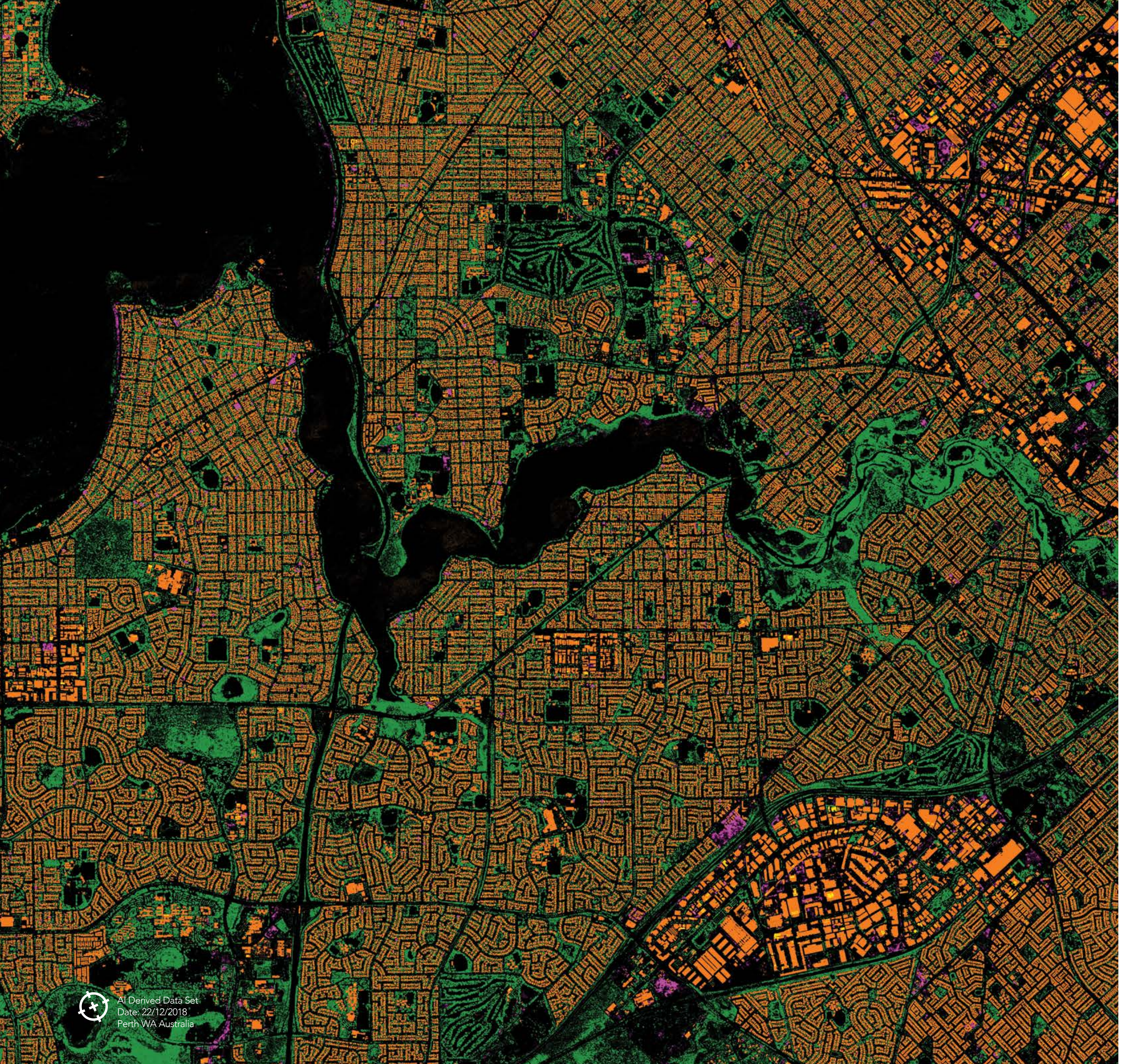
2019 NEARMAP LIMITED ANNUAL REPORT

nearmap



ABOUT NEARMAP

Nearmap Ltd (ABN 37 038 702 907) and its subsidiaries (**Nearmap** or **Company**) is an innovative location intelligence company capturing a rich data set about the real world, providing high value insights to a diverse range of business and government organisations.

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

Every day, Nearmap helps tens of thousands of users conduct virtual site visits for deep, data driven insights – enabling informed decisions, streamlined operations and robust bottom lines.

Founded in Australia in 2007, Nearmap is one of the ten largest aerial survey companies in the world by annual data collection volume and is publicly listed on the Australian Securities Exchange (ASX).

Nearmap now employs nearly 300 people globally and held a total subscription portfolio of $90.2m as at 30 June 2019.

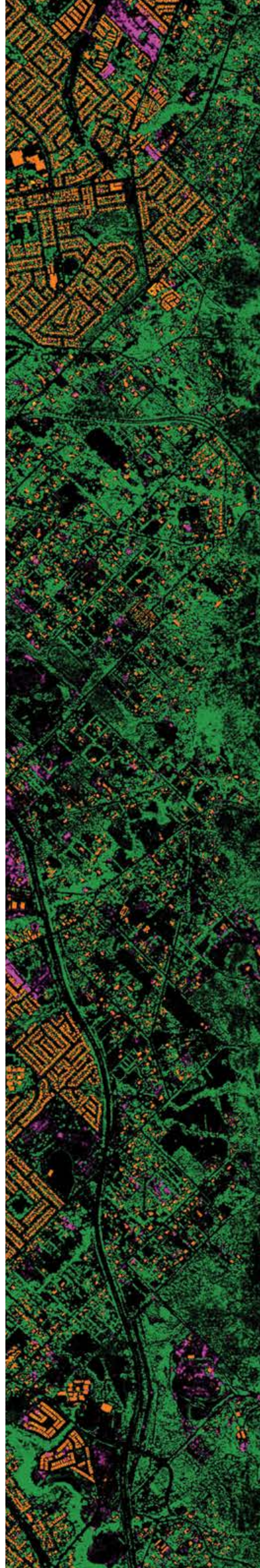
NEARMAP CAPTURES IMAGERY IN FOUR COUNTRIES…

UNITED STATES
71% population coverage

CANADA
64% population coverage

AUSTRALIA
88% population coverage

NEW ZEALAND
75% population coverage



Captured: 03/04/2019
Port Headland WA Australia

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CHAIRMAN'S LETTER

MR PETER JAMES
NON-EXECUTIVE CHAIRMAN

Dear Shareholder,

It is a pleasure to present the Nearmap 2019 Annual Report.

A YEAR OF EXECUTION

FY19 has been a year of execution for Nearmap. Following the successful $70 million equity raising in September 2018, we are accelerating progress in our North American business and reinforcing our market leading position in Australia & New Zealand. Achieving cash flow breakeven for the core business was a key milestone with the business well funded to execute on the growth opportunities ahead.

After introducing Panorama and Oblique imagery in FY18, our product offering expanded again with the introduction of 3D imagery. Additionally, after several years of research and development, we announced significant progress in our Artificial Intelligence and Machine Learning capabilities. Nearmap owns this technology – and more importantly the underlying data set – and has already engaged with a number of trial customers to better understand the commercial applications and value proposition this technology can deliver.

Even with the best in class technological advancements in the last two years, keeping us at the forefront of the location content and intelligence market, we are not standing still. Nearmap will continue to invest in research and development from our head office in Australia to evolve our product offering and expand our addressable market.

North America is a key focus given the opportunities in that market. FY19 delivered 76% growth in annualised contract value (ACV) and North America now makes up more than a third of the Company's overall portfolio. We are well placed to continue this growth. The 2018 capital raising enabled the Company to step up its North American plans, with a second sales office opened in New York earlier this year, as well as funding our expansion into Canada. The first full Canadian capture was completed and online in June, increasing our geographic coverage to four countries. We will continue to grow our North American footprint in FY20 and the sales as well as marketing capability to deliver returns.

The Australian & New Zealand business again delivered strong ACV growth in FY19 of 19%. Continued improvement in customer retention has firmly established our market leading position, which the introduction of our new content will continue to support. We sold New Zealand content to the first domestic customers this financial year. Sales momentum there has been underpinned by the completion of our third capture, the point after which customers are most receptive to subscribing to our imagery.

The equity raising strengthened our balance sheet and the Australian & New Zealand business continues to deliver strong levels of cash flow generation. The Company remains debt free and therefore in an excellent financial position to continue funding execution of our long-term strategic objectives.

GOVERNANCE

Subsequent to the signing of the FY19 Appendix 4E and Annual Financial Report, we appointed Ms Tracey Horton AO as an Independent Non-executive Director. Tracey brings her significant global strategic skills as well as extensive ASX experience to Nearmap and will be of great assistance to the Company. Due to increased executive commitments, Non-executive Director Mr Ian Morris advised the Board he will not seek re-election at the 2019 Annual General Meeting and, on behalf of the Board, I want to thank Ian for his valuable contribution to Nearmap over the previous three years.

Nearmap seeks to achieve best practice in Corporate Governance and the Company's Board, senior executives and employees are committed to achieving this goal. The Company has a strong Corporate Governance framework across its operations and details of this, together with relevant policies and procedures, can be found at https://www.nearmap.com/au/en/investors/governance. I note that in February 2019, the ASX Corporate Governance Council introduced the 4th Edition of the ASX Corporate Governance Principles, which will apply to Nearmap for its financial year commencing 1 July 2020. We will review our Corporate Governance framework against the 4th Edition and report against these as part of our annual reporting for FY21.

MANAGEMENT

I am very proud of our executive management at Nearmap; they are a strong, experienced, growth-oriented team. To continue to elevate the Nearmap presence in both the Australian and North American markets, we appointed Mr Harvey Sanchez as the Company's Chief Marketing Officer. Harvey brings a vast amount of experience to the role. We continue to recruit world class talent across the organisation, with a focus on the skills and diversity to capitalise on the global market opportunity which Nearmap is unlocking.

OUTLOOK

Nearmap has had an excellent year and we will continue to execute on our growth initiatives. We have a proven and unique business model, an outstanding team, world class technology, and capital to support the execution of our strategy.

In conclusion, on behalf of the Board and senior management, I would like to thank all our employees for their efforts during the year and our shareholders for their ongoing support. As we move through FY20 we will continue to invest in our team, our content, our technology and our sales and marketing capability to deliver another year of strong ACV growth, and further grow the business' global leadership position in the aerial imagery and location intelligence market.

I look forward to yet another exciting year ahead.

PETER JAMES
Chairman
Sydney
15 October 2019

Captured: 17/03/2019
Queenstown New Zealand

CEO'S REPORT

TO OUR SHAREHOLDERS, EMPLOYEES AND CUSTOMERS,

Nearmap was founded twelve years ago, in a small office in the western suburbs of Perth, with one idea in mind: when you change the way people view the world, you can profoundly change the way they work. Twelve years, 15 petabytes (that's 15 billion megabytes) and more than 6.5 million square kilometres later, Nearmap is firmly established as a global leader in aerial imagery and location intelligence technology, as well as a great Australian technology success story of which every shareholder can be proud.

FY19 demonstrated execution on a number of strategic objectives. First and foremost, our investment in research and technology delivered several significant product milestones throughout the year. Geographically we accelerated our capture program, our sales and marketing capacity in North America, and consolidated our market leading position in Australia & New Zealand. We continued to invest in our people to allow us to become the world leader in aerial imagery and location intelligence.

The Company's proprietary HyperCamera2 capture system, in commercial operation for two years, enables the generation of 3D models at scale. For the first time in FY19, customers have been able to access this 3D imagery online through Nearmap MapBrowser, opening up new growth opportunities for a range of use cases across different industry sectors. Our investment in Artificial Intelligence, which began two years ago, was demonstrated at Nearmap Navig8 events across Australia in June and has subsequently been in beta testing with a number of customers. I am encouraged by the customer opportunities this technology can offer and look forward to commercialising this technology during FY20.

The North American market remains the Company's biggest opportunity. It is a highly fragmented market with a number of smaller players who have not developed a scalable footprint. Nearmap, after only five years, is already well established as one of the leading pure-play aerial imagery companies in the United States. With market penetration of 1-2%, the opportunity for our business is significant. We expanded our capture program to Canada, committing to two captures per year. Canada is similar to Australia, albeit the market size is slightly larger. The population is centred around major metropolitan regions, enabling efficient capture – which is important given the seasonal conditions. FY19 delivered exceptionally strong growth across the North American business and I look forward to this continuing in FY20.

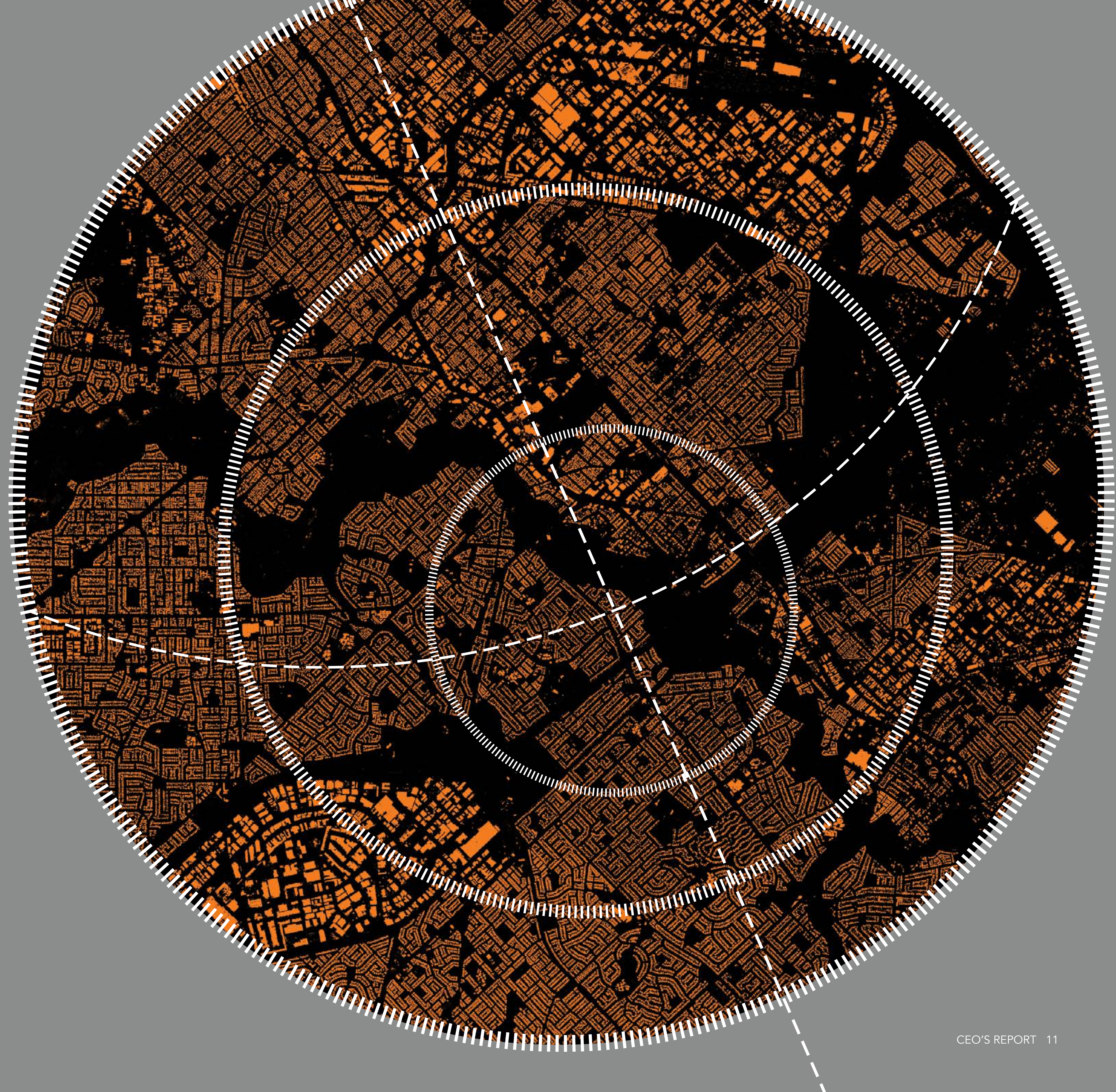
The Australian & New Zealand business delivered 19% incremental ACV growth and increased our market penetration. A key factor for this performance has been our investment in customer success and retention. Nearmap now has a dedicated team responsible for delivering a better customer experience, with the overall goal of increasing retention of our customer base. Churn, namely those customers who left Nearmap after their contract period ended, has fallen from 7.3% in FY18 to 5.6% in FY19, a reflection of an improved product offering and better customer experience. These investments in the long-term success of our customers ensure the long-term success of Nearmap.

It has been quite a journey for the management team and our employees in the last two years. We moved offices in Sydney, opened a new office in New York, and almost doubled our team from 160 employees in FY17 to almost 300 employees in FY19. Behind every great company are great people, and I would like to take this opportunity to thank every one of our employees across the world for their dedication to our Company. I would also like to thank my executive team for the leadership and guidance they have again provided this year. We have had a stable team in place for some time now and I look forward to working with them to support the ongoing growth of our business in the months and years ahead.

Technology companies that stand still and stop investing in their product and their people eventually lose out to competitors. At Nearmap, we are very cognisant of the need to continually innovate and develop new and better technology for our customers. We will continue to invest in research and development across the business, delivering technology to grow our revenue and customer base – which is fundamental to the long-term growth plans for the business and our shareholders. Our strong balance sheet and disciplined investment approach puts us in a great position to accelerate this growth. I look forward to continuing this journey with you in the years ahead.

EXPANSION OF THE PRODUCT SUITE

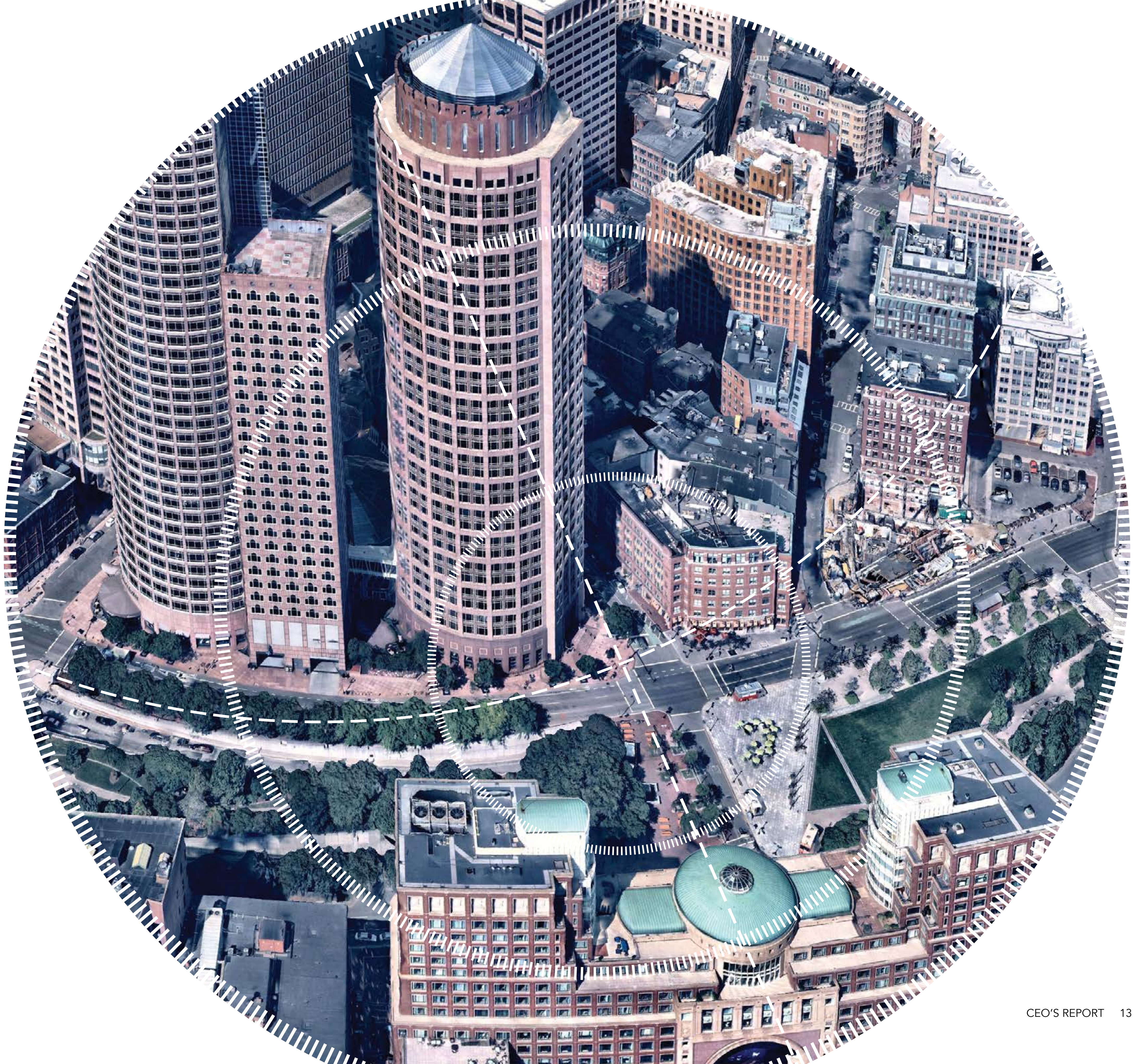
- Investment in research and technology, delivering new products to underpin the premium offering to our customers
- Commercial availability of 3D in MapBrowser, fundamentally changing how people view and shape cities across Australia and North America
- Development of the next generation camera system; allowing a higher, faster and more efficient capture program
- Release of a beta version Artificial Intelligence product, technology which is transformative for our business and our customers



AI Derived Data Set
Date: 22/12/2018
Perth WA Australia

ACCELERATION IN NORTH AMERICA

- FY19 delivered 76% growth in ACV - North America now comprises 36% of the group portfolio
- Geographic expansion into Canada; first capture was completed with 64% population coverage and first sale of Canadian content
- Continued investment in sales and marketing to take advantage of the significant North American market opportunity, including a second sales office in New York
- Revenues in the sixth year of operations were more than double the revenues generated in Australia in the equivalent year



3D Scene
Date: 26/08/2017
Boston Massachusetts USA

Captured: 17/05/2019
Canberra ACT Australia

LEADERSHIP REINFORCED IN AUSTRALIA & NEW ZEALAND

- Market leadership in Australia and New Zealand reinforced with 19% ACV growth to $57.9m
- Customer retention significantly improved as a result of increased investment in customer experience and engagement
- New Zealand operations firmly established, with content delivered to domestic New Zealand customers
- Continuing growth across all customer segments, highlighting the resilience of the Company's portfolio

A TEAM OF WORLD CLASS TALENT

- Nearly 300 employees globally, a 40% increase on the prior year, with the team focused on scaling the business to become the global leader in location intelligence
- Executive and senior management team strengthened to enable further growth and operational scalability
- Significant investment across product and technology teams, to accelerate the delivery of new content and extend our technology and leadership position

IN SUMMARY

The 2019 financial year has been the transformational year we set out for Nearmap twelve months ago. We saw record growth in our subscription portfolio, delivered a suite of revolutionary new products, and saw increased traction in our North American business. We also made strong progress accelerating our strategic growth initiatives outlined at the time of last year's capital raise.

