FY17 Analyst Pack

Year ended 30 June 2017

Nearmap Ltd – bringing the real world to you nearmap.com

Contents

Investor Relations Contacts

Andy Watt
Chief Financial Officer
+61 2 8076 0707
andy.watt@nearmap.com

Daniel Maurer
Head of Investor Relations
+61 2 8076 0774
daniel.maurer@nearmap.com

Pegagsus Advisory
Investor Relations Enquiries
+61 400 248 080
investor.relations@nearmap.com

Important Note

Information presented in the FY17 Analyst Pack is presented on an operational basis (rather than statutory) to reflect a management view of the business. Nearmap Limited (ACN 083 702 907) also provides statutory reporting as prescribed under the Corporations Act 2001. The Nearmap Limited 2017 Financial Report is also available from Nearmap's website at www.nearmap.com.

The analyst pack is not audited. The statutory net loss after tax as disclosed in the consolidated profit and loss (page 5) has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001. Nearmap's external auditors, KPMG, have reviewed the statutory net profit after tax as disclosed in the consolidated profit and loss.

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

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

23 August 2017

Dear Nearmap shareholders

As Nearmap's business continues its growth in the global location content market, we are providing an Analyst Pack for shareholders and investors summarising the key financial and operational performance metrics of our business for the year ended 30 June 2017 with a comparative for the year ended 30 June 2016.

In addition to outlining the performance of Nearmap as a group, this pack also sets out summaries of the three operating segments:

- **United States –** responsible for all sales and marketing efforts in the United States
- **Australia –** responsible for all sales and marketing efforts in Australia
- **Corporate –** holds all the IP and product "know-how" which allows Nearmap to deliver its product offering, being online aerial photomapping. The segment facilitates the day to day survey operations globally

Individual segment performance is discussed in the relevant sections in this pack below.

This pack is to be read in conjunction with the "Preliminary Final Report Appendix 4E for the year ended 30 June 2017" and the "Investor Briefing Full Year Results to 30 June 2017" released to the ASX on 23 August, 2017.

We trust that you find this information useful and insightful.

Kind regards

Andy Watt
Chief Financial Officer
Nearmap Ltd

Group performance indicators

	H1 16	H2 16	FY16	H1 17	H2 17	FY17
Group ACV portfolio (AUD)						
Opening ACV ($'000) *			**24,223**			**36,411**
New Business ACV			**7,868**			**8,918**
Net Upsell ACV			**7,512**			**5,447**
Churn ACV			**(3,196)**			**(3,754)**
Net Incremental ACV	**6,219**	**5,964**	**12,183**	**4,665**	**5,946**	**10,611**
FX Impact	18	(14)	**4**	175	(238)	**(63)**
Closing ACV *	**30,461**	**36,411**	**36,411**	**41,250**	**46,959**	**46,959**
Group Revenue	14,141	17,148	**31,289**	19,426	21,639	**41,065**
Churn (%)			**13.2%**			**10.3%**
Closing ARPS ($)	4,963	5,064	**5,064**	5,496	5,996	**5,996**
Portfolio LTV ($'000s)			**223,997**			**365,453**
Opening Subscriptions			**5,518**			**7,190**
New Business Subscriptions			**2,182**			**1,846**
Churn Subscriptions			**(510)**			**(1,204)**
Closing Subscriptions	6,138	7,190	**7,190**	7,505	7,832	**7,832**
Group Sales Team Contribution Ratio	123%	133%	**128%**	88%	92%	**90%**
Earnings						
EBITDA Group ($'000)	(1,879)	2,511	632	2,393	3,624	6,017
EBIT Group ($'000)	(4,557)	(453)	**(5,010)**	(1,113)	(333)	**(1,446)**
Statutory NPAT	(3,295)	(3,840)	**(7,135)**	(2,953)	(2,351)	**(5,304)**
Operating cash flow ($'000)	270	1,015	**1,285**	(1,115)	4,787	**3,672**

* Adjusted for personal subscription products which were ceased in Australia during FY16

They key metrics which Nearmap manages represent the following:

ACV - Annualised Contract Value represents the annualised value of all active subscription contracts in effect at a particular date. Subscriptions in both Australia and the United States are typically for 12 month periods with customers paying the subscription in full up front, with the revenue being recognised evenly over the subscription period. ACV is a key metric for the company, with the nature of the subscription model determining that incremental ACV will drive revenue growth in the subsequent financial period.

Group ACV grew by 29% to $47.0M (FY16: $36.4M) with growth in both Australia and the United States. ACV performance in each territory is discussed in the segment results below. Note FY16 opening information has been adjusted to reflect the cessation of personal account products in Australia during FY16.

Sales Team Contribution Ratio (STCR) – STCR represents the ratio of incremental ACV generated by a sales team in a period, compared to the direct costs of obtaining that incremental ACV. This measures how quickly the cost of acquiring a subscription is recovered from the subscription itself, with a ratio of greater than 33% generally seen as effective in a SaaS business (i.e. recovery of customer acquisition costs from customer revenues within a three year period).

Group STCR reduced to 90% in FY17 (FY16: 128%), as increased effectiveness of the US sales and marketing efforts were offset by the non-recurrence of several large one-off customer upsell events in Australia in FY16.

Churn – Churn represents the ACV value of subscriptions which were not renewed by a customer at the end of a subscription period, offset by the value of recovered subscriptions previously churned. The churn percentage is calculated as a proportion of the opening ACV value in a period.

Group churn fell to 10.3% (FY16: 13.2%) reflecting the increasing value being derived from our product by our customers.

Subscriptions – Subscriptions reflect the number of individual subscription contracts entered into by Nearmap customers, who range from small and medium businesses to large enterprises.

Group subscriptions increased to 7,832 (FY16: 7,190) with growth in subscription numbers coming from both Australia and the United States. Note FY16 opening information has been adjusted to reflect the cessation of personal account products in Australia during FY16.

Average Revenue per Subscription (ARPS) – ARPS represents the closing ACV portfolio value divided by the number of subscriptions.

