



NEARMAP LTD

APPENDIX 4D INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2021

Nearmap Ltd

ABN 37 083 702 907

Lodged with the ASX under Listing Rule 4.2B

APPENDIX 4D

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | |
|---------------------------------------|----------------------------------|
| NAME OF ENTITY: | Nearmap Ltd |
| ABN: | 37 083 702 907 |
| REPORTING PERIOD: | Half-year ended 31 December 2021 |
| PREVIOUS CORRESPONDING PERIOD: | Half-year ended 31 December 2020 |
| RELEASE DATE: | 16 February 2022 |

| | | | | A\$'000 |
|--|----|-----|----|----------------|
| REVENUE FROM ORDINARY ACTIVITIES | Up | 23% | To | 67,550 |
| LOSS FROM ORDINARY ACTIVITIES AFTER TAX ATTRIBUTABLE TO MEMBERS | Up | 27% | To | 11,934 |
| NET LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS | Up | 27% | To | 11,934 |

| | 31 DECEMBER 2021 | 31 DECEMBER 2020 |
|--|-------------------------|------------------|
| NET TANGIBLE ASSETS PER SHARE (CENTS)¹ | 15.97 | 21.56 |

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

DIVIDENDS

Nearmap Ltd has not paid, and does not propose to pay, any dividends for the half-year ended 31 December 2021.

COMMENTARY AND OPERATIONAL OVERVIEW

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

NEARMAP LTD

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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DIRECTORS' REPORT

The Directors submit their report, together with the consolidated interim financial statements of the Group consisting of Nearmap Ltd and the entities it controlled at the end of, or during the half-year ended 31 December 2021.

DIRECTORS

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

| | |
|--------------------|--|
| Mr Peter James | Non-Executive Chairman |
| Dr Rob Newman | Chief Executive Officer & Managing Director |
| Dr David Baxby | Non-Executive Director (appointed 1 December 2021) |
| Ms Tracey Horton | Non-Executive Director (resigned 7 February 2022) |
| Ms Sue Klose | Non-Executive Director |
| Mr Ross Norgard | Non-Executive Director |
| Mr Cliff Rosenberg | Non-Executive Director |

OPERATING AND FINANCIAL REVIEW

Financial performance

| Group ACV Portfolio (A\$'000) | HY22 | HY21 | YoY \$ | YoY % |
|---|-----------------|----------|-----------------|--------------|
| Opening ACV | 128,210 | 106,437 | 21,773 | 20% |
| New business | 8,623 | 4,902 | 3,721 | 76% |
| Net upsells | 12,053 | 9,245 | 2,808 | 30% |
| Churn | (3,333) | (3,838) | 505 | 13% |
| Net incremental ACV | 17,343 | 10,309 | 7,034 | 68% |
| Foreign exchange | 2,131 | (4,555) | 6,686 | |
| Closing ACV | 147,684 | 112,191 | 35,493 | 32% |
| Total revenue | 67,550 | 54,718 | 12,832 | 23% |
| Total cost of revenue | (16,369) | (16,708) | 339 | 2% |
| Total sales and marketing cost | (21,087) | (21,005) | (82) | (0%) |
| Total segment contribution | 30,094 | 17,005 | 13,089 | 77% |
| Other net expenses | (43,441) | (26,423) | (17,018) | (64%) |
| Net loss before interest and tax (NLBIT) | (13,347) | (9,418) | (3,929) | (42%) |
| Net finance income/(costs) | 135 | (1,387) | 1,522 | 110% |
| Income tax benefit | 1,278 | 1,419 | (141) | (10%) |
| Net loss after tax (NLAT) | (11,934) | (9,386) | (2,548) | (27%) |
| Loss per share | (2.40) | (1.98) | (0.42) | (21%) |
| Operating cash flow | 8,648 | 19,639 | (10,991) | (56%) |

HY22 saw continued strong performance from the North American business (NA) (third consecutive half-year period of record incremental Annual Contract Value (ACV) growth) and improved performance from the Australia & New Zealand (ANZ) business. The strong returns in the half were delivered by the Group's investment in content and technology, enabling customers to benefit from an expanded portfolio of premium content offerings, and the successful execution of the go-to-market strategy focussing on providing deeper solutions to key industry segments. Strong business performance combined with the strength of the Group's balance sheet means that the Group is well placed to continue on its growth journey and to accelerate opportunities as they become apparent.

Total revenue for the half-year ended 31 December 2021 (HY22) increased 23% to \$67.6m compared to total revenue for the half-year ended 31 December 2020 (HY21) of \$54.7m. ANZ revenue increased 6% to \$34.9m compared to prior half-year total revenue of \$33.0m, while NA revenue increased 50% to \$32.7m compared to prior half-year total revenue of \$21.7m.

DIRECTORS' REPORT (CONT.)

OPERATING AND FINANCIAL REVIEW (CONT.)

Financial performance (cont.)

The increase in revenue is correlated to the 32% growth in the ACV portfolio over the same period. The drivers behind ACV growth for the half-year ended 31 December 2021 are:

- **New business:** New customers contributed \$8.6m of incremental ACV in HY22, up \$3.7m or 76% on prior half-year. All market segments performed well, demonstrating the continued penetration of the addressable market in ANZ and NA thanks to the disruptive subscription business model of the Group. The NA and ANZ segments respectively represented \$5.4m and \$3.2m of the Group's new business for the half-year ended 31 December 2021 (31 December 2020: \$2.6m and \$2.3m respectively).
- **Net upsell:** Net upsell is the aggregate of customer upgrades offset by downgrades. Net upsell in HY22 totalled \$12.1m, up \$2.8m or 30% on prior half-year. Upgrades were particularly strong in NA, where 25 enterprise customers across all key verticals expanded their existing subscription, demonstrating the benefit of continued product innovation and the creation of additional value for customers. Whilst ANZ upgrades were also strong, the segment was impacted by a small number of downgrades to Enterprise accounts, reflecting adverse economic conditions and business restructuring. The NA and ANZ segments respectively reported net upsell of \$10.5m and \$1.6m during the half-year ended 31 December 2021 (31 December 2020: \$7.1m and \$2.1m respectively).
- **Retention:** As a subscription business selling annual contracts, a key focus for sales and marketing activities is the retention of existing customers. The Group has maintained a strong retention rate over HY22 at 94%, reflecting the continued focus on customers engagement, the relevance of the Group's content to its growing customer base and the deeply embedded nature of the Group's product in customer workflows. The NA and ANZ segment respectively reported churn to the value of \$1.3m and \$2.0m during the half-year ended 31 December 2021 (31 December 2020: \$1.4m and \$2.4m respectively).