The ability to create 3D models and the opportunity to apply machine learning to our data not only opens up additional, larger components of the global location intelligence market, they enable Nearmap to provide further insight and solutions to our customers. As important as our expanded location content offering is to our customers, providing them with rapid insight from that data is the natural next step in our evolution.

Looking forward, Nearmap is uniquely positioned to be the global leader in the location intelligence market derived from aerial imagery. Our scalable subscription business model, clear technology leadership and world class team have put us in this strong position. In FY20 we will continue to invest in our team, our product and our sales and marketing to increase penetration of our content and further expand our overall market opportunity.

ROB NEWMAN
Managing Director and Chief Executive Officer
Sydney
15 October 2019

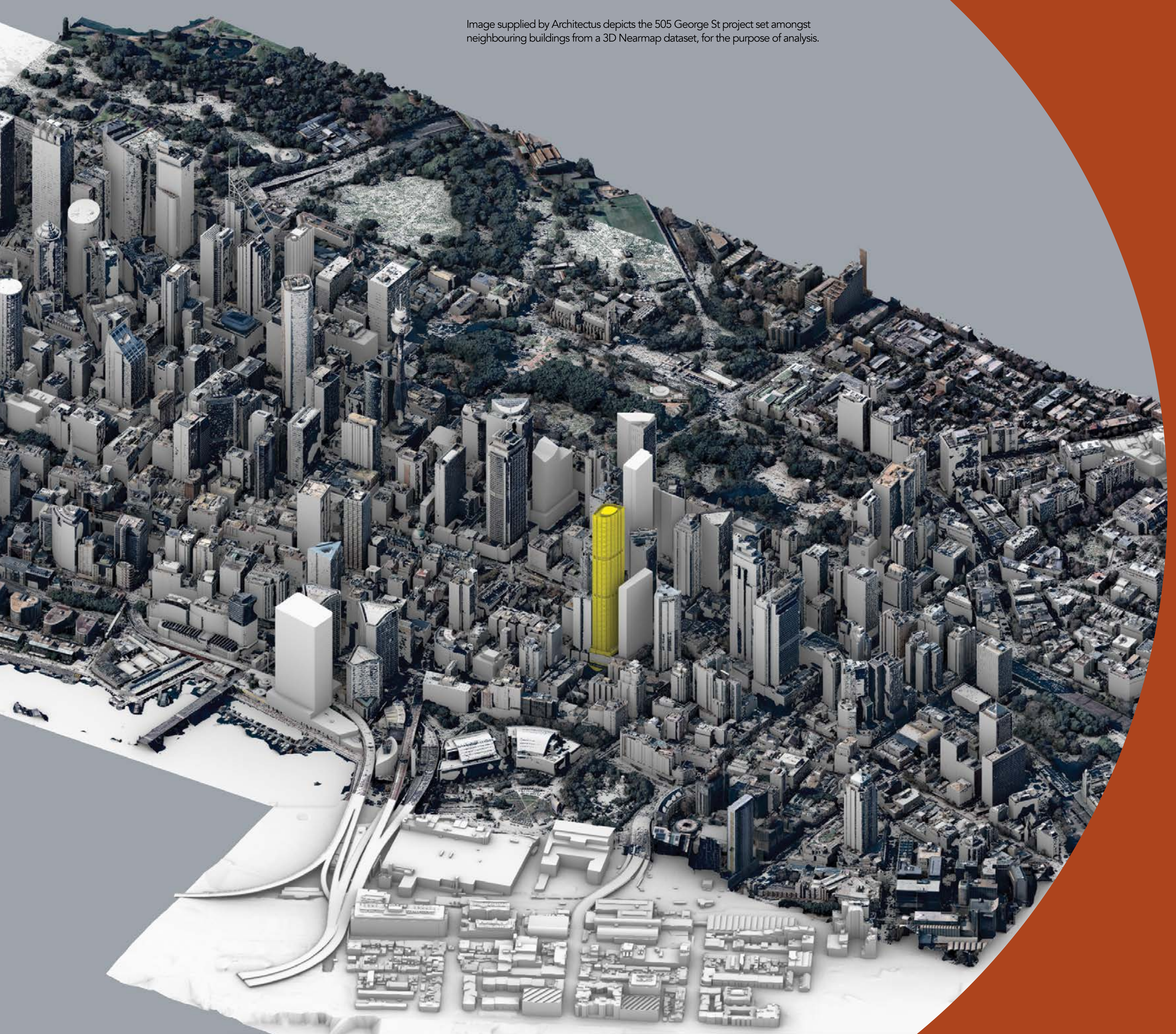


Image supplied by Architectus depicts the 505 George St project set amongst neighbouring buildings from a 3D Nearmap dataset, for the purpose of analysis.

DESIGNING SMARTER CITIES WITH 3D

CUSTOMER STORY

WHO: Architectus

Architectus is a leading Australian design studio of more than 350 architects, interior architects, urban designers and urban planners with studios in Adelaide, Auckland, Brisbane, Christchurch, Melbourne, Perth, and Sydney. Within Architectus, BIM Consulting is a technology subsidiary helping clients save money and time, reduce risk, and improve quality through better access to real-time data, coupled with more effective communication and collaboration.

THEIR CHALLENGE:

Exploration of development opportunities (and constraints) is a key function of the business. "It's fundamentally important that we not only use info that we get from Nearmap to analyse and make better decisions, but that we communicate those decisions, and tools like Nearmap are really good at enabling that," says Steve Fox, principal at Architectus and manager of BIM Consulting.

3D modelling is essential to BIM Consulting's digitisation workflow. Fox explains, "We are virtualising things that exist in the real world, whether to be designed and built, or whether we are modelling existing conditions. We use 3D modelling at city scale, for example, looking at individual city blocks."

The urban design industry is undergoing a period of intense scrutiny. "There are a lot of compliance measures, with regulations to observe around height, access to solar, and distribution of views," Fox says. BIM Consulting requires a solution that makes this information easily discoverable.

HOW NEARMAP HELPS:

Nearmap 3D gives Architectus an accurate digitised reference dataset for solar compliance, view impact analysis, development massing and scale studies, and 3D site visualisations. "Nearmap datasets offer us many advantages. They are geolocated, recently captured, quickly procured from the online platform, and flexible in the amount of data to be drawn down," says Fox. "The idea of being able to put a proposal up and see the impact of that proposal - that's a very clear use of 3D geometry from Nearmap," he says.

Architectus exports data directly from the new 3D in MapBrowser tool to analyse localised blocks. "We do shadow analysis over winter, to see the impact of the worst scenarios; we analyse access to daylight on residential buildings - this is a highly sensitive area where you have to provide a percentage of habitable spaces within apartment complexes."

Accuracy in this type of analysis is paramount. "It's not just about the old way of doing things, looking at a mapping platform and extruding boxes and anticipating the heights; it has to be much more rigorous now. Nearmap is an avenue for us to take that through," says Fox.

GROUNDBREAKING ACCURACY AND PRODUCTIVITY IN LANDSCAPING

CUSTOMER STORY

WHO: Elite Grounds L.C.

Elite Grounds L.C., is a Utah based full-service landscaping company, offering landscape maintenance, landscape construction, sprinkler services, chemical services, snow and ice control, dormant pruning, holiday lights, and many more specialised services. With booming population growth in the Salt Lake City Metro area, Elite Grounds' business is blooming - serving hundreds of clients within a 50 mile (approximately 80km) radius.

THEIR CHALLENGE:

Before using Nearmap, Elite Grounds resorted to using satellite imagery which was often old and blurry and made it difficult for the team to produce accurate bids without site visits. It didn't represent recent features like buildings, roads and property details like sprinklers and valve boxes, which were too small to notice at that resolution.

The Elite Grounds team had no reliable way of viewing the same property in multiple seasons. If the team was referring to imagery captured in warmer months, tree coverage made it difficult to measure the property.

HOW NEARMAP HELPS:

Nearmap high-resolution aerial maps give Elite Grounds access to clear, current imagery - a location tool it can trust with its biggest projects. Employees no longer spend a full day in the field manually verifying measurements. Instead, the Elite Grounds team uses measurement tools within the Nearmap web app, MapBrowser, to prepare bids from the office or anywhere - saving significant amounts of time, resources, and money.

"Nearmap saves our staff between six and twelve hours minimum per job. Eliminating time on site and preventing change orders has reduced job estimate time by about 75 percent," says Cameron Ashby, System Manager at Elite Grounds.

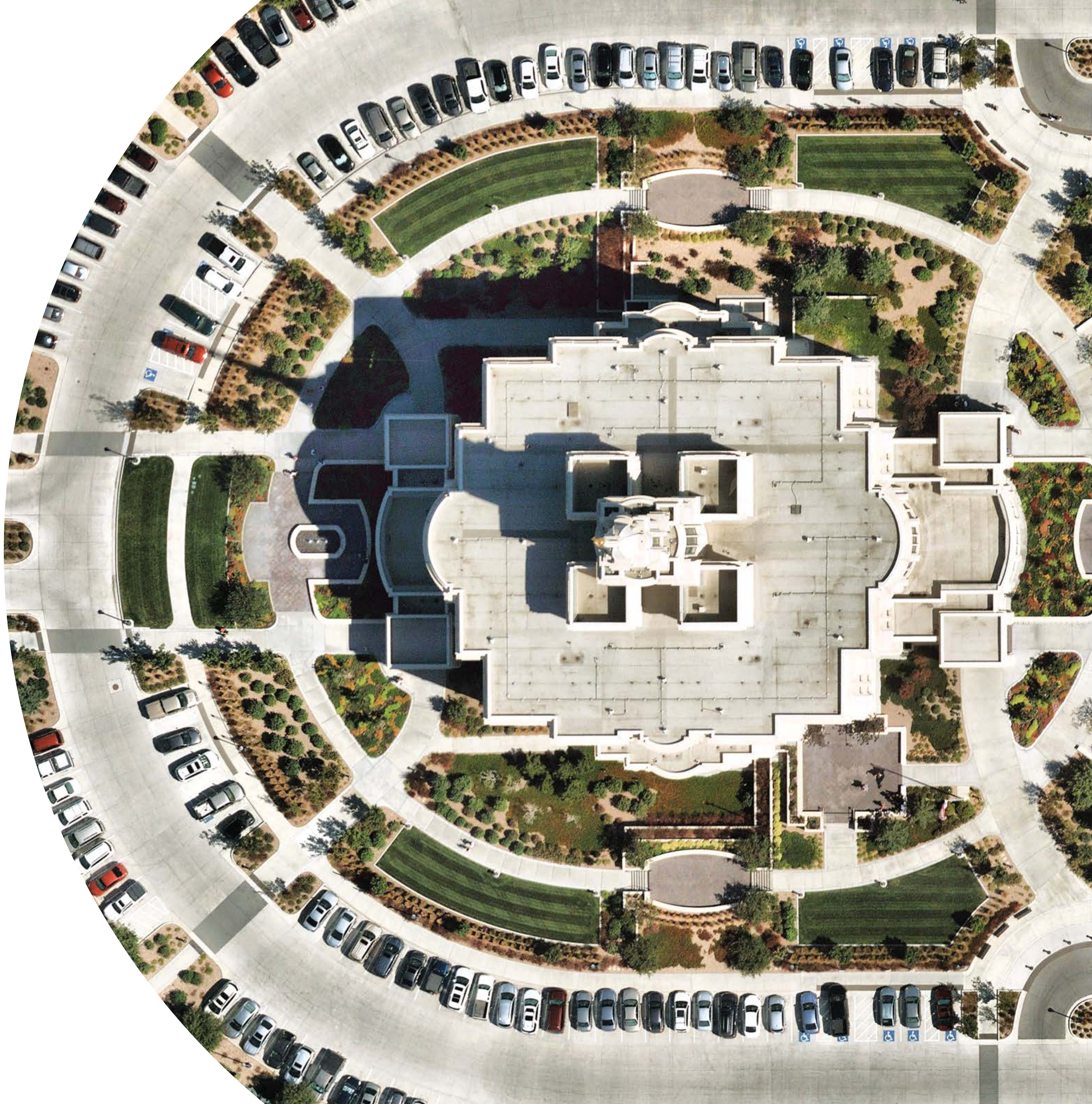
BENEFITS OF USING NEARMAP IMAGERY

TIMELY AND ACCURATE MEASUREMENTS AND QUOTES - The Elite Grounds team tested Nearmap 2.8" GSD imagery against traditional onsite measuring - both sets of measurements were within feet of each other, but the site team took four times as long to gather data.

MULTI-SEASONAL CONTEXT - With access to nearly five years of historical imagery, Elite Grounds can view spring and fall captures when foliage doesn't get in the way of measurements.

ACCURATE INVENTORY & RESOURCE DEPLOYMENT - The line tool in MapBrowser helps the Elite Grounds team measure rooflines of commercial and residential properties perfectly, traditionally challenging in winter. For holiday lighting services, this means they can order the appropriate quantity of light strands and reduce excess.

"With the time and cost savings we've achieved through Nearmap, I only wish we had implemented the solution sooner. Working with Nearmap is a no-brainer," says Ashby.



KEEPING SAFE IN TREACHEROUS WATERS
CUSTOMER STORY

WHO: VMR Bribie Island

Volunteer Marine Rescue Bribie Island operates in an area where there are approximately 30,000 seafaring vessels, most of which are recreational. Volunteers take about 15,000 radio calls, including 250 callouts for assistance, each year.

"Anyone can ask us to help them," explains Gary Voss, the organisation's secretary and maritime trainer. The service covers about 500 square miles with three rescue vessels, supported by a 365-days-a-year, 13-hours-a-day radio room. "Boaters may have broken down, run out of fuel, or crashed into something," says Voss, who skippers one of the rescue boats himself.

THEIR CHALLENGE:

With infrequent surveys, the area's shifting sandbanks quickly make marine charts outdated. "We're in a reasonably treacherous area with shallow sandbars and sandbanks. There are a lot of opportunities to get it wrong," Voss explains. "There are big storms, and it shifts every few months."

It's a challenge for everyone on the waterways, even the volunteer rescuers. "Our own people don't want to run aground while heading out to assist someone," Voss explains. "That's embarrassing."

HOW NEARMAP HELPS:

Volunteer Marine Rescue Bribie Island uses Nearmap aerial mapping to capture the sandbars, rocks and deep channels that can cause boaters to run into trouble. With this detail the volunteers are able to produce an accurate, up-to-date guide for the waterways.

With Nearmap, there's sufficient detail to show members "what's actually there within the channels", says Voss. "The imagery actually sweeps across our entire waterway, the Pumicestone Passage. We use a low tide image so we can see the sandbanks clearly." Nearmap imagery allows Voss' team to discover hazards that aren't necessarily noticeable from either the ground or on water.

The marine guides are distributed in waterproof packs at educational seminars. One side features the chart that people have historically relied on, while on the other is a current Nearmap image with hazardous areas annotated.

"It does make a terrific difference. There's such positive feedback from the seminars. Members use it as a reference when in transit on their boat. Every time we do a new batch, we update the imagery. It's very current."

PROSPECTING AT THE SPEED OF LIGHT

CUSTOMER STORY

WHO: Momentum Solar

Momentum Solar has helped build the solar community in the eastern United States since 2009. Initially serving clients throughout New Jersey, Momentum Solar is rapidly expanding its business nationwide. To accomplish this, Momentum Solar utilises aerial imagery to accelerate the process of assessment and solar panel design and installation.

THEIR CHALLENGE:

Previously, Momentum Solar used satellite imagery from multiple sources to assess or qualify houses and duplexes for solar panels. In addition, they were using a completely different software program to mock up solar designs.

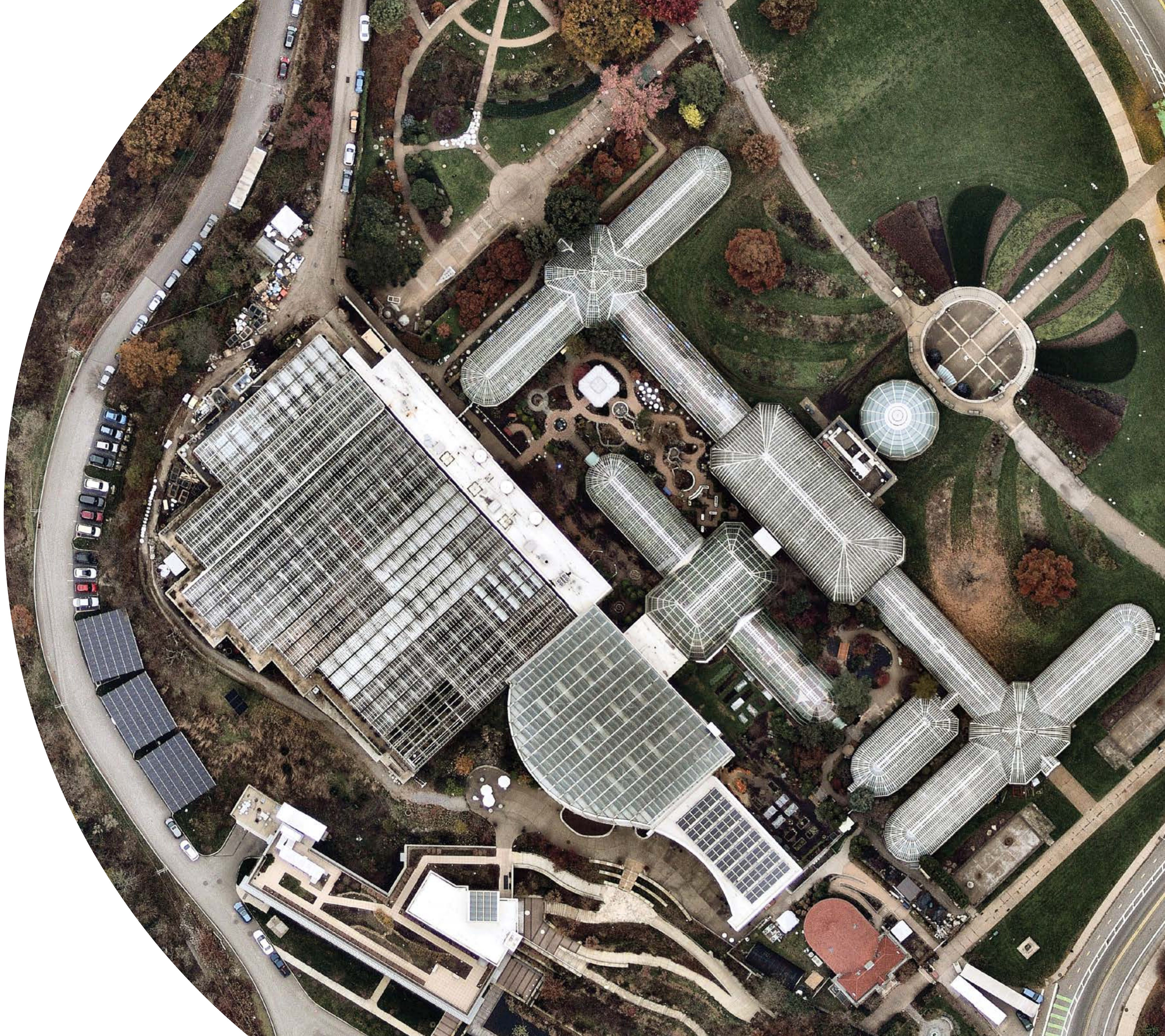
Aside from being frustrated with the inefficiency inherent in switching between multiple imagery sources, the Momentum Solar team had no reliable way of viewing the same property across seasons. This made it difficult to accurately qualify a house before sending a technician for an on-site assessment. For instance, if a satellite image of a home was taken in winter, there was no way of knowing whether spring and summer leaves would block too much of a roof to make solar a viable option for the customer.