Group ARPS increased to $5,996 (FY16: $5,064). This growth was experienced in both Australia and United States, with the majority of the growth coming in the United States from penetration of large enterprise customers.

Portfolio Lifetime Value (LTV) – Portfolio LTV is calculated as:

$$\frac{\text{ACV portfolio value x Gross Margin \%}}{\text{Churn \%}}$$

Group Portfolio LTV increased to $365.5M (FY16: $223.9M). This reflects the increasing contribution of the US in FY17 as gross margins in that segment became positive during H2 FY17.

Detailed financial and operational performance is discussed in the following sections.

Consolidated statutory profit and loss

AUD$'000	H1 16	H2 16	FY16	H1 17	H2 17	FY17
Revenue	13,896	16,986	**30,882**	19,215	21,451	**40,666**
Other income	245	162	**407**	211	188	**399**
Total Revenue	14,141	17,148	**31,289**	19,426	21,639	**41,065**
Expenses						
Employee benefits expense	(11,022)	(9,281)	**(20,303)**	(11,216)	(11,525)	**(22,741)**
Amortisation and depreciation	(2,678)	(2,964)	**(5,642)**	(3,506)	(3,962)	**(7,468)**
Net foreign exchange differences	614	(704)	**(90)**	(225)	(250)	**(475)**
Other operational expenses	(4,998)	(4,949)	**(9,947)**	(5,606)	(6,309)	**(11,915)**
Total expenses	(18,084)	(17,898)	**(35,982)**	(20,553)	(22,046)	**(42,599)**
(Loss) / profit before tax	(3,943)	(750)	**(4,693)**	(1,127)	(407)	**(1,534)**
Income tax expense	648	(3,090)	**(2,442)**	(1,826)	(1,944)	**(3,770)**
Loss after tax	(3,295)	(3,840)	**(7,135)**	(2,953)	(2,351)	**(5,304)**
Performance analysis						
Group EBITDA	(1,879)	2,511	**632**	2,393	3,624	**6,017**
Group EBIT	(4,557)	(453)	(5,010)	(1,113)	(333)	(1,446)

Revenue – Revenue primarily represents subscription revenue recognised over the life of the underlying subscription contract with the customer in each respective financial period. Group revenues increased 32% to $40.6M (FY16: $30.9M) reflecting the growth of the subscription ACV portfolio in both Australia and the United States.

Other income – Other income primarily represents interest earned by the company on its cash deposit holdings.

Expenses – Key expense categories represent:

- Employee benefits expense represents the direct and indirect costs of employing Nearmap staff and directors, including non-cash share based payments expense. These costs in FY17 were $22.7M (FY16: $20.3M), driven by an increase in headcount and activity across the business.
- Amortisation and depreciation reflects the expense applied to the Group's tangible and intangible assets. A reconciliation of amortisation and depreciation is set out in the Corporate Segment section of this Analyst Pack.
- Net foreign exchange differences (unrealised) represent the translation of the foreign denominated bank account balance (USD) held in Australia from foreign currency into functional currency (AUD).
- Other operational expenses represent other costs incurred by the Group in its operations, including flight capture costs, cloud based processing and storage costs, rental of office space, travel, administrative costs and other corporate expenses.

EBITDA – Group EBITDA was $6.0M (FY16: $0.6M), within the guidance range of $4.5-6.5M provided at the time of the capital raise undertaken by the Company in November 2016.

EBIT – Group EBIT was $(1.5)M (FY16: $(5.0)M).

Loss after tax – Statutory loss after tax was $(5.3)M (FY16: $(7.1)M).

Tax – Tax expense for the period was $3.8m (FY16: $2.4M). Per the following table, the main component of this is current year losses which are not yet recognised. Nearmap US Inc has a carried forward tax loss of USD $20.8m. As at 30 June 2017, the Company has an unrecognised deferred tax asset of $10.9m relating to the operating losses in the US. The Company has not recognised any further deferred tax assets in relation to US tax losses in the current financial year. The deferred tax asset on carried forward losses of $480k previously held in the US has been derecognised in the current year.

AUD$'000	FY17	Fy16
Total loss before tax	**(1,534)**	**(4,693)**
Prima facie tax benefit at 30%	460	1,408
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of higher tax rate in the US	665	600
Current year losses not recognised (US)	(6,755)	(4,320)
R&D grant	137	266
Shared based payments expense	(404)	(532)
Entertainment expenses	(40)	(79)
Recognition of previously unrecognised deductible temporary differences	801	31
Over provision in the prior year	1,366	184
Current year tax expense	**(3,770)**	**(2,442)**

Consolidated balance sheet

AUD$'000	31-Dec-15	30-Jun-16	31-Dec-16	30-Jun-17
Current assets				
Cash and cash equivalents	14,413	12,189	28,395	28,338
Trade receivables	4,623	4,273	7,729	7,051
Other current receivables	1,541	1,774	1,862	1,532
Total current assets	20,577	18,236	37,986	36,921
Non-current assets				
Plant and equipment	5,538	6,167	8,148	10,610
Intangible assets	14,063	17,240	20,026	24,824
Deferred tax assets	3,088	2,624	2,690	2,060
Total non-current assets	22,689	26,031	30,864	37,494
Total assets	43,266	44,267	68,850	74,415
Current liabilities				
Trade and other payables	1,590	1,339	1,040	1,609
Unearned income	17,665	18,908	21,075	25,171
Employee benefits	2,401	1,731	2,212	2,441
Other current liabilities	998	1,005	1,313	2,039
Current tax liabilities	-	123	223	298
Total current liabilities	22,654	23,106	25,863	31,558
Non-current liabilities				
Deferred tax liabilities	-	2,525	4,407	5,594
Employee benefits	129	143	173	105
Total non-current liabilities	129	2,668	4,580	5,699
Net assets	20,483	18,493	38,407	37,158
Equity				
Contributed equity	28,371	28,779	50,441	51,446
Reserves	8,923	10,365	11,570	11,667
Profits reserve	7,078	7,078	7,078	7,078
Accumulated losses	(23,889)	(27,729)	(30,682)	(33,033)
Total equity	20,483	18,493	38,407	37,158

Key balance sheet items represent:

Cash – The group's cash holdings increased to $28.3M (30 June 2016: $12.2M) primarily driven by the receipt of proceeds from the Group's capital raise in November 2016. A breakdown of the movement in the cash balance is shown in the following section.