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

Group segment contribution, calculated as revenue net of cost of revenue and sales & marketing costs, amounted to \$30.1m for the Group for HY22, up \$13.1m from the \$17.0m reported in HY21. The ANZ segment contributed \$23.7m in HY22, up \$2.0m from the HY21 segment contribution of \$21.7m, whilst the NA segment contributed \$6.4m in HY22, up \$11.0m from the HY21 segment contribution of (\$4.6m). Both segment's contribution increased as a result of growing revenue and improvements to operating leverage. Further improvement came as a result of the deferral of the recognition of the commissions expense from 1 January 2021, which are now amortised over a period of 3 years.

DIRECTORS' REPORT (CONT.)

OPERATING AND FINANCIAL REVIEW (CONT.)

Group NLAT for the half-year ended 31 December 2021 is up 27% to (\$11.9m) compared to prior year of (\$9.4m). The decrease in NLAT is driven by the increase in segment contribution and the reduction of net finance costs by \$1.5m due to favourable FX movements during the period. Offsetting these increases, the Group recorded an increase of \$15.5m in general and administration costs mainly resulting from an increase in R&D headcount, an increase of \$3.6m in legal fees in relation to the ongoing patent infringement claim against Nearmap US, Inc. and an increase of \$1.0m in amortisation and depreciation mainly due to the increased cost base of development costs.

Financial position

The Group's balance sheet remains strong with no debt and a closing cash balance at 31 December 2021 of \$109.8m (30 June 2021: \$123.4m), down \$13.6m. The decrease in cash and cash equivalents is primarily due to an increase in investing activities, whilst the Group's operations remain cash flow generating. The decrease in net operating cash flows in HY22 compared to HY21 is mainly the result the 20% salary reduction that applied to most of the comparative period and the \$4.5m of litigation costs incurred by the Group in HY22.

The Group's net working capital, excluding cash and cash equivalents and deferred revenue, increased 90% to \$21.9m from \$11.6m between 30 June 2021 and 31 December 2021. The main elements driving the increase are trade receivables which have increased by \$11.2m in line with the increase in the ACV portfolio over that period. Cash receipts from customers for the year were \$73.6m compared to \$58.1m in the previous half-year, an increase of \$15.5m or 27%, also reflective of the growth in the ACV portfolio.

The Group's net assets as at 31 December 2021 decreased 5% to \$136.1m, from \$142.6m at 30 June 2021. The decrease is mainly driven by the \$11.6m comprehensive loss recorded by the Group for the period ended 31 December 2021, offset by the recognition of the share-based payment expense against equity reserves (\$3.0m) and the increase in contributed equity by \$2.2m from the exercise of share options and the repayment of share options loans.

SUBSEQUENT EVENTS

On 7 February 2022, Ms Helen Souness was appointed as an independent Non-Executive Director, effective 1 March 2022. On the same day, Ms Tracey Horton resigned from her position as an independent Non-Executive Director, effective immediately.

ROUNDING OFF

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

AUDITOR'S INDEPENDENCE DECLARATION

KPMG, our auditor, have provided a written independence declaration as required under section 307C of the *Corporations Act 2001* to the Directors in relation to their review of the consolidated interim financial statements for the half-year ended 31 December 2021. This independence declaration forms part of the Directors' Report and can be found at page 7.

Signed in accordance with a resolution of the Directors.



Dr Rob Newman

Chief Executive Officer & Managing Director
Sydney, 15 February 2022



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

To the Directors of Nearmap Ltd

I declare that, to the best of my knowledge and belief, in relation to the review of Nearmap Ltd for the half-year ended 31 December 2021 there have been:

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

KPMG

KPMG

Caoimhe Toouli

Caoimhe Toouli

Partner

Sydney

15 February 2022

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**CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

| | NOTES | 31 DECEMBER 2021 \$'000 | 31 DECEMBER 2020 \$'000 |
|---|----------|-------------------------------|-------------------------------|
| Revenue | | 67,550 | 54,718 |
| Other income ¹ | | 268 | 694 |
| TOTAL REVENUE AND OTHER INCOME | 3 | 67,818 | 55,412 |
| Employee benefits expense | | (35,896) | (29,051) |
| Amortisation | 9 | (19,251) | (18,178) |
| Depreciation | 8 | (4,786) | (4,777) |
| Other operational expenses | 5 | (20,996) | (12,637) |
| TOTAL EXPENSES | | (80,929) | (64,643) |
| OPERATING LOSS | | (13,111) | (9,231) |
| Net finance costs ¹ | 6 | (101) | (1,574) |
| LOSS BEFORE TAX | | (13,212) | (10,805) |
| Income tax benefit | 7 | 1,278 | 1,419 |
| LOSS AFTER TAX FOR THE HALF-YEAR ATTRIBUTABLE TO THE OWNERS OF NEARMAP LTD | | (11,934) | (9,386) |
| OTHER COMPREHENSIVE INCOME | | | |
| <i>Items that are or may be reclassified to profit or loss:</i> | | | |
| Exchange differences on translation of foreign operations | | 304 | (621) |
| Fair value gain/(loss) on cash flow hedges | | 18 | (365) |
| Transfer of hedging (gains)/losses to the consolidated statement of profit or loss | | (28) | 956 |
| Income tax associated with these items | | 3 | (177) |
| OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE HALF-YEAR | | 297 | (207) |
| TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO THE OWNERS OF NEARMAP LTD | | (11,637) | (9,593) |
| LOSS PER SHARE | | | |
| Basic loss per share for the year (cents per share) | | (2.40) | (1.98) |
| Diluted loss per share for the year (cents per share) | | (2.40) | (1.98) |

