Transition
On transition, for leases classified as operating leases under AASB 117, lease liabilities were measured at the present value of the remaining lease payments discounted at the Group's incremental borrowing rate as at 1 July 2019. The weighted average rate applied is 4.32%. Right-of-use assets are measured at their carrying amount as if AASB 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 July 2019.

Impact on transition
On transition to AASB 16, the Group recognised right-of-use assets, lease liabilities and deferred tax assets, and derecognised lease incentive liabilities, recognising the difference in accumulated losses. The impact on transition is summarised below:

	AS REPORTED 30 JUNE 2019 $'000	AASB 16 TRANSITION ADJUSTMENTS $'000	ADJUSTED OPENING BALANCE 1 JULY 2019 $'000
Property, plant and equipment	16,782	6,025[1]	22,807
Deferred tax asset	3,086	144	3,230
TOTAL ASSETS IMPACT	**19,868**	**6,169**	**26,037**
Other current liabilities	5,446	(231)	5,215
Other non-current liabilities	1,002	(1,002)	-
Current lease liabilities	-	2,267	2,267
Non-current lease liabilities	-	5,493	5,493
TOTAL LIABILITIES IMPACT	**6,448**	**6,527**	**12,975**
Accumulated losses	(58,885)	(358)	(59,243)
TOTAL EQUITY IMPACT	**(58,885)**	**(358)**	**(59,243)**

[1] The AASB 16 transition adjustment of $6,025 thousand on the property, plant and equipment balance comprises the recognition of right-of-use assets of $6,530 thousand, including make good assets of $505 thousand, and an equivalent reduction in the office equipment & furniture balance of $505 thousand as a result of the reclassification of the make good asset carrying value within right-of-use assets. Note 12 provides a reconciliation of the opening balance adjustment by category of property, plant and equipment.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as at 30 June 2019 as follows:

	$'000
Operating lease commitments as at 30 June 2019	8,306
Less:	
Impact of discounting	(514)
Commitments relating to short-term and low value leases	(32)
LEASE LIABILITIES AS AT 1 JULY 2019	7,760

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

A. BASIS OF PREPARATION (CONT.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Changes in accounting policies (cont.)

(i) AASB 16 *Leases* (cont.)

Impact for the period
The carrying value and movements of the Group's right-of-use assets and lease liabilities during the year ended 30 June 2020 are set out below:

	RIGHT-OF-USE ASSETS		
	PROPERTY $'000	OFFICE EQUIPMENT $'000	LEASE LIABILITIES $'000
As at 1 July 2019	6,466	64	7,760
Additions (new lease arrangements)[1]	11,436	-	9,876
Depreciation expense	(3,992)	(33)	-
Interest expense on unwinding of lease liabilities	-	-	596
Payments	-	-	(3,921)
Foreign exchange adjustments	146	-	85
AS AT 30 JUNE 2020	14,056	31	14,396
Included in the consolidated statement of financial position as:			
Current lease liabilities			4,500
Non-current lease liabilities			9,896
TOTAL LEASE LIABILTIES			14,396

[1] On 1 July 2019, Nearmap Australia Pty Ltd entered into a contract for the lease of office premises located at Level 5, Tower One, International Towers, 100 Barangaroo Avenue, Sydney. The lease was announced as a subsequent event in the 2019 Annual Report and was excluded from operating lease commitments as at 30 June 2019. Other new lease arrangements entered into by the Group during the year ended 30 June 2020 include two new contracts entered into by Nearmap US Inc for office premises in New York City (20 West 36th Street, New York, New York) and Arlington, Virginia (Suite 1301, 1225 South Clark Street, Arlington, Virginia).

The Group recognised rent expense from short-term leases of $291 thousand for the year ended 30 June 2020.

Maturity analysis – contractual undiscounted cash flows

	30 JUNE 2020 $'000
Less than one year	4,765
One to five years	10,647
TOTAL UNDISCOUNTED LEASE LIABILITY	15,412

The Group has expenditure commitments of nil in relation to short-term leases as at 30 June 2020.

(ii) AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*

On October 22, 2018, the International Accounting Standards Board issued amendments to IFRS 3 *Business Combinations*. Consequently, AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business* (AASB 2018-6) was issued in December 2018 by the Australian Accounting Standards Board.

The amendments seek to clarify whether a transaction results in an asset or a business acquisition. The amendments include an election to use a concentration test, which is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

A. BASIS OF PREPARATION (CONT.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Changes in accounting policies (cont.)

(ii) AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business* (cont.)

The amendments apply for annual reporting periods beginning on or after January 1, 2020, however, early adoption is permitted. The Group has early adopted AASB 2018-6 in the year ended 30 June 2020 on a prospective basis. Accordingly, there was no retrospective adjustment to the Group results.

(iii) AASB Interpretation 23 *Uncertainty over Income Tax Treatments*

The Group has initially adopted AASB Interpretation 23 *Uncertainty over Income Tax Treatments* (Interpretation 23) from 1 July 2019. Interpretation 23 clarifies how to apply the recognition and measurement requirements in AASB 112 *Income Taxes*, when there is uncertainty regarding income tax treatments. The Interpretation addresses whether an entity needs to consider uncertain tax treatments separately, the assumptions an entity should make about the examination of tax treatments by taxation authorities, how an entity should determine taxable profit and loss, tax bases, unused tax losses, unused tax credits, and tax rates, and how an entity considers changes in facts and circumstances in such determinations. The adoption of Interpretation 23 did not have an impact on the Group's consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

(i) *Amendments to References to Conceptual Framework in IFRS Standards*
(ii) *Definition of Material* (amendments to AASB 101 *Presentation of Financial Statement* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

B. KEY FINANCIAL RESULTS

IN THIS SECTION

This section explains the results and performance of the Group and provides additional information about those individual line items in the consolidated financial statements that the Directors consider most relevant in the context of the operations of the Group, including:
- Accounting policies that are relevant for understanding the items recognised in the consolidated financial statements.
- Analysis of the Group's result for the year by reference to key areas, including segment results and revenue, operational expenses, personnel costs including share-based payments, net finance costs and income tax.

3. SEGMENT RESULTS, REVENUE AND OTHER INCOME

This note provides results by operating segment for the year ended 30 June 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 and the respective recognition criteria.

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

B. KEY FINANCIAL RESULTS (CONT.)

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

Segment reporting (cont.)

YEAR ENDED 30 JUNE 2020

	ANZ $'000	NA $'000	UNALLOCATED $'000	TOTAL $'000
Revenue	60,223	36,491	-	96,714
TOTAL REVENUE	60,223	36,491	-	96,714
Capture cost amortisation[1]	(6,000)	(23,529)	-	(29,529)
Storage, administration & other	(1,025)	(5,537)	-	(6,562)
TOTAL COST OF REVENUE	(7,025)	(29,066)	-	(36,091)
GROSS PROFIT	53,198	7,425	-	60,623
GROSS MARGIN %	88%	20%	-	63%
Direct sales & marketing	(8,906)	(19,864)	-	(28,770)
Indirect sales & marketing	(5,878)	(8,129)	-	(14,007)
TOTAL SALES & MARKETING COSTS	(14,784)	(27,993)	-	(42,777)
General & administration	(10,725)	(9,233)	(18,469)	(38,427)
Overhead depreciation[2]	(2,162)	(1,638)	(1,570)	(5,370)
Other income	-	-	799	799
Finance costs[3]	-	-	(681)	(681)
TOTAL GENERAL & ADMINISTRATION	(12,887)	(10,871)	(19,921)	(43,679)
SEGMENT CONTRIBUTION	25,527	(31,439)	(19,921)	(25,833)
Amortisation & depreciation of unallocated assets				(11,799)
Foreign exchange gain				529
LOSS BEFORE TAX				(37,103)
Income tax benefit				386
LOSS AFTER TAX				(36,717)

[1] During the year ended 30 June 2019, the Group reviewed the appropriateness of the amortisation period and methodology for capture costs and determined that the period be reduced from 5 years to 2 years, reflecting growing demand for more recent imagery. The change in estimate was applied prospectively from 1 January 2019. For the year ended 30 June 2020, the 2-year useful life policy was applied consistently throughout the year.