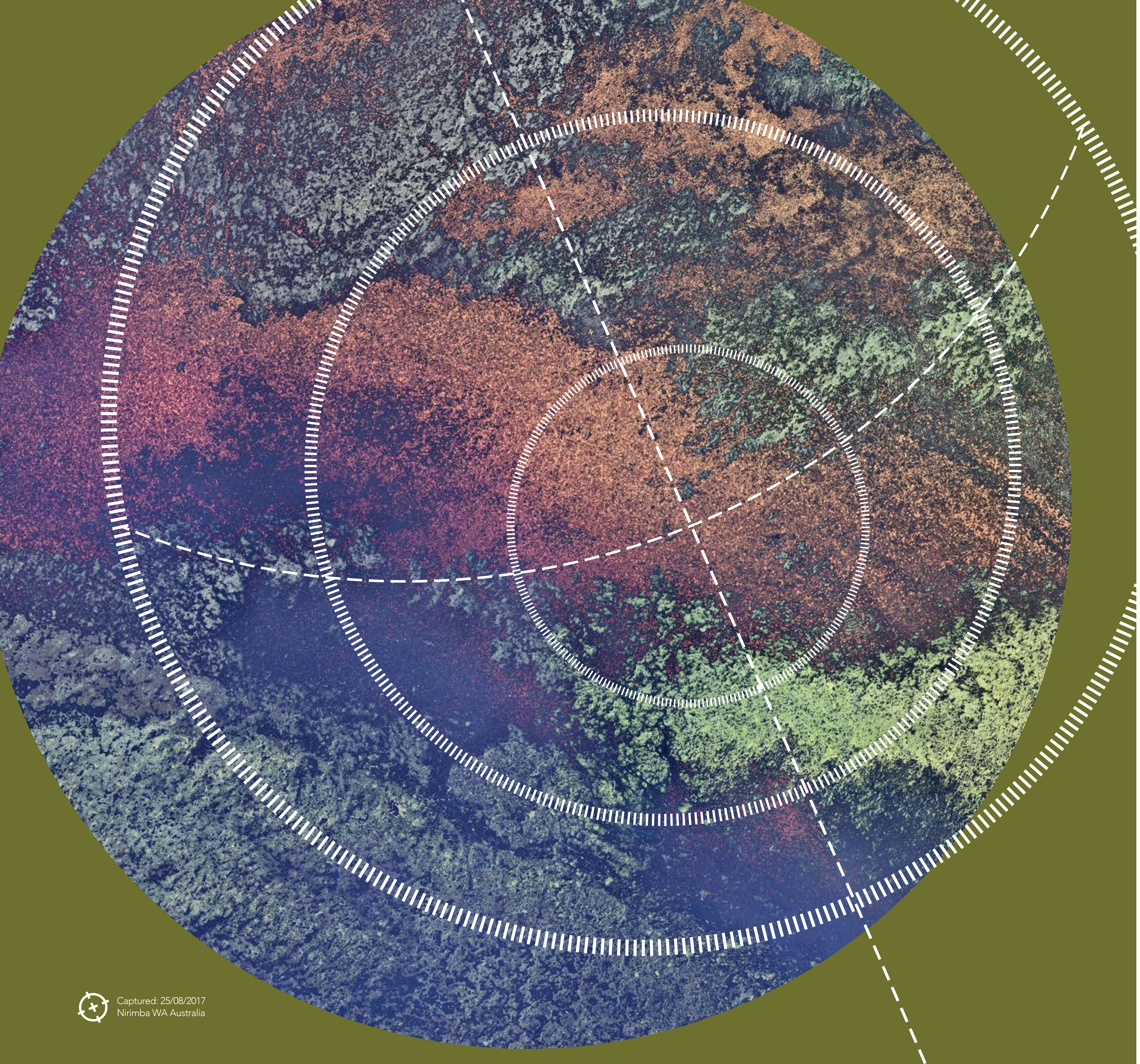
HOW NEARMAP HELPS:

Implementing Nearmap has accelerated and improved Momentum Solar's operations in multiple ways. The accuracy and timeliness of images allows Momentum Solar to have faster and more accurate assessments, providing time for more appointments. When once it used to take almost two weeks before a technician could get a quote to a customer, it now takes just a couple of days.

The advantage of having the ability to see both current and historical images of a property boosts the accuracy of assessments. Using Nearmap, Momentum Solar can instantly switch between current and previous captures for more precise qualification and design.

The all-in-one solution further speeds up the process and allows technicians to show customers final results virtually before the first panel is placed. Without the need to toggle between software programs to visualise panel placement, Momentum Solar can create a panel placement proposal in five to seven minutes - a task that previously took 15-20 minutes. Nearmap makes it easy for Momentum Solar to show its customers exactly what the final results will look like, and quickly make any necessary adjustments. "With Nearmap, all the necessary information is in one easy-to-use program. We can decide if the property is suitable for solar within two to three minutes," says James Kennedy, Program Manager at Momentum Solar. "The high-resolution captures reveal roof space, shading, and any obstructions so we can make accurate, timely assessments."





Captured: 25/08/2017
Nirimba WA Australia

2019 SUSTAINABILITY STATEMENT

MESSAGE FROM THE CEO

Nearmap is providing a window into the Company's approach to sustainability in our inaugural Sustainability Statement.

This Statement details how we prioritise our people and culture, our relationships with suppliers, stakeholders and the broader community, and our activities as they relate to the environment. Nearmap has a positive story to tell on sustainability and by producing this Statement, everyone can understand the significant contribution our Company is making.

As populations grow and cities expand, there is an increasing impact on our urban environment. Innovation and technology, when combined, can help offset this impact and deliver substantial benefits to industry and the broader community.

Nearmap is at the forefront of building out the technology which enables better planning decisions and improved outcomes for both the environment and society. Our content allows customers to save time, reduce their carbon emissions and improve occupational health and safety outcomes by not physically travelling to a site they need to monitor, assess, inspect or visualise.

Assessing our impact and performance when it comes to sustainability is a process we will be striving to continuously improve. This Statement provides the foundation for our Company to build upon in future years, and we look forward to continuing to shape a sustainable business of which shareholders, employees and customers can all be proud.

ROB NEWMAN
Managing Director and Chief Executive Officer

SUSTAINABILITY STATEMENT

NEARMAP CORE VALUES

Nearmap Ltd (**Nearmap** or **Company**) has a high-performance culture which is open, engaged, and diverse, allowing employees to grow and succeed. This culture is put into action through an emphasis on Company policies and giving all Nearmap employees the necessary resources to succeed in their roles. The leadership team lead by example, carrying out the core values in everything they do, and continuously reinforce the Company's mission, vision, and values. Employees get the opportunity to live and breathe these core values every day. These values encourage employees to:

OWN IT

Hold one's self and others accountable for success

WORK IT

Collaborate and work as a team

TELL IT

Be honest and transparent in communication

LOVE IT

Be passionate about what people do and how it is done

RISK IT

Be fearless and curious when people need to be

The Company's commitment to an open and engaged culture can be seen throughout the organisation. At fortnightly all-company stand-ups; the CEO addresses all employees and provides updates on the good, the bad, and the not-so-good, and takes any, sometimes difficult questions that may come from this. Deep-dives are held each fortnight which allow individual teams to dig deeper into a project, outlining their ambitions to all employees and fostering a transparent and inclusive culture within the organisation. Additionally, the core values which define the Company's culture are tied to the 'People's Choice Awards', an avenue where every month employees can nominate an employee that they feel embodies one or more of these values. Award recipients are publicly acknowledged by the CEO, providing an environment where recognition is valued.

Nearmap has an open-door policy where all executives and managers, including the CEO, are approachable. This ease of access allows all employees to contribute to key decisions and elevates every employee's responsibility and impact in the organisation. This motivates a higher sense of fulfillment for each employee in their role, and fosters a culture where employees look forward to travelling to their "home away from home" every weekday.

DIVERSITY & INCLUSION

Nearmap is committed to providing a diverse and inclusive environment, where employees are empowered to live the Company's core values and be the best they can be. The Company aspires to be an employer renowned and respected for its diverse and inclusive environment, free from any discrimination. The Board is regularly updated and is responsible for the oversight of progress the Company is making on all new initiatives and programs that seek to support diversity and inclusion.

Being able to attract, retain and motivate employees from the widest possible pool of available talent is critical in contributing to the ongoing success of the Company. Recruitment and selection practices at all levels of the Company, including at a Board level, are structured so that a diverse range of candidates are considered. The Company is committed to guarding against any conscious or unconscious biases that might discriminate against certain candidates, and in FY20 management will undergo formal unconscious bias training, with the intention of further helping employees and hiring partners better understand what can be done to ensure any conscious or unconscious biases can be overcome.

Returning to work whilst raising a young family presents unique challenges and Nearmap specifically ensures its policies are flexible and encouraging of all employees to step back into the workforce if and when they wish to do so. Initially, employees have access to up to twelve weeks paid parental leave for primary carers and two weeks paid parental leave for secondary carers. Upon returning to work, Nearmap ensures it offers all employees a flexible working environment to successfully manage this transition.

Nearmap has targeted a 100% return rate every year for all employees and in FY19 the Company is pleased to disclose that it achieved a 100% rate of return for employees from maternity and paternity leave.

Nearmap operates in an industry which faces some challenges in recruiting qualified women into the workplace. Completions of Science, Technology, Engineering & Mathematics (**STEM**) subjects by women at a tertiary level are less than 21%, and employment across these industries represents only 17% of the qualified population. At Nearmap the overall gender diversity was split between 73% male and 27% female, and within STEM 80% male and 20% female. Although female representation within STEM is higher than average, the Company has put in place strategies to further improve female representation in STEM roles. Women make up 38% of the Company's global management team, which will provide a platform for Nearmap to mentor the next generation of women within STEM.

Several initiatives have been launched to overcome the challenges of recruiting a diverse talent pool within STEM. These initiatives include, but are not limited to, utilising such platforms as:

- WORK180, the only platform that pre-screens employers to see how well they support women's careers, considering arrangements such as parental leave, flexible working arrangements, pay equity, and professional development. Nearmap now advertises all open positions on this platform with a particular focus of attracting STEM candidates.
- Hatch, a specialist recruitment firm partnered with nine educational institutions which provides access to a pool of students seeking part time work during study. 55% of Hatch's student pool are women and 25% are from STEM backgrounds, providing Nearmap with an available pool of female talent to source and match with opportunities at the Company.
- Student Industry Placement Scholarships (SIPS), a scheme where Nearmap offers the opportunity to a select number of university students to join the Company on a six-month internship program. The program exposes students to the real-world possibilities of working within STEM and Nearmap with the view of improving opportunities for women.
- LinkedIn, the de facto tool of potential candidates to network and analyse prospective employers. Nearmap has invested to promote the array of female STEM talent at the Company and is highlighting the organisation as being a place in which women can successfully develop and grow their STEM career.

In February, Nearmap celebrated International Women's Day and Sue Klose, a Director of Nearmap and inspiring to women as someone who has enjoyed a successful career, hosted afternoon tea at the Company's Sydney offices. Sue delivered a powerful address which dealt with her experiences and challenges as a woman throughout her career, and her advice to men and women alike on the benefits diversity brings to an organisation. Women came dressed in blue and men in pink, a visual representation of the theme for the day #balanceforbetter, highlighting that balance is not always a women's issue, but a wider issue that effects many areas of life.

Age diversity amongst Nearmap employees is spread across five decades, with 42% of staff under 30 or over 45 years of age. As a young technology company, the right mix of experience and upcoming talent is very important in harnessing a successful and diverse workforce. Additionally, Nearmap is proud of the cultural and ethnic diversity cultivated in the organisation. Across a workforce of nearly 300 people in Australia and the United States, there were at least 36 different ethnicities represented at the end of FY19. Nearmap actively encourages diverse cultural events to provide a sense of belonging and education on cultural differences within the organisation.

SUSTAINABILITY STATEMENT

EMPLOYEE ENGAGEMENT

People are the engine that drives a company to achieve incredible results. A highly engaged team offers their best to an organisation and plays their part in helping a business achieve its vision. Nearmap recognises this and two years ago joined forces with Gallup, a global leader in employee engagement, to be able to successfully measure engagement across the business. All executives work closely together to establish clear goals and an ambitious five-year plan has been set. Metrics have been established to measure business success and drive business outcomes based on four key metrics: People, Product, Finance, and Customers. Engagement is now embedded within the Company's DNA and drives outcomes and objectives across the business.

Results of engagement surveys are disclosed and presented to everyone across the organisation. Nearmap ensures best practice managers are acknowledged publicly in these presentations, as hard work is rewarded and acknowledged by the management team. Public acknowledgment ties into the 'Tell It' core value: being transparent when managers and teams are performing well and are engaged and productive in their work. This also provides inspiration for other leaders and teams who have room for improvement, and encourages peer mentoring.

In FY19, Nearmap was honoured to be the recipient of a Gallup Great Workplace Award. The award is presented to organisations that have proven their ability to achieve exceptionally high levels of workplace engagement by investing in their people. The award reflects the degree of management time that has been invested in employee engagement and understanding of what employees are looking for from the Company, the leadership team, their managers and their colleagues. Everyone within the organisation is proud Nearmap is now seen as an employer of choice globally, and this opens the door to making Nearmap an attractive place for talented people to join and for existing employees to refer leading candidates for any vacancies. More work is planned on employee engagement as management aims to sustain the Company's ambitious engagement goals.

LEARNING & DEVELOPMENT

Engaged employees are passionate and have a sense of profound connection to their organisation. Often, they are the drivers of innovation and influential in moving their organisation in the right direction. Gallup has outlined career development and opportunity as one of the leading drivers of engagement between a company and its employees. Nearmap has invested a significant amount of time in developing its learning and development program for its workforce.

Talent development and retention has been identified as a key business objective for management across the Company, specifically the executive team. It has been established as a key performance indicator, and investment into establishing an appropriate learning and development strategy has been a key priority. Across the organisation, a number of initiatives are now being made available to employees, including but not limited to:

- LinkedIn Learning, available to all employees across the organisation. LinkedIn Learning is an online tool which offers over 13,000 video courses taught by industry experts in software, creative, and business skills. With the flexibility of being available to employees when it suits them, it helps develop talent and ensures vital business skills remain current.
- 10,000 hours, an eight-month program designed to build out leadership capability across the organisation. Nearmap wants its future leaders to come from within the Company, and this course is specifically targeted to equip potential future leaders with the capabilities their careers are going to need sooner than most.
- Nearmap Learning Library, a global training library that allows all employees to opt into courses which are linked to the core capabilities of their positions. Employees are given the flexibility to focus on the specific skills they want to develop, in conjunction with feedback from management and with specific goals in mind.
- Nearmap Mentors, a global mentorship program which launched in early FY20. This program pairs a mentor and mentee according to unique or predetermined criteria and provides an organisational platform for the sharing of knowledge, resources, career guidance and interpersonal development. This is a formal program with regularly scheduled sessions.

In addition to these formal initiatives, teams engage in ad hoc training programs over the course of the financial year, and Nearmap has additional budget set aside for employees who wish to enrol in an external course, including support for tertiary education and study leave, which meets the personal development goals of the individual and the Company. Nearmap understands the importance of an ever-evolving marketplace and the Company will continue investing in its people to increase employee engagement, retain its best talent, and remain competitive in the location intelligence industry.

Captured: 01/07/2019
Bondi Beach NSW Australia

SUSTAINABILITY STATEMENT

WELLBEING & THE COMMUNITY

The wellbeing of a company's employees determines the wellbeing of a company. Nearmap is committed to ensuring the physical and mental wellbeing of its employees is at its utmost and supports all employees in order to achieve this outcome. Nearmap does this in a variety of ways, including but not limited to:

Work Life Balance

Nearmap recognises the productivity benefits and improved business outcomes that flexibility and balance deliver to an organisation. The Company has put in place a specific Work Life Balance Policy, which provides all employees with the right to achieve a work life balance, such as the flexibility of working from home.

Wellbeing Allowance

In support of an employee's healthy lifestyle, Nearmap pays a subsidy to employees each month to cover part of their sporting or gym membership.

Employee Helpline

Employees have confidential access to a global 24/7 counselling service to discuss any issues they may be experiencing in the workplace or personal life.

Safe Workspace

Nearmap puts new employees through an extensive induction process. As part of this program all employees are taken through a health and safety initiation.

Fresh Fruit & Food

Nearmap supplies fully stocked kitchens filled with nutritious snacks and meals for breakfast and lunch.

Fighting Illness & Disease

Nearmap provides free flu vaccinations, an incentive to help smokers quit, and an ergonomic work environment which includes large computer monitors and sit/stand desks.

Social Activities

Employees have the opportunity to attend a large number of social activities throughout the course of the year. Such events include monthly social events which often celebrate different cultures, birthday celebrations and divisional off-sites, as well as events to coincide with occasions such as Pancake Day, Waffle Day, Australia Day, St Patrick's Day and many others. Additionally, at the end of every week employees meet to socialise and unwind after a week of hard work. These events foster a sense of community and inclusion amongst employees within the Company.

Loyalty Rewarded

For every two years an employee has worked at Nearmap, the Company shows its appreciation by rewarding employees with an extra day off.

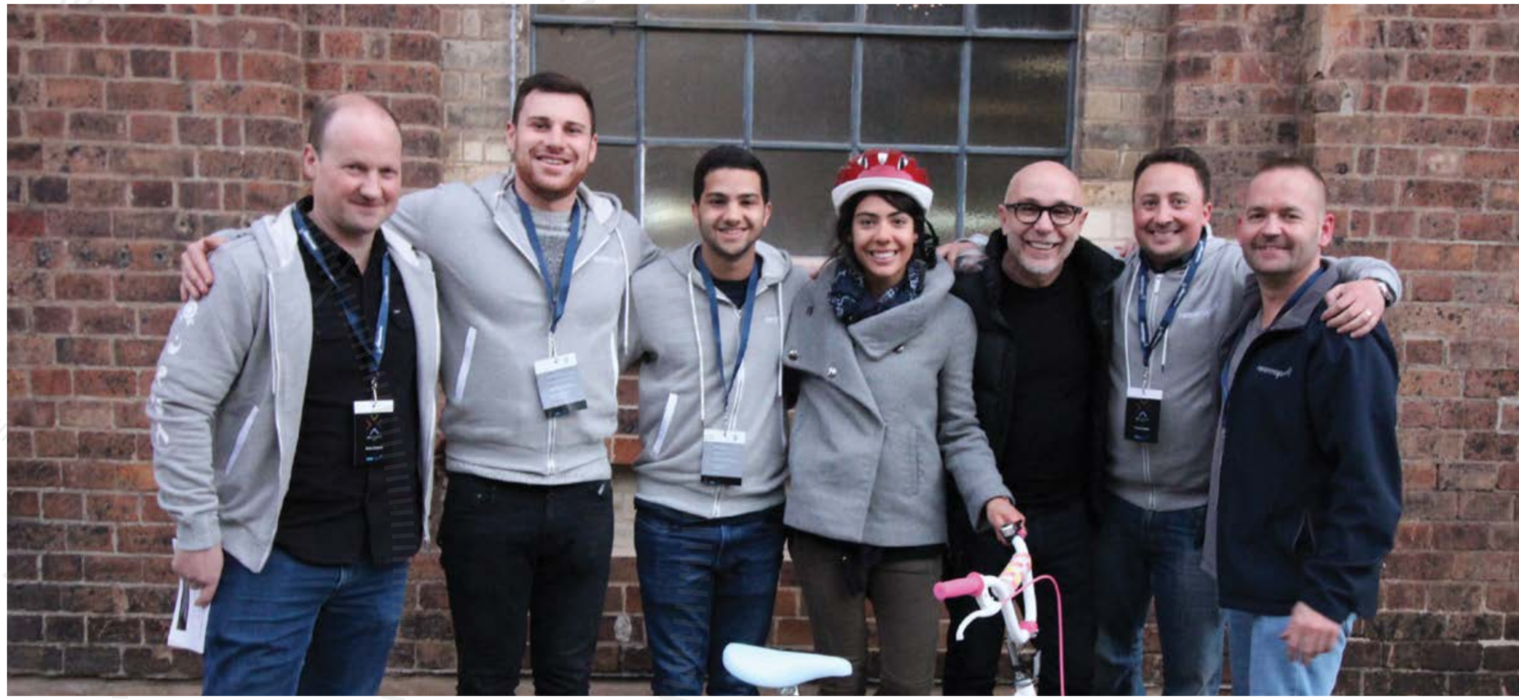
Massage Therapy

Each fortnight in-house massages are provided by a qualified masseur to Australian-based employees and contractors.

Nearmap also participates in the AccessEAP Ambassador Program, a voluntary program and an additional way for organisations to both promote and de-stigmatise mental health, and encourage employees in seeking support. Nearmap has a number of ambassadors outside of the Human Resources team who are trained to understand basic mental health issues and their impact in the workplace, the signs and symptoms of common mental health issues, and how to have a conversation and refer an employee in seeking further support.

Tying in with the Company's focus on wellbeing, Nearmap supports Beyond Blue, a mental health advocacy group established in Australia in October 2000 with a specific focus on the social impact of depression. Nearmap and its employees provide financial support to the organisation and in FY19 hosted several events where employees raised funds which were donated to the charity. Nearmap matched all donations dollar for dollar.

Nearmap also hosted a representative from Beyond Blue to educate employees on the challenges associated with mental health. This was a great way to raise awareness during the week of R U OK?Day and provided a forum for employees to engage directly with someone who had not only personal experience in dealing with depression but who could also offer their advice to anyone who knew someone going through similar challenges. Again, employees raised money to coincide with this event.



WORKPLACE HEALTH & SAFETY

Nearmap is committed to ensuring that employees and external visitors are provided with a safe and healthy working environment. This is considered to be a clean, hygienic environment where workers are free from potential physical and psychological harm and where safe, ergonomic work practices are observed. Nearmap ensures safety training is carried out as required for employees and management across every level of the Company, to ensure Nearmap complies with its Workplace Health and Safety (WHS) obligations within the workplace.

The Executive Management Team, Human Resources, and elected WHS representatives review all WHS systems at various stages throughout the year through the use of reporting, annual workplace inspections, risk assessment and other meetings involving relevant stakeholders. WHS representatives are responsible for consulting with employees should they have any WHS concerns, and when Nearmap is implementing new WHS initiatives.

Human Resources provide WHS metrics to the Executive Committee and the Board on a regular basis. Information and data captured in these reports ensures senior management have access to all available information in order to make effective decisions regarding the health and safety of Nearmap employees. This information includes reports of any incidents, injuries, or lost time due to injury.