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

The above consolidated interim statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the consolidated interim financial statements on pages 14 to 27.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

| | NOTES | 31 DECEMBER 2021 \$'000 | 30 JUNE 2021 \$'000 |
|--------------------------------------|-------|-------------------------------|---------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 12 | 109,762 | 123,431 |
| Trade receivables | | 35,076 | 23,855 |
| Other current receivables | | 4,885 | 5,485 |
| Current tax receivable | | 277 | 147 |
| Prepayments and other current assets | | 5,352 | 6,260 |
| TOTAL CURRENT ASSETS | | 155,352 | 159,178 |
| NON-CURRENT ASSETS | | | |
| Other non-current receivables | | 443 | 370 |
| Property, plant and equipment | 8 | 23,012 | 25,095 |
| Intangible assets | 9 | 57,196 | 49,269 |
| Deferred tax assets | | 8,096 | 5,767 |
| TOTAL NON-CURRENT ASSETS | | 88,747 | 80,501 |
| TOTAL ASSETS | | 244,099 | 239,679 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 8,193 | 7,612 |
| Unearned revenue | | 68,389 | 55,837 |
| Employee benefits | | 10,581 | 11,775 |
| Lease liabilities | 11 | 4,836 | 4,681 |
| Other current liabilities | | 98 | 38 |
| TOTAL CURRENT LIABILITIES | | 92,097 | 79,943 |
| NON-CURRENT LIABILITIES | | | |
| Unearned revenue | | 962 | 945 |
| Deferred tax liabilities | | 8,870 | 8,240 |
| Employee benefits | | 632 | 602 |
| Lease liabilities | 11 | 3,265 | 5,145 |
| Other non-current liabilities | | 2,188 | 2,150 |
| TOTAL NON-CURRENT LIABILITIES | | 15,917 | 17,082 |
| TOTAL LIABILITIES | | 108,014 | 97,025 |
| NET ASSETS | | 136,085 | 142,654 |
| EQUITY | | | |
| Contributed equity | 10 | 226,279 | 224,192 |
| Reserves | | 29,384 | 26,106 |
| Profits reserve | | 7,078 | 7,078 |
| Accumulated losses | | (126,656) | (114,722) |
| TOTAL EQUITY | | 136,085 | 142,654 |

The above consolidated interim statement of financial position should be read in conjunction with the notes to the consolidated interim financial statements on pages 14 to 27.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | NOTES | 31 DECEMBER 2021 \$'000 | 31 DECEMBER 2020 \$'000 |
|--|-----------|-------------------------------|-------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 73,564 | 58,119 |
| Payments to suppliers and employees | | (65,129) | (37,173) |
| Interest received | | 579 | 56 |
| Income taxes paid | | (366) | (1,363) |
| NET CASH FROM OPERATING ACTIVITIES | | 8,648 | 19,639 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment in fixed-term deposits | | - | (2,356) |
| Purchase of plant and equipment | | (2,229) | (793) |
| Payments for development costs | | (7,702) | (6,350) |
| Payment for capture costs | | (12,397) | (8,466) |
| Proceeds from sale of unlisted investments | | 32 | 507 |
| NET CASH USED IN INVESTING ACTIVITIES | | (22,296) | (17,458) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from share offer, net of transaction costs | 10 | - | 92,728 |
| Proceeds from exercise of share options | | 1,599 | 764 |
| Proceeds from repayment of share option loans | | 582 | 373 |
| Payments for treasury shares | | (94) | - |
| Payments for lease liabilities ¹ | | (2,434) | (2,319) |
| NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES | | (347) | 91,546 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | | |
| Cash and cash equivalents at the beginning of the half-year | | 123,431 | 36,140 |
| Effect of movement of exchange rates on cash held | | 326 | (544) |
| CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR | 12 | 109,762 | 129,323 |

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

The above consolidated interim statement of cash flows should be read in conjunction with the notes to the consolidated interim financial statements on pages 14 to 27.

**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

| | NOTES | CONTRIBUTED EQUITY \$'000 | ACCUMULATED LOSSES \$'000 | PROFITS RESERVE \$'000 | SHARE-BASED PAYMENT RESERVE \$'000 | OTHER RESERVES \$'000 | TOTAL EQUITY \$'000 |
|--|-------|---------------------------------|---------------------------------|------------------------------|--|-----------------------------|---------------------------|
| AT 1 JULY 2021 | | 224,192 | (114,722) | 7,078 | 26,825 | (719) | 142,654 |
| Loss for the half-year | | - | (11,934) | - | - | - | (11,934) |
| <i>Other comprehensive income:</i> | | | | | | | |
| Fair value gain on cash flow hedges (net of tax) | | - | - | - | - | 13 | 13 |
| Transfer of hedging gains to the consolidated statement of profit or loss (net of tax) | | - | - | - | - | (20) | (20) |
| Exchange differences on translation of foreign operations | | - | - | - | - | 304 | 304 |
| TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR | | - | (11,934) | - | - | 297 | (11,637) |
| <i>Transactions with owners of the Company:</i> | | | | | | | |
| Share options exercised | 10 | 1,599 | - | - | - | - | 1,599 |
| Repayment of share option loans | 10 | 582 | - | - | - | - | 582 |
| Share-based payment expense | 4 | - | - | - | 2,981 | - | 2,981 |
| Treasury shares acquired | 10 | (94) | - | - | - | - | (94) |
| AT 31 DECEMBER 2021 | | 226,279 | (126,656) | 7,078 | 29,806 | (422) | 136,085 |

The above consolidated interim statement of changes in equity should be read in conjunction with the notes to the consolidated interim financial statements on pages 14 to 27.