[2] Overhead depreciation includes right-of-use asset depreciation of $4,025 thousand for the year ended 30 June 2020. The group has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 30 June 2019 has not been restated

[3] Excluding foreign exchange gains, which are presented on a consolidated level below segment contribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

B. KEY FINANCIAL RESULTS (CONT.)

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

Segment reporting (cont.)

YEAR ENDED 30 JUNE 2019

	ANZ $'000	NA $'000	UNALLOCATED $'000	TOTAL $'000
Revenue	53,173	24,469	-	77,642
TOTAL REVENUE	53,173	24,469	-	77,642
Capture cost amortisation[1]	(3,860)	(14,146)	-	(18,006)
Storage, administration & other	(1,039)	(3,158)	-	(4,197)
TOTAL COST OF REVENUE	(4,899)	(17,304)	-	(22,203)
GROSS PROFIT	48,274	7,165	-	55,439
GROSS MARGIN %	91%	29%	-	71%
Direct sales & marketing	(8,531)	(13,009)	-	(21,540)
Indirect sales & marketing	(2,864)	(3,970)	-	(6,834)
TOTAL SALES & MARKETING COSTS	(11,395)	(16,979)	-	(28,374)
General & administration	(8,786)	(8,552)	(12,429)	(29,767)
Overhead depreciation	(224)	(468)	(98)	(790)
Other income	-	-	1,733	1,733
Finance costs[2]	-	-	(24)	(24)
TOTAL GENERAL & ADMINISTRATION	(9,010)	(9,020)	(10,818)	(28,848)
SEGMENT CONTRIBUTION	27,869	(18,834)	(10,818)	(1,783)
Amortisation & depreciation of unallocated assets				(7,863)
Foreign exchange loss				(191)
LOSS BEFORE TAX				(9,837)
Income tax expense				(5,097)
LOSS AFTER TAX				(14,934)

[1] During the year ended 30 June 2019, the Group reviewed the appropriateness of the amortisation period and methodology for capture costs and determined that the period be reduced from 5 years to 2 years, reflecting growing demand for more recent imagery. The change in estimate was applied prospectively from 1 January 2019, and an additional $7,980 thousand was recorded in the consolidated statement of profit or loss the Group. No change was made to the straight-line amortisation method.
[2] Excluding foreign exchange loss, which are presented on a consolidated level below segment contribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

B. KEY FINANCIAL RESULTS (CONT.)

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

Revenue and other income

ACCOUNTING POLICY – RECOGNITION AND MEASUREMENT OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives its revenue primarily from subscription fees for its online location intelligence services and, to a lesser extent royalty services. Revenue is recognised when control of these services is transferred to the Group's customers, in an amount that reflects the consideration the Group expects to be entitled to in an exchange for those services, excluding GST.

The following paragraphs provide information about the nature and timing of satisfaction of performance obligations in contracts with customers, including revenue recognition policies:
(i) Subscription revenue: The Group's subscription services represent a single promise to provide continuous access to its digital aerial imagery. As each day of providing access to the software is substantially the same and the customer simultaneously receives and consumes the benefit as access is provided, the Group has determined that its subscriptions services arrangement include a single performance obligation comprised of a series of distinct services. Revenue from subscription services is recognised over time on a rateable basis over the contract term beginning on the date that the Group's service is made available to the customer. Subscription periods are typically annual or multi-year in duration, are billed in advance annually and are non-refundable. Typically, subscriptions automatically renew at the end of the subscription period unless the customer specifically terminates it prior to the end of the period.

(ii) Royalty income: The Group earns royalty revenue through third parties who sell Nearmap imagery on behalf of the Group. Revenue is recognised when the performance obligation to which the royalty relates has been satisfied.

(iii) Grant income: reflects the New South Wales payroll grant received from the Office of State Revenue when incremental headcounts is hired for new jobs created.

(iv) Interest income is recognised as interest accrues using the effective interest method.

(i) Disaggregation of revenue

	30 JUNE 2020 $'000	30 JUNE 2019 $'000
TYPES OF REVENUE AND OTHER INCOME		
Subscription revenue[1]	**96,576**	77,125
Royalty income	**138**	517
TOTAL REVENUE	**96,714**	77,642
Interest income	**676**	1,553
Grant income	**10**	21
Gain on disposal of assets	**113**	9
Gain on sale of unlisted investments	**-**	150
TOTAL OTHER INCOME	**799**	1,733
TOTAL REVENUE AND OTHER INCOME	**97,513**	79,375

[1] In the prior year, on-demand revenue ($134 thousand) and subscription revenue ($76,991 thousand) were presented in two separate line items. In the current year, on-demand revenue and subscription revenue are presented within subscription revenue given their similar nature. Comparative figures have been adjusted accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

B. KEY FINANCIAL RESULTS (CONT.)

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

Revenue and other income (cont.)

(i) Disaggregation of revenue (cont.)

	30 JUNE 2020 $'000	30 JUNE 2019 $'000
PRIMARY GEOGRAPHICAL MARKETS[1]		
Australia & New Zealand	60,223	53,173
North America	36,491	24,469
Unallocated	799	1,733
TOTAL REVENUE AND OTHER INCOME	97,513	79,375
SUBSCRIPTION REVENUE BY INDUSTRY[2]		
Architecture, Construction & Engineering	26,539	20,536
Commercial/Other	19,345	17,517
Government	15,856	11,292
Utilities	11,377	9,913
Insurance & Property	15,525	10,934
Solar	7,934	6,933
TOTAL SUBSCRIPTION REVENUE	96,576	77,125

[1] The Group's revenue by geography is based on customer billing address.
[2] In the prior year, on-demand revenue of $134 thousand was presented separately from subscription revenue and was not included in the disaggregation of revenue by industry. In the current year, on-demand revenue and subscription revenue are presented together within subscription revenue given their similar nature. Comparative figures have been adjusted accordingly.

(ii) Contract balances

Contract assets
Contract assets primarily relate to unbilled amounts typically resulting from sales contracts where revenue recognised exceeds the amount billed to the customer. The contract asset is transferred to trade receivable when the right becomes unconditional. The Group has $3,927 thousand contract assets as at 30 June 2020 (30 June 2019: $1,489 thousand) which are recognised within trade receivable.

Contract liabilities (unearned revenue)
Unearned revenue primarily consists of billings and payments received in advance of revenue recognition. The Group primarily bills and collects payments from customers for services in advance on an annual basis. The Group initially records subscriptions fees as unearned revenue and then recognises revenue as performance obligations are satisfied over the subscription period. The totality of the unearned revenue balance at 1 July 2019 has been recognised as revenue as at 30 June 2020.

Significant changes in contract liabilities are as follows:

	30 JUNE 2020 $'000	30 JUNE 2019 $'000
Balance at the beginning of the year	42,034	33,911
Invoice issued during the year	100,766	85,654
Decrease due to revenue recognised in the year	(93,957)	(77,531)
Foreign exchange adjustment	733	-
BALANCE AT THE END OF THE YEAR	49,576	42,034

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

B. KEY FINANCIAL RESULTS (CONT.)

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

Revenue and other income (cont.)

(iii) Transaction price allocated to remaining performance obligations

Total transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as at the end of the financial year is referred to as revenue backlog. Revenue backlog consists of unearned revenue, as reported in the consolidated statement of financial position (billed backlog), and unbilled customer commitments (unbilled backlog). Unbilled backlog is an operational measure representing future unearned revenue amounts that are to be invoiced under existing multi-year agreements and that are not included in the unearned revenue on the consolidated statement of financial position.