In FY19, Nearmap recorded two reportable injuries involving employees. The Company's lost time injury frequency rate was 4.7. Incidents are reviewed by Human Resources and WHS representatives, in line with the Company's WHS Policy, and any recommendations are enacted to improve health and safety outcomes for all employees.

EMPLOYEE SHARE SCHEME

In FY18 Nearmap established an Employee Share Matching Scheme to give permanent part-time and full-time employees the opportunity to invest in Nearmap and share in the Company's success.

The Employee Share Matching Scheme is something that can instil a sense of ownership in the business, and also contribute toward talent retention and an alignment of shared values. The scheme is optional but very popular with almost half of eligible employees choosing to participate in FY19.

All employees, including those eligible to participate, must sign the Staff Trading Policy before joining Nearmap and receive additional training when they are onboarded to ensure they understand the obligations of securities trading as it pertains to the Company's Continuous Disclosure Policy.

SUSTAINABILITY STATEMENT

SUPPORTING STEM

As an Australian leader in technological innovation, Nearmap has a responsibility to nurture industry talent and promote industry diversity. Female representation across the STEM sectors remains low, with only 17% of the STEM qualified population represented by women, and completions at the tertiary level little better at less than 21%. Despite higher than average representation of women within STEM at Nearmap of 20%, this is a number which is still too low and something Nearmap is actively working toward improving.

According to the Australian Government's 2019 whitepaper, *Advancing Women in STEM*, women are less interested and less confident in STEM subjects compared to men, particularly in the areas of engineering and technology. Nearmap wants to be part of a movement which encourages and promotes the next generation of men and women to succeed in their STEM careers, which can ultimately benefit the Company, the industry and build a home-grown talent pool which is the envy of the rest of the world.

Nearmap is proud to have partnered with and be a gold sponsor of Sydney University Mechatronics Society. This partnership facilitates engagement between students and Nearmap in developing a mutually beneficial relationship. Building this relationship opens opportunities to a pool of upcoming talent in the STEM space. As part of this relationship, Nearmap employees attend a number of activities including quarterly BBQ's at Sydney University, sponsor and attend industry events hosted by the society, and has plans for other activities such as trivia nights and technology talks to increase awareness and education of the types of career opportunities which exist across the industry.

Early in FY20, after a rigorous selection process, five students joined Nearmap for a six-month period as part of the Student Industry Placement Scholarship program. These students are working in Artificial Intelligence Systems, Sensor Systems and Survey Systems businesses, in order to give students on the job experience and to help them complete their university dissertations. The scholarship program is another step toward nurturing industry talent and as the Company's university partnering strategies evolve, Nearmap hopes to use these initiatives to promote the Company, the industry, and to increase female participation across the talent pool of STEM students and graduates.

Creating and cultivating these opportunities here in Australia, where students can apply their learnings in a cutting-edge commercial environment, is a passion which runs deep within Nearmap and is core to the Company's DNA. Nearmap takes this responsibility seriously, and everyone in the organisation looks forward to a day in the not too distant future when Australia leads the world in technological innovation and ingenuity, and Nearmap playing its part in making that happen.

PRIVACY & DATA SECURITY

Nearmap understands the importance of protecting the personal and confidential information of customers, suppliers and employees. In day-to-day operations, Nearmap creates, collects and maintains a vast amount of data, but has attempted to strike a balance between minimising the amount of information collected, and still operating the business in an efficient and effective manner. The type of information collected, how that information is collected, used, stored and protected, and to whom that information may be disclosed is outlined in the Company's Privacy Policy, a copy of which is available on the Company's website. Nearmap takes privacy very seriously and ensures that it complies with this Policy, as well as all applicable privacy and data security laws.

When any company experiences a data security breach it can damage an individual's rights and privacy as it relates to them. To mitigate this, Nearmap has implemented a Data Breach Response Plan in the unlikely event this were to happen. The Plan ensures that Nearmap can contain, assess and respond to data breaches in a timely fashion, mitigating any possible harm to affected individuals. As part of the Plan, any employee made aware of an actual or suspected data breach must notify a member of the Company's response team, with each business unit represented and the Chief Financial Officer being the primary person responsible for data security breaches. It is the responsibility of the response team to undertake an investigation into any suspected breach incident, to coordinate service providers and subject matter experts as required, and to conduct a series of post-event analysis to prevent future incidents occurring.

Data security risks are ever evolving, and it is vital for businesses to keep abreast of any new or emerging trends. Nearmap proactively considers data security risks and has a cyber working group which meets regularly to consider new developments and how the Company can continue to improve its cyber awareness and security. Several team members are also part of the Global Risk Assurance Group (**GRAG**), which is made up of senior representatives from every business unit across Nearmap globally. The GRAG acts as the facilitator of all risk information as it pertains to the business, information which is cascaded between all employees and the Board. GRAG provides regular updates to the Audit and Risk Management Committee at a Board level, and reports to the Chief Financial Officer at a management level.

Nearmap is committed to ensuring it has the right policies and procedures in place to mitigate cyber security risk and is actively implementing new security measures to protect against unauthorised access or disclosure of confidential or other proprietary information. The Company is insured against certain cyber risk and security incidents but is pleased to say it did not receive any complaints regarding data breaches or security incidents during the reporting period.

Captured: 18/02/2019
Alice Springs NT Australia

SUSTAINABILITY STATEMENT

SUPPLY CHAIN

Nearmap acknowledges the importance of building and maintaining strong relationships with suppliers in order to effectively understand any risks which may emerge in the supply chain which could impact the Company's operations. The Company's supply chain is expected to conform with, and uphold the values of, the Company's Corporate Code of Conduct and its Health, Safety and Environment Policies, both of which can be found on the Company's website.

Nearmap contracts aerial operators to survey and capture its aerial images using the Company's camera system to effectively and efficiently deliver its frequent and wide scale capture programs. Aviation is an industry with inherent risk, overseen and regulated by federal agencies, and Nearmap contractually requires all aerial operators to be fully compliant and remain compliant with these regulatory bodies before it engages with any operator. The Company requires compliance documentation, including Air Operator's Certificates, and operator documentation or information including aircraft details, insurance and business continuity plans, and can require this without notice from its aerial operator suppliers.

Nearmap is committed to ensuring it only engages with aerial operators who have appropriate registration and regulatory compliance procedures in place to ensure satisfactory levels of safety management. With any organisation which relies on an important third-party supplier, Nearmap has a duty to be sufficiently knowledgeable in its understanding of the aviation regulatory and safety environment, and the practices of its aerial operators, in order to design appropriate safety-aware procedures and support ongoing operations. Nearmap forms strong partnerships with its operators across the regions it operates to support transparent communication of any issues, particularly safety, as the safety of operators is an issue the Company has always taken extremely seriously. The systems and processes in place have specifically been designed to maintain the highest safety standards.

In order to provide customers with the full back catalogue of historical aerial content, Nearmap utilises Amazon Web Services (**AWS**) to host all of the Company's imagery. Any disruption of, or interference with, the use of such cloud services could adversely impact the Company and its operations. Nearmap has ensured that it understands and has the appropriate risk management processes and systems in the event Nearmap is faced with any such form of disruption.

AWS contractually guarantees that its monthly uptime is at least 99.99%. Service credits are provided in the event that they do not meet these metrics and AWS provides compensation for any losses Nearmap may incur due to any outages in breach of its agreed service level. Nearmap also plays its part in reducing the impact of any AWS service disruption by ensuring services and content is hosted across a multiple number of sites within a number of regions across the world.

AWS has a rigorous approach to its risk and compliance framework, and the company discloses its security and control responsibilities to its customers, including Nearmap. This disclosure enables Nearmap to properly assess the risk associated with contracting the Company's content onto the AWS platform. These disclosures include, but are not limited to:

- Industry certifications and independent third-party attestations;
- Information about the AWS security and control practices in whitepapers and web site content; and
- Certificates, reports, and other documentation as required.

As a key supplier to Nearmap, the Company is constantly engaged with, and maintains a thorough understanding of, AWS's risk and compliance procedures. Nearmap will continue having ongoing dialogue with AWS, both to ensure these procedures remain well understood and to satisfy its own risk assessment of its third-party suppliers.

The provision of impact sourcing is a supply chain risk to a number of software companies, including Nearmap. With increased investment into Artificial Intelligence (**AI**) and Machine Learning, Nearmap has relied on a global impact sourcing solution to enable the Company to build out its AI capability. Nearmap is cognisant of its corporate social responsibility to ensure this investment was and continues to be allocated in a way in which can benefit the Company, and provide for an income and valuable workplace and technical skills to people who might not otherwise have had the opportunity.

Nearmap has partnered with a member company of the Global Impact Sourcing Coalition (**GISC**), an organisation funded by The Rockefeller Foundation in New York. Members of the GISC commit to providing meaningful career opportunities to disadvantaged or vulnerable people across the world through impact sourcing. Member status of the GISC is reviewed yearly to ensure continued compliance with the Coalition's objectives, and Nearmap is proud of the relationship and outcomes that have been achieved in the time both companies have been working together.

Captured: 18/02/2019
Blackhead Dunedin New Zealand

SUSTAINABILITY STATEMENT

THE ENVIRONMENT

The Nearmap vision embodies both its business purpose as well as characterising how the Company's location intelligence has a positive impact on the environment: We believe if we change the way people view the world, they can profoundly change the way they work. Access to Nearmap content enables customers to reduce physical travel to site, allowing them to perform a multitude of tasks from their desk. Customer feedback demonstrates that 80% of Nearmap customers reduce physical site visits. This has a direct correlation to a reduction in carbon dioxide (**CO_2**) emissions that would otherwise have been emitted by customers travelling to and from sites.

In order to provide customers with content, Nearmap engages aerial operators to fly the Company's proprietary camera systems. These flights will emit CO_2, however, the impact is limited given a typical plane flying these camera systems is light weight and carries only the pilot and the camera system. Nearmap recognises these emissions and continually invests in technology which could lead to a reduction in emissions per square kilometre. Specifically, the Company is researching methods to enable its camera systems to be flown faster and higher, reducing the time required to capture imagery at the same resolution and potentially reducing CO_2 emissions associated with these flights.

Based on an understanding of customer usage, Nearmap is confident that CO_2 emissions associated with image capture in the air are offset many times over by the reduction in emissions attributable to reduced travel by the Company's customers on the ground.

Data generated by the imagery captured in the twelve years since Nearmap began operating continues to grow, with higher resolution imagery produced by the HyperCamera2 system, as well as the increased frequency of capture and geographic expansion. This data set requires substantial storage capacity and Nearmap has provisioned AWS to host this data in the cloud. Data storage requires energy to power these computing platforms and Nearmap has considered how this impacts its environmental footprint.

Cloud computing substantially reduces energy consumption, given on-site server utilisation rates typically average between 10-20% across industry. By contracting AWS to host the Company's data set, Nearmap utilises a more energy efficient process than if it were to host this data on proprietary servers within the Company's office. Nevertheless, the energy required to host the Company's data is still significant and in conjunction with the environmental impact of flying the Company's camera systems, Nearmap continues to investigate ways to improve its environmental impact, which includes how AWS can partner with Nearmap to reduce its environmental impact.

AWS is the world's largest cloud computing platform and a key supplier to Nearmap. In November 2014, AWS announced a long-term commitment to achieve 100% renewable energy usage for their global infrastructure footprint and in 2018 AWS exceeded 50% renewable energy usage, a significant milestone. Nearmap has been in dialogue with AWS to encourage AWS to continue making progress toward achieving this long-term goal and AWS has committed to updating Nearmap on its future progress.

Nearmap considers the welfare of the broader community and the environment as part of its Health, Safety and Environment Policy, a copy of which can be found on the Company's website. As outlined in the policy, decision-making at Board and management levels must take into account environmental issues as a high priority, and the identification of potential environmental problems requires ongoing review by employees, management and the Board. Despite a limited environmental footprint, Nearmap takes its environmental responsibilities seriously and is committed to improving its impact where it can.

The Company's direct environmental footprint is reflected in office energy and water usage in Australia and the United States. As the Company increases its investment and expansion plans, it is likely that this footprint will increase, and the Company is actively considering the degree to which it can offset the impact of this growth.

There are a range of reporting frameworks that currently exist for Australian companies to disclose their environmental impact. However, recent discussion papers from the Australian Securities Exchange and the Australian Council of Superannuation Investors have made reference to the Task Force on Climate-Related Financial Disclosures (**TCFD**) initiative, established in 2015 by the Financial Stability Board, to develop voluntary, consistent climate-related disclosure. As a newly promoted S&P/ASX 200 company, Nearmap is actively considering the most appropriate disclosure framework which best fits the Company, including whether the TCFD would be a suitable framework to adopt, or whether a different framework would be more appropriate.

For the first time, Nearmap is disclosing Scope 1 & 2 Greenhouse Gas (**GHG**) emissions as defined under the GHG Protocol. Scope 1 & 2 emissions cover the Company's office in Sydney, Australia, which employs more than two thirds of the global workforce. The Sydney office is part of the Barangaroo precinct, one of only seventeen precincts globally to be part of the C40 Cities-Clinton Climate Initiatives Climate Positive Development Program, and Australia's first large scale carbon neutral community. Tower One in Barangaroo is one of Australia's most sustainable high-rise buildings and the Nearmap office has been awarded 5.5 stars under the National Australian Built Environment Rating System (NABERS). The Company is not yet in a position to disclose emissions outside of Australia, but this is something Nearmap is hoping to disclose in FY20.

Nearmap leases its premises in Sydney and relies on third party information in making these disclosures. GHG emissions have been disclosed as combined Scope 1 and 2 emissions as the Company has not yet been able to split out these emissions.

There is not a prior corresponding period as the Company moved premises in FY18, but the Company can disclose Scope 1 & 2 emissions from 1 February 2018 to 31 January 2019 as 105t CO_2e, which has been verified by NABERS. For FY20 the Company is working toward disclosing this on a financial year basis.

In addition to GHG emissions, Nearmap is able to provide disclosure on waste consumption. For FY19, Nearmap achieved a waste to recycling ratio of 46.2% in Australia and 44.4% in the United States, and in Australia diverted a further 51.9% of non-recycled waste from landfill to a waste to energy facility (the United States sales offices do not yet have this option available). As waste is not weighed in the United States but instead measured by area, total waste weight is not able to be provided, and this data is also less reliable in the United States due to other building tenants being included in the calculations.

Outside of these considerations and in addition to such systems as sensor lights and intelligent lifts which form part of the head office building, Nearmap facilitates an office environment which encourages employees to minimise the environmental impact of their day-to-day activities. This includes implementing such measures as:

- Issuing all new staff with a KEEP Cup and water bottle to reduce the use of single use plastics; Nearmap does not provide employees with any single use plastic for daily use.
- Providing recycling bins for paper, mixed recycling, organics and coffee pods.
- Installing filtered water taps and supplying crockery and cutlery in the staff kitchen.
- Reducing printing requirements by instituting software such as DocuSign to electronically manage business agreements.
- Utilising Shred-X to provide a closed loop, secure documentation destruction and recycling service.

Nearmap also provides annual training to employees to better understand and utilise the measures available in the Company's offices.

Employees frequently utilise application software platforms such as Zoom and Slack which minimise the need for air travel, and improve productivity. Nearmap has customers in Australia, New Zealand and North America and for a business reliant on its sales force, a degree of air travel will be required. Additionally, management are in the process of executing on the Company's expansion plans in North America and senior management are required to spend time between Australia and the United States in order to effectively manage the business and oversee the Company's expansion. In FY19, Scope 3 emissions from Australian based employees due to air travel was 588 tonnes, or 3.75t per employee. Nearmap has not been able to calculate Scope 3 air travel emissions from non-Australian based employees but this is something Nearmap is looking to disclose in FY20.

As a technology company, Nearmap will from time to time produce electronic waste. The Company's technology team is solely based out of the head office in Sydney and has arrangements with building management for any electronic waste to be donated to a not-for-profit or social enterprise business if it can be reused, or recycled if it cannot.

Customers of Nearmap use its aerial imagery to monitor areas impacted by climate change, the detection of illegal dumping, changes in water runoff, assessing natural disaster risk and conservation work such as the monitoring of historic sites and preservation of the natural environment. Additionally, nine percent of the Company's global customer base is made up of solar installation companies, who are able to more efficiently assess, and therefore price, solar installation for potential customers, which increases the supply of renewable energy to tens of thousands of households and businesses.

Nearmap is proud to have built a company which empowers individuals and organisations to make an overwhelmingly positive impact on the environment, and Nearmap is committed to playing its part in facilitating a greener and more sustainable future.

DIRECTORS' REPORT

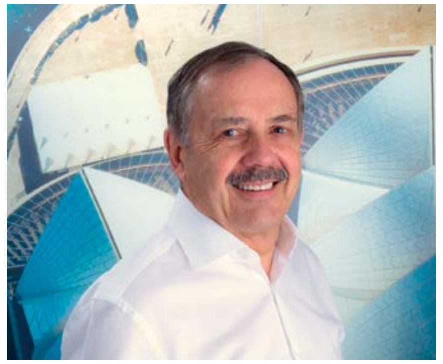
NEARMAP BOARD OF DIRECTORS
ABOVE FROM LEFT TO RIGHT

MR IAN MORRIS
MS SUE KLOSE
MR CLIFF ROSENBERG
MR PETER JAMES
MR ROSS NORGARD
DR ROB NEWMAN

MS TRACEY HORTON
RIGHT

APPOINTED NON-EXECUTIVE DIRECTOR
FROM 1 SEPTEMBER 2019

DIRECTORS' REPORT



MR PETER JAMES

DR ROB NEWMAN

Your Directors submit their report together with the consolidated financial statements of the Group, comprising of Nearmap Ltd ("Nearmap" or the "Company") and its subsidiaries for the financial year ended 30 June 2019 and the auditor's report thereon.

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

MR PETER JAMES, BA, FAICD

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Peter has extensive experience as Chair, Non-executive Director and Chief Executive Officer across a range of publicly listed and private companies, particularly in emerging technologies and e-commerce.

Previously among other roles, Mr James was a long term Director of iiNet, chairing iiNet's Strategy and Innovation Committee. He is a successful investor in digital media and technology businesses in Australia and the US and travels extensively in reviewing innovation and consumer trends globally.

Peter is an experienced and successful business leader with significant strategic and operational expertise. He brings a strong record of corporate governance and stakeholder communication and is a Fellow of the Australian Computer Society.

Peter holds a BA degree with majors in Business and Computer Science.

SPECIAL RESPONSIBILITIES:

Member of the Audit and Risk Management Committee

Member of the Nomination and Remuneration Committee

CURRENT ASX LISTED COMPANY DIRECTORSHIPS:

- Nearmap Ltd (since 21 December 2015) - Non-executive Chairman
- Macquarie Telecom Ltd (ASX: MAQ) (since 2 April 2012) - Non-executive Chairman
- Droneshield Limited (ASX: DRO) (since 1 April 2016) - Non-executive Chairman
- Dreamscape Networks Limited (ASX: DN8) (since 16 September 2016) - Non-executive Chairman
- UUV Aquabotix Ltd (ASX:UUV) (since 9 March 2017) - Non-executive Chairman
- Keytone Dairy Corporation Limited (ASX: KTD) (since 25 September 2018) - Non-executive Director

FORMER ASX LISTED COMPANY DIRECTORSHIPS IN THE LAST 3 YEARS:

- None

DR ROB NEWMAN, B.ENG(1ST HONS), PH.D.

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Rob has a unique track record as a successful Australian high technology entrepreneur in Australia and Silicon Valley. He has twice founded and built businesses on Australian technology, both successfully entering overseas markets.

Rob is a trained engineer and spent his career in marketing, business development and general management in Information Technology focusing on communications. Rob also spent ten years as a venture capitalist co-founding Stone Ridge Ventures and was previously an investment Director for Foundation Capital. As a venture capitalist, Rob has extensive experience in identifying and helping growth companies with significant commercial potential, especially those addressing overseas markets.

In the 1980s, Rob was the inventor and co-founder of QPSX Communications Pty Ltd. Rob provided the technical leadership and product strategy and was instrumental in establishing QPSX as a worldwide standard for Metropolitan Area Networks.

CURRENT ASX LISTED COMPANY DIRECTORSHIPS:

- Nearmap Ltd (since 17 February 2011). Appointed CEO & Managing Director in October 2015

FORMER ASX LISTED COMPANY DIRECTORSHIPS IN THE LAST 3 YEARS:

- Pointerra Limited (ASX: 3DP) (30 June 2016 to 9 November 2018) - Non-executive Director

DIRECTORS' REPORT

MS SUE KLOSE, B.SCI.ECON., MBA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Sue is an experienced senior executive and board Director, with a diverse background in SaaS businesses focussed on digital strategy, corporate development, partnerships and business growth in Australia and the US. Sue was previously the Chief Marketing Officer of GraysOnline, where she was responsible for brand development, marketing operations and digital product strategy.

In prior roles in consulting and global media companies, Sue led strategic planning and development. As Director of Digital Corporate Development for News Ltd, Sue screened hundreds of potential investments, leading multiple acquisitions, establishing the CareerOne and Carsguide joint ventures, and held multiple board roles in high-growth digital and SaaS businesses.

Sue is currently a Non-executive Director of Pureprofile, a provider of data insights, quantitative research and lead generation, and a Non-executive Director of Aftercare, one of Australia's largest mental health care providers.

SPECIAL RESPONSIBILITIES:

Chair of the Audit and Risk Management Committee

Member of the Nomination and Remuneration Committee

CURRENT ASX LISTED COMPANY DIRECTORSHIPS:

- Nearmap Ltd (since 14 August 2017) - Non-executive Director
- Pureprofile Ltd (ASX: PPL) (since 17 July 2018) - Non-executive Director

FORMER ASX LISTED COMPANY DIRECTORSHIPS IN THE LAST 3 YEARS:

- None

MR IAN MORRIS, MBA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ian has enjoyed a successful business career in the US technology sector. He is currently the CEO of Likewise, Inc., a Gates Ventures backed technology company which he co-founded. Previously he served as President and CEO of Market Leader for more than a decade, a leading provider of real estate SaaS solutions. Under his leadership, Market Leader was ranked the 4th fastest growing technology company in North America, leading to a successful IPO in 2004 and the sale of the company to Trulia in 2013 for US$380M.