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

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

The above consolidated interim statement of changes in equity should be read in conjunction with the notes to the consolidated interim financial statements on pages 14 to 27.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

A. BASIS OF PREPARATION

1. Reporting entity
2. Basis of Accounting

B. KEY FINANCIAL RESULTS

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

C. INVESTING ACTIVITIES

8. Property, plant, and equipment
9. Intangibles

D. CAPITAL STRUCTURE AND FINANCIAL INSTRUMENTS

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

E. OTHER

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

A. BASIS OF PREPARATION

1. REPORTING ENTITY

Nearmap Ltd (the “Company”) is a for-profit company domiciled in Australia. These consolidated interim financial statements for the half-year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the “Group”). The Company’s registered office is at Level 4, Tower One, International Towers 100 Barangaroo Avenue, Barangaroo NSW 2000.

The principal activity of the Group during the course of the financial year was the provision of cloud-based geospatial information services and location intelligence content. The Group conducts aerial surveys capturing wide-scale urban areas in Australia, New Zealand and North America, providing location intelligence insights to a diverse range of businesses and government organisations via subscription through its 100% owned subsidiaries, Nearmap Australia Pty Ltd and Nearmap US Inc.

These consolidated interim financial statements were authorised for issue by the Board of Directors on Tuesday, 15 February 2022.

Going concern basis of accounting

The Group has recognised a net loss after tax of \$11,934 thousand for the half-year ended 31 December 2021. However, as at that date, the Group has no external debt, \$109,762 thousand of cash and cash equivalent, current assets exceed current liabilities by \$63,255 thousand and reported net operating cash inflows of \$8,648 thousand.

The Group’s current liabilities include unearned revenue of \$68,389 thousand. Unearned revenue includes income received in advance which has been deferred in the consolidated interim statement of financial position until the service is performed. These liabilities are expected to be settled without a corresponding cash outflow. The consolidated interim financial statements have been prepared on a going concern basis, which assumes the Group will continue its operations and be able to meet its obligations as and when they become due and payable. This assumption is based on the Group’s ability to meet its future cash flow requirements based on the Group’s cash flow forecast and existing cash reserves held as at 31 December 2021.

2. BASIS OF ACCOUNTING

Statement of compliance

These consolidated interim financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated interim financial statements of the Group also comply with International Accounting Standards IAS 34 *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last consolidated annual financial statements for the year ended 30 June 2021. These consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these consolidated interim financial statements are to be read in conjunction with the consolidated annual financial statements for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and *ASX Listing Rules*. A copy of the consolidated annual financial statements for the year ended 30 June 2021 and public announcements is available at www.nearmap.com.

Presentation currency and rounding of amounts

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

A. BASIS OF PREPARATION (CONT.)

2. BASIS OF ACCOUNTING (CONT.)

Judgements and estimates

In preparing these consolidated interim financial statements, management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2021.

Significant accounting policies

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied in the consolidated annual financial statements for the year ended 30 June 2021. A number of amendments to standards are effective from 1 July 2021 but they do not have a material effect on the Group's consolidated interim financial statements, or they have been early adopted in preparing the 30 June 2021 consolidated financial statements.

A number of new standards and amendments to standards are effective for annual reporting periods beginning after 1 July 2021 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these consolidated interim financial statements, and these new or amended standards are not expected to have a material effect on the Group's consolidated financial statements.

B. KEY FINANCIAL RESULTS

3. SEGMENT RESULTS, REVENUE AND OTHER INCOME

This note provides results by operating segment for the half-year ended 31 December 2021. 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 and the Board of Directors which ultimately makes strategic decisions. This note also provides additional information on revenue, including types of revenue, primary geographical market of customers, and the industry in which the Group's customers operate.

Segment reporting

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

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

The CODM review the financial performance of each segment net of cost of revenue and sales & marketing costs. Cost of revenue includes all 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. Centrally managed costs which comprise the product and technology department costs and corporate department costs are not allocated to specific segments and remain unallocated in determining the segment contribution presented to the CODM. The Group amended its segment reporting during the half-year ended 31 December 2021 and the comparative period has been updated accordingly.

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

B. KEY FINANCIAL RESULTS (CONT.)

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

Segment reporting (cont.)

| HALF-YEAR ENDED 31 DECEMBER 2021 | ANZ \$'000 | NA \$'000 | TOTAL \$'000 |
|--|----------------|-----------------|-----------------|
| Revenue | 34,880 | 32,670 | 67,550 |
| TOTAL REVENUE | 34,880 | 32,670 | 67,550 |
| Capture cost amortisation | (2,014) | (9,021) | (11,035) |
| Storage, administration & other | (706) | (4,628) | (5,334) |
| TOTAL COST OF REVENUE | (2,720) | (13,649) | (16,369) |
| GROSS PROFIT | 32,160 | 19,021 | 51,181 |
| GROSS MARGIN % | 92% | 58% | 76% |
| Direct sales & marketing | (4,340) | (9,082) | (13,422) |
| Indirect sales & marketing | (3,810) | (2,358) | (6,168) |
| Contract acquisition costs amortisation ¹ | (355) | (1,142) | (1,497) |
| TOTAL SALES & MARKETING COSTS | (8,505) | (12,582) | (21,087) |
| SEGMENT CONTRIBUTION | 23,655 | 6,439 | 30,094 |
| CONTRIBUTION MARGIN PERCENTAGE % | 68% | 20% | 45% |

Reconciliation from segment contribution to net loss before tax

| | |
|---|-----------------|
| SEGMENT CONTRIBUTION | 30,094 |
| General & administration ² | (31,968) |
| Unallocated depreciation and amortisation | (11,505) |
| Other income | 268 |
| Net finance costs | (101) |
| LOSS BEFORE TAX | (13,212) |

¹The Group amended its sales incentive program during the year ended 30 June 2021. As a result, effective 1 January 2021, the Group capitalises incremental costs of obtaining customer contracts unless the amortisation period of the asset that would have otherwise been recognised is one year or less. Capitalised contract acquisition costs are amortised over a period of 3 years.