As at 30 June 2020, total backlog was $107,397 thousand (30 June 2019: $86,015 thousand), expected to be recognised in the consolidated statement of profit of loss in the following financial years:

	30 JUNE 2020 $'000	30 JUNE 2019 $'000
Year ended 30 June 2021	69,317	64,511
Year ended 30 June 2022	24,264	13,702
Year ended 30 June 2023 and thereafter	13,816	7,802
TOTAL REVENUE BACKLOG	107,397	86,015

4. EXPENSES

Other operational expenses

	30 JUNE 2020 $'000	30 JUNE 2019 $'000
Servicing and processing costs	6,617	4,547
Marketing costs	5,322	5,255
Travel costs[1]	3,577	3,689
Subscription fees	4,921	3,095
Audit, consulting and legal fees	3,956	3,117
Operating lease expenses	-	2,208
Office and other rental costs[1]	1,942	1,217
Insurance costs	1,069	680
All other operating expenses[2]	3,820	1,687
TOTAL OTHER OPERATIONAL EXPENSES	31,224	25,495

[1] Office costs of $1,217 thousand and travel costs of $3,689 thousand were previously included within travel and office costs for the year ended 30 June 2019. For the year ended 30 June 2020, these operational cost categories have been disclosed separately and comparative figures have been adjusted accordingly.
[2] Other finance costs of $24 thousand were previously included within all other operating expenses for the year ended 30 June 2019. For the year ended 30 June 2020, these costs have been disclosed separately within net finance costs and comparative figures have been adjusted accordingly. Note 6 provides a detail of elements included in net finance costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

B. KEY FINANCIAL RESULTS (CONT.)

4. EXPENSES (CONT.)

Employee benefits expense

	30 JUNE 2020 $'000	30 JUNE 2019 $'000
Salaries, wages, and other employee expense	49,789	33,286
Net share-based payment expense[1]	4,062	1,684
Defined contribution plan expense	2,691	1,873
TOTAL EMPLOYEE BENEFITS EXPENSE	56,542	36,843

[1] The Group capitalises a portion of its share-based payments cost in intangible assets and property, plant and equipment. Refer to note 5 for the reconciliation of the total cost incurred by the Group with the amount recognised in the consolidated statement of profit or loss.

5. SHARE-BASED PAYMENT PLANS

ACCOUNTING POLICY - RECOGNITION AND MEASUREMENT OF SHARE-BASED PAYMENTS

The Group operates various equity-settled share-based payment plans, providing share options and restricted stock units (RSUs) to employees in exchange for service rendered, as outlined further in this note.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards, ending on the date on which the relevant employees become fully entitled to the award.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions. For awards subject to a service condition only, no expense is recognised if they do not ultimately vest. The expense or income for the year represents the movement in cumulative expense recognised at the beginning and end of that year.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award. The granting of limited recourse loans (LRL) is considered to be a modification to the existing options. Any increase in the fair value of the option is recognised as an expense immediately at the date the limited recourse loan is granted. The LRLs are not recognised in the consolidated financial statements.

The dilutive effect, if any, of outstanding equity-settled share-based payment instruments is reflected as additional share dilution in the computation of earnings per share.

KEY ESTIMATES AND JUDGEMENTS

The Group estimates the fair value of equity-settled share-based payments at the date at which they are granted. The fair values of options granted include assumptions in the following areas: risk free rate, volatility, expected life and expected achievement of TSR performance hurdles, if applicable. The expected volatility reflects the assumption that the historical volatility is indicative of future trends and may not reflect the actual outcome. The expected life of the options is based on historical data, which may also not necessarily reflect future exercise patterns.

At 30 June 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

B. KEY FINANCIAL RESULTS (CONT.)

5. SHARE-BASED PAYMENT PLANS (CONT.)

Employee Share Option Plan (cont.)

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

(i) with Total Shareholder Return (TSR) growth performance vesting conditions, exercisable after three years; or

(ii) without any performance vesting conditions, exercisable on various dates (usually in two or three equal annual tranches when vested).

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 $1,882 thousand in the year ended 30 June 2020 (30 June 2019: $1,598 thousand) in relation to the ESOP. In addition, $62 thousand has been capitalised in the cost of intangible assets and property, plant and equipment (30 June 2019: nil).

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 Group recorded a net expense of $198 thousand in the year ended 30 June 2020 (30 June 2019: $86 thousand) in relation to the Employee Matching Share Rights Plan. In addition, $81 thousand has been capitalised in the cost of intangible assets and property, plant and equipment (30 June 2019: nil).

Long Term Incentive Plan

The Group introduced a new incentive plan during the year ended 30 June 2020. Pursuant to the Nearmap new employee Long Term Incentive Plan (LTIP), certain key senior employees are granted either options issued with a life of 4 years or Restricted Share Units (RSUs) representing between 15% 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 number of equity instruments to be issued under this grant is dependent on the Company's closing share price on the day prior to the 2020 Annual General Meeting. As a result, as at 30 June 2020, no instruments have been issued under this grant. The Group recorded a net expense of $1,982 thousand in the year ended 30 June 2020 (30 June 2019: nil) in relation to the LTIP, of which $834 thousand relates to the salary compensation grant (30 June 2019: nil). In addition, $1,159 thousand has been capitalised in the cost of intangible assets and property, plant and equipment (30 June 2019: nil).

MOVEMENT IN SHARE OPTIONS AND LOANS

	30 JUNE 2020	WEIGHTED AVERAGE EXERCISE PRICE	30 JUNE 2019	WEIGHTED AVERAGE EXERCISE PRICE
Number of options outstanding at the beginning of the year	16,337,184	$0.84	23,668,600	$0.66
Options lapsed/forfeited	(1,371,303)	$1.58	(1,409,750)	$0.68
Options exercised – loans granted	(1,958,346)	$0.90	(4,615,867)	$0.81
Options exercised – cash payment	(3,085,333)	$0.51	(5,894,894)	$0.57
Options granted	7,057,343	$2.37	4,589,095	$1.35
NUMBER OF OPTIONS OUTSTANDING AT THE END OF THE YEAR	16,979,545	$1.53	16,337,184	$0.84
VESTED & EXERCISABLE	2,348,011	$0.57	4,033,250	$0.46

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

B. KEY FINANCIAL RESULTS (CONT.)

5. SHARE-BASED PAYMENT PLANS (CONT.)

As at 30 June 2020, there were 16,979,545 options outstanding (30 June 2019: 16,337,184) at exercise prices ranging from $0.39 to $2.97 (30 June 2019: $0.39 to $1.65) and a weighted average remaining contractual life of 2.40 years (30 June 2019: 2.26 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:

	ESOP – MONTE CARLO		ESOP – BLACK-SCHOLES	
	30 JUNE 2020	30 JUNE 2019	30 JUNE 2020	30 JUNE 2019
Dividend yield (%)	0.00	0.00	0.00	0.00
Risk-free interest rate (%)	0.85	2.17	0.67	2.19
Expected life (years)	4.00	3.00	3.00	2.00
Expected volatility for the share price (%)	52.18	57.50	56.66	47.20
Weighted-average fair values ($)	0.78	0.49	0.74	0.36

	LTIP – BLACK-SCHOLES	
	30 JUNE 2020	30 JUNE 2019
Dividend yield (%)	0.00	-
Risk-free interest rate (%)	0.75	-
Expected life (years)	2.66	-
Expected volatility for the share price (%)	53.13	-
Weighted-average fair values ($)	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.

The grant of limited recourse loans for the settlement of share options is considered as a modification to the valuation of the options. Any increase in the fair value of the modified option is recognised as expensed in the consolidated statement of profit or loss. During the year ended 30 June 2020, the issue of limited recourse loans resulted in an incremental expense of $60 thousand relating to KMPs and $25 thousand for other employees (30 June 2019: $285 thousand and $50 thousand).

MOVEMENT IN RESTRICTED SHARE UNITS (RSUs)

	30 JUNE 2020	WEIGHTED-AVERAGE FAIR VALUE	30 JUNE 2019	WEIGHTED-AVERAGE FAIR VALUE
Number of RSUs outstanding at the beginning of the year	-	-	-	-
RSUs lapsed/forfeited	(209,565)	$2.58	-	-
RSUs granted	1,139,537	$2.57	-	-
NUMBER OF RSUs OUTSTANDING AT THE END OF THE YEAR	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.