Ian also spent seven years at Microsoft leading early online marketing efforts and later served as the General Manager of Microsoft HomeAdvisor. He has also served as a strategic advisor and Board member with a number of leading US technology companies.

SPECIAL RESPONSIBILITIES:

Member of the Nomination and Remuneration Committee

CURRENT ASX LISTED COMPANY DIRECTORSHIPS:

- Nearmap Ltd (since 28 January 2016) - Non-executive Director

FORMER ASX LISTED COMPANY DIRECTORSHIPS IN THE LAST 3 YEARS:

- None

MS SUE KLOSE

MR IAN MORRIS

DIRECTORS' REPORT

MR ROSS NORGARD, FCA

NON-EXECUTIVE DIRECTOR

In 1987, Ross became the founding Chairman of Nearmap Ltd. He held this role until 18 March 2016, at which point he moved into a Non-executive role.

Ross is a former managing partner of Arthur Andersen and KMG Hungerfords and its successor firms in Perth, Western Australia. For over 30 years he has worked extensively in the fields of raising venture capital and the financial reorganisation of businesses.

He has held numerous positions on industry committees including former Chairman of the Western Australian Professional Standards Committee of the Institute of Chartered Accountants, a former member of the National Disciplinary Committee, former Chairman of the Friends of the Duke of Edinburgh's Award Scheme and a former member of the University of WA's Graduate School of Management (MBA Program). Ross is also Western Australia's Honorary Consul-General to Finland.

SPECIAL RESPONSIBILITIES:

Member of the Nomination and Remuneration Committee

Member of the Audit and Risk Management Committee

CURRENT ASX LISTED COMPANY DIRECTORSHIPS:

- Nearmap Ltd (since 1987) - Non-executive Director
- Brockman Mining Ltd (ASX: BCK) (since 22 August 2012) - Non-executive Director

FORMER ASX LISTED COMPANY DIRECTORSHIPS IN THE LAST 3 YEARS:

- None

MR CLIFF ROSENBERG, B.BUS.SCI., M.SC. MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTOR

Cliff has a 20 year career in the digital space as an entrepreneur and executive. He was previously Managing Director for LinkedIn South East Asia, Australia and New Zealand where he drove awareness and uptake of LinkedIn's products.

Prior to joining LinkedIn, Cliff was the Managing Director of Yahoo! Australia and New Zealand, responsible for all aspects of the local operation for more than three years. He was also Non-executive Director of Australia's leading online restaurant booking platform, dimmi.com.au, which was sold to Tripadvisor in early 2015.

Previously, Cliff was Founder and Managing Director of iTouch Australia and New Zealand, a leading wireless application service provider, head of corporate strategy for Vodafone Australasia and also a management consultant with Gemini Consulting and Bain Consulting.

SPECIAL DUTIES:

Chair of the Nomination and Remuneration Committee

Member of the Audit and Risk Management Committee

CURRENT ASX LISTED COMPANY DIRECTORSHIPS:

- Nearmap Ltd (since 3 July 2012) - Non-executive Director
- Afterpay Touch Group Ltd (ASX: APT) (since 23 March 2016) - Non-executive Director
- Cabcharge Australia Ltd (ASX:CAB) (since 25 August 2017) - Non-executive Director
- Technology One Pty Ltd (ASX: TNE) (since 27 February 2019) - Non-executive Director

FORMER ASX LISTED COMPANY DIRECTORSHIPS IN THE LAST 3 YEARS:

- Pureprofile Ltd (ASX: PPL) (12 June 2015 to 28 February 2019) - Non-executive Director
- IXUP Ltd (ASX: IXU) (29 September 2017 to 2 July 2019) - Non-executive Director

MR ROSS NORGARD

MR CLIFF ROSENBERG

COMPANY SECRETARY

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

DIRECTORS' REPORT

DIRECTORS' MEETINGS

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

	FULL BOARD MEETINGS		AUDIT AND RISK COMMITTEE MEETINGS		NOMINATION AND REMUNERATION COMMITTEE MEETINGS	
	A	B	A	B	A	B
P James	7	7	4	4	2	2
R Newman	7	7	-	-	-	-
S Klose	7	7	4	4	2	2
I Morris	7	6	-	-	2	-
R Norgard	7	6	4	4	2	2
C Rosenberg	7	7	4	4	2	2

A - Number of meetings held during the time the Director held office and the Director was eligible to attend.
B - Number of meetings attended.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the financial year was online aerial photomapping via its 100% owned subsidiaries, Nearmap Australia Pty Ltd, Nearmap US, Inc. and Nearmap Remote Sensing US, Inc.

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

OPERATING AND FINANCIAL REVIEW

Overview of the Group

Nearmap is an innovative location intelligence company capturing a rich data set about the real world, providing high value insights to a diverse range of businesses and government organisations.

Using its own patented camera systems and processing software, Nearmap captures wide-scale urban areas in Australia, New Zealand, Canada and the US multiple times each year. This fresh content, together with a range of analytics and tools, is instantly available in the cloud via web app or API integration.

The pivotal features underpinning the success of the Nearmap business model are:

- the frequency with which this data is captured and updated;
- the clarity (resolution) of the imagery provided; and
- the availability of previous surveys on the same platform, allowing users to track changes at locations over time.

The Group is a participant in the large, fragmented and growing global location intelligence market, holding a global market share of less than 1%. The Company's strategy is to effectively monetise its content by providing convenient access to the content via desktop and mobile platforms, through subscription models and value-add products supported by e-commerce facilities.

The Group generates revenues in Australia and the United States through capturing and licensing its content to a broad range of customers, including government agencies and commercial enterprises of all sizes. The Group has also commenced capturing and licensing its content to customers in New Zealand and Canada. With a diverse customer base, the Group does not have any dependencies on key customers.

DIRECTORS' REPORT

Review of operations

For the year ended 30 June 2019, the Company reported total revenue and other income of $79.4m, up 47% on corresponding prior year revenue and other income of $54.1m, underpinned by continued customer retention and growth in the customer base. The growth in revenue reflects the growth in the annualised contract value (ACV) of the Group's subscription portfolio, with the Australian and New Zealand (ANZ) portfolio growing 19% to $57.9m (30 June 2018: $48.8m) and the North American (US and Canada) portfolio growing 76% to US$22.7m (30 June 2018: US$12.9m).

The consolidated entity's result after provision for income tax was a loss of $14.9m (2018: loss of $11.0m). This was primarily due to:

- Targeted US sales and marketing initiatives including the launch of the second US sales office in New York. Sales and marketing costs were 22% higher than prior year;
- Capture program expansion including the first capture of Canadian content, covering 64% of the population. Cash costs of capture increased by 22% on prior year;
- Product and content expansion including the launch of 3D Online and the launch of a beta Artificial Intelligence product. General and Administration costs (product, technology and business operations) increased by 30% on prior year; and
- A change in accounting estimate to reduce the amortisation period for capitalised capture costs from 5 years to 2 years to reflect the growing customer demand for the most recent imagery. As a result, Depreciation and Amortisation expenses in the current year increased by $13.4m to $26.7m.

Review of financial condition

The Company's balance sheet remains strong with no debt and a closing cash balance at 30 June 2019 of $75.9m (30 June 2018: $17.5m). This includes the net proceeds of a fully underwritten $70m capital placement to institutional investors in September 2018.

The Company's net assets increased by $58.7m to $87.7m compared with the previous year, which reflects trading performance and the net cash proceeds of the September 2018 capital raise.

The Group's receivables and cash flow management continue to support the overall working capital of the Group. The increase in overall sales during the year has resulted in a 44% increase in trade receivables as at year end. With a diverse customer base, the Company continues to focus on receivables management and, as at year end, only $0.5m of receivables are in arrears (2018: $0.3m).

Cash receipts from customers for the year were $86.9m compared to $64.2m for the previous year, an increase of $22.7m (35%).

Significant changes in the state of affairs

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

Dividends

No dividends have been paid or proposed in respect of the current year (2018: nil).

Events subsequent to balance date

On 1 July 2019, Nearmap Australia Pty Ltd entered into a contract for the lease of office premises located at Level 5, Tower One, International Towers, 100 Barangaroo Avenue, Sydney, NSW 2000 from Lendlease IMT (OITST ST) Pty Ltd ACN 605 217 703.

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

Likely developments

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

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

Environmental regulation

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

DIRECTORS' REPORT

Directors' interests

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

	ORDINARY SHARES	OPTIONS OVER ORDINARY SHARES
P James	1,282,000	1,500,000
R Newman	8,933,333	2,156,584
S Klose	-	-
I Morris	150,000	750,000
R Norgard	48,076,295	-
C Rosenberg	3,201,000	-

Share options

As at 30 June 2019 there were 16,337,184 unissued ordinary shares under option. Refer to Note 5 of the financial statements for further details of the Company's share-based payment plan.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

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

Under the terms of the agreement, the Company has agreed to indemnify certain senior executives for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position in the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including legal fees.

Insurance premiums

Since the end of the previous financial year, the Group has paid insurance premiums in respect of Directors' and officers' liability and legal expenses insurance contracts, for current and former Directors and officers, including senior executives of the Company and Directors, senior executives and secretaries of its controlled entities. The insurance premiums relate to:

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

The insurance policies outlined above do not contain details of the premiums paid in respect of individual officers of the Company.

DIRECTORS' REPORT

NON-AUDIT SERVICES

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

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

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

Details of the amounts paid to KPMG and its network firms for audit and non-audit services provided during the year are set out below.

IN DOLLARS	2019
SERVICES OTHER THAN AUDIT AND REVIEW OF FINANCIAL STATEMENTS	
Other advisory for the entity and any other entity in the Group	13,725
Taxation advisory for the entity and any other entity in the Group	-
TOTAL SERVICES OTHER THAN STATUTORY AUDIT	**13,725**
AUDIT AND REVIEW OF FINANCIAL STATEMENTS	**150,000**
TOTAL PAID/PAYABLE TO KPMG	**163,725**

Lead auditor's independence declaration

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 75 and forms part of the Directors' report for the financial year ended 30 June 2019.

Rounding of amounts

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

Remuneration report

The remuneration report on pages 53 to 71 forms part of this Director's Report.

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

On behalf of the Board

Rob Newman

Managing Director and Chief Executive Officer

20 August 2019

DIRECTORS' REPORT

MESSAGE FROM THE CHAIR OF THE NOMINATION AND REMUNERATION COMMITTEE

On behalf of the Board I am pleased to present the remuneration report for the financial year ended 30 June 2019 (FY19).

The role of the Nomination and Remuneration Committee (the Committee) is to assist the Board and make recommendations on remuneration, related policies and practices. Linking remuneration to the drivers that support the business strategy ensures that remuneration outcomes for senior executives are aligned with the creation of a strong, sustainable business that delivers value for shareholders.

In FY19 Nearmap increased the total revenue and other income of the Company by 47% by growing the customer base and through excellent customer retention. Ongoing strong performance will allow us to continue our investment in the Australian business, the North American market and investments into product and technology.

In continuing to support these growth ambitions and as a reflection of the increased responsibilities of the Company being admitted to the S&P/ASX 200 Index, the Nomination and Remuneration Committee has completed a review of our approach to remuneration, taking into consideration input from external advisors, shareholders and other stakeholders.

As a result, in FY20 we will make changes to the remuneration structure to ensure it supports our evolving business and remains adaptable to our future needs. The key changes for FY20 are:

- Extending the long term incentive plan (LTIP) to attract and retain the best talent: Nearmap operates in a highly competitive market for global talent and must therefore offer a remuneration package that is attractive to both existing and potential employees. The existing LTIP doesn't offer a regular equity component for the majority of employees below executive level. To remain competitive, the Company will broaden the LTIP to include key senior employees, with LTIP Awards representing 10-25% of an employee's base remuneration vesting over three years from the date of the initial grant, subject to the satisfactory and ongoing employment of the individual. The revised scheme has clear alignment with long term shareholder value creation and is minimally dilutive.
- Aligning the Chief Executive Officer and Managing Director's remuneration to Australian peers to reflect the performance of the business: reflecting the strong growth of the business over a sustained period, the Committee believes that an increase in the base salary and LTIP components of the Chief Executive Officer's remuneration is appropriate. From 1 July 2019 the base salary will increase by 15.6%, from $546,000 to $631,000 per annum, including superannuation, and the LTIP component will increase by 100% from $315,500 to $631,000 per annum, including superannuation. This will change the relative proportion of the short term incentive plan (STIP) and LTIP components of the CEO's compensation to 20% and 40% respectively.
- Aligning Non-Executive Director (NED) remuneration to Australian peers: the Committee engaged external advisers to benchmark NED remuneration relative to a peer group of ASX listed growth companies. Following this exercise, the Chairman's annual fees will increase from $135,000 to $175,000 and NED fees will increase from $70,000 to $110,000, including superannuation. Committee Chair fees remain unchanged at $10,000 whilst Committee Member fees will be reduced from $5,000 to Nil. All changes are effective 1 July 2019. There will be no change in the overall NED fee pool of $850,000.

These changes support the Company's continuing evolution and align our reward structure with our business strategy and talent objectives to deliver sustainable shareholder returns.

The Board will be pleased to receive feedback in relation to this remuneration report and commits to engaging with shareholders and their representatives on these matters. We thank you for your continued support and hope that you will find this report useful and informative.

Cliff Rosenberg
Chair – Nomination and Remuneration Committee

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

INTRODUCTION

This remuneration report outlines the remuneration arrangements in place for Directors and key management personnel of Nearmap and the consolidated entity (the Group) for the year ended 30 June 2019.

CONTENTS:

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

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

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

DIRECTORS

The following persons were Directors of the Company during the financial year:

P James	Non-executive Chairman
R Newman	Chief Executive Officer and Managing Director
S Klose	Non-executive Director (appointed Interim Chief Marketing Officer from 5 March – 5 July 2018)
I Morris	Non-executive Director
R Norgard	Non-executive Director
C Rosenberg	Non-executive Director

SENIOR EXECUTIVES CLASSIFIED AS KEY MANAGEMENT PERSONNEL

T Agresta	Vice President of Product and Engineering (appointed 9 July 2018) [1]
T Celinski	Vice President, Technology and Engineering
S Klose	Interim Chief Marketing Officer (until 5 July 2018)
S Preston	Vice President of Sales – Australia
P Quigley	Senior Vice President and General Manager – International and Partners
L Rankin	Vice President of Product and Engineering (resigned 9 July 2018)
H Sanchez	Chief Marketing Officer (appointed 8 October 2018)
S Steel	Vice President, People and Culture
A Watt	Chief Financial Officer

[1] T Agresta held the position of VP of US Marketing until 8 July 2018.

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

REMUNERATION PHILOSOPHY

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

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Establish appropriate, demanding performance hurdles in relation to variable executive remuneration.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the Chief Executive Officer and Managing Director and the senior management team and ensuring that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of Director.

The Nomination and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

SECURITIES TRADING POLICY

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

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

REMUNERATION STRUCTURE

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

Non-executive Director remuneration

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

Structure Each Non-executive Director receives a fee for being a Director of the Company. The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting (AGM) held on 15 November 2018 when shareholders approved an aggregate remuneration of $850,000 per year. Further fees may be paid to Non-executive Directors where additional time commitment is required such as that required by the Chairman of the Company. A grant of Non-executive Director share options was last made during the year ended 30 June 2016. No grants were made in the years ended 30 June 2017, 30 June 2018 or 30 June 2019.

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

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

	30 JUNE 2019	30 JUNE 2020
Chairman	$135,000	$175,000
Non-executive Director	$70,000	$110,000
Committee Chair	$10,000	$10,000
Committee Member	$5,000	-
US Non-executive Director	$70,000 USD	$110,000 AUD
US Committee Member	$5,000 USD	-

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

Services from remuneration consultants

The Board periodically reviews the level of fees paid to Non-executive Directors, including seeking external advice. During the year ended 30 June 2019, an independent remuneration review was undertaken by Godfrey Remuneration to benchmark Non-executive Director remuneration and the proposed design of an equity plan. The total costs of this exercise were $13,750 including GST.

Key management personnel and Executive Director remuneration

Objective The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to:

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

Structure Remuneration typically consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration
  - Short Term Incentive (STI), and
  - Long Term Incentive (LTI)

The proportion of fixed remuneration and variable remuneration (potential STIs and LTIs) is established for each KMP by the Nomination and Remuneration Committee.

Fixed Remuneration

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

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

During the year ended 30 June 2019, performance related adjustments were made to the fixed remuneration of the Chief Executive Officer & Managing Director, the Chief Financial Officer, the Vice

President of People and Culture, the Vice President of Sales – Australia, the Vice President of Technology and Engineering, and the Senior Vice President and General Manager – International and Partners.

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

Variable Remuneration - Short Term Incentive (STI)

Objective The objective of the STI program is to link the achievement of the Company's operational targets with the remuneration received by the employees charged with meeting those targets. The total potential STI where available is set at a level to provide sufficient incentive to employees to achieve the operational targets at a cost to the Company that is reasonable in the circumstances.

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

- Group performance: 60% of the STI comprises a Group Revenue target, with a minimum EBITDA threshold required to trigger payment (FY2019 EBITDA threshold > $0). The payout is scaled to the internal Group Revenue target with a minimum gateway introduced for participating employees to provide a strong focus on the top line growth required for the business to expand (FY2019 Group Revenue Target $71.3m). Subject to meeting the gateway, outperformance results in higher than target payments (maximum payout of 150% of the 60%), while underperformance results in below target payments;
- Individual performance: 40% of the STI comprises personal performance targets, typically including employee engagement, leadership/team contribution and functional specific deliverables.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

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

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

STI payments are made if the relevant targets are achieved. If the targets are not achieved, then any STI payment is discretionary and will only be made if the Board deem that the executive has demonstrated exceptional performance in meeting other objectives. There were no discretionary payments made in the year ended 30 June 2019.

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

Variable Remuneration – Long Term Incentive (LTI)

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

Structure (i) Options are granted to KMPs upon becoming an executive of the company. One-off LTI grants to new executives are delivered in the form of options and the amount is determined by the Nomination and Remuneration Committee having regard to:

- the seniority of the relevant Eligible Person and the position the Eligible Person occupies within the Company;
- the potential contribution of the Eligible Person to the growth of the Group; and
- any other matters which the Board considers relevant.

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

(ii) Executives are entitled to an annual award, set at 25% of total remuneration, and subject to a total shareholder return (TSR) growth performance vesting condition. TSR is a measure of the increase in the price of a share (assuming dividends are reinvested). The number of options that will vest (and become exercisable) at the vesting date will be determined by reference to the achievement of a percentage of the Company's compound annual growth rate (CAGR) in TSR over the period commencing on the grant date and ending on the vesting date, as follows:

CAGR % ACHIEVED	% OF OPTIONS WHICH WILL VEST
15%	50%
16%	60%
17%	70%
18%	80%
19%	90%
20%	100%

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

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

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

An employee loan scheme arrangement exists should an employee elect to apply for a loan on exercise of premium-priced options, which may be granted at the discretion of the Chief Executive Officer and Managing Director.

Group Performance

The overall level of executive reward takes into account the nature of the technology commercialisation business and realistic timeframes for generating profits. In particular, executive rewards recognise the commercialisation of the Nearmap business and future shareholder wealth contained therein and the progress that has been made in unlocking value to date. Executive performance of the Group has been reviewed over the past 5 years taking into account future shareholder wealth and profit performance.

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

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Total revenue and other income	$79,375	$54,140	$41,065	$31,289	$26,124
EBITDA (earnings before interest, tax, depreciation and amortisation)[1]	$15,484	$4,856	$6,017	$632	$944
Change in share price	$2.64	$0.53	$0.20	($0.18)	$0.16
Dividends paid	-	-	-	-	-

[1] EBITDA also excludes R&D tax rebates, foreign currency differences and impairment adjustments.

The graph below shows the Company's closing share price since 1 July 2014 and the relative performance against the ASX All Ordinaries.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

C. DETAILS OF REMUNERATION

FY2019 performance is reflected in the outcome of the variable components of the remuneration framework:

- STI payments were made to the CEO & Managing Director and other key management personnel based on attainment of set performance criteria.
- Group performance: the minimum EBITDA threshold was reached to trigger the payout mechanism. Group Revenue was delivered to 111.25% of management target which, based on the tiered earnings schedule, meant that employees were paid out at 111.25%. This equates to a payout of 66.75% of the 60% entitlement.
- The Board reviewed delivery against functional specific targets and agreed payouts accordingly.
- Executives with a commission based STI were paid in accordance with the terms of their commission schemes.
- STI payout percentages to Directors and key management personnel are shown below:

	GROUP TARGET REVENUE		SALES TARGET ACV		INDIVIDUAL TARGET FUNCTIONAL SPECIFIC		SUB-TOTAL			
	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	DISCRETIONARY	TOTAL
DIRECTORS										
R Newman	60%	67%	-	-	40%	40%	100%	107%	-	107%
OTHER KEY MANAGEMENT PERSONNEL										
T Agresta	60%	67%	-	-	40%	40%	100%	107%	-	107%
T Celinski	60%	67%	-	-	40%	40%	100%	107%	-	107%
S Preston	-	-	100%	98%	-	-	100%	98%	-	98%
P Quigley	-	-	60%	132%	40%	40%	100%	172%	-	172%
H Sanchez	60%	67%	-	-	40%	40%	100%	107%	-	107%
S Steel	60%	67%	-	-	40%	40%	100%	107%	-	107%
A Watt	60%	67%	-	-	40%	40%	100%	107%	-	107%

- LTI grants were awarded to the Chief Executive Officer and Managing Director and other KMP as follows:
  - Dr Newman received a grant of 556,009 market-priced share options vesting in three years, as approved at the Company AGM on 15 November 2018 (executive annual award);
  - Mr Agresta, Mr Celinski, Mr Preston, Mr Quigley, Mr Sanchez, Ms Steel and Mr Watt received grants on 15 November 2018 of 324,534, 377,324, 346,774, 493,856, 300,949, 250,032 and 346,774 market-priced share options respectively, vesting in three years (executive annual award);
  - Upon joining the Nearmap Executive Team, effective 9 July 2018, Mr Agresta received a grant of 300,000 market-priced share options, vesting in equal tranches over three years (one-off LTI grant to new executive); and
  - Upon joining the Company during the 2019 financial year, Mr Sanchez received a grant of 360,000 market-priced share options, vesting in equal tranches over three years (one-off LTI grant to new executive).