² General & administration costs include \$3,648 thousand relating to the legal costs the Group has incurred to defend itself against the patent infringement claim filed against Nearmap US, Inc. in the US District Court (Utah).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

B. KEY FINANCIAL RESULTS (CONT.)

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

Segment reporting (cont.)

| HALF-YEAR ENDED 31 DECEMBER 2020 | ANZ \$'000 | NA \$'000 | TOTAL \$'000 |
|--|----------------|-----------------|-----------------|
| Revenue | 33,004 | 21,714 | 54,718 |
| TOTAL REVENUE | 33,004 | 21,714 | 54,718 |
| Capture cost amortisation | (2,376) | (10,079) | (12,455) |
| Storage, administration & other | (598) | (3,655) | (4,253) |
| TOTAL COST OF REVENUE | (2,974) | (13,734) | (16,708) |
| GROSS PROFIT | 30,030 | 7,980 | 38,010 |
| GROSS MARGIN % | 91% | 37% | 69% |
| Direct sales & marketing | (4,049) | (7,895) | (11,944) |
| Indirect sales & marketing | (4,345) | (4,716) | (9,061) |
| TOTAL SALES & MARKETING COSTS | (8,394) | (12,611) | (21,005) |
| SEGMENT CONTRIBUTION | 21,636 | (4,631) | 17,005 |
| CONTRIBUTION MARGIN PERCENTAGE % | 66% | (21%) | 31% |

Reconciliation from segment contribution to net loss before tax

| | |
|---|-----------------|
| SEGMENT CONTRIBUTION | 17,005 |
| General & administration | (16,430) |
| Unallocated depreciation and amortisation | (10,500) |
| Other income | 694 |
| Net finance costs | (1,574) |
| LOSS BEFORE TAX | (10,805) |

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

B. KEY FINANCIAL RESULTS (CONT.)

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

Revenue and other income

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

| | 31 DECEMBER 2021 \$'000 | 31 DECEMBER 2020 \$'000 |
|---|-------------------------------|-------------------------------|
| Types of revenue and other income | | |
| Subscription revenue | 66,502 | 54,373 |
| Royalty income | 1,048 | 345 |
| TOTAL REVENUE | 67,550 | 54,718 |
| Interest income | 236 | 187 |
| Gain on sale of unlisted investments | 32 | 507 |
| TOTAL OTHER INCOME | 268 | 694 |
| TOTAL REVENUE AND OTHER INCOME | 67,818 | 55,412 |
| Primary geographical markets¹ | | |
| Australia & New Zealand | 34,880 | 33,004 |
| North America | 32,670 | 21,714 |
| Unallocated | 268 | 694 |
| TOTAL REVENUE AND OTHER INCOME | 67,818 | 55,412 |
| Subscription revenue by industry | | |
| Architecture, Construction & Engineering | 14,317 | 12,960 |
| Commercial/Other ² | 14,082 | 12,672 |
| Government | 12,654 | 9,797 |
| Utilities | 4,221 | 5,600 |
| Insurance & Property | 12,517 | 5,898 |
| Solar | 5,698 | 4,351 |
| Roofing ² | 3,013 | 3,095 |
| TOTAL SUBSCRIPTION REVENUE | 66,502 | 54,373 |

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

² The Group amended the industry classification of one of its customers from roofing to commercial in the current reporting period. The comparative figures have been adjusted accordingly by reclassifying \$374 thousand from roofing to commercial.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

B. KEY FINANCIAL RESULTS (CONT.)

4. SHARE-BASED PAYMENT PLANS

At 31 December 2021, the Group had the following share-based payment arrangements.

Employee Share Option Plan

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

The grants are issued with a life of 4 or 5 years with either:

- (i) total Shareholder Return (TSR) growth performance vesting conditions, exercisable after three years (annual grant);
- (ii) alternative TSR growth performance or Annualised Contract Value (ACV) growth performance vesting conditions, exercisable in three equal tranches (retention grant); or
- (iii) without any performance vesting conditions, exercisable on various dates, usually vesting in two or three equal annual tranches (new hire grant).

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 \$1,202 thousand in the half-year ended 31 December 2021 (31 December 2020: \$1,209 thousand) in relation to the ESOP. In addition, \$6 thousand has been capitalised in the cost of intangible assets and property, plant and equipment (31 December 2020: \$18 thousand).

Employee Matching Share Rights Plan

Employees have the opportunity to purchase shares in Nearmap using up to 5% of their annual base salary. For every three acquired shares, the employee will be awarded a right to receive one additional share in Nearmap under the conditions outlined in the Employee Matching Share Rights Plan. The additional shares are purchased on the market by the Group throughout the contribution period, and subsequently reissued to employees at the end of the vesting period if all vesting conditions are met. The Company does not issue new shares under the Employee Matching Share Rights Plan. The Employee Matching Share Rights Plan was paused at the beginning of the COVID-19 pandemic, and only recommenced in October 2021. As such, the Group has not recorded any expense in the half-year ended 31 December 2021 in relation to the Employee Matching Share Rights Plan (31 December 2020: \$142 thousand). No cost relating to the Employee Matching Share Rights plan has been capitalised in the cost of intangible assets and property, plant and equipment (31 December 2020: \$72 thousand).

Long Term Incentive Plan

Pursuant to the employee Long Term Incentive Plan (LTIP), certain key senior employees are granted either options issued with a life of 4 years or Restricted Stock Units (RSUs), representing between 10% and 30% of the employee's base remuneration. The rights vest in 9 tranches over three years from the date of the initial grant, subject to ongoing employment. All vested rights under the LTIP are settled by issuing ordinary shares. Additionally, during the year ended 30 June 2020 a one-off grant was made to all non-key management personnel employees to compensate for the 20% salary reduction implemented as a result of COVID-19 during the period of 1 May 2020 until 31 October 2020 (salary compensation grant). The Group recorded a net expense of \$1,384 thousand in the half-year ended 31 December 2021 in relation to the LTIP (31 December 2020: \$2,690 thousand), of which nil relates to the salary compensation grant (31 December 2020: \$2,226 thousand). In addition, \$389 thousand has been capitalised in the cost of intangible assets and property, plant and equipment (31 December 2020: \$876 thousand).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