B. KEY FINANCIAL RESULTS (CONT.)

6. NET FINANCE COSTS

	30 JUNE 2020 $'000	30 JUNE 2019 $'000
Interest expense on unwinding of lease liabilities	596	-
Net foreign exchange (gain)/loss	(529)	191
Other finance costs	85	24
NET FINANCE COSTS	152	215

7. INCOME TAX

ACCOUNTING POLICY - RECOGNITION AND MEASUREMENT OF INCOME TAX

Income tax
Income tax expense comprises current and deferred tax. It is recognised in the consolidated statement of profit or loss except to the extent that it related to items recognised directly in equity or OCI.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:
(i) Temporary difference on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
(iii) Taxable temporary differences arising on the initial recognition of goodwill.

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Research and Development tax incentive
The Group accounts for any non-refundable research and development tax credits as an income tax benefit, which are recognised when there is reasonable assurance that the Group will comply with the conditions that are attached to the incentive and that it will be received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

B. KEY FINANCIAL RESULTS (CONT.)

7. INCOME TAX (CONT.)

ACCOUNTING POLICY - RECOGNITION AND MEASUREMENT OF INCOME TAX (CONT.)

Tax consolidation
The Company and its wholly owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity, Nearmap Ltd, and the controlled entities in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a standalone taxpayer in its own right. In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

KEY ESTIMATES AND JUDGEMENTS

Deferred tax
Where it is probable that future taxable profit will be available against which carried forward tax losses can be utilised, a deferred tax asset is recognised for these amounts, subject to shareholder continuity and other requirements. No material deferred asset has been recognised for losses in the United States, given the uncertainty of the timing of future profitability.

(i) Income tax expense

	30 JUNE 2020 $'000	30 JUNE 2019 $'000
Current tax expense	(953)	(2,646)
Deferred tax benefit/(expense)	1,339	(2,451)
TOTAL INCOME TAX BENEFIT/(EXPENSE)	386	(5,097)
NUMERICAL RECONCILIATION OF INCOME TAX BENEFIT/(EXPENSE) TO PRIMA FACIE TAX PAYABLE		
Loss before income tax	(37,103)	(9,837)
Tax at the Australia tax rate of 30% (30 June 2019: 30%)	11,131	2,951
Tax effect of amounts which are not deductible in calculating taxable income:		
Research and development grant	-	181
Effect of lower tax rate in the US	(2,414)	(2,416)
Share-based payments expense	(1,609)	(505)
Entertainment expenses	(115)	(88)
Recognition of previously unrecognised deductible temporary differences	-	743
Current year losses for which no deferred tax asset is recognised	(7,202)	(5,819)
Over/(under) provision in the prior year	595	(144)
TOTAL TAX BENEFIT/(EXPENSE)	386	(5,097)

The Group has an unrecognised deferred tax asset of $25,921 thousand in respect of US tax losses as at 30 June 2020 (30 June 2019: $18,288 thousand). The unrecognised tax losses have expiry dates ranging from 2035 to 2040.

(ii) Deferred income tax

The movement in deferred tax balances and the Group's net deferred tax balance is outlined below. The net deferred tax asset balance relates to US entities and the net deferred tax liability balance relates to Australian entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

B. KEY FINANCIAL RESULTS (CONT.)

7. INCOME TAX (CONT.)

(ii) Deferred income tax (cont.)

YEAR ENDED 30 JUNE 2020	BALANCE AT 1 JULY	RECOGNISED IN PROFIT OR LOSS	RECOGNISED DIRECTLY IN EQUITY	BALANCE AT 30 JUNE	NET DEFERRED TAX ASSETS	NET DEFERRED TAX LIABILITIES
	$'000	$'000	$'000	$'000	$'000	$'000
Unearned revenue	2,682	667	64	3,413	3,413	-
Provisions and other accruals	1,546	327	8	1,881	647	1,234
Plant and equipment	(111)	762	144	795	253	542
Intangible assets	(12,088)	(372)	-	(12,460)	-	(12,460)
Other	837	144	(172)	809	-	809
Derivative instruments	(31)	-	318	287	-	287
Unrealised foreign exchange loss	61	(189)	-	(128)	-	(128)
NET TAX ASSETS/(LIABILITIES)	(7,104)	1,339	362	(5,403)	4,313	(9,716)

YEAR ENDED 30 JUNE 2019	BALANCE AT 1 JULY	RECOGNISED IN PROFIT OR LOSS	RECOGNISED DIRECTLY IN EQUITY	BALANCE AT 30 JUNE	NET DEFERRED TAX ASSETS	NET DEFERRED TAX LIABILITIES
	$'000	$'000	$'000	$'000	$'000	$'000
R&D credits carry forward	874	(874)	-	-	-	-
Unearned revenue	2,177	391	114	2,682	2,682	-
Provisions and other accruals	1,253	267	26	1,546	379	1,167
Plant and equipment	69	(181)	1	(111)	25	(136)
Intangible assets	(10,348)	(1,740)	-	(12,088)	(1)	(12,087)
Other	11	(256)	1,082	837	-	837
Derivative instruments	(42)	-	11	(31)	-	(31)
Unrealised foreign exchange loss	119	(58)	-	61	-	61
NET TAX ASSETS/(LIABILITIES)	(5,887)	(2,451)	1,234	(7,104)	3,086	(10,190)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

C. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

IN THIS SECTION

This section outlines how the Group manages its capital structure and discusses the Group's exposure to various financial risks and how the Group manages these risks.

Capital Risk Management
The Group's objective in managing capital is to safeguard its ability to continue as a going concern, so it can continue to commercialise intellectual property with the ultimate objective of providing returns to shareholders whilst maintaining an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Group may issue new shares, sell assets, consider joint ventures and may return capital in some form to shareholders.

8. CAPITAL AND RESERVES

ACCOUNTING POLICY - RECOGNITION AND MEASUREMENT OF CONTRIBUTED EQUITY AND RESERVES

Shares issued are classified as contributed equity. Incremental costs directly attributable to the issue of new shares or options are deducted from the fair value of contributed equity issued, net of tax. Details in relation to share based payment plans, including share options, are contained in note 5. When shares recognised as contributed equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from contributed equity. When treasury shares are reissued subsequently as part of the Employee Matching Share Rights Plan, the amount of the consideration paid upon repurchase is recognised as an increase in contributed equity. Any surplus of deficit between the consideration paid and the amount recognised in the share-based payments reserve upon vesting of the rights is presented in accumulated losses.

Reserves include:
(i) Share-based payments reserve: comprises the cumulative expense relating to the fair value of options, RSUs, and rights on issue to key management personnel, senior executives and employees of the Group.
(ii) Profit reserve: comprises profits appropriated by the parent company of the Group.
(iii) Other reserves: includes the foreign currency translation reserve representing foreign currency translation differences arising on the translation of financial statements of the Group's foreign entities into the Group presentation currency (as described in note 2), and the cash flow hedge reserve representing the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred that are recognised in other comprehensive income (as described in note 9)

Contributed equity
The contributed equity of the Company consists only of fully paid ordinary shares. Holders of theses ordinary shares are entitled to receive dividends as declared from time to time, are entitled to one vote per share at general meetings of the Company, and in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Treasury shares
Treasury shares are shares in the Company that are held by the Employee Matching Share Rights Plan Trust (the Trust) for the purpose of issuing shares under the Employee Matching Share Rights Plan. All rights attached to the Company's shares held by the Trust are suspended until those shares are reissued. As at 30 June 2020, the Trust held 135,222 of the Company's shares (30 June 2019: 43,998).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

C. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT (CONT.)