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

C. DETAILS OF REMUNERATION (CONT.)

Statutory remuneration tables

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

		SHORT-TERM		LONG-TERM	POST-EMPLOYMENT				
		SALARY & FEES[1]	CASH BONUS	LONG SERVICE LEAVE[2]	SUPER-ANNUATION	TERMINATION BENEFITS	SHARE BASED PAYMENT OPTIONS[3]	TOTAL	PERCENTAGE PERFORMANCE RELATED[7]
NON-EXECUTIVE DIRECTORS									
P James	2019	123,287	-	-	11,712	-	17,040	152,040	-
P James	2018	101,978	-	-	9,688	-	62,431	174,097	-
S Klose[5]	2019	70,776	-	-	6,724	-	-	77,499	-
S Klose	2018	39,773	-	-	3,778	-	-	43,551	-
I Morris[4,6]	2019	104,886	-	-	-	-	14,581	119,466	-
I Morris	2018	95,787	-	-	1,345	-	51,436	148,568	-
R Norgard	2019	73,059	-	-	6,941	-	-	80,001	-
R Norgard	2018	70,776	-	-	6,724	-	-	77,500	-
C Rosenberg[4]	2019	85,000	-	-	-	-	7,618	92,618	-
C Rosenberg	2018	80,238	-	-	1,012	-	30,740	111,990	-
EXECUTIVE DIRECTORS									
S Klose[5]	2019	9,299	-	-	883	6,222	-	16,404	-
S Klose	2018	78,462	-	-	6,766	-	-	85,228	-
R Newman	2019	525,468	291,427	6,320	20,531	-	456,807	1,300,553	33%
R Newman	2018	500,692	234,203	2,623	20,049	-	309,024	1,066,591	26%

[1] Salary includes annual leave.
[2] Relates to long service leave accrued during the year with a negative balance representing an overall reduction in the employee leave provision compared to prior year.
[3] AASB 2 accounting value determined at grant date, recognised over related vesting periods. The amount included as remuneration is not related to or indicative of the benefit (if any) that the individual key management personnel may ultimately realise should the equity instruments vest. The notional value of options as at the date of their grant has been determined in accordance with the accounting policy in Note 5.
[4] Mr Rosenberg and Mr Morris elected to have their remuneration remitted through management companies during the year. Total fees remitted were inclusive of superannuation guarantee contributions.
[5] Ms Klose was appointed as a Non-executive Director on 14 August 2017. She was appointed as interim Chief Marketing Officer on 5 March 2018 and temporarily became an executive Director, remaining on the board. Ms Klose completed her role as interim Chief Marketing Officer on 5 July 2018 and returned to her role as Non-executive Director on 6 July 2018.
[6] Mr Morris resides in the USA. The remuneration disclosures represent the US compensation components translated to AUD at average exchange rates for the year.
[7] Performance related remuneration comprises short-term cash bonuses together with share-based payments which are subject to Total Shareholder Return vesting conditions.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

C. DETAILS OF REMUNERATION (CONT.)

ASX Listing Rule 10.17 states that 'Directors' fees' constitutes fees, including superannuation, but excluding securities issued. The total Directors' fees paid to Non-executive Directors during the year ended 30 June 2019, excluding share based payments, was $482,384 which is within the amount determined at the AGM on 15 November 2018.

		SHORT-TERM		LONG-TERM	POST-EMPLOYMENT				
		SALARY & FEES[1]	CASH BONUS	LONG SERVICE LEAVE[2]	SUPER-ANNUATION	TERMINATION BENEFITS	SHARE BASED PAYMENT OPTIONS[3]	TOTAL	PERCENTAGE PERFORMANCE RELATED[8]
OTHER KEY MANAGEMENT PERSONNEL (GROUP)									
T Agresta[6]	2019	324,041	171,614	-	-	-	98,369	594,023	34%
T Celinski[5]	2019	350,600	197,771	186	20,531	-	182,238	751,326	26%
T Celinski	2018	127,625	59,732	47	8,806	-	83,679	279,889	21%
S Preston	2019	318,100	301,897	1,411	20,531	-	112,156	754,095	50%
S Preston	2018	280,984	179,156	140	20,049	-	99,007	579,336	35%
P Quigley	2019	491,793	602,452	-	-	-	144,630	1,238,874	57%
P Quigley	2018	377,115	379,768	-	-	-	100,629	857,512	48%
H Sanchez[7]	2019	202,372	114,523	75	15,399	-	88,931	421,299	34%
S Steel	2019	225,600	131,052	1,142	20,531	-	82,626	460,952	41%
S Steel	2018	215,552	105,692	136	20,049	-	86,063	427,492	30%
A Watt	2019	320,000	181,759	1,577	20,531	-	205,289	729,156	36%
A Watt	2018	289,952	139,423	175	20,049	-	285,330	734,929	23%
FORMER KEY MANAGEMENT PERSONNEL (GROUP)									
L Rankin[4]	2019	5,537	-	-	5,133	128,826	-	139,496	-
L Rankin	2018	239,952	64,935	-	20,049	-	115,121	440,057	20%

[1] Salary includes annual leave.
[2] Relates to long service leave accrued during the year, with a negative balance representing an overall reduction in the employee leave provision compared to prior year.
[3] AASB 2 accounting value determined at grant date, recognised over related vesting periods. The amount included as remuneration is not related to or indicative of the benefit (if any) that the individual key management personnel may ultimately realise should the equity instruments vest. The notional value of options as at the date of their grant has been determined in accordance with the accounting policy in Note 5.
[4] L Rankin resigned on 9 July 2018.
[5] Mr Celinski was appointed as Executive Vice President - Technology and Engineering on 18 February 2018.
[6] Mr Agresta was appointed as Executive Vice President - Product on 9 July 2018. Mr Agresta held the position of VP of US Marketing until 8 July 2018.
[7] Mr Sanchez was appointed as Chief Marketing Officer on 8 October 2018.
[8] Performance related remuneration comprises short-term cash bonuses together with share-based payments which are subject to Total Shareholder Return vesting conditions.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

C. DETAILS OF REMUNERATION (CONT.)

The proportion of fixed remuneration and potential variable remuneration is established for each KMP by the Nomination and Remuneration Committee. The proportion of fixed and potential at risk components for the KMP as a percentage of potential target total annual remuneration for the 2019 year is shown below:

	FIXED REMUNERATION		
	SALARIES AND BENEFITS 2019	LTI[1] 2019	AT RISK – STI 2019
NON – EXECUTIVE DIRECTORS			
P James	100%	-	-
S Klose	100%	-	-
I Morris	100%	-	-
R Norgard	100%	-	-
C Rosenberg	100%	-	-
EXECUTIVE DIRECTORS			
R Newman	50%	25%	25%
OTHER KEY MANAGEMENT PERSONNEL			
T Agresta	50%	25%	25%
T Celinski	50%	25%	25%
S Preston	42%	20%	38%
P Quigley	45%	23%	32%
H Sanchez	50%	25%	25%
S Steel	50%	25%	25%
A Watt	50%	25%	25%

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

D. EMPLOYMENT CONTRACTS

All executive employees and KMP are employed under contract. All executives have ongoing contracts and as such only have commencement dates and no expiry dates. Details of KMP contracts as at 30 June 2019 are:

NAME	NOTICE PERIOD FOR TERMINATION
R Newman	6 months
T Agresta	4 months
T Celinski	3 months
S Preston	4 months
P Quigley	4 months
H Sanchez	3 months
S Steel	4 months
A Watt	4 months

- On resignation any unvested options are forfeited. Limited recourse loans (LRL's) are granted to key management personnel in respect to vested options. If an employee ceases to be employed by the Company (including by way of resignation, retirement, dismissal, etc) and has an outstanding LRL, the employee may elect to have the Company sell the loan shares and apply the net proceeds of the sale in repayment of the loan or repay the outstanding amount on the loan. This determination must generally be made within one month of the date of ceased employment.
- The Company may terminate an employment agreement by providing the respective written notice period or provide payment in lieu of the notice period (based on the fixed component of remuneration). On such termination by the Company, any LTI options that have vested, or will vest during the notice period will be required to be exercised within 180 days from termination date or the options expiry date if earlier. LTI options that have not yet vested will be forfeited.
- The Company may terminate an employment contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the employee is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.
- There are no formal contracts between the Company and Non-executive Directors in relation to remuneration other than the letter of appointment that stipulates the remuneration as at the commencement date.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

E. SHARE BASED COMPENSATION

OPTIONS

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

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

The grants are either issued for 4 years:

(i) with TSR growth performance vesting conditions and are exercisable after three years; or

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

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

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

Refer to the tables later in this section for details of the options that were issued to Directors and KMP during the year ended 30 June 2019.

LIMITED RECOURSE LOANS (LRLS)

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

The employee does not have a beneficial interest in the shares until the loan is repaid with any such shares being held in escrow until this time. For accounting purposes, the granting of the LRL is considered to be a modification to the existing option. Any increase in the fair value of the option is recognised as an expense immediately at the date the limited recourse loan is granted.

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

COMPENSATION OPTIONS

Grants made prior to 30 June 2017: Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at an exercise price determined at a 43% premium to the market price of the shares on the date of grant (Australia) or the market price on grant date (US). When an individual is granted an LRL to exercise their option, the effect is to extend the life of the original option. The exercise price includes interest accrued.

Grants made after 30 June 2017: Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at an exercise price determined by the market price of the shares on the date of grant. When an individual is granted an LRL to exercise their option, the effect is to extend the life of the original option. The exercise price includes interest accrued.

Details on options over ordinary shares in the Company that were granted as compensation to each KMP during the reporting period and details on options that vested during the reporting period and options which remain unvested at the end of the reporting period are as follows:

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

E. SHARE BASED COMPENSATION (CONT.)

COMPENSATION OPTIONS (CONT.)

	BALANCE AT 1 JULY 2018	GRANTED DURING THE PERIOD	LAPSED OR FORFEITED DURING THE PERIOD	EXERCISED DURING THE PERIOD	BALANCE AT 30 JUNE 2019	VESTED DURING THE PERIOD	UNVESTED AT BALANCE DATE	GRANT DATE	VALUE PER OPTION/ SHARE AT GRANT DATE[1] $	EXERCISE PRICE PER SHARE (OPTIONS)/ CURRENT PRICE PER SHARE (LOANS) $	VESTING DATE	EXPIRY DATE	VALUE EXERCISED DURING THE PERIOD[2] $
DIRECTORS													
P James													
- Options	833,334	-	-	-	833,334	833,334	-	Mar 16	0.0920	0.55	Mar 19	Mar 20	-
R Newman													
- Options[3]	1,000,000	-	-	1,000,000	-	-	-	Nov 15	0.0970	0.56	Nov 18	Nov 19	1,140,000
- Options[3]	666,667	-	-	666,667	-	-	-	Nov 16	0.1633	1.06	Dec 18	Dec 20	426,667
- Options	666,667	-	-	-	666,667	-	666,667	Nov 16	0.2191	1.06	Dec 19	Dec 20	-
- Options	933,908	-	-	-	933,908	-	933,908	Nov 17	0.2490	0.71	Nov 20	Nov 21	-
- Options	-	556,009	-	-	556,009	-	556,009	Nov 18	0.4910	1.60	Nov 21	Nov 22	-
I Morris													
- Options	500,000	-	-	-	500,000	500,000	-	Mar 16	0.1312	0.40	Mar 19	Mar 20	-
C Rosenberg													
- Options	500,000	-	-	500,000	-	-	-	Nov 15	0.0970	0.56	Nov 18	Nov 19	1,045,000

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

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

E. SHARE BASED COMPENSATION (CONT.)

COMPENSATION OPTIONS (CONT.)

	BALANCE AT 1 JULY 2018	GRANTED DURING THE PERIOD	LAPSED OR FORFEITED DURING THE PERIOD	EXERCISED DURING THE PERIOD	BALANCE AT 30 JUNE 2019	VESTED DURING THE PERIOD	UNVESTED AT BALANCE DATE	GRANT DATE	VALUE PER OPTION/ SHARE AT GRANT DATE[1] $	EXERCISE PRICE PER SHARE (OPTIONS)/ CURRENT PRICE PER SHARE (LOANS) $	VESTING DATE	EXPIRY DATE	VALUE EXERCISED DURING THE PERIOD[2] $
OTHER KEY MANAGEMENT PERSONNEL													
T Agresta													
- Options	12,500	-	-	-	12,500	12,500	-	Jul 16	0.2376	0.41	Sep 18	Jun 21	-
- Options	12,500	-	-	-	12,500	12,500	-	Jul 16	0.2458	0.41	Dec 18	Jun 21	-
- Options	12,500	-	-	-	12,500	12,500	-	Jul 16	0.2535	0.41	Mar 19	Jun 21	-
- Options	12,500	-	-	-	12,500	12,500	-	Jul 16	0.2608	0.41	Jun 19	Jun 21	-
- Options	12,500	-	-	-	12,500	-	12,500	Jul 16	0.2678	0.41	Sep 19	Jun 21	-
- Options	12,500	-	-	-	12,500	-	12,500	Jul 16	0.2744	0.41	Dec 19	Jun 21	-
- Options	12,500	-	-	-	12,500	-	12,500	Jul 16	0.2807	0.41	Mar 20	Jun 21	-
- Options	12,500	-	-	-	12,500	-	12,500	Jul 16	0.2868	0.41	Jun 20	Jun 21	-
- Options	142,112	-	-	-	142,112	-	142,112	Dec 17	0.2490	0.81	Nov 20	Nov 21	-
- Options	-	100,000	-	-	100,000	-	100,000	Jul 18	0.2134	1.12	Jul 19	Jul 22	-
- Options	-	100,000	-	-	100,000	-	100,000	Jul 18	0.3032	1.12	Jul 20	Jul 22	-
- Options	-	100,000	-	-	100,000	-	100,000	Jul 18	0.3710	1.12	Jul 21	Jul 22	-
- Options	-	324,534	-	-	324,534	-	324,534	Dec 18	0.4910	1.60	Nov 21	Nov 22	-
A Watt													
- Options[3]	833,333	-	-	833,333	-	-	-	Dec 16	0.1679	0.93	Dec 18	Dec 20	1,258,333
- Options	833,334	-	-	-	833,334	-	833,334	Dec 16	0.2241	0.93	Dec 19	Dec 20	-
- Options	556,753	-	-	-	556,753	-	556,753	Nov 17	0.2490	0.71	Nov 20	Nov 21	-
- Options	-	346,774	-	-	346,774	-	346,774	Dec 18	0.4910	1.60	Nov 21	Nov 22	-
S Preston													
- Options[3]	258,345	-	-	258,345	-	-	-	Mar 17	0.1217	0.64	Mar 19	Mar 21	754,367
- Options	258,345	-	-	-	258,345	-	258,345	Mar 17	0.1614	0.64	Mar 20	Mar 21	-
- Options	538,793	-	-	-	538,793	-	538,793	Nov 17	0.2490	0.71	Nov 20	Nov 21	-
- Options	-	346,774	-	-	346,774	-	346,774	Dec 18	0.4910	1.60	Nov 21	Nov 22	-

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

E. SHARE BASED COMPENSATION (CONT.)

COMPENSATION OPTIONS (CONT.)

	BALANCE AT 1 JULY 2018	GRANTED DURING THE PERIOD	LAPSED OR FORFEITED DURING THE PERIOD	EXERCISED DURING THE PERIOD	BALANCE AT 30 JUNE 2019	VESTED DURING THE PERIOD	UNVESTED AT BALANCE DATE	GRANT DATE	VALUE PER OPTION/ SHARE AT GRANT DATE[1] $	EXERCISE PRICE PER SHARE (OPTIONS)/ CURRENT PRICE PER SHARE (LOANS) $	VESTING DATE	EXPIRY DATE	VALUE EXERCISED DURING THE PERIOD[2] $
OTHER KEY MANAGEMENT PERSONNEL (CONT.)													
S Steel													
- Options[3]	232,510	-	-	232,510	-	-	-	Mar 17	0.1217	0.64	Mar 19	Mar 21	467,345
- Options	232,511	-	-	-	232,511	-	232,511	Mar 17	0.1614	0.64	Mar 20	Mar 21	-
- Options	422,055	-	-	-	422,055	-	422,055	Nov 17	0.2490	0.71	Nov 20	Nov 21	-
- Options	-	250,032	-	-	250,032	-	250,032	Dec 18	0.4910	1.60	Nov 21	Nov 22	-
P Quigley													
- Options	93,750	-	-	6,250	87,500	87,500	-	Feb 16	0.0618	0.39	Aug 18	Jan 21	19,250
- Options	93,750	-	-	-	93,750	93,750	-	Feb 16	0.0704	0.39	Aug 18	Nov 21	-
- Options	93,750	-	-	-	93,750	93,750	-	Feb 16	0.0790	0.39	Nov 18	Jan 21	-
- Options	93,750	-	-	-	93,750	93,750	-	Feb 16	0.0868	0.39	Nov 18	Nov 21	-
- Options	93,750	-	-	-	93,750	93,750	-	Feb 16	0.0939	0.39	Feb 19	Jan 21	-
- Options	93,750	-	-	-	93,750	93,750	-	Feb 16	0.1004	0.39	Feb 19	Nov 21	-
- Options	93,750	-	-	-	93,750	93,750	-	Feb 16	0.1065	0.39	May 19	Jan 21	-
- Options	93,750	-	-	-	93,750	93,750	-	Feb 16	0.1122	0.39	May 19	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1176	0.39	Aug 19	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1228	0.39	Aug 19	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1276	0.39	Nov 19	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1323	0.39	Nov 19	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1367	0.39	Feb 20	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1410	0.39	Feb 20	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1451	0.39	May 20	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1490	0.39	Aug 20	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1528	0.39	Nov 20	Nov 21	-
- Options	639,507	-	-	-	639,507	-	639,507	Nov 17	0.2490	0.71	Nov 20	Nov 21	-
- Options	-	493,856	-	-	493,856	-	493,856	Dec 18	0.4910	1.60	Nov 21	Nov 22	-

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

E. SHARE BASED COMPENSATION (CONT.)

COMPENSATION OPTIONS (CONT.)

	BALANCE AT 1 JULY 2018	GRANTED DURING THE PERIOD	LAPSED OR FORFEITED DURING THE PERIOD	EXERCISED DURING THE PERIOD	BALANCE AT 30 JUNE 2019	VESTED DURING THE PERIOD	UNVESTED AT BALANCE DATE	GRANT DATE	VALUE PER OPTION/ SHARE AT GRANT DATE[1] $	EXERCISE PRICE PER SHARE (OPTIONS)/ CURRENT PRICE PER SHARE (LOANS) $	VESTING DATE	EXPIRY DATE	VALUE EXERCISED DURING THE PERIOD[2] $
OTHER KEY MANAGEMENT PERSONNEL (CONT.)													
H Sanchez													
- Options	-	120,000	-	-	120,000	-	120,000	Oct 18	0.2867	1.65	Oct 19	Oct 22	-
- Options	-	120,000	-	-	120,000	-	120,000	Oct 18	0.4208	1.65	Oct 20	Oct 22	-
- Options	-	120,000	-	-	120,000	-	120,000	Oct 18	0.5218	1.65	Oct 21	Oct 22	-
- Options	-	300,949	-	-	300,949	-	300,949	Dec 18	0.4910	1.60	Nov 21	Nov 22	-
T Celinski													
- Options	333,000	-	-	333,000	-	-	-	Feb 18	0.2512	0.82	Feb 19	Feb 22	1,072,260
- Options	333,000	-	-	-	333,000	-	333,000	Feb 18	0.3283	0.82	Feb 20	Feb 22	-
- Options	334,000	-	-	-	334,000	-	334,000	Feb 18	0.3863	0.82	Feb 21	Feb 22	-
- Options	-	377,324	-	-	377,324	-	377,324	Dec 18	0.4910	1.60	Nov 21	Nov 22	-
L Rankin													
- Options	83,334	-	83,334	-	-	-	-	Nov 15	0.0970	0.56	Nov 18	Nov 19	-
- Options	333,334	-	333,334	-	-	-	-	May 16	0.1372	0.68	May 19	May 20	-
- Options	172,230	-	172,230	-	-	-	-	Mar 17	0.1217	0.64	Mar 19	Mar 21	-
- Options	172,230	-	172,230	-	-	-	-	Mar 17	0.1614	0.64	Mar 20	Mar 21	-
- Options	466,954	-	466,954	-	-	-	-	Nov 17	0.2490	0.71	Nov 20	Nov 21	-

[1] AASB 2 accounting value determined at grant date.
[2] Value determined based on the share price at exercise date less exercise price.

All options expire on the earlier of their expiry date or termination of the individual's employment. In addition to a continuing employment service condition, vesting is conditional on the Group achieving certain performance hurdles. Details of the performance criteria are included in the long-term incentives section on page 56.