B. KEY FINANCIAL RESULTS (CONT.)

4. SHARE-BASED PAYMENT PLANS (CONT.)

| MOVEMENT IN SHARE OPTIONS AND LOANS | 6 MONTHS ENDED 31 DECEMBER 2021 | WEIGHTED AVERAGE EXERCISE PRICE | YEAR ENDED 30 JUNE 2021 | WEIGHTED AVERAGE EXERCISE PRICE |
|---|--|--|-------------------------------|--|
| Number of options outstanding at the beginning of the period | 13,472,277 | \$2.00 | 16,979,545 | \$1.53 |
| Options lapsed/forfeited | (3,660,929) | \$1.77 | (2,358,398) | \$2.04 |
| Options exercised – loans granted | (773,196) | \$0.80 | - | - |
| Options exercised – cash payment | (1,480,732) | \$1.08 | (4,786,760) | \$0.61 |
| Options granted | 6,098,576 | \$1.96 | 3,637,890 | \$2.42 |
| NUMBER OF OPTIONS OUTSTANDING AT THE END OF THE PERIOD | 13,655,996 | \$2.21 | 13,472,277 | \$2.00 |
| OPTIONS VESTED & EXERCISABLE | 1,588,515 | \$2.21 | 3,068,632 | \$1.34 |

As at 31 December 2021, there were 13,655,996 options outstanding (30 June 2021: 13,472,277) at exercise prices ranging from \$1.12 to \$2.97 (30 June 2021: \$0.71 to \$2.97) and a weighted average remaining contractual life of 3.18 years (30 June 2021: 2.08 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:

| | ANNUAL ESOP GRANT – MONTE CARLO | | RETENTION & NEW HIRE GRANT – BLACK-SCHOLES | |
|---|------------------------------------|---------------------|---|---------------------|
| | 31 DECEMBER 2021 | 31 DECEMBER 2020 | 31 DECEMBER 2021 | 31 DECEMBER 2020 |
| ESOP | | | | |
| Dividend yield (%) | - | - | - | N/A |
| Risk-free interest rate (%) | 1.09 | 0.19 | 1.17 | N/A |
| Expected life (years) | 3.00 | 3.00 | 3.50 | N/A |
| Expected volatility for the share price (%) | 66.35 | 65.25 | 65.18 | N/A |
| WEIGHTED-AVERAGE FAIR VALUES (\$) | 0.87 | 0.92 | 0.78 | N/A |
| | | | | |
| | | | LTIP OPTION GRANT – BLACK- SCHOLES | |
| LTIP | | | 31 DECEMBER 2021 | 31 DECEMBER 2020 |
| Dividend yield (%) | | | N/A | - |
| Risk-free interest rate (%) | | | N/A | 0.34 |
| Expected life (years) | | | N/A | 2.85 |
| Expected volatility for the share price (%) | | | N/A | 64.32 |
| WEIGHTED-AVERAGE FAIR VALUES (\$) | | | N/A | 0.96 |

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

B. KEY FINANCIAL RESULTS (CONT.)

4. SHARE-BASED PAYMENT PLANS (CONT.)

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 LRLs 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 and expensed in the consolidated statement of profit or loss upon granting the LRL. During the half-year ended 31 December 2021, the issue of LRLs resulted in an incremental expense of \$127 thousand relating to KMPs and \$12 thousand for other employees (31 December 2020: nil).

| MOVEMENT IN RSUs | 6 MONTHS ENDED 31 DECEMBER 2021 | WEIGHTED AVERAGE FAIR VALUE | YEAR ENDED 30 JUNE 2021 | WEIGHTED AVERAGE FAIR VALUE |
|--|--|-----------------------------------|----------------------------------|-----------------------------------|
| Number of RSUs outstanding at the beginning of the period | 1,129,905 | \$2.34 | 929,972 | \$2.56 |
| RSUs lapsed/forfeited | (217,360) | \$1.97 | (176,068) | \$2.36 |
| RSUs vested and converted | (475,859) | \$2.33 | (1,895,996) | \$2.51 |
| RSUs granted | 2,235,676 | \$1.86 | 2,271,997 | \$2.39 |
| NUMBER OF RSUs OUSTANDING AT THE END OF THE PERIOD | 2,672,362 | \$1.97 | 1,129,905 | \$2.34 |

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

5. OTHER OPERATIONAL EXPENSES

| | 31 DECEMBER 2021 \$'000 | 31 DECEMBER 2020 \$'000 |
|---|-------------------------------|-------------------------------|
| Servicing and processing costs | 4,087 | 2,986 |
| Marketing costs | 2,780 | 1,692 |
| Travel costs | 669 | 56 |
| Subscription fees | 3,342 | 2,557 |
| Audit, consulting and legal fees ¹ | 7,022 | 2,676 |
| Office and other rental costs | 1,224 | 727 |
| Insurance costs | 1,254 | 738 |
| All other operating expenses | 618 | 1,205 |
| TOTAL OTHER OPERATIONAL EXPENSES | 20,996 | 12,637 |

¹ Audit, consulting and legal fees costs include \$3,648 thousand relating to the legal costs the Group has incurred to defend itself against the patent infringement claim filed against Nearmap US, Inc. in the US District Court (Utah). These costs are non-recurring in nature.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

B. KEY FINANCIAL RESULTS (CONT.)

6. NET FINANCE COSTS

| | 31 DECEMBER 2021 \$'000 | 31 DECEMBER 2020 \$'000 |
|--|-------------------------------|-------------------------------|
| Interest expense on unwinding of lease liabilities | 181 | 217 |
| Net foreign exchange (gain)/loss | (55) | 317 |
| Transfer of hedging (gains)/losses from the consolidated statement of other comprehensive income | (28) | 956 |
| Other finance costs | 3 | 84 |
| NET FINANCE COSTS | 101 | 1,574 |

7. INCOME TAX

The Group has unrecognised deferred tax asset of \$7,868 thousand in respect of US tax losses, \$8,144 thousand in respect of Australian tax losses, and \$1,714 thousand in respect of unused Australian R&D tax credits as at 31 December 2021. The unrecognised tax losses in the US have expiry dates ranging from 2035 to 2040.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