Trade receivables – Amounts outstanding from customers were $7.1M (30 June 2016: $4.3M). This increase reflects the increasing ACV portfolio as well as timing of some sales made late in the financial year.

Plant and equipment and intangible assets – These balances represent fixed assets, camera assets, capitalised development costs and capitalised capture costs. A reconciliation of amortisation and depreciation is set out in the Corporate segment overview in the following section.

Unearned income – Customer subscriptions are invoiced in full at the commencement of a subscription, with the balance initially recorded to unearned income and subsequently amortised to the income statement over the period of the subscription.

Change in group net assets

AUD$'000	H1 16	H2 16	H1 17	H2 17
Opening net assets	22,580	20,483	18,493	38,407
Profit / (loss) after tax	(3,295)	(3,840)	(2,953)	(2,351)
New share issue	1,693	1,385	22,506	1,005
Reserve movements	(495)	465	361	97
Closing net assets	20,483	18,493	38,407	37,158

Issued share capital

Number of shares	FY16	FY17
Total issued shares	356,246,101	387,686,515
Movement in shares		
Opening	355,496,101	356,246,101
Share option conversion	750,000	1,833,333
New share issues	-	29,607,081
Closing	356,246,101	387,686,515
Weighted average number of shares	355,572,813	374,994,207
Shares for basic EPS calculation	355,572,813	374,994,207
Diluted EPS shares	355,572,813	374,994,207
Shares for basic EPS calculation	355,572,813	374,994,207
Add dilutive impact of employee option shares	n/a	n/a
Add dilutive impact of director option shares	n/a	n/a
Shares for diluted EPS calculation	355,572,813	374,994,207
Summary of option shares		
Employee option shares		
Opening	30,555,000	28,945,000
New grants	13,145,000	4,889,255
Vesting / forfeiture	(14,755,000)	(9,033,334)
Closing	28,945,000	24,800,921
Director option shares		
Opening	-	8,500,000
New grants	8,500,000	2,000,000
Vesting / forfeiture	-	(1,000,000)
Closing	8,500,000	9,500,000

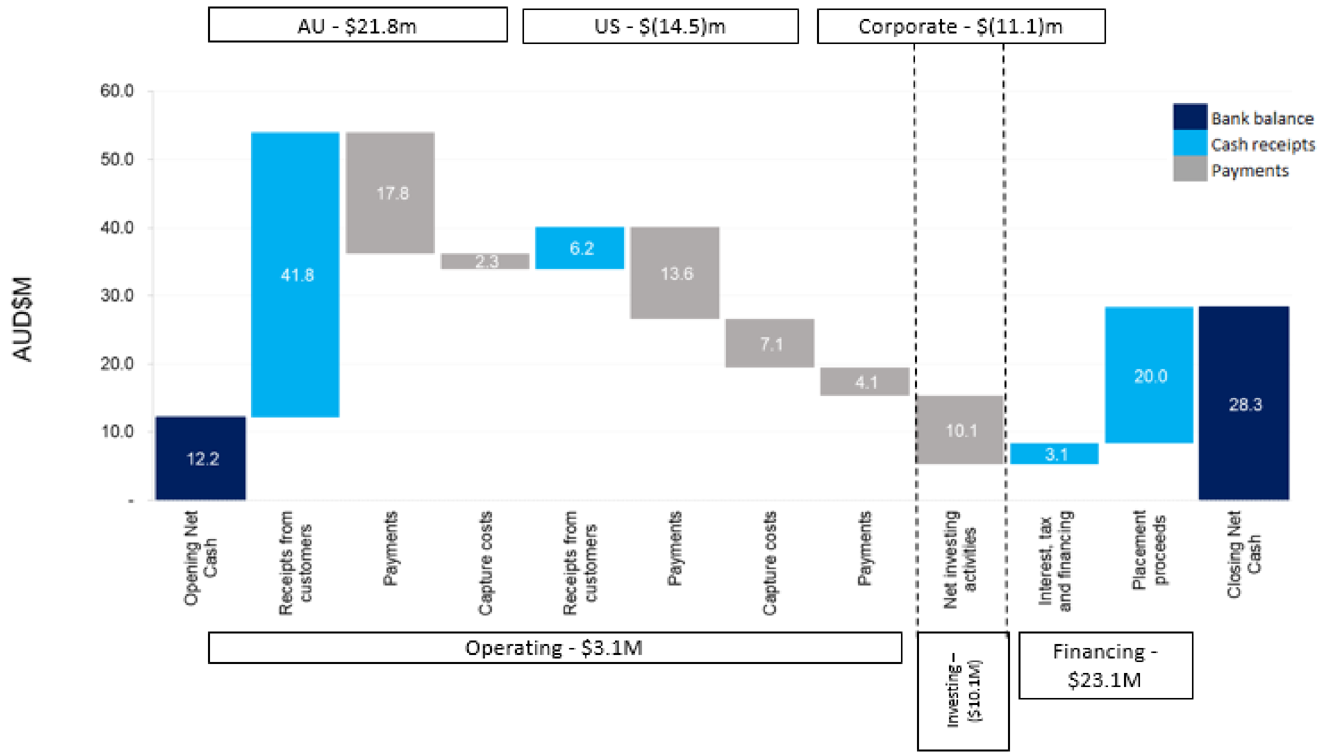
Issued share capital and diluted share count – Total issued shares increased by 31.5M to 387.7M (30 June 2016: 356.2M). This increase primarily reflects the issuance of 29.6M new shares associated with the Group's capital raising and associated Shareholder Purchase Plan undertaken during FY17.

As the Group is currently generating a statutory net loss after tax, the impact of option shares are not taken into account under applicable accounting standards in determining a diluted EPS.