Modification of Terms of Share-based Payment Transactions

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

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

F. TRANSACTIONS OF KEY MANAGEMENT PERSONNEL

SHARES HELD IN THE COMPANY

During the year ended 30 June 2019, the number of shares held by key management personnel changed per the table below. This includes the issue of shares following the exercise of options previously granted as compensation.

	BALANCE AT 1 JULY 18	EXERCISE OF OPTIONS	AMOUNT PAID/OPTION	SHARE SOLD	BALANCE AT 30 JUNE 19	BALANCE HELD NOMINALLY
DIRECTORS						
P James	282,000	1,000,000	$0.55	-	1,282,000	1,282,000
R Newman	7,000,000	2,333,333	$0.56-$1.06	(400,000)	8,933,333	8,933,333
I Morris	-	750,000	$0.40	(600,000)	150,000	150,000
R Norgard	50,076,295	-	-	(2,000,000)	48,076,295	48,036,295
C Rosenberg	3,301,000	500,000	$0.56	(600,000)	3,201,000	3,201,000
OTHER KEY MANAGEMENT PERSONNEL						
T Agresta	-	100,000	$0.41	(100,000)	-	-
T Celinski	-	333,000	$0.82	(333,000)	-	-
S Preston	-	516,689	$0.64	-	516,689	516,689
P Quigley	-	850,000	$0.39	(850,000)	-	-
S Steel	232,510	232,510	$0.64	-	465,020	465,020
A Watt	833,333	833,333	$0.93	-	1,666,666	1,666,666

There are no amounts unpaid on the shares as a result of the exercise of the options in the year ended 30 June 2019.

LOAN SHARES HELD IN THE COMPANY

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

30 JUNE 2019	BALANCE AT 1 JULY 18	EXERCISE OF OPTIONS	NET OTHER CHANGE	BALANCE AT 30 JUNE 19	BALANCE HELD NOMINALLY
DIRECTORS					
R Newman[1]	2,000,000	2,333,333	(400,000)	3,933,333	3,933,333
OTHER KEY MANAGEMENT PERSONNEL					
S Preston	-	516,689	-	516,689	516,689
S Steel	232,510	232,510	-	465,020	465,020
A Watt	833,333	833,333	-	1,666,666	1,666,666

[1] During the year ended 30 June 2019, LRLs relating to 400,000 shares were repaid, releasing the shares from holding lock.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

F. TRANSACTIONS OF KEY MANAGEMENT PERSONNEL (CONT.)

Financial assistance under the Employee Share Option Plan

LRLs advanced to KMP during the year ended 30 June 2019 amounted to $3,227,820 (2018: $1,483,806). Interest on the loans during the period has been accrued at a rate of between 1.50% and 1.70%. The loans are not recognised.

OPTIONS OVER SHARES HELD IN THE COMPANY

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

	BALANCE AT 1 JULY 18	GRANTED AS COMPENSATION	EXERCISED	LAPSED	FOREFEITED	BALANCE AT 30 JUNE 19	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 19
DIRECTORS								
P James	2,500,000	-	1,000,000	-	-	1,500,000	833,334	1,500,000
R Newman	3,933,908	556,009	2,333,333	-	-	2,156,584	-	-
I Morris	1,500,000	-	750,000	-	-	750,000	500,000	750,000
C Rosenberg	500,000	-	500,000	-	-	-	-	-
OTHER KEY MANAGEMENT PERSONNEL								
T Agresta	342,112	624,534	100,000	-	-	866,646	50,000	50,000
T Celinski	1,000,000	377,324	333,000	-	-	1,044,324	-	-
S Preston	1,313,828	346,774	516,689	-	-	1,143,913	-	-
P Quigley	3,639,507	493,856	850,000	-	-	3,283,363	743,750	1,306,250
H Sanchez	-	660,949	-	-	-	660,949	-	-
S Steel	887,076	250,032	232,510	-	-	904,598	-	-
A Watt	2,223,420	346,774	833,333	-	-	1,736,861	-	-
L Rankin	2,533,644	-	1,305,562	-	1,228,082	-	-	-

F. TRANSACTIONS OF KEY MANAGEMENT PERSONNEL (CONT.)

MODIFICATION OF TERMS OF SHARE BASED PAYMENT TRANSACTIONS

AASB2 Share-based Payments requires that the grant of LRLs for the settlement of share options shall be considered as a modification to the valuation of the options.

The standard also requires that any increase in the fair value of the modified option to be recognised in the Consolidated Statement of Comprehensive Income. During the year ended 30 June 2019, the following share-based payment transactions were modified as a result of an LRL:

	ORIGINAL VALUATION INPUTS					
	GRANT DATE	NUMBER OF OPTIONS GRANTED	EXERCISE PRICE AT GRANT DATE	VESTING DATE	EXPIRY DATE	ORIGINAL FAIR VALUE
DIRECTORS						
R Newman	Nov 16	666,666	$1.06	Nov 17	Nov 20	$473,333
R Newman	Nov 16	666,667	$1.06	Nov 18	Nov 20	$1,035,000
R Newman	Nov 15	1,000,000	$0.56	Nov 18	Nov 19	$356,667
OTHER KEY MANAGEMENT PERSONNEL						
S Preston	Mar 17	258,345	$0.64	Mar 18	Mar 21	$291,929
S Preston	Mar 17	258,345	$0.64	Mar 19	Mar 21	$754,367
S Steel	Mar 17	232,510	$0.64	Mar 19	Mar 21	$467,345
A Watt	Dec 16	833,333	$0.93	Dec 18	Dec 20	$1,391,666

	VALUATION INPUTS								
	DATE OF MODIFICATION	VALUE PER SHARE/OPTION AT MODIFICATION DATE	EXPECTED LOAN LIFE (YEARS)	MODIFIED EXERCISE PRICE	LOAN INTEREST RATE	RISK FREE INTEREST RATE	EXPECTED VOLATILITY	MODIFIED FAIR VALUE	INCREMENTAL VALUE
DIRECTORS									
R Newman	Sep 18	$1.77	2	$1.10	1.70%	2.14%	54.05%	$577,955	$104,622
R Newman	Dec 18	$1.60	2	$1.10	1.70%	2.02%	51.14%	$1,059,868	$24,868
R Newman	Dec 18	$1.60	2	$0.58	1.70%	2.02%	51.14%	$467,620	$110,953
OTHER KEY MANAGEMENT PERSONNEL									
S Preston	Sep 18	$1.77	2	$0.66	1.70%	2.14%	54.05%	$301,711	$9,782
S Preston	Apr 19	$3.56	2	$0.66	1.70%	1.35%	50.41%	$754,008	($359)
S Steel	Mar 19	$2.65	2	$0.66	1.70%	1.43%	51.57%	$468,702	$1,357
A Watt	Feb 19	$2.60	2	$0.96	1.70%	1.67%	52.23%	$1,425,686	$34,020

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

G. ADDITIONAL INFORMATION

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

H. SHARES UNDER OPTION

All unissued ordinary shares of the Company under option (relating to key management personnel and other personnel) as at 30 June 2019:

DATE OPTIONS GRANTED	EXPIRY DATE	EXERCISE PRICE OF OPTIONS	NUMBER UNDER OPTION
30-Nov-15	30-Nov-19	$0.56	300,000
30-Nov-15	30-Nov-20	$0.40	152,000
1-Feb-16	31-Jan-21	$0.39	650,000
1-Feb-16	30-Nov-21	$0.39	1,500,000
18-Mar-16	18-Mar-20	$0.40	750,000
18-Mar-16	18-Mar-20	$0.55	1,500,000
20-Jul-16	28-Jun-21	$0.41	100,000
2-Dec-16	2-Dec-20	$1.06	666,667
14-Dec-16	12-Dec-20	$0.93	833,334
30-Jun-17	20-Mar-21	$0.64	490,856
16-Nov-17	16-Nov-21	$0.71	4,032,036
7-Feb-18	16-Nov-21	$0.71	106,196
16-Feb-18	16-Feb-22	$0.82	667,000
25-Jul-18	9-Jul-22	$1.12	300,000
12-Oct-18	8-Oct-22	$1.65	360,000
4-Dec-18	15-Nov-22	$1.60	3,679,095
14-Jan-19	2-Jan-23	$1.53	250,000
			16,337,184

This is the end of the audited remuneration report.

nearmap

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 75 and forms part of the Directors' Report for the financial year ended 30 June 2019.

Signed in accordance with a resolution of the Directors.

On behalf of the Board

DR R NEWMAN

Managing Director and Chief Executive Officer

20 August 2019

Captured: 26/03/19
Chicago IL USA

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

To the Directors of Nearmap Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Nearmap Limited for the financial year ended 30 June 2019 there have been:

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

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

KPMG	Caoimhe Toouli
KPMG	Caoimhe Toouli
	Partner
	Sydney
	20 August 2019

Our approach to artificial intelligence goes far beyond a model. We have built an entire integrated AI system specifically to harness the breathtaking depth, scale and consistency over time of Nearmap data - a petabyte-scale image dataset from which Nearmap AI extracts insights to help businesses make informed decisions. Here is New York City and what's possible with automated insights into property-level attributes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	NOTES	CONSOLIDATED 2019 $'000	2018 $'000
Revenue	3	77,642	53,553
Other income	3	1,733	587
TOTAL REVENUE AND OTHER INCOME		**79,375**	**54,140**
Employee benefits expense	4	(36,843)	(31,005)
Amortisation and depreciation	4	(26,659)	(13,257)
Net foreign exchange differences		(191)	(189)
Other operational expenses	4	(25,519)	(17,916)
TOTAL EXPENSES		**(89,212)**	**(62,367)**
LOSS BEFORE TAX		**(9,837)**	**(8,227)**
Income tax expense	6	(5,097)	(2,802)
LOSS AFTER TAX		**(14,934)**	**(11,029)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		194	(285)
Fair value (loss)/gain on cash flow hedges		(26)	334
Income tax associated with these items		8	(100)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO MEMBERS OF THE COMPANY		**(14,758)**	**(11,080)**
LOSS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic loss per share (cents per share)	14	(3.43)	(2.84)
Diluted loss per share (cents per share)	14	(3.43)	(2.84)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTES	CONSOLIDATED 2019 $'000	2018 $'000
CURRENT ASSETS			
Cash and cash equivalents	13	75,914	17,530
Trade receivables	9	14,535	10,116
Other current receivables		3,078	1,386
Other current assets		2,663	2,506
TOTAL CURRENT ASSETS		**96,190**	**31,538**
NON-CURRENT ASSETS			
Plant and equipment	12	16,782	11,983
Intangible assets	11	42,132	36,299
Deferred tax assets	6	3,086	2,667
TOTAL NON-CURRENT ASSETS		**62,000**	**50,949**
TOTAL ASSETS		**158,190**	**82,487**
CURRENT LIABILITIES			
Trade and other payables		3,777	1,525
Unearned revenue		42,034	33,911
Employee benefits		5,701	5,116
Other current liabilities		5,446	2,711
Current tax liabilities		2,107	337
TOTAL CURRENT LIABILITIES		**59,065**	**43,600**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	6	10,190	8,554
Employee benefits		280	163
Other non-current liabilities		1,002	1,176
TOTAL NON-CURRENT LIABILITIES		**11,472**	**9,893**
TOTAL LIABILITIES		**70,537**	**53,493**
NET ASSETS		**87,653**	**28,994**
EQUITY			
Contributed equity	8	124,617	52,995
Reserves		14,843	12,983
Profits reserve		7,078	7,078
Accumulated losses		(58,885)	(44,062)
TOTAL EQUITY		**87,653**	**28,994**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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

	NOTES	CONTRIBUTED EQUITY $'000	ACCUMULATED LOSSES $'000	PROFITS RESERVE $'000	SHARE BASED PAYMENTS RESERVE $'000	OTHER RESERVES $'000	TOTAL EQUITY $'000
CONSOLIDATED AT 30 JUNE 2018		**52,995**	**(44,062)**	**7,078**	**13,369**	**(386)**	**28,994**
Adjustment on initial application of AASB15		-	111	-	-	-	111
CONSOLIDATED AT 1 JULY 2018		**52,995**	**(43,951)**	**7,078**	**13,369**	**(386)**	**29,105**
Loss for the year		-	(14,934)	-	-	-	(14,934)
Other comprehensive income:							
Fair value gain/loss on cash flow hedges		-	-	-	-	(18)	(18)
Exchange differences on translation of foreign operations		-	-	-	-	194	194
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**(14,934)**	**-**	**-**	**176**	**(14,758)**
Transactions with owners of the Company:							
Share issue	8	68,228	-	-	-	-	68,228
Share options exercised	8	3,210	-	-	-	-	3,210
Repayment of limited recourse loans	8	381	-	-	-	-	381
Share-based payment transactions		-	-	-	1,684	-	1,684
Treasury shares acquired	8	(197)	-	-	-	-	(197)
AT 30 JUNE 2019		**124,617**	**(58,885)**	**7,078**	**15,053**	**(210)**	**87,653**

	NOTES	CONTRIBUTED EQUITY $'000	ACCUMULATED LOSSES $'000	PROFITS RESERVE $'000	SHARE BASED PAYMENTS RESERVE $'000	OTHER RESERVES $'000	TOTAL EQUITY $'000
CONSOLIDATED AT 1 JULY 2017		**51,446**	**(33,033)**	**7,078**	**12,002**	**(335)**	**37,158**
Loss for the year		-	(11,029)	-	-	-	(11,029)
Other comprehensive income:							
Changes in fair value of cash flow hedges		-	-	-	-	234	234
Exchange differences on translation of foreign operations		-	-	-	-	(285)	(285)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**(11,029)**	**-**	**-**	**(51)**	**(11,080)**
Transactions with owners of the Company:							
Share options exercised	8	1,549	-	-	-	-	1,549
Share-based payment transactions		-	-	-	1,367	-	1,367
AT 30 JUNE 2018		**52,995**	**(44,062)**	**7,078**	**13,369**	**(386)**	**28,994**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF OF CASH FLOWS
AS AT 30 JUNE 2019

	NOTES	CONSOLIDATED 2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		86,866	64,201
Payments to suppliers and employees[1]		(62,517)	(50,494)
Interest received		1,404	374
Other receipts		21	82
Income taxes paid		(875)	(428)
NET CASH FROM OPERATING ACTIVITIES	13	**24,899**	**13,735**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(8,238)	(4,121)
Payments for development costs		(8,926)	(5,670)
Payments for capture costs[1]		(20,133)	(16,467)
Proceeds from sale of plant and equipment		14	291
Proceeds from sale of unlisted investments		150	-
NET CASH USED IN INVESTING ACTIVITIES		**(37,133)**	**(25,967)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share offer		67,146	-
Proceeds from exercise of share options		3,210	1,549
Proceeds from exercise of loans share options		381	-
Payment of treasury shares		(197)	-
NET CASH FROM FINANCING ACTIVITIES		**70,540**	**1,549**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**58,306**	**(10,683)**
Cash and cash equivalents at beginning of year		17,530	28,338
Effect of movement in exchange rates on cash held		78	(125)
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	**75,914**	**17,530**

[1] Capture costs in Australia/New Zealand and the US/Canada of $3,877k and $16,256k respectively (2018: $3,001k and $13,466k) were previously included within Net Cash from Operating Activities and have been reclassified to Net Cash from Investing Activities to better reflect the nature of the related asset which is capitalised.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Captured: 02/03/2019
Vancouver Canada

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

A. BASIS OF PREPARATION	B. KEY FINANCIAL RESULTS	C. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT	D. INVESTING ACTIVITIES	E. OTHER
1. Reporting entity	3. Segment results, revenue and other income	8. Capital and reserves	11. Intangibles	14. Earnings per share
2. Summary of significant accounting policies	4. Expenses	9. Financial instruments – fair value and risk management	12. Plant and equipment	15. Expenditure commitments
	5. Share based payment plan	10. Dividends paid on ordinary shares	13. Cash flow reconciliation	16. Parent entity information
	6. Income tax			17. Group entities
	7. Lease incentive			18. Auditor's remuneration
				19. Related parties
				20. Contingent liabilities
				21. Subsequent events

A. BASIS OF PREPARATION

IN THIS SECTION

This section sets out the basis upon which the Group's financial statements are prepared as a whole. Specific accounting policies are described in their respective notes to the financial statements. This section also shows information on new accounting standards, amendments and interpretations, and whether they are effective in 2019 or later years. We explain how these changes are expected to impact the financial position and performance of the Group.

The financial report has been prepared on a going concern basis based on the Group's cash flows for the current year and estimated profits and cash flows for future years.

1. REPORTING ENTITY

Nearmap Ltd (the "Company") is a company domiciled in Australia. These consolidated financial statements for the year ended 30 June 2019 comprise the Company and its subsidiaries (together referred to as the "Group"). The principal activity of the Group during the course of the financial year was online aerial photomapping via its 100% owned subsidiaries, Nearmap Australia Pty Ltd, Nearmap US, Inc. and Nearmap Remote Sensing US, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of derivative financial instruments and share based payments. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise noted.

A. BASIS OF PREPARATION (CONT.)

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

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

The consolidated financial statements for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Directors on 20 August 2019.

Going concern

The consolidated financial statements have been prepared on a going concern basis which assumes that 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 analysis of the Group's ability to meet its future cashflow requirements using its projected cash flows from operations and existing cash reserves held at the balance sheet date.

Basis of consolidation

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

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

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

When the Company ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Significant accounting judgments, estimates and assumptions

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

The significant judgements made by the Company 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 2018.

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

- Note 5: Share based payments
- Note 6: Income tax
- Note 11: Intangibles

Foreign currencies

(i) Foreign currency transactions

Both the functional and presentation currency of the Company and its Australian subsidiaries is Australian dollars (A$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges (to the extent that the hedges are effective) and foreign currency differences arising from monetary items that in substance form part of the net investment in the foreign operations are recognised in other reserves in Other Comprehensive Income (OCI).

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Australian dollars at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and presented in the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

A. BASIS OF PREPARATION (CONT.)

Foreign Currency Translation Reserve (FCTR) included in Other Reserves in Equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to the Income Statement as part of the profit or loss on disposal.

Changes in accounting policies and new standards and interpretations not yet adopted

AASB 16 Leases

The new standard replaces AASB 117 Leases and is mandatory for the Group's 30 June 2020 financial statements. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all assets with a term of more than 12 months, unless the underlying asset is of low value. Under the standard, a right of use asset is recognised, representing the lessee's right to use the underlying leased asset. A corresponding liability is recognised, representing the obligation to make lease payments.

Under the new standard, Nearmap recognises building leases as a right of use asset and lease liability. At lease inception, the lease liability is measured at the present value of the remaining lease payments, discounted at Nearmap's incremental borrowing rate. The unwind of the discount applied on recognition of a lease liability is recognised as interest expense in the Income Statement using the effective interest method.

Right of use assets are measured at inception comprising the following:

- The amount of initial measurement of lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received; and
- Any initial direct costs and restoration costs.

The Group expects to transition to the new standard adopting a modified retrospective approach and therefore comparative information will not be re-stated.

As at the end of the reporting period, the Group had non-cancellable, undiscounted operating lease commitments of $8,306k (2018: $10,648k) as disclosed in Note 15.

Based on the Group's assessment, as at 1 July 2019, there will be a material increase in lease assets and lease liabilities recognised in the statement of financial position. Amounts are approximated as:

- Recognition of new lease liabilities of $6.2 million to $6.5 million; and
- Recognition of Right of Use (ROU) assets of $5.8 million to $6.3 million.

The difference will be adjusted against opening Retained Earnings resulting in a reduction in Equity of $0.2m to $0.6m.

The adoption of AASB 16 is also expected to result in a reclassification in the Statement of Cash Flows as operating cash outflows will be lower and financing cash outflows will be higher as principal repayments on all lease liabilities will be included in financing activities rather than operating activities.

Amendments to the accounting standards and new interpretations that are mandatorily effective for the current reporting period

AASB 9 Financial Instruments

AASB 9 'Financial Instruments' replaces AASB 139 'Financial Instruments: Recognition and Measurement'. The new standard includes three areas of change:

1. Classification and measurement of financial instruments
2. A single forward looking 'expected loss' impairment model
3. A new approach to hedge accounting

Classification and measurement

AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities. However, it eliminates the previous AASB 139 categories for financial assets of held to maturity, loans and receivables, and available for sale. Under AASB 9, on initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income – debt investment, fair value through other comprehensive income – equity investment, or fair value through profit or loss. Nearmap does not hold any loans, therefore AASB 9 only applies to the measurement of the trade receivables and this will continue to be recognised under the amortised cost model. The adoption of the new categories has no significant impact on the Group's financial statements.

New impairment model

For financial assets, AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. Additional information on the recognition of impairment losses under AASB 9 is included in Note 9. The adoption of the ECL requirements of AASB 9 had no significant impact to the impairment allowances of Nearmap Ltd's trade receivables.

Hedge accounting

The Group applied the changes to hedge accounting under AASB 9 prospectively. At the date of the initial application, all of the Group's existing hedge relationships were eligible to be treated as continuing hedge relationships. Consistent with prior periods, the Group has continued to designate the change in fair value of foreign exchange hedge derivative assets and liabilities in the Group's cash flow hedge relationships. As such, the adoption of the hedge accounting requirements of AASB 9 has no significant impact on the Group's financial statements.

A. BASIS OF PREPARATION (CONT.)

AASB 15 Revenue from Contracts with Customers

AASB 15 'Revenue from Contracts with Customers' establishes a comprehensive framework for the recognition of revenue from contracts with customers based on the principle that an entity should recognise revenue representing the transfer of promised goods or services as an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.

Revenue recognition and measurement

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

The Company determines revenue recognition through the following five steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, performance obligations are satisfied

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

The following specific revenue recognition criteria must also be met before revenue is recognised:

- Revenue from the Company's subscription services is recognised over time on a rateable basis over the contract term beginning on the date that the Company's service is made available to the customer. Subscription periods are typically annual or multi-year in duration, are billed in advance and are non-refundable.