8. CAPITAL AND RESERVES (CONT.)

MOVEMENT IN SHARES ON ISSUE

	NUMBER OF SHARES	$'000
YEAR ENDED 30 JUNE 2020		
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[3]	-	(400)
Treasury shares vested and transferred to employees[3]	-	368
BALANCE AT THE END OF THE YEAR	453,324,295	126,577
YEAR ENDED 30 JUNE 2019		
Balance at the beginning of the year	394,019,855	52,995
Issue of shares during the year, net of tax[1]	43,750,000	68,228
Issued from exercise of share options	5,894,894	3,210
Issued from exercise of share option loans	4,615,867	-
Repayment of share option loans[2]	-	381
Treasury shares acquired[3]	-	(197)
BALANCE AT THE END OF THE YEAR	448,280,616	124,617

[1] On 7 September 2018, the Company completed a $70,000 thousand capital raise (before costs), through a fully underwritten institutional placement of 43,750,000 new fully paid ordinary shares at the offer price of $1.60. The Company incurred a total of $2,854 thousand in transaction costs, which included $856 thousand representing the deferred tax impact.
[2] During the year, total loans of $391 thousand (30 June 2019: $372 thousand) and accruing interest of $5 thousand (30 June 2019: $9 thousand) were repaid to the Company, thereby releasing 631,686 shares (30 June 2019: 613,333) previously under holding lock.
[3] The Company introduced an employee matching share rights plan during the year ended 30 June 2019. The balance of treasury shares acquired of $400 thousand as at 30 June 2020 (30 June 2019: $197 thousand) relates to shares purchased under the plan that will be reissued to participants at the end of the vesting periods. The balance of treasury shares vested and transferred to employees of $368 thousand as at 30 June 2020 (30 June 2019: nil) relates to shares that have been reissued to participants during the financial year.

9. FINANCIAL INSTRUMENTS

ACCOUNTING POLICY - RECOGNITION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

Recognition and initial measurement
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments are initially measured at fair value, adjusted for transaction costs, unless they are classified as fair value through profit or loss in which case transaction costs are expensed in the consolidated statement of profit or loss immediately.

Classification and subsequent measurement
On initial recognition, a financial instrument is classified and measured at:
(i) Amortised cost;
(ii) Fair value through other comprehensive income (FVOCI – Financial asset only); or
(iii) Fair value through profit or loss (FVTPL)
The Groups financial assets and financial liabilities, which comprise cash and cash equivalent, trade receivables, other current receivables, other current assets, trade and other payables, other current liabilities, and derivative financial instruments, are all classified and measured at amortised cost on initial recognition, except the derivative financial instruments (derivatives) which are classified and measured at FVTPL.

C. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT (CONT.)

9. FINANCIAL INSTRUMENTS (CONT.)

ACCOUNTING POLICY - RECOGNITION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (CONT.)

Classification and subsequent measurement (cont.)
Financial instruments classified and measured at amortised cost on initial recognition are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains, and losses and impairment are recognised in the consolidated statement of profit or loss.

Financial instruments classified and measured at FVTPL on initial recognition are subsequently measured at fair value. The derivatives entered into by the Group are used to hedge the variability in cash flows associated with highly probable forecast transaction arising from changes in foreign exchange rates. The Group designates these derivatives as cash flow hedging instruments and applies hedge accounting. The effective portion of changes in fair value of the derivatives is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivatives is recognised immediately in the consolidated statement of profit or loss. The amount accumulated in the hedging reserve is reclassified to the consolidated statement of profit or loss in the same period or periods during which the hedged expected future cash flow affects the consolidated statement of profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Impairment of financial assets
Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Derecognition of financial instruments
Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is discharged, cancelled or expires. On derecognition of financial liabilities, the difference between the carrying amount extinguished and the consideration paid is recognised in the consolidated statement of profit or loss.

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

ACCOUNTING POLICY – FAIR VALUE MEASUREMENT

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transaction for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The fair value of assets and liabilities is categorised into different levels of the fair value hierarchy based on the inputs used in the valuation techniques as follows:
(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date;
(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period which the transfer has occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

C. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT (CONT.)

9. FINANCIAL INSTRUMENTS (CONT.)

KEY ESTIMATES AND JUDGEMENTS

Impairment of financial assets
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no single customer making up a material percentage of the Group's revenue. The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. As at 30 June 2020, COVID-19 hasn't had a significant impact on the recoverability of the Group's balances receivable. The Group uses an allowance matrix to measure the ECL of trade receivables. Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated based on the age of the receivable at the end of the financial year. The Group also recognises specific allowances for known credit risk of some individual customer accounts. The allowance for expected credit losses assessment requires a degree of estimation and judgement and may not reflect actual write-off in future periods.

(i) Carrying amounts and fair values

The fair value and carrying value of derivatives as at 30 June 2020 is $957 thousand and is included in other current liabilities (30 June 2019: $103 thousand included in other current assets). The net unrealised loss of $957 thousand on changes in fair value of the derivatives during the year ended 30 June 2020 has been recognised in OCI (30 June 2019: $26 thousand recognised in OCI). 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. There were no transfers between levels of the fair value hierarchy during the years ended 30 June 2020 and 30 June 2019.

The carrying value less impairment provision of trade receivables, other current receivables, other current assets trade and other payables, and other current liabilities are assumed to approximate their fair values due to their short-term nature.

(ii) Financial risk management

Risk management framework
The Company's board of Directors have an overall responsibility for the establishment and oversight of the Group's risk management framework. The board of Directors have established the Audit and Risk Management Committee which is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in the market and the Group's activities.

Market risk
Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The Group uses derivatives to manage market risk related to foreign currencies. All such transactions are carried out within the guidelines of the Group's risk management policies.

(a) **Currency risk**

Nature of risk

The Group's functional currency is the Australian dollar (AUD) and it is exposed to currency risk on payments denominated in the United States dollar (USD). The Group's policy is to hedge 85% to 125% of its estimated foreign currency exposure in respect of forecast purchases over the following 12 months at any point in time. The Group uses forward exchange contracts to hedge its currency risk, with the forward exchange contracts maturing on the same dates that the forecast payments are expected to occur. All foreign exchange contracts at 30 June 2020 have a maturity of less than twelve months from the reporting date. These contracts are designated as cash flow hedges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

C. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT (CONT.)

9. FINANCIAL INSTRUMENTS (CONT.)

(ii) Financial risk management (cont.)

Market risk (cont.)

(a) Currency risk (cont.)

Nature of risk (cont.)

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

Exposure to foreign currency risk

The summary quantitative data about the Group's significant exposure to foreign currency risk is as follows:

	30 JUNE 2020 USD $'000	30 JUNE 2019 USD $'000
Cash and cash equivalent	**1,499**	948
Receivables and other assets	**6,909**	3,429
Payables and other liabilities	**2,650**	2,132
GROSS EXPOSURE	**11,058**	6,509

The following significant exchange rates have been applied.

	AVERAGE RATE		YEAR-END SPOT RATE	
	30 JUNE 2020	30 JUNE 2019	**30 JUNE 2020**	30 JUNE 2019
USD	**0.6712**	0.7153	**0.6863**	0.7013

Sensitivity analysis

A reasonably possible strengthening or weakening of the Australian dollar against the US dollar would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases:

	PROFIT OR LOSS		EQUITY, NET OF TAX	
	STRENGTHENING $'000	WEAKENING $'000	STRENGTHENING $'000	WEAKENING $'000
30 JUNE 2020				
USD (10% movement)	**6**	**(8)**	**(769)**	**939**
30 JUNE 2019				
USD (10% movement)	(14)	18	(276)	338

Cash flow hedges

All derivates entered into by the Group are foreign exchange contracts. The settlement amounts and average contractual exchange rates of foreign exchange contracts were as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

C. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT (CONT.)

9. FINANCIAL INSTRUMENTS (CONT.)

(ii) Financial risk management (cont.)

Market risk (cont.)
(b) Currency risk (cont.)
Cash flow hedges (cont.)

	BUY UNITED STATES DOLLARS		AVERAGE EXCHANGE RATES		DERIVATIVE ASSET/(LIABILITY)	
	30 JUNE 2020 $'000	30 JUNE 2019 $'000	**30 JUNE 2020 $'000**	30 JUNE 2019 $'000	**30 JUNE 2020 $'000**	30 JUNE 2019 $'000
MATURITY						
0-3 months	**3,800**	2,000	**0.6196**	0.7128	**(602)**	43
3-6 months	**1,800**	2,000	**0.6038**	0.7195	**(355)**	60
TOTAL DERIVATIVE					**(957)**	103

(c) Interest rate risk
The Group is exposed to changes in interest rates as it relates to the Group's short-term deposits. The Group monitors changes in interest rates regularly to ensure the best possible return on deposits. Changes to interest rates in this context are not considered a significant financial risk. The average interest rate received on deposits during the year was 1.61%.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalent, term deposits, trade receivables from customers, other current receivables and amounts receivable from forward exchange contracts. The Group trades primarily with recognised, creditworthy third parties. The maximum exposure to credit risk at the reporting date in relation to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

(a) Cash and cash equivalent, term deposits, amounts receivable from forward exchange contracts
The Group manages credit risk by placing cash and cash equivalent, term deposits and forward exchange contracts with high quality financial institutions. High quality financial institutions are those which are rated least BBB (as rated by Standard & Poors).