Consolidated operating cash flow

$'000	H1 16	H2 16	FY16	H1 17	H2 17	FY17
Receipts from customers	15,532	21,754	**37,286**	19,728	28,288	**48,016**
Payments to suppliers and employees	(17,762)	(20,941)	**(38,703)**	(21,063)	(23,678)	**(44,741)**
Interest received	252	202	**454**	175	171	**346**
Other receipts	-	-	**-**	45	28	**73**
R&D refund received	1,828	-	**1,828**	-	-	**-**
Income taxes received / (paid)	420	-	**420**	-	(22)	**(22)**
Net cash from operating activities	270	1,015	**1,285**	(1,115)	4,786	**3,672**
Net cash from investing activities	(3,780)	(3,610)	**(7,390)**	(4,440)	(5,677)	**(10,117)**
Net cash from financing activities	612	434	**1,046**	21,662	1,005	**22,667**

Cash flow waterfall*



*Financing cash flows of $23.1M include $0.5M of interest and other receipts classified as operating activities in the statutory cash flow

Key components of the FY17 cash flows represent:

Australia – The AU segment generated free cash flows of $21.8M, with cash receipts of $41.9M offset by payments of $20.1M for sales and marketing expenses, allocation of corporate expense payments, capture costs and related net GST payments.

United States – The US segment consumed free cash flows of $14.5M, with cash receipts of $6.2M offset by payments of $20.7M on sales and marketing expenses, allocations of corporate expense payments, capture costs and related sales tax remittances.

Corporate – The Corporate segment consumed free cash flows of $11.2M, reflecting:

- Payments for general and administrative costs of $4.1M;
- Payment for product and technology capital investment of $10.1M; and
- Net receipt of $3.1M in interest, tax and financing.

Net proceeds from the capital raising and associated Shareholder Purchase Plan were $20.0M.

US Segment

The US segment is responsible for all sales and marketing efforts in the United States. All figures in this section are stated in United States dollars.

USD$'000	H1 16	H2 16	FY16	H1 17	H2 17	FY17
Opening ACV ($'000)	95	617	95	1,493	3,072	1,493
New Business ACV			1,402			3,386
Net Upsell ACV			14			729
Churn ACV *			(17)			(302)
Net Incremental ACV	522	876	1,398	1,579	2,234	3,813
Closing ACV	617	1,493	1,493	3,072	5,307	5,307
Opening Subscriptions			15			363
New Business Subscriptions			351			319
Churn Subscriptions			(3)			(77)
Closing Subscriptions	154	363	363	486	605	605
ACV Churn (%)			18.5%			20.2%
Closing ARPS ($)	4,005	4,113	4,113	6,322	8,771	8,771
Capture Cost Amortisation	(359)	(560)	(919)	(841)	(1,119)	(1,960)
Storage, Administration & Other	(695)	(605)	(1,301)	(625)	(863)	(1,488)
Cost of Revenue	(1,054)	(1,165)	(2,220)	(1,466)	(1,981)	(3,448)
Cash Capture Costs	1,535	1,878	3,413	2,236	3,119	5,355
Revenue	160	520	680	1,080	2,162	3,242
Cost of Revenue	(1,054)	(1,165)	(2,220)	(1,467)	(1,981)	(3,448)
Gross Margin	(892)	(588)	(1,481)	(386)	181	(205)
Gross Margin (%)	-559%	-113%	-218%	-36%	8%	-6%
Direct Sales Cost	(1,842)	(1,424)	(3,265)	(1,949)	(2,539)	(4,488)
Sales Team Contribution Ratio (%)	28%	62%	43%	81%	88%	85%
Indirect Sales Cost	(563)	(395)	(957)	(927)	(1,052)	(1,979)
Total Sales & Marketing Cost	(2,404)	(1,818)	(4,223)	(2,876)	(3,592)	(6,468)
Overheads	(1,762)	(1,326)	(3,088)	(1,459)	(1,423)	(2,882)
Segment EBIT	(5,059)	(3,733)	(8,792)	(4,721)	(4,834)	(9,555)
Segment EBIT %	-3172%	-717%	-1293%	-437%	-224%	-295%

* - impacted by the acquisition of a partner signed by Nearmap in FY16 by a competitor during FY17 and the non-renewal of their subscription

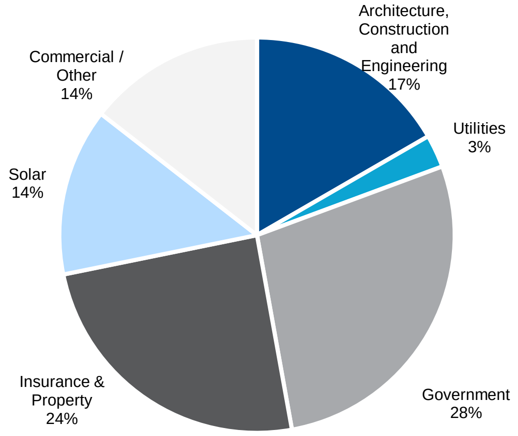
US ACV Portfolio

During FY17, the US ACV portfolio more than tripled from $1.5M to $5.3M. The components of this growth represent:

- **New Business** of $3.4M reflected the strategic effort to target larger enterprise customers and increasing effectiveness of the sales and marketing effort.
- **Upsell** of $0.7M reflects the first substantial year of upsell with this representing 50% of the value of the opening portfolio.
- **Customer churn** (representing the dollar value of subscriptions not renewed in a particular year compared to the opening ACV value) was 20.2% (FY16: 18.5%). This was impacted by the acquisition of a partner signed by Nearmap in FY16 by a competitor during FY17 and the non-renewal of their subscription.