C. INVESTING ACTIVITIES

8. PROPERTY, PLANT, AND EQUIPMENT

| HALF-YEAR ENDED 31 DECEMBER 2021 | ASSETS UNDER CONSTRUCTION \$'000 | OFFICE EQUIPMENT & FURNITURE \$'000 | CAMERA SYSTEMS \$'000 | RIGHT-OF-USE ASSETS \$'000 | TOTAL \$'000 |
|-------------------------------------|--|--|-----------------------------|----------------------------------|-----------------|
| Opening net book value | 811 | 3,927 | 11,025 | 9,332 | 25,095 |
| Additions | 1,352 | 624 | 186 | 378 | 2,540 |
| Transfers | (14) | - | 14 | - | - |
| Depreciation | - | (944) | (1,673) | (2,169) | (4,786) |
| Foreign exchange adjustment | - | 47 | - | 116 | 163 |
| CLOSING NET BOOK VALUE | 2,149 | 3,654 | 9,552 | 7,657 | 23,012 |
| Cost | 2,149 | 9,053 | 29,379 | 18,141 | 58,722 |
| Accumulated depreciation | - | (5,399) | (19,827) | (10,484) | (35,710) |
| CLOSING NET BOOK VALUE | 2,149 | 3,654 | 9,552 | 7,657 | 23,012 |

| YEAR ENDED 30 JUNE 2021 | ASSETS UNDER CONSTRUCTION \$'000 | OFFICE EQUIPMENT & FURNITURE \$'000 | CAMERA SYSTEMS \$'000 | RIGHT-OF-USE ASSETS \$'000 | TOTAL \$'000 |
|-------------------------------|--|--|-----------------------------|----------------------------------|-----------------|
| Opening net book value | - | 4,664 | 14,657 | 14,087 | 33,408 |
| Additions | 280 | 1,116 | 338 | - | 1,734 |
| Transfers | 531 | - | (531) | - | - |
| Disposals | - | - | (2) | - | (2) |
| Depreciation | - | (1,696) | (3,437) | (4,331) | (9,464) |
| Foreign exchange adjustment | - | (157) | - | (424) | (581) |
| CLOSING NET BOOK VALUE | 811 | 3,927 | 11,025 | 9,332 | 25,095 |
| Cost | 811 | 8,318 | 29,179 | 17,567 | 55,875 |
| Accumulated depreciation | - | (4,391) | (18,154) | (8,235) | (30,780) |
| CLOSING NET BOOK VALUE | 811 | 3,927 | 11,025 | 9,332 | 25,095 |

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

C. INVESTING ACTIVITIES (CONT.)

9. INTANGIBLES

| HALF-YEAR ENDED 31 DECEMBER 2021 | GOOD- WILL \$'000 | DEVELOPMENT COSTS \$'000 | CAPTURE COSTS \$'000 | INTELLECTUAL PROPERTY \$'000 | CONTRACT ACQUISITION COSTS \$'000 | OTHER \$'000 | TOTAL \$'000 |
|-------------------------------------|-------------------------|--------------------------------|----------------------------|------------------------------------|--|-----------------|-----------------|
| Opening net book value | 135 | 19,532 | 20,775 | 3,120 | 5,628 | 79 | 49,269 |
| Additions | - | 8,508 | 12,928 | - | 5,486 | - | 26,922 |
| Amortisation | - | (6,204) | (11,035) | (469) | (1,497) | (46) | (19,251) |
| Foreign exchange adjustment | - | - | - | 109 | 147 | - | 256 |
| CLOSING NET BOOK VALUE | 135 | 21,836 | 22,668 | 2,760 | 9,764 | 33 | 57,196 |
| Cost | 135 | 66,826 | 117,185 | 4,731 | 11,788 | 1,938 | 202,603 |
| Accumulated amortisation | - | (44,990) | (94,517) | (1,971) | (2,024) | (1,905) | (145,407) |
| CLOSING NET BOOK VALUE | 135 | 21,836 | 22,668 | 2,760 | 9,764 | 33 | 57,196 |

| YEAR ENDED 30 JUNE 2021 | GOOD- WILL \$'000 | DEVELOPMENT COSTS \$'000 | CAPTURE COSTS \$'000 | INTELLECTUAL PROPERTY \$'000 | CONTRACT ACQUISITION COSTS \$'000 | OTHER \$'000 | TOTAL \$'000 |
|-----------------------------------|-------------------------|--------------------------------|----------------------------|------------------------------------|--|-----------------|-----------------|
| Opening net book value | 135 | 18,670 | 24,017 | 4,418 | - | 175 | 47,415 |
| Additions | - | 11,771 | 19,981 | - | 6,059 | - | 37,811 |
| Amortisation | - | (10,909) | (23,223) | (920) | (500) | (96) | (35,648) |
| Foreign exchange adjustment | - | - | - | (378) | 69 | - | (309) |
| CLOSING NET BOOK VALUE | 135 | 19,532 | 20,775 | 3,120 | 5,628 | 79 | 49,269 |
| Cost | 135 | 58,317 | 104,256 | 4,566 | 6,134 | 1,937 | 175,345 |
| Accumulated amortisation | - | (38,785) | (83,481) | (1,446) | (506) | (1,858) | (126,076) |
| CLOSING NET BOOK VALUE | 135 | 19,532 | 20,775 | 3,120 | 5,628 | 79 | 49,269 |

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

D. CAPITAL STRUCTURE AND FINANCIAL INSTRUMENTS

10. CONTRIBUTED EQUITY

| HALF-YEAR ENDED 31 DECEMBER 2021 | NUMBER OF SHARES | \$'000 |
|---|--------------------|----------------|
| Balance at the beginning of the half-year | 496,086,478 | 224,192 |
| Issued from exercise of share options | 1,480,732 | 1,599 |
| Repayment of share option loans ² | - | 582 |
| Issued from exercise of share options loans | 773,196 | - |
| Treasury shares acquired | - | (94) |
| Issue of shares on settlement of restricted-stock units | 475,859 | - |
| BALANCE AT THE END OF THE HALF-YEAR | 498,816,265 | 226,279 |

| YEAR ENDED 30 JUNE 2021 | NUMBER OF SHARES | \$'000 |
|--|--------------------|----------------|
| Balance at the beginning of the year | 453,324,295 | 126,577 |
| Issue of shares during the year, net of transaction costs ¹ | 36,079,427 | 93,475 |
| Issued from exercise of share options | 4,786,760 | 2,908 |
| Repayment of share option loans ² | - | 1,078 |
| Issue of shares on settlement of restricted-stock units | 1,895,996 | - |
| Treasury shares vested and transferred to employees | - | 154 |
| BALANCE AT THE END OF THE YEAR | 496,086,478 | 224,192 |

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

² During the half-year, total loans of \$560 thousand (30 June 2021: \$1,053 thousand) and accruing interest of \$22 thousand (30 June 2021: \$25 thousand) were repaid to the Company, thereby releasing 1,000,000 shares (30 June 2021: 1,725,034) previously under holding lock.