(b) Trade and other receivables
The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available. Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year. The ageing of trade receivables and movement in the allowance for expected credit loss are presented below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

C. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT (CONT.)

9. FINANCIAL INSTRUMENTS (CONT.)

(ii) Financial risk management (cont.)

Credit risk (cont.)
(b) Trade and other receivables (cont.)

	CARRYING AMOUNT 30 JUNE 2020 $'000	CARRYING AMOUNT 30 JUNE 2019 $'000
Current	18,169	12,738
31 to 60 days overdue	998	230
Over 61 days overdue	410	183
Over 90 days overdue	1,184	135
Impairment provision	(982)	(240)
TRADE RECEIVABLE	19,779	13,046
Contract Assets	3,927	1,489
TOTAL TRADE RECEIVABLES	23,706	14,535

Contract assets primarily relate to unbilled amounts typically resulting from sales contracts when revenue recognised exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time.

	30 JUNE 2020 $'000	30 JUNE 2019 $'000
Balance as at 1 July	240	173
Provision used during the year	(488)	(76)
Additional provision recognised	1,249	143
Foreign exchange adjustment	(19)	-
BALANCE AS AT 30 JUNE	982	240

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group continually monitors forecast and actual cash flows and the maturity profiles of assets and liabilities. The Group manages liquidity risk by maintaining cash reserves and liquid assets in excess of expected cash outflows.

As at 30 June 2020, all financial liabilities have a remaining contractual maturity of less than 1 year. Contractual cash outflows relating to lease liabilities are presented in note 2 (i).

10. DIVIDENDS PAID ON ORDINARY SHARES

No dividends were paid or proposed for the year ending 30 June 2020 (30 June 2019: nil). Franking credits available for the year ending 30 June 2020 was $1,390 thousand (30 June 2019: nil).

D. INVESTING ACTIVITIES

IN THIS SECTION

This section outlines the Group's investment in intangible assets and property, plant and equipment as well as a broader discussion on the entity's cash flows.

11. INTANGIBLES

ACCOUNTING POLICY – RECOGNITION AND MEASUREMENT OF INTANGIBLES

Research and development costs
Expenditure on research activities is recognised in the consolidated statement of profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the consolidated statement of profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Capture costs
Capture costs comprise the cost of aerial surveys, third party processing costs, and employee benefit costs directly attributable and necessary to create and upload digital imagery online. Subsequent to initial recognition, capture costs are measured at cost less accumulated amortisation and any accumulated impairment loss.

Other intangibles
Other intangible assets include mainly intellectual property and patents that are acquired by the Group and have finite useful lives. These intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the consolidated statement of profit or loss as incurred.

Amortisation
Amortisation is recognised in the consolidated statement of profit or loss on a straight-line basis over the estimated useful life of the intangible asset, from the date it is available for use. The estimated useful lives are as follows:
(i) Capitalised capture costs: 2 years
(ii) Development costs: 3-5 years
(iii) Intellectual property: 5 years
(iv) Patent, domains and trademark costs: 5-20 years

The amortisation period and method for intangible assets is reviewed at least annually to determine if they remain appropriate. Where there is an expectation that the amortisation period or method does not match the consumption of the economic benefits embedded within the asset, the useful life of the asset will be adjusted to reflect this change.

Impairment
The Group assesses at each reporting period whether there is an indication that an asset (other than goodwill or intangibles with indefinite useful life) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less cost of disposal (FVLCD) and its value in use (ViU), and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In such cases the asset is tested for impairment as part of the cash generating unit (CGU) to which it belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in estimate used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

D. INVESTING ACTIVITIES (CONT.)

11. INTANGIBLES (CONT.)

ACCOUNTING POLICY – RECOGNITION AND MEASUREMENT OF INTANGIBLES (CONT.)

Impairment (cont.)
That increased amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised in the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss. Intangible assets are tested for impairment where an indicator of impairment exists. Intangibles under development are tested at the cash-generating unit level for impairment annually or at each reporting period where an indicator of impairment exists.

Derecognition
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the disposal proceeds received and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

KEY ESTIMATES AND JUDGEMENTS

Capture costs
Pursuant to AASB 138 *Intangible Assets*, the Group has assessed its best estimate of the probability that the expected future economic benefits attributable to the Group's digital imagery will flow to the entity. As a result, capture costs directly attributable and necessary to create and upload digital imagery online have been recognised as an intangible asset. During the year ended 30 June 2020, the Group reviewed the appropriateness of the amortisation period and methodology for capture costs and determined that straight-line amortisation and a 2-year useful life remain appropriate based on up to date customer map tile requests.

Development costs
Management has made judgements in assessing when internal projects enter the development phase, namely around determining the commercial feasibility and assessing the probability of future economic benefits relating to that project.

Impairment of assets
The Group assesses impairment at each reporting date by evaluation of conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. ViU and FVLCD calculations performed in assessing recoverable amounts incorporate a number of key estimates, including forecasting of profits, cash flows, and discount rates.

(i) Reconciliation of carrying amount

	GOODWILL	DEVELOP-MENT COSTS	CAPTURE COSTS	INTELLECTUAL PROPERTY	OTHER	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000
YEAR ENDED 30 JUNE 2020						
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
AT 30 JUNE 2020						
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

D. INVESTING ACTIVITIES (CONT.)

11. INTANGIBLES (CONT.)

(i) Reconciliation of carrying amount (cont.)

	GOODWILL	DEVELOP-MENT COSTS	CAPTURE COSTS	INTELLECTUAL PROPERTY	OTHER	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000
YEAR ENDED 30 JUNE 2019						
Opening net book value	135	8,029	27,904	-	231	36,299
Additions	-	8,621	20,133	-	305	29,059
Disposals	-	-	-	-	-	-
Amortisation	-	(5,010)	(10,026)	-	(211)	(15,247)
Accelerated amortisation[1]	-	-	(7,980)	-	-	(7,980)
Foreign exchange adjustment	-	2	(1)	-	-	1
CLOSING NET BOOK VALUE	135	11,642	30,030	-	325	42,132
AT 30 JUNE 2019						
Cost	135	31,587	60,759	-	1,955	94,436
Accumulated amortisation	-	(19,945)	(30,729)	-	(1,630)	(52,304)
CLOSING NET BOOK VALUE	135	11,642	30,030	-	325	42,132

[1] During the year ended 30 June 2019, the Group reviewed the appropriateness of the amortisation period and methodology for capture costs and determined that the period be reduced from 5 years to 2 years, reflecting growing demand for more recent imagery. Amortisation of the intangible capture asset was accelerated from 1 January 2019 with an additional $7,980 thousand booked through the consolidated statement of profit or loss in the year ended 30 June 2019.

In addition, other operating research costs of $1,472 thousand were recognised in other operational expenses during the year ended 30 June 2020 (30 June 2019: $479 thousand).

(ii) Impairment testing

The Group's CGUs have been identified as North America (NA) and Australia and New Zealand (ANZ), in accordance with the business segments.

The recoverable amount is the higher of an asset's FVLCD and its ViU. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. In determining the recoverable amount of assets, in the absence of quoted market prices, estimates are made regarding the present value of future post tax cash flows. These estimates require significant management judgement and are subject to risk and uncertainty that may be beyond the control of the Group; hence there is a possibility that changes in circumstances will materially alter projections, which may impact the recoverable amount of assets at each reporting date.