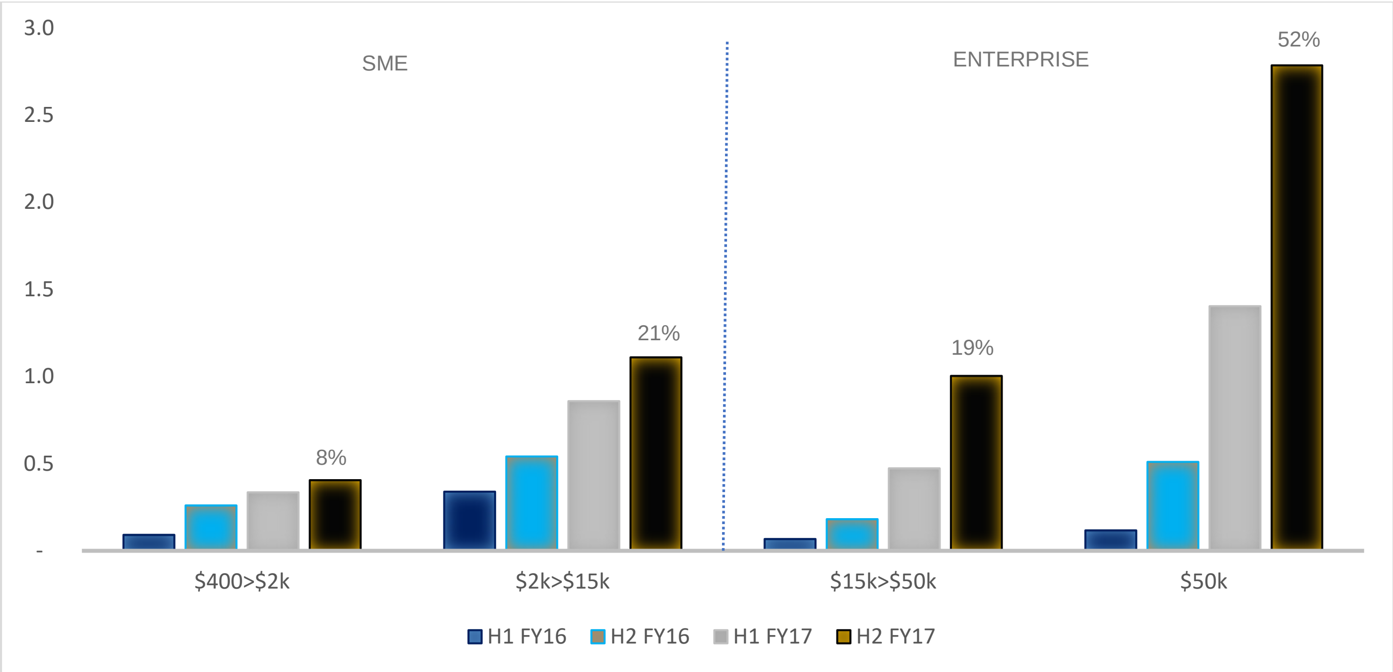
The portfolio is **diversified across customer industries**, with the two largest segments being Government (28%) and Insurance & Property (24%), with the majority of top ten customers in those industry segments at 30 June 2017. ACE – Architecture, Construction and Engineering (17%) and Solar (14%) represent the next largest customer industry segments.

Customer portfolio at 30 June 2017 by industry segment



All **subscription size categories** demonstrated growth during FY17. The US portfolio has a greater weighting towards larger enterprise subscriptions, with subscriptions to small and medium enterprises (representing subscriptions below $15,000 p.a.) representing 29% of the portfolio at 30 June 2017, and those to enterprise customers (subscriptions greater than $15,000 p.a.) being 71%.

ACV portfolio by subscription size



The **number of subscriptions** grew by 67% to 605 (FY16: 363), while the **average revenue per subscription** more than doubled to $8,771 (FY16: $4,113), reflecting the growth in larger subscriptions with enterprise customers in the United States during FY17.

Financial Performance

US revenue grew more than fourfold to $3.2M (FY16: $0.7M) reflecting the growth in the ACV portfolio. In addition, a small amount of revenue was earned from strategic partners who complement our direct sales efforts.

Cash costs of capture have increased from $3.4M to $5.4M, reflecting the expanded capture footprint and the commencement of HyperCamera2 surveys in Q4 FY17. **Cost of revenue** has been driven by this increased capture cost. **Gross margins** have improved to -6% in FY17, as the growth in revenue outpaces the growth in cost of revenue.

Direct sales costs have increased to $4.5M reflecting the increased headcount of over 10 FTE in the sales and marketing function. The performance of the US sales team as measured by the **Sales Team Contribution Ratio** (STCR, being the incremental ACV generated in FY17, compared to the direct cost of the sales and marketing effort) was 85% (FY16: 43%) reflecting the increased scale and efficiency of the US sales and marketing efforts.

Indirect sales & marketing costs (primarily reflecting sales management and administration functions) were $2.0M (FY16: $1.0M). This increase primarily reflects the full year impact of the US sales & marketing management function established at the end of FY16.

Overheads primarily represent the allocation of Corporate costs based on usage and activity. These were $2.9M (FY16: $3.1M), reflecting higher corporate cost allocations offset by lower regional support costs incurred directly in the US such as the closure of the San Francisco office.

US Segment EBIT was $(9.6)M (FY16: $(8.8)M).

AU Segment

The Australia segment is responsible for all sales and marketing efforts in Australia.