11. LEASES

| | 6 MONTHS ENDED 31 DECEMBER 2021 | YEAR ENDED 30 JUNE 2021 |
|--|--|-------------------------------|
| MOVEMENT IN LEASE LIABILITIES | | |
| Balance at the beginning of the period | 9,826 | 14,396 |
| Additions (new lease arrangements) | 378 | - |
| Interest expense on unwinding of lease liabilities | 181 | 490 |
| Payments | (2,434) | (4,658) |
| Foreign exchange adjustments | 150 | (402) |
| BALANCE AT THE END OF THE PERIOD | 8,101 | 9,826 |
| Current lease liabilities | 4,836 | 4,681 |
| Non-current lease liabilities | 3,265 | 5,145 |
| TOTAL LEASE LIABILITIES | 8,101 | 9,826 |

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

D. CAPITAL STRUCTURE AND FINANCIAL INSTRUMENT (CONT.)

12. FINANCIAL INSTRUMENTS

The fair value and carrying value of derivatives as at 31 December 2021 is \$18 thousand and is included in prepayments and other current assets (30 June 2021: \$28 thousand included in prepayments and other current assets). The net unrealised gain of \$18 thousand on changes in fair value of the derivatives during the half-year ended 31 December 2021 has been recognised in OCI (30 June 2021: \$28 thousand gain 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 half-year ended 31 December 2021, and no transfer during the half-year ended 31 December 2020.

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

The Group's cash and cash equivalents comprise:

| | 31 DECEMBER 2021 \$'000 | 30 JUNE 2021 \$'000 |
|--|--|---------------------------|
| Cash at bank and on hand | 109,762 | 53,431 |
| Short-term deposits at call | - | 70,000 |
| TOTAL CASH AND CASH EQUIVALENTS | 109,762 | 123,431 |

Cash and cash equivalents include term deposits with a term at inception of 3 months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

13. DIVIDENDS PAID ON ORDINARY SHARES

No dividends were paid or proposed for the half-year ending 31 December 2021 (31 December 2020: nil).

E. OTHER

14. RELATED PARTY TRANSACTIONS

The Nearmap ESOP includes an Employee Loan Scheme that permits Nearmap to grant financial assistance to employees by way of loan to enable them to exercise options and acquire shares. These loans bear interest at rates of 0.30% during the half-year ended 31 December 2021 (30 June 2021: 0.30% to 0.45%) 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 INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

E. OTHER (CONT.)

14. RELATED PARTY TRANSACTIONS (CONT.)

| | 31 DECEMBER 2021 \$ | 30 JUNE 2021 \$ |
|--|---------------------------|-----------------------|
| Share option loans outstanding at the beginning of the period | 6,911,455 | 7,968,567 |
| Share option loans repaid during the period | (582,206) | (1,078,443) |
| Share option loans provided during the period | 622,127 | - |
| Interest accrued on share option loans | 8,211 | 21,331 |
| SHARE OPTION LOANS OUTSTANDING AT THE END OF THE PERIOD | 6,959,587 | 6,911,455 |

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 half-year ended 31 December 2021 (31 December 2020: nil).

15. CONTINGENT LIABILITIES

Patent infringement

On 5 May 2021 Eagle View Technologies, Inc. and Pictometry International Corp (collectively "EV") filed a complaint against Nearmap US, Inc. ("Nearmap") in the United States District Court (District of Utah, Northern Division) alleging eight patent infringements. On 8 July 2021, Nearmap filed a Motion to Dismiss for two of these patent infringements claims. On 5 August 2021, EV filed a response to Nearmap's Motion to Dismiss. The judge requested oral arguments from EV and Nearmap on 8 November 2021. On 15 November 2021, the court made no ruling on the ultimate eligibility of the patents and denied the motion without prejudice. As at the date of this report, the litigation process is ongoing with a Court timetable for the conduct of the litigation being agreed to by the parties.

The Group believes EV's allegations are fundamentally without merit and Nearmap is well prepared to vigorously defend against the claims. As at the date of this report, the litigation process is ongoing. No provision has been recognised in the consolidated statement of financial position as at 31 December 2021 as the Group considers that no present obligation exists. The Group recognises legal costs as incurred.

Bank guarantee

As at 31 December 2021, the Group has entered into a bank guarantee agreement for \$2,356 thousand at the request of the lessors of its registered office in Barangaroo, NSW, Australia (30 June 2021: \$2,356 thousand).

16. SUBSEQUENT EVENTS

On 7 February 2022, Ms Helen Souness was appointed as an independent Non-Executive Director, effective 1 March 2022. On the same day, Ms Tracey Horton resigned from her position as an independent Non-Executive Director, effective immediately.

As at the date of this report, no other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 27 are in accordance with the Corporations Act 2001, including:
 - (i) complying with AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Nearmap Ltd will be able to pay its debts as and when they become due and payable.

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

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

Dr Rob Newman

Chief Executive Officer & Managing Director
Sydney, 15 February 2022



Independent Auditor's Review Report

To the shareholders of Nearmap Ltd

Conclusion

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

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

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated interim statement of financial position as at 31 December 2021
- Consolidated interim statement of profit or loss and other comprehensive income, Consolidated interim statement of changes in equity and Consolidated interim statement of cash flows for the Half-year ended on that date
- Notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

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

Basis for Conclusion

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

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



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

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

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

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the Half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Caoimhe Toouli

Partner

Sydney

15 February 2022