In the current period, FVLCD has derived a higher value for both CGUs. FVLCD is an estimate of the amount that a market participant would pay for an asset or CGU, less cost of disposal. The fair value has been determined using assumptions to calculate the present value of the estimated future post tax cash flows expected to arise from the continued use of the asset including the anticipated cash flow effects to develop the asset or CGU from its current early stage of operation into its intended mature operating state. Cash flows have been discounted using an appropriate post tax market discount rate to arrive at a net present value of the CGU, less an estimate of disposal costs for the business, which is then compared against the CGU's carrying value. The FVLCD calculations are based primarily on level 3 inputs as defined in note 9 to the consolidated financial statements.

For the purpose of impairment testing goodwill is allocated to the ANZ CGUs which is expected to benefit from the synergies of the business combinations in which goodwill arises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

D. INVESTING ACTIVITIES (CONT.)

11. INTANGIBLES (CONT.)

(ii) Impairment testing (cont.)

The carrying amounts of the ANZ and NA CGUs as at 30 June 2020 comprise:

	ANZ	NA	GROUP
Goodwill	135	-	135
Intangible assets	13,466	33,814	47,280
Property, plant and equipment	18,966	14,442	33,408

The key assumptions used in determining recoverable values for the ANZ and NA CGUs as at 30 June 2020 are presented below.

CASH FLOW PROJECTIONS	The projected cash flows are based on 2020 actual results, 2021 financial budget approved by management and the Board and 2022 to 2025 financial projections approved by the Board. These projections are based on company experience and external information sources of the available target market. The industry segments in the Group's customer portfolio have not been significantly impacted COVID-19. However, in preparing financial projections, the Group has considered the macroeconomic uncertainty arising from COVID-19 and the likely impact on each CGU's cash flows. For NA specifically, the projections have been adjusted to reflect the historical growth rates achieved by the ANZ segment during a similar expansion phase.
DISCOUNT RATE	The discount rates used in the discounted cash flow model reflect the Group's estimate of the time value of money and risks specific to each CGU. The discount rates have been determined based on each CGU's bottom-up post-tax weighted average cost of capital (WACC), adjusted for market risk and specific risk factors, if applicable. The post-tax discount rate is 11.5% (13.1% pre-tax) for ANZ and 12.5% (14.4% pre-tax) for NA.
TERMINAL GROWTH RATE	The terminal value growth rates have been determined based on expectations of long-term operating conditions. For both the ANZ and NA CGUs, the Group has applied a 3% terminal growth rate in the terminal value.

The recoverable amount for the ANZ CGU continues to significantly exceed its carrying amount. In order for the NA CGU's recoverable amount to equal its carrying amount, the following changes in assumptions would be required:

	INCREASE/(DECREASE) IN ASSUMPTIONS REQUIRED FOR RECOVERABLE AMOUNT TO EQUAL CARRYING AMOUNT		
	5-YEAR AVERAGE REVENUE GROWTH	TERMINAL GROWTH RATE	DISCOUNT RATE (BPS)
NA	(11.1%)	(18.9%)	11.0%

Management does not consider these changes in assumptions to be reasonably possible.

12. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY – RECOGNITION AND MEASUREMENT OF PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred, the cost of dismantling and removing the items and restoring the site on which they are located, and the employee benefit costs directly attributable to the assembly process in the case of camera systems. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in the consolidated statement of profit or loss.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

D. INVESTING ACTIVITIES (CONT.)

12. PROPERTY, PLANT AND EQUIPMENT (CONT.)

ACCOUNTING POLICY – RECOGNITION AND MEASUREMENT OF PLANT AND EQUIPMENT (CONT.)

Depreciation
Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value over the estimated useful life of the assets. The assets' residual values, useful lives and depreciation methods are reviewed at each financial year end and adjusted if appropriate. The following useful lives are applied:
(i) Office equipment & furniture: 3 years
(ii) Camera systems: 5 years
(iii) Spare parts and stand-by equipment: 7-10 years
(iv) Right-of-use assets: 2-5 years

Derecognition and disposal
An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to be obtained from its use. Gains or losses arising from the derecognition of an asset (calculated as the difference between the proceeds received and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the year the asset is derecognised.

	OFFICE EQUIPMENT & FURNITURE $'000	CAMERA SYSTEMS $'000	RIGHT-OF-USE ASSETS $'000	TOTAL $'000
YEAR ENDED 30 JUNE 2020				
At 30 June 2019	**2,164**	**14,618**	**-**	**16,782**
Adjustment on initial application of AASB 16	(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**
AT 30 JUNE 2020				
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**
YEAR ENDED 30 JUNE 2019				
Opening net book value	1,143	10,840	-	11,983
Additions	1,742	6,496	-	8,238
Disposals	-	(6)	-	(6)
Depreciation	(720)	(2,712)	-	(3,432)
Foreign exchange adjustment	(1)	-	-	(1)
CLOSING NET BOOK VALUE	2,164	14,618	-	16,782
AT 30 JUNE 2019				
Cost	4,718	26,397	-	31,115
Accumulated depreciation	(2,554)	(11,779)	-	(14,333)
CLOSING NET BOOK VALUE	2,164	14,618	-	16,782

As at 30 June 2020, property, plant and equipment includes right-of-use assets of $14,087 thousand related to leased properties and office equipment. See note 2 (i) for further information regarding the transition to AASB 16 on 1 July 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

D. INVESTING ACTIVITIES (CONT.)

13. RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES

Cash and short-term deposits in the consolidated statement of financial position comprise cash at bank and on hand, deposits on call and short-term deposits with a maturity of three months or less. Cash at bank, deposits on call and short-term deposits earn interest at floating rates based on daily bank deposit rates that are recognised in other income in the consolidated statement of profit or loss. The Group had no financing facilities as at 30 June 2020 (30 June 2019: nil).

	30 JUNE 2020 $'000	30 JUNE 2019 $'000
RECONCILIATION OF LOSS AFTER TAX TO NET CASH FLOWS FROM OPERATIONS		
Loss after tax	(36,717)	(14,934)
Adjustment for non-cash items		
Amortisation and depreciation	46,698	26,659
Foreign exchange differences	(273)	191
Movement in hedge reserve	-	18
Deferred tax effect on capital issue cost	-	1,082
Share based payment expense	4,062	1,684
Gain on sale of unlisted investments	-	(150)
Gain on disposal of property, plant and equipment	(113)	(9)
Interest expense – lease liability	596	-
Changes in assets and liabilities		
Payables and other liabilities	5,484	13,109
Receivables and other current assets	(6,356)	(6,267)
Provision for employee benefits	833	702
Other non-current liabilities	-	(174)
Income tax and deferred tax	(2,126)	2,988
NET CASH FROM OPERATING ACTIVITIES	12,088	24,899
RECONCILIATION OF CASH		
Cash and cash equivalents comprise:		
Cash at bank and on hand	6,466	4,649
Deposit on call	2,362	-
Short term deposits at call	27,312	71,265
	36,140	75,914

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

E. OTHER

IN THIS SECTION

This section provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements that are not considered critical in understanding the financial performance or position of the Group.

14. EARNINGS PER SHARE

Basic earnings per share is calculated as net profit or loss attributable to shareholders, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to shareholders, adjusted for:
(i) costs of servicing equity (other than dividends);
(ii) the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
(iii) other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

	30 JUNE 2020 $'000	30 JUNE 2019 $'000
Loss after tax attributable to ordinary equity holders	**(36,717)**	(14,934)
Loss used in calculating diluted earnings per share	**(36,717)**	(14,934)
	NUMBER OF SHARES	NUMBER OF SHARES
Weighted average number of ordinary shares on issue used in the calculation of basic profit per share	**451,283,637**	434,891,500
Weighted average number of ordinary shares on issue used in the calculation of diluted profit per share	**451,283,637**	434,891,500
Earnings per share attributable to the ordinary equity shareholders of the Company:		
Basic loss per share (cents per share)	**(8.14)**	(3.43)
Diluted loss per share (cents per share)	**(8.14)**	(3.43)

The options granted to employees are considered to be ordinary shares and are included in the determination of diluted earnings per share to the extent to which they are dilutive. For the year ended 30 June 2020, options have not been included in calculating diluted EPS because their effect is anti-dilutive.

There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of these financial statements.