AUD$'000	H1 16	H2 16	FY16	H1 17	H2 17	FY17
Adjusted Opening ACV ($'000) *	**24,100**	**29,209**	**24,100**	**34,400**	**37,004**	**34,400**
New Business ACV			**5,979**			**4,500**
Net Upsell ACV			**7,493**			**4,497**
Churn ACV			**(3,173)**			**(3,361)**
Net Incremental ACV	**5,516**	**4,783**	**10,300**	**2,604**	**3,032**	**5,636**
Closing ACV *	**29,209**	**34,400**	**34,400**	**37,004**	**40,036**	**40,036**
Opening Subscriptions			**5,503**			**6,827**
New Business Subscriptions			**1,831**			**1,527**
Churn Subscriptions			**(507)**			**(1,127)**
Closing Subscriptions	**5,984**	**6,827**	**6,827**	**7,019**	**7,227**	**7,227**
ACV Churn (%)			**13.2%**			**9.8%**
Closing ARPS ($)	**4,881**	**5,039**	**5,039**	**5,272**	**5,540**	**5,540**
Capture Cost Amortisation	(282)	(366)	**(648)**	(445)	(594)	**(1,039)**
Storage, Administration & Other	(1,077)	(1,103)	**(2,180)**	(1,119)	(1,380)	**(2,498)**
Cost of Revenue	**(1,359)**	**(1,469)**	**(2,828)**	**(1,564)**	**(1,974)**	**(3,538)**
Cash Capture Costs	**755**	**629**	**1,384**	**850**	**1,418**	**2,269**
Revenue	**13,610**	**16,136**	**29,746**	**17,741**	**18,551**	**36,292**
Cost of Revenue	(1,359)	(1,469)	**(2,828)**	(1,564)	(1,974)	**(3,538)**
Gross Margin	12,251	14,667	**26,918**	16,177	16,577	**32,754**
Gross Margin (%)	**90.0%**	**90.9%**	**90.5%**	**91.2%**	**89.4%**	**90.3%**
Direct Sales Cost	(2,550)	(2,544)	**(5,094)**	(2,719)	(3,116)	**(5,835)**
Sales Team Contribution Ratio (%)	**216%**	**188%**	**202%**	**96%**	**97%**	**97%**
Indirect Sales Cost	(1,172)	(1,508)	**(2,680)**	(1,517)	(908)	**(2,424)**
Total Sales & Marketing Cost	(3,722)	(4,052)	**(7,774)**	(4,236)	(4,024)	**(8,260)**
Overheads	(1,540)	(1,153)	**(2,693)**	(1,772)	(1,848)	**(3,620)**
Segment EBIT	**6,989**	**9,462**	**16,451**	**10,169**	**10,705**	**20,875**
Segment EBIT %	51%	59%	**55%**	57%	58%	**58%**

* Personal subscription products were ceased in Australia during FY16, and reported opening ACV figures in FY16 have been adjusted as follows:

AUD$'000	H1 16	H2 16
Reported Opening ACV	25,000	29,617
Personal ACV	(900)	(408)
Adjusted Opening ACV	24,100	29,209

AU ACV Portfolio

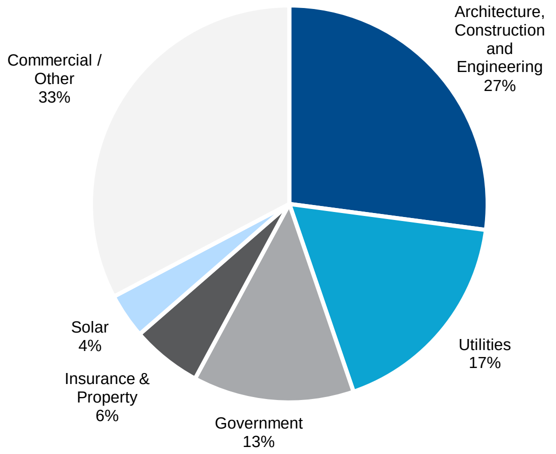
During FY17, the Australian ACV portfolio grew by 16% from $34.4M to $40.0M. The components of this growth represent:

- **New Business** of $4.5M follows a strong FY16 which saw the impact of the cessation of personal accounts and the conversion of some of these customers to business subscriptions.

- **Upsell** of $4.5M follows a strong FY16 which included the right-sizing of a number of customer accounts and several material enterprise customer upsells.
- **Customer churn** (representing the dollar value of subscriptions not renewed in a particular year compared to the opening ACV value) was 9.8% (FY16: 13.2%), with churn concentrated amongst customers in the SME category with lower value subscriptions.

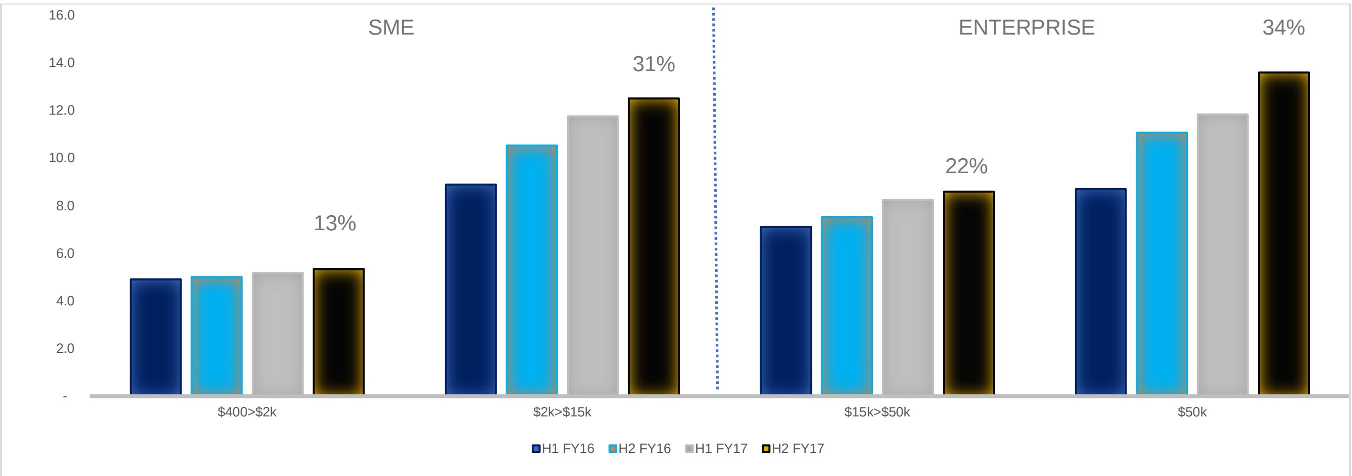
The portfolio is **diversified across customer industries**, with the largest segments other than Commercial Enterprises (33%) being ACE – Architecture, Construction and Engineering (27%), Utilities (17%) and Government (13%).

Customer portfolio at 30 June 2017 by industry segment



The ACV portfolio is diversified across **a range of businesses in size**, with subscriptions to small and medium enterprises (representing subscriptions below $15,000 p.a.) representing 44% of the portfolio at 30 June 2017, and those to enterprise customers (subscriptions greater than $15,000 p.a.) being 56%. All subscription size categories demonstrated growth during FY17.

ACV portfolio by subscription size



The **number of subscriptions** grew by 6% to 7,227 (FY16: 6,827), while the **average revenue per subscription** grew 10% to $5,540 (FY16: $5,039), demonstrating the increased value to customers of Nearmap's subscription content.

Financial Performance

AU revenue grew by 22% to $36.3M (FY16: $29.7M) reflecting the growth in the ACV portfolio.

Cost of revenue has increased by 25% to $3.5M, primarily reflecting the amortisation of historical captures. Cash capture costs have increased to $2.3M in FY17, due to the expanded capture footprint ($0.3M), New Zealand initial capture ($0.2M) and increased staffing and administration ($0.4M). **Gross margins** have remained consistent at 90%.

Direct Sales Costs have increased to $5.8M reflecting primarily by increased sales headcount focussed on larger enterprise accounts and also government. The performance of the AU sales team as measured by the **Sales Team Contribution Ratio** (STCR, being the incremental ACV generated in FY17, compared to the direct cost of the sales and marketing effort) was 97% (FY16: 202%). FY16's STCR reflects the right-sizing several large one off customer upsells to large clients which have not been repeated during FY17.

Indirect sales & marketing costs (primarily reflecting sales management and administration functions) were $2.4M (FY16: $2.7M). These were impacted in FY17 by the non-cash write backs of share based payments for senior Australian sales management staff who departed during the year ($0.3M).

Overheads represent the allocation of Corporate costs based on usage and activity. These were $3.6M (FY16: $2.7M), reflecting the larger customer and traffic numbers in the Australian business.

AU Segment EBIT was $20.9M, 58% of revenue (FY16: $16.5M, 55% of revenue).

Corporate Segment

The Corporate segment holds all the IP and product "know-how" which allows Nearmap to deliver its product offering, being online aerial photomapping. The segment facilitates the day to day survey operations globally.

$'000	H1 16	H2 16	FY16	H1 17	H2 17	FY17
Interest income	245	162	**407**	211	176	**387**
Other income	66	68	**134**	45	40	**85**
Total Revenue	**311**	**230**	**541**	**256**	**216**	**472**
Total General & Administrative Costs	**(6,998)**	**(6,506)**	**(13,504)**	**(7,299)**	**(6,992)**	**(14,291)**
- Allocation AU	(1,540)	(1,153)	**(2,693)**	(1,772)	(1,848)	**(3,620)**
- Allocation US	(2,407)	(1,744)	**(4,151)**	(1,932)	(1,892)	**(3,824)**
Corporate General & Administration Costs	(3,051)	(3,609)	**(6,660)**	(3,595)	(3,252)	**(6,847)**
Segment EBIT	**(2,740)**	**(3,379)**	**(6,119)**	**(3,339)**	**(3,036)**	**(6,375)**
Product, Engineering & Technology						
- Development CAPEX	3,106	2,983	**6,089**	4,069	5,451	**9,520**
- Maintenance OPEX	1,287	1,046	**2,333**	1,818	1,702	**3,520**
Total	**4,393**	**4,029**	**8,422**	**5,887**	**7,153**	**13,040**
Development Product & Technology spend as % of revenue	22.5%	17.5%	**19.7%**	21.2%	25.4%	**23.4%**
Net Investing Activities						
Development CAPEX	3,106	2,983	**6,089**	4,069	5,451	**9,520**
Corporate CAPEX	655	565	**1,220**	404	203	**607**
Total	**3,761**	**3,548**	**7,309**	**4,473**	**5,654**	**10,127**

General & Administrative Costs

Corporate costs represent the administrative cost of running the Product, Technology & Engineering functions, as well as running the business (including Finance, internal IT, Human Resource, Corporate functions and the Nearmap Board). These costs are largely expensed as incurred, and allocated to the three operating segments based on activity and usage. In FY17, the costs remaining after allocation to the US and Australia have remained broadly consistent with prior year.

Product and technology

Development expenditure represents cash costs incurred in the construction of new camera systems and capitalised development costs of software and systems. These amounts are capitalised to the respective balance sheet assets and amortised over the applicable useful lives of those assets. These amounts have increased to $9.5M in FY17 primarily relating to the development and construction of HyperCamera2 and related software. This spend as a proportion of revenue has increased to 23.4% in FY17 reflecting the investment in the enhancement of camera system capabilities which are expected to generate revenues in future financial periods.

Maintenance expenditure represents the cash cost of servicing existing software and camera systems. These costs are expensed to the segments as follows:

- Maintenance of camera systems expensed to cost of revenue in the respective distribution segments
- Maintenance of software and systems expensed to general and administration expenses, allocated to the three operating segments based on activity and usage.

These costs increased to $3.5M reflecting the servicing required on a growing fleet of camera systems and related software applications.

Amortisation & Depreciation

The components of amortisation and depreciation are set out in the table below, including a reconciliation to the movement in current year accumulated depreciation in the balance sheet. The depreciation of camera systems is recapitalised to the capture cost asset and amortised over the 5 year life of that asset.

Reconciliation of amortisation and depreciation

AUD$'000	FY16	FY17
Capture Costs	1,905	3,642
Development Costs	2,825	3,188
Camera Systems	1,274	1,451
Office Equipment & Furniture	380	482
Other	363	477
Current Year accumulated amortisation & depreciation (Balance Sheet)	**6,747**	**9,240**
Capitalisation of amortisation & depreciation	(1,104)	(1,772)
Statutory Amortisation & Depreciation (P&L)	**5,642**	**7,468**

AUD$'000	FY16	FY17
Capture Cost Additions		
AU		
Cash cost of capture	1,384	2,269
Capitalisation of amortisation & depreciation	401	598
	1,785	**2,867**
US		
Cash cost of capture	4,647	7,100
Capitalisation of amortisation & depreciation	703	1,174
	5,350	**8,274**
Group		
Cash cost of capture	6,031	9,370
Capitalisation of amortisation & depreciation	1,104	1,772
Additions per Statutory Balance Sheet	**7,135**	**11,142**

Financing

At 30 June 2017, Nearmap did not have any debt facilities in place other than corporate credit card facilities. Funding for the group's operations is provided by the cash inflows from the group's sales operations, interest on the group's cash holdings and the group's internal cash resources. During FY17, the company undertook an institutional equity raising and associated share purchase plan to existing shareholders, raising net proceeds of $20.0M.