15. EXPENDITURE COMMITMENTS

(i) Expenditure commitments

There are no capital expenditure commitments or hire purchase commitments contracted at 30 June 2020 (30 June 2019: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

E. OTHER (CONT.)

15. EXPENDITURE COMMITMENTS (CONT.)

(ii) Operating lease commitments

	30 JUNE 2020 $'000	30 JUNE 2019 $'000
Minimum lease payments:		
Not later than one year	-	2,307
Later than one year and no later than five years	-	5,999
AGGREGATE LEASE EXPENDITURE CONTRACT AT YEAR END[1]	-	8,306

[1] On 1 July 2019, the Group adopted AASB 16. The group has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 has not been restated. The newly effective standard introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised lease liabilities representing its obligation to make lease payments. Refer to note 2 to the consolidated financial statements for the reconciliation of operating lease commitments on 30 June 2019 to lease liabilities on 1 July 2019.

Operating lease commitments relate primarily to commercial office premises and IT related leases. These leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

16. PARENT ENTITY INFORMATION

	30 JUNE 2020 $'000	30 JUNE 2019 $'000
Current assets	27,326	71,555
Total assets	125,867	124,555
Current liabilities	(1,056)	(2,057)
Total liabilities	(15,163)	(16,023)
NET ASSETS	110,704	108,532
Contributed equity[1]	126,807	124,302
Reserves	19,382	15,125
Accumulated losses	(35,485)	(30,895)
TOTAL SHAREHOLDER EQUITY	110,704	108,532
TOTAL COMPREHENSIVE (LOSS)/INCOME OF THE PARENT ENTITY	(4,587)	1,270

[1] The Group's contributed equity in the consolidated statement of financial position is presented net of treasury shares held by Nearmap Australia Pty Ltd of $230 thousand (30 June 2019: $315 thousand).

The parent entity entered into a Deed of Cross Guarantee (the Deed) dated 31 May 2017 with its subsidiaries. Under the Deed each company guarantees the debts of the others. By entering into the Deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. Refer to note 17 for listing of subsidiaries.

Details of the contingent liabilities of the Group are contained in note 20. There are no contingent liabilities of the parent entity.

Details of the contractual commitments of the Group are contained in note 15. There are no contractual commitments of the parent entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

E. OTHER (CONT.)

17. GROUP ENTITIES

The consolidated financial statements incorporate the assets, liabilities and equity of the following subsidiaries in accordance with the accounting policy described in note 2:

NAME OF ENTITY	COUNTRY OF INCORPORATION	EQUITY HOLDING 2020 %	EQUITY HOLDING 2019 %
Nearmap Australia Pty Ltd	Australia	100	100
Ipernica Ventures Pty Ltd	Australia	100	100
Nearmap Holdings Pty Ltd	Australia	100	100
Nearmap USA Pty Ltd	Australia	100	100
Nearmap Aerospace Inc.	United States	100	100
Nearmap US, Inc.	United States	100	100
Nearmap Remote Sensing US, Inc.	United States	100	100

18. AUDITOR'S REMUNERATION

The following fees were paid or are payable at 30 June 2020 for services provided by the auditor of the Group and its related practices during the financial year:

	30 JUNE 2020 $	30 JUNE 2019 $
Audit services paid to KPMG		
Remuneration paid to KPMG for audit or review of the financial statements of the entity	190,000	150,000
Non-audit services paid to KPMG		
Other advisory for the entity and any other entity in the Group	39,500	13,725
Total services other than statutory audit	39,500	13,725
TOTAL PAID/PAYABLE TO KPMG	229,500	163,725

19. RELATED PARTIES

(i) Compensation of key management personnel

	30 JUNE 2020 $	30 JUNE 2019 $
Employee benefits	4,621,671	5,233,024
Post-employment benefits	170,365	149,448
Termination benefits	-	135,047
Share-based payments	1,618,154	1,410,288
TOTAL COMPENSATION OF KEY MANAGEMENT PERSONNEL	6,410,190	6,927,807

(ii) Transactions with key management personnel

Financial assistance under the Employee Share Option Plan
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 0.45% to 1.45% 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

E. OTHER (CONT.)

19. RELATED PARTIES (CONT.)

(ii) Transactions with key management personnel (cont.)

	30 JUNE 2020 $	30 JUNE 2019 $
Share option loans outstanding at the beginning of the year	6,556,950	3,013,597
Share option loans repaid during the period	(396,449)	(381,220)
Share option loans provided during the period	1,759,008	3,862,321
Interest accrued on share option loans	49,058	62,252
SHARE OPTION LOANS OUTSTANDING AT THE END OF THE YEAR	7,968,567	6,556,950

Other than the loans granted to key management personnel under the employee loan scheme, there have been no sales, purchases or other transactions with related parties during the year ended 30 June 2020 (30 June 2019: nil).

20. CONTINGENT LIABILITIES

As at 30 June 2020, except for bank guarantees of $2,356 thousand, the Directors are not aware of any contingent liabilities in relation to the Company or the Group (30 June 2019: $2,356 thousand).

21. SUBSEQUENT EVENTS

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of the Company, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
  (ii) complying with Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting standards; and

(b) the Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards;

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

(d) the remuneration disclosures set out in the Directors' report (as part of audited remuneration report) for the year ended 30 June 2020, comply with section 300A of the Corporations Act 2001.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with sections 295A of the Corporations Act 2001 for the financial period ending 30 June 2020.

On behalf of the Board

Rob Newman
Chief Executive Officer & Managing Director
18 August 2020

Independent Auditor's Report

To the shareholders of Nearmap Limited

Report on the audit of the Financial Report

Opinion

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

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2020
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

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

Basis for opinion

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

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

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

Key Audit Matters

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

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Carrying value of intangible assets of the US business

Refer to Note 11 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The group has $47,415,000 of intangible assets comprising primarily capture costs and development costs. The intangible assets attributed to the US business total $33,814,000. These assets are assessed for impairment at the US business cash generating unit (CGU) level, using a Fair Value Less Cost of Disposal model ("FVLCD" or "the model"). The assessment of impairment was a key audit matter because it involved significant judgement in evaluating the assumptions used by the Group in their FVLCD model. The key judgements we focused on included: • Complex modelling, particularly those containing judgemental allocations of corporate assets and costs to CGUs, using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. • Future cash flow projections for FY2021 to 2025 - The US business is still in the early stage of maturity which increases the risk of inaccurate forecasts.	Our procedures included: • We evaluated the methodology applied by the Group in allocating corporate assets and costs across CGU's for consistency with our understanding of the business and the criteria in the accounting standards; • We assessed the methodology in the model for consistency with the basis required by Australian Accounting Standards; • We challenged the forecasts, assumptions, and the objectivity of sources on which the assumptions are based. We compared the cash flow projections for FY 2021 to 2025 in the model to those in the latest Board approved budgets and evaluated their consistency with the Group's intentions as outlined in Directors' minutes and strategy documents. We also used our knowledge of the business and considered external sources including analysts' expectations and industry trends. The forecast growth was also assessed against the actual growth rate achieved in the establishment of the Australian business as well as market research reports; • We assessed the historical accuracy of forecasts by comparing to actual results, to use in our evaluation of projections included in the model.

Other Information

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

The Other Information we obtained prior to the date of this Auditor's Report was the Remuneration Report. The Chairman's letter, CEO's Report, Sustainability Statement and Corporate Information are expected to be made available to us after the date of the Auditor's Report.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Nearmap Limited for the year ended 30 June 2020, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in pages 14 to 33 of the Directors' report for the year ended 30 June 2020.

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

KPMG

KPMG

Caoimhe Toouli

Caoimhe Toouli

Partner

Sydney

18 August 2020

CORPORATE INFORMATION

Nearmap Ltd
ABN 37 083 702 907

DIRECTORS
Peter James (Non- executive Chairman)
Rob Newman (Chief Executive Officer & Managing Director)
Tracey Horton (Non-executive Director)
Sue Klose (Non-executive Director)
Ross Norgard (Non-executive Director)
Cliff Rosenberg (Non-executive Director)

COMPANY SECRETARY
Shannon Coates

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