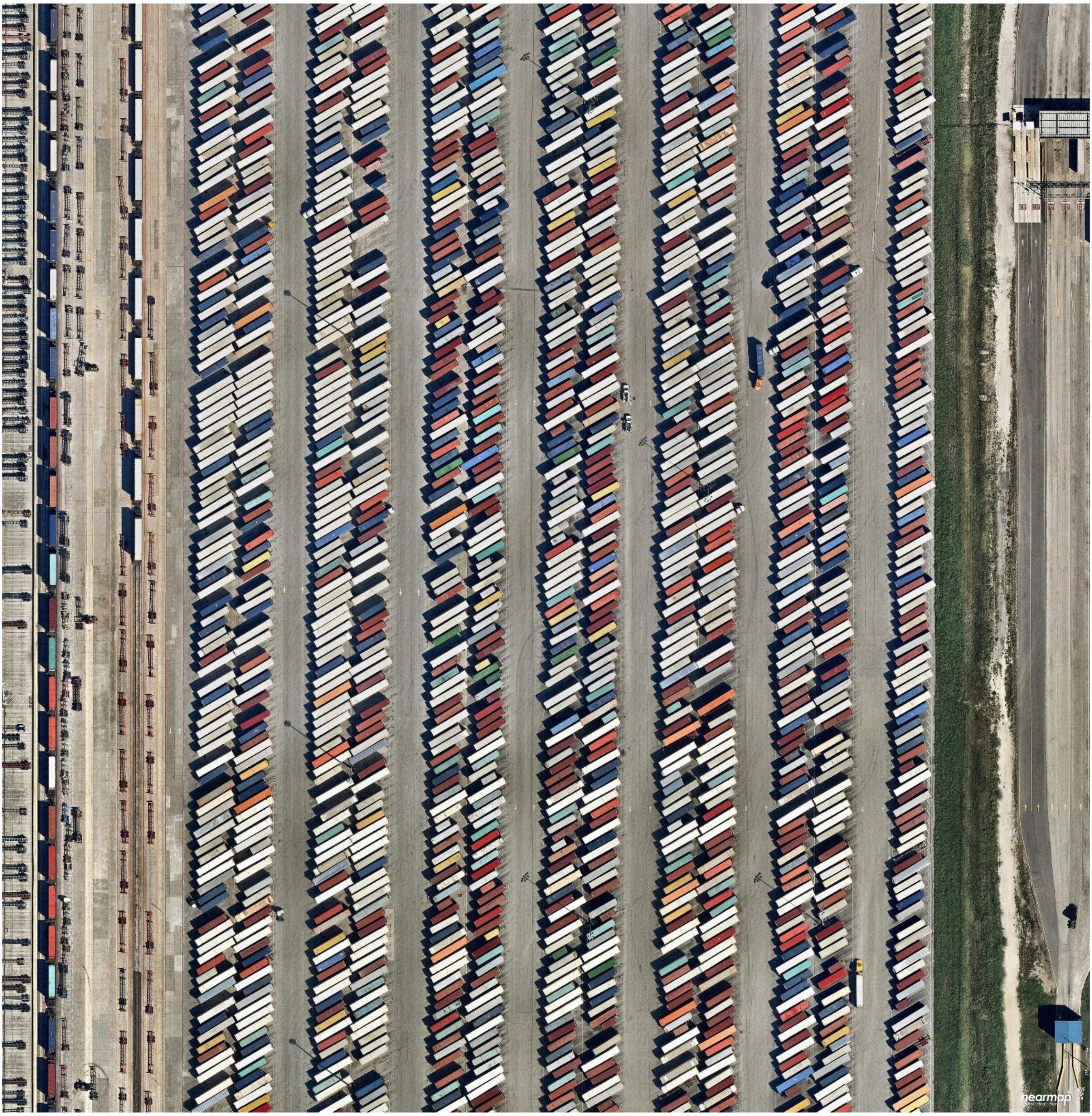
Operational statistics

FTE Breakdown as at 30 June 2017

	Distribution	**Product / Technology / Capture**	**Corporate**	**Group**
Australia	27	56	33	**116**
United States	35	6	5	**46**
Total	**62**	**62**	**38**	**162**

Glossary of terms

Term	Definition
ACV	Annualised Contract Value – annualised value of all active subscription contracts in effect at a particular date
ARPS	Average Revenue per Subscription – Total ACV divided by total number of subscriptions
Churn ACV	ACV value of subscriptions which are not renewed by a customer at the end of a subscription period, offset by the value of recovered subscriptions previously churned
Cost of Revenue	These represent the costs of capturing, processing and storing the aerial imagery. The two key components are as follows: - Capture flights, processing and related staff costs are capitalised to the balance sheet and amortised to the income statement over a 5 year useful life. Depreciation of existing camera systems are also capitalised to the balance sheet and amortised to the income statement. - Administration, storage, data layers, maintenance and technical support are expensed as incurred
EBITDA	Earnings before interest, tax, depreciation, amortisation, realised and unrealised foreign exchange gains/losses
FTE	Full-time employee equivalent
Incremental ACV	New Business ACV + Net Upsell ACV – Churn ACV
LTV	$\frac{\text{ACV portfolio value x Gross Margin \%}}{\text{Churn \%}}$
Net Upsell ACV	ACV value of the net upsell and downsell on subscriptions renewed during or at the end of an existing subscription
New Business ACV	ACV value of subscriptions entered into during a period with a customer who has not previously been a Nearmap customer, or not a customer in the last 12 months
Sales Team Contribution Ratio	The ratio of incremental ACV generated by a sales team in a period, compared to the direct costs of obtaining that incremental ACV
Subscriptions	Subscriptions reflect the number of individual subscription contracts entered into by Nearmap customers



Nearmap Ltd – bringing the real world to you

nearmap.com