  Revenue from the Company's subscription services represents a single promise to provide continuous access to its digital aerial imagery. As each day of providing access to the software is substantially the same and the customer simultaneously receives and consumes the benefit as access is provided, the Company has determined that its subscriptions services arrangement include a single performance obligation comprised of a series of distinct services.

  The majority of the Group's customers access images online through an annual subscription. Revenue recognition for these products remained unchanged as a result of the adoption by the Group of AASB 15. AASB 15 principally affects the timing of revenue recognition for the Group's multi-year payment ramp contracts. Prior to the adoption of AASB 15, the revenue for these contracts mirrored the billing cycle and was recognised over the duration of the contract. Applying AASB 15, revenue continues to be recognised over time and is calculated as the total contract value amortised over the contract period.
- On-demand revenue: is recognised in accordance to when the performance obligation of the delivery of the predetermined content to the customer is met. Control of the product is when access to the content is given and continues until subscription end date/delete or destroy date specified in the contract.
- Royalty income: is earned through third parties who sell Nearmap imagery on behalf of the Group. It is recognised when the performance obligation to which the royalty relates has been satisfied.
- Grant income: is the New South Wales payroll grant of $21k received from Office of State Revenue. It is recognised when incremental headcounts are hired for new jobs created.
- Interest income: is recognised as interest accrues using the effective interest method.
- Unearned revenue: prepaid amounts received from customers in advance are deferred to the relevant future subscription agreement periods. Unearned revenue comprises aerial imagery subscription license service fees charged, the revenue for which is primarily recognised in the profit or loss over the subscription period. Unearned revenue at 30 June 2019 was $42,034k (30 June 2018: $33,911k).

Impact of adoption

The Group has adopted AASB 15 effective 1 July 2018 using the modified retrospective approach. Using this approach, on initial application, the Group has recognised an adjustment to opening retained earnings. Accordingly, the information presented for the year ended 30 June 2018 has not been restated and has been presented as previously reported under AASB 118 and related interpretations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

A. BASIS OF PREPARATION (CONT.)

The following table summarises the impact of transition to AASB 15 on unearned income and accumulated losses as at 1 July 2018:

	AS REPORTED 30 JUNE 2018 $'000	AASB 15 TRANSITION ADJUSTMENTS $'000	ADJUSTED OPENING BALANCE 1 JULY 2018 $'000
Unearned income	33,911	(111)	33,800
TOTAL LIABILITIES IMPACT	**33,911**	**(111)**	**33,800**
Accumulated losses	(44,062)	111	(43,951)
TOTAL EQUITY IMPACT	**(44,062)**	**111**	**(43,951)**

The adoption of AASB15 did not affect the Company's reported total amounts of cash flows from operating, investing or financial activities in its consolidated statement of cash flows.

Disaggregation of revenue

The Company disaggregates revenue from contracts with customers by geography and by industry grouping, as it believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company's revenue by geography (based on customer billing address) and industry is as follows:

	2019 $'000	2018 $'000
TYPES OF REVENUE AND OTHER INCOME		
Subscription revenue	76,991	53,412
On-demand revenue	134	38
Royalty income	517	103
	77,642	**53,553**
Interest income	1,553	369
Gain on sale of unlisted investments	150	-
Grant income	21	82
Gain on disposal of assets	9	136
TOTAL REVENUE AND OTHER INCOME	**79,375**	**54,140**
PRIMARY GEOGRAPHICAL MARKETS		
ANZ	53,173	42,955
North America	24,469	10,598
Unallocated	1,733	587
TOTAL REVENUE AND OTHER INCOME	**79,375**	**54,140**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

A. BASIS OF PREPARATION (CONT.)

	2019 $'000	2018 $'000
SUBSCRIPTION REVENUE BY INDUSTRY		
Architecture, Construction & Engineering	20,536	17,065
Commercial/Other	17,517	9,852
Government	11,158	8,052
Utilities	9,913	7,703
Insurance & Property	10,934	5,491
Solar	6,933	5,250
TOTAL SUBSCRIPTION REVENUE	**76,991**	**53,412**

Contract balances

Contract assets

Contract assets primarily relate to unbilled amounts typically resulting from sales contracts where revenue recognised exceeds the amount billed to the customer, and the right to payment is not just subject to the passage of time. The contract asset is transferred to trade receivable when the right becomes unconditional. The Company has $1,489k contract assets as at 30 June 2019 which are recognised within trade receivable.

Contract liabilities (unearned revenue)

Unearned revenue primarily consists of billings and payments received in advance of revenue recognition. The Company primarily bills and collects payments form customers for services in advance on an annual basis. The Company initially records subscriptions fees as unearned revenue and then recognises revenue as performance obligations are satisfied over the subscription period.

Typically, subscriptions automatically renew at the end of the subscription period unless the customer specifically terminates it prior to the end of the period.

Significant changes in contract balances for the year ending 30 June 2019 are as follows:

	TOTAL $'000
Balance as at 1 July 2018	33,911
Invoices issued during the year	85,654
Decrease due to revenue recognised in the period	(77,531)
BALANCE AS AT 30 JUNE 2019	**42,034**

Backlog revenue

Total backlog consists of unearned revenue and unbilled backlog. Unbilled backlog is an operational measure representing future unearned revenue amounts believed to be firm that are to be invoiced under existing multi-year agreements and are not included in the unearned revenue on the consolidated balance sheet.

As of 30 June 2019, total backlog was $86,015k. Of this total backlog, 75% is expected to be recognised as revenue in the 12 months following 30 June 2019, with the balance to be recognised thereafter.

Total backlog is expected to fluctuate due to a number of factors including the timing, duration and size of customer contracts, the product mix offerings and foreign exchange rate fluctuations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

B. KEY FINANCIAL RESULTS

IN THIS SECTION

This section explains the results and performance of the Company and provides additional information about those individual line items in the financial statements that the Directors consider most relevant in the context of the operations of the entity, including:

a) Accounting policies that are relevant for understanding the items recognised in the financial statements.

b) Analysis of the Group's result for the year by reference to key areas, including: segment results and revenue, operational expenses, personnel costs including share-based payments and income tax.

3. SEGMENT RESULTS, REVENUE AND OTHER INCOME

This note provides results by operating segment for the year ended 30 June 2019. Operating segments are reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been identified as the Nearmap Executive Team which ultimately makes strategic decisions. This note also provides additional information on revenue, including types of revenue and the respective recognition criteria.

(i) Segment reporting

An overview of the operating segments is provided below:

SEGMENT	INFORMATION
ANZ	Responsible for all sales and marketing efforts in Australia and New Zealand (2018: Australia)
North America (NA)	Responsible for all sales and marketing efforts in the United States and Canada (2018: United States)

Costs of revenue are all costs directly attributable to the ongoing delivery of the subscription product, including amortisation of capitalised capture costs.

Sales and marketing costs include direct in-country costs.

A portion of general and administration costs, representing general operating expenses, remain unallocated in determining the segment contribution presented to the Chief Operating Decision Maker.

B. KEY FINANCIAL RESULTS (CONT.)

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

YEAR ENDED 30 JUNE 2019	ANZ $'000	NA $'000	UNALLOCATED $'000	TOTAL $'000
Revenue	53,173	24,469	-	77,642
TOTAL REVENUE	**53,173**	**24,469**	**-**	**77,642**
Capture cost amortisation	(3,860)	(14,146)	-	(18,006)
Storage, administration & other	(1,039)	(3,158)	-	(4,197)
TOTAL COST OF REVENUE	**(4,899)**	**(17,304)**	**-**	**(22,203)**
GROSS PROFIT	**48,274**	**7,165**	**-**	**55,439**
GROSS MARGIN %	**91%**	**29%**		**71%**
Direct sales & marketing	(8,531)	(13,009)	-	(21,540)
Indirect sales & marketing	(2,864)	(3,970)	-	(6,834)
TOTAL SALES & MARKETING	**(11,395)**	**(16,979)**		**(28,374)**
General & administration	(8,786)	(8,552)	(12,429)	(29,767)
Overhead depreciation	(224)	(468)	(98)	(790)
Other income	-	-	1,733	1,733
Interest expense	-	-	(24)	(24)
TOTAL GENERAL & ADMINISTRATION	**(9,010)**	**(9,020)**	**(10,818)**	**(28,848)**
SEGMENT CONTRIBUTION	**27,869**	**(18,834)**	**(10,818)**	**(1,783)**
Amortisation & depreciation of unallocated assets				(7,863)
FX gain/(loss)				(191)
Income tax expense				(5,097)
PROFIT/(LOSS) AFTER TAX				**(14,934)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

B. KEY FINANCIAL RESULTS (CONT.)

YEAR ENDED 30 JUNE 2018	ANZ $'000	NA $'000	UNALLOCATED $'000	TOTAL $'000
Revenue	42,955	10,598	-	53,553
TOTAL REVENUE	**42,955**	**10,598**	**-**	**53,553**
Capture cost amortisation	(1,668)	(4,773)	-	(6,441)
Storage, administration & other	(995)	(2,964)	-	(3,959)
TOTAL COST OF REVENUE	**(2,663)**	**(7,737)**	**-**	**(10,400)**
GROSS PROFIT	**40,292**	**2,861**	**-**	**43,153**
GROSS MARGIN %	**94%**	**27%**		**81%**
Direct sales & marketing	(7,471)	(8,986)	-	(16,457)
Indirect sales & marketing	(2,726)	(4,002)	-	(6,728)
TOTAL SALES & MARKETING	**(10,197)**	**(12,988)**	**-**	**(23,185)**
General & administration	(6,924)	(6,653)	(8,194)	(21,771)
Overhead depreciation	(229)	(415)	(29)	(673)
Other income	-	-	587	587
Interest expense	-	-	(6)	(6)
TOTAL GENERAL & ADMINISTRATION	**(7,153)**	**(7,068)**	**(7,642)**	**(21,863)**
SEGMENT CONTRIBUTION	**22,942**	**(17,195)**	**(7,642)**	**(1,895)**
Amortisation & depreciation of unallocated assets				(6,143)
FX gain/(loss)				(189)
Income tax expense				(2,802)
PROFIT/(LOSS) AFTER TAX				**(11,029)**

Accounting policies relating to revenue are referred to in Note 2A.

(ii) Total revenue and other income

	CONSOLIDATED	
	2019 $'000	2018 $'000
Subscription revenue	76,991	53,412
On-demand revenue	134	38
Royalty income	517	103
REVENUE	**77,642**	**53,553**
Interest income	1,553	369
Gain on sale of unlisted investments	150	-
Gain on disposal of assets	9	136
Grant income	21	82
OTHER INCOME	**1,733**	**587**
TOTAL REVENUE AND OTHER INCOME	**79,375**	**54,140**

B. KEY FINANCIAL RESULTS (CONT.)

4. EXPENSES

(i) Employee benefits expense

	CONSOLIDATED 2019 $'000	2018 $'000
Salaries, wages and other employee expense	33,286	27,982
Share based payment expense	1,684	1,367
Defined contribution plan expense	1,873	1,656
TOTAL EMPLOYEE BENEFITS EXPENSE	**36,843**	**31,005**

(ii) Amortisation and depreciation expenses

	CONSOLIDATED 2019 $'000	2018 $'000
AMORTISATION AND DEPRECIATION		
Development costs	5,010	3,841
Capture costs	10,026	6,441
Capture costs – accelerated amortisation	7,980	-
Plant and Equipment	3,432	2,595
Other	211	380
TOTAL AMORTISATION AND DEPRECIATION	**26,659**	**13,257**

During the year, the Group reviewed the appropriateness of the amortisation period and methodology for capture costs and determined that the period be reduced from 5 years to 2 years, reflecting growing demand for more recent imagery. Amortisation of the intangible capture asset was accelerated from January 2019 with an additional $7,980k booked through the Income Statement in the period to 30 June 2019. No change was made to the straight-line amortisation method.

Development costs are amortised on a straight-line basis over 5 years (2018: 5 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

B. KEY FINANCIAL RESULTS (CONT.)

(iii) Other operational expenses

	CONSOLIDATED 2019 $'000	2018 $'000
Servicing and storage costs	4,547	4,082
Operating lease expenses	2,208	1,662
Travel and office costs	4,906	3,179
Audit, consulting and legal fees	3,117	1,482
Insurance costs	680	426
Marketing costs	5,255	3,312
Subscription costs	3,095	1,995
All other operating expenses	1,711	1,778
TOTAL OTHER OPERATIONAL EXPENSES	**25,519**	**17,916**

5. SHARE BASED PAYMENT PLAN

An Employee Share Option Plan has been established whereby Directors and certain employees of the consolidated entity 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, 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 for 4 years either:

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

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

Nearmap's Employee Share Option Plan 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 this time.

The Company introduced an Employee Matching Share Rights Plan during the year. 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.

KEY ESTIMATES AND JUDGMENTS

The Group estimates the fair value of equity-settled transactions (share options and LRLs) at the date at which they are granted. The TSR performance condition is incorporated into the fair value of options granted using the Monte Carlo option pricing model. The fair value of all other options granted is determined using the Black-Scholes option pricing model. The fair values include assumptions in the following areas: risk free rate, volatility, estimated service periods and expected achievement of TSR performance hurdles. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily reflect the actual outcome. No other features of options granted were incorporated into the measurement of fair value. There are no voting or dividend rights attached to the options.

B. KEY FINANCIAL RESULTS (CONT.)

ACCOUNTING POLICY - RECOGNITION AND MEASUREMENT OF SHARE-BASED PAYMENTS

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions') if applicable.

The fair value of equity-settled transactions is recognised, together with the corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting period').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

The profit or loss charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The granting of the limited recourse loan is considered to be a modification to the existing option. Any increase in the fair value of the option is recognised as an expense immediately at the date the limited recourse loan is granted. The LRLs are not recognised in the accounts.

Movement in shares options and LRL - share based payments

	2019	2018
Number of options outstanding at the beginning of the year	23,668,600	34,300,921
Options lapsed	(1,409,750)	(9,904,167)
Options exercised – loans granted	(4,615,867)	(3,295,841)
Options exercised – cash payments	(5,894,894)	(3,037,499)
Options granted	4,589,095	5,605,186
TOTAL NUMBER OF OPTIONS OUTSTANDING AT THE END OF THE YEAR	**16,337,184**	**23,668,600**

B. KEY FINANCIAL RESULTS (CONT.)

Reconciliation of options issued under Employee Share Option Plan

	BALANCE AT 1 JULY 2018	GRANTED	LAPSED/ FORFEITED	EXERCISED	BALANCE AT 30 JUNE 2019	VESTED & EXERCISABLE
30 JUNE 2019						
Total number of options	23,668,600	4,589,095	(1,409,750)	(10,510,761)	16,337,184	4,033,250
Weighted average price $	0.66	1.35	0.68	0.68	0.84	0.46
30 JUNE 2018						
Total number of options	34,300,921	5,605,186	(9,904,167)	(6,333,340)	23,668,600	8,107,647
Weighted average price $	0.68	0.73	0.78	0.67	0.66	0.60

As at 30 June 2019, there were 16,337,184 options outstanding at exercise prices ranging from $0.39 to $1.65 and a weighted average remaining contractual life of 2.26 years.

Expenses arising from share-based payment transactions during the year was $1,684,000 which includes $86k relating to the Employee share scheme (2018: $1,367,000).

The following table lists the options and LRLs granted and the inputs to the model used to measure their fair value for the years ended 30 June 2019 and 30 June 2018 to KMP:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE $	NUMBER OF OPTIONS GRANTED	FAIR VALUE AT GRANT DATE $	EXPECTED PRICE VOLATILTY %	EXPECTED DIVIDEND YIELD %	RISK FREE INTEREST RATE %	EXPECTED LIFE (YEARS)
30 JUNE 2018								
16 Nov 17[1]	16 Nov 21	0.71	3,557,970	0.2490	57	-	2.0	3.5
16 Feb 18	16 Feb 22	0.82	1,000,000	0.4110	53	-	2.2	3.5
30 JUNE 2019								
25 Jul 18	9 Jul 22	1.12	300,000	0.4001	46	-	2.2	3.5
8 Oct 18	8 Oct 22	1.65	360,000	0.5651	48	-	2.2	3.5
4 Dec 18[1]	15 Nov 22	1.60	2,996,252	0.4910	57	-	2.2	3.5

[1] The fair value of options granted on 16 November 2017 and 4 December 2018 have been determined using the Monte Carlo option pricing model as they contain TSR (Total Shareholder Return) performance hurdles. All other options granted have been determined using the using the Black-Scholes option pricing model.

The grant of limited recourse loans for the settlement of share options is considered as a modification to the valuation of the options. Any increase in the fair value of the modified option is recognised as expensed in the Consolidated Statement of Comprehensive Income. During the year ended 30 June 2019, the issue of limited recourse loans resulted in an incremental expense of $285k relating to KMPs and $50k for other employees.

B. KEY FINANCIAL RESULTS (CONT.)

6. INCOME TAX

KEY ESTIMATES AND JUDGMENTS

Deferred tax

Pursuant to AASB 112 *Income Taxes*, the Company has assessed its best estimate of the probability that future taxable profits will be available against which the Group can utilise its unused tax losses and deductible temporary differences in future periods.

ACCOUNTING POLICY - RECOGNITION AND MEASUREMENT OF INCOME TAX

Research and Development tax incentive

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

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are not offset where they do not relate to an entity in the same tax jurisdiction.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit and loss.

Tax consolidation

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

B. KEY FINANCIAL RESULTS (CONT.)

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
INCOME TAX EXPENSE		
Current tax expense	(2,646)	(441)
Deferred tax expense	(2,451)	(2,361)
	(5,097)	**(2,802)**
NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE		
Loss before income tax	(9,837)	(8,227)
Tax at the Australian tax rate of 30% (2018: 30%)	2,951	2,468
Tax effect of amounts which are not deductible in calculating taxable income:		
R&D grant	181	125
Effect of lower tax rate in the US	(2,416)	(384)
Effect of tax rate change in the US	-	(1,004)
Share based payments expense	(505)	(410)
Entertainment expenses	(88)	(57)
Recognition of previously unrecognised deductible temporary differences	743	1,163
Current year losses for which no deferred tax asset is recognised	(5,819)	(5,439)
(Under)/over provision in the prior year	(144)	736
	(5,097)	**(2,802)**

The Group has an unrecognised deferred tax asset of $18,288k in respect of US tax losses as at 30 June 2019.

B. KEY FINANCIAL RESULTS (CONT.)

DEFERRED TAX BALANCES 2019	BALANCE AT 1 JULY 2018 $'000	RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS $'000	RECOGNISED DIRECTLY IN EQUITY $'000	BALANCE AT 30 JUNE 2019 $'000	DEFERRED TAX ASSETS/ (LIABILITIES)[1] $'000	DEFERRED TAX ASSETS/ (LIABILITIES)[2] $'000
R&D credits carry forward	874	(874)	-	-	-	-
Unearned revenue	2,177	391	114	2,682	2,682	-
Provisions and other accruals	1,253	267	26	1,546	379	1,167
Plant and equipment	69	(181)	1	(111)	25	(136)
Intangible assets	(10,348)	(1,740)	-	(12,088)	(1)	(12,087)
Other	11	256	1,081	837	-	837
Derivative instruments	(42)	-	11	(31)	-	(31)
Unrealised Foreign Exchange Loss	119	(58)	-	61	-	61
NET TAX ASSETS/(LIABILITIES)	**(5,887)**	**(2,451)**	**1,235**	**(7,105)**	**3,086**	**(10,190)**

DEFERRED TAX BALANCES 2018	BALANCE AT 1 JULY 2017 $'000	RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS $'000	RECOGNISED DIRECTLY IN EQUITY $'000	BALANCE AT 30 JUNE 2018 $'000	DEFERRED TAX ASSETS/ (LIABILITIES) $'000	DEFERRED TAX ASSETS/ (LIABILITIES) $'000
R&D credits carry forward	674	200	-	874	-	874
Unearned revenue	1,699	390	88	2,177	2,177	-
Provisions and other accruals	636	598	19	1,253	481	772
Plant and equipment	54	14	1	69	14	55
Intangible assets	(6,722)	(3,626)	-	(10,348)	(5)	(10,343)
Other	27	(16)	-	11	-	11
Derivative instruments	58	-	(100)	(42)	-	(42)
Unrealised Foreign Exchange Loss	40	79	-	119	-	119
NET TAX ASSETS/(LIABILITIES)	**(3,534)**	**(2,361)**	**8**	**(5,887)**	**2,667**	**(8,554)**

[1] Net deferred tax asset balance relates to US entities.
[2] Net deferred tax liability balance relates to Australian entities.

B. KEY FINANCIAL RESULTS (CONT.)

7. LEASE INCENTIVE

Included within the Statement of Financial Position are the following balances relating to lease incentives:

	CONSOLIDATED 2019 $'000	2018 $'000
OTHER CURRENT ASSETS		
Lease incentive asset	-	449
OTHER CURRENT LIABILITIES		
Lease incentive liability (current)	(231)	(231)
OTHER NON-CURRENT LIABILITIES		
Lease incentive liability (non-current)	(1,002)	(1,176)

The balances represent the operating lease incentive received for the commercial office premises at Barangaroo, NSW. The lease incentive asset related to the remaining rent-free cash incentive to be taken against rent payable. The lease incentive liabilities are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term.

C. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

IN THIS SECTION

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

Capital Risk Management

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

8. CAPITAL AND RESERVES

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Details in relation to share option movements and share incentive schemes are contained in Note 5.

	2019		2018	
	NUMBER OF SHARES	$'000	NUMBER OF SHARES	$'000
MOVEMENT IN SHARES ON ISSUE				
Balance at the beginning of the year	394,019,855	52,995	387,686,515	51,446
Issue of shares during the year, net of tax[1]	43,750,000	68,228	-	-
Shares issued on exercise of share options	5,894,894	3,210	3,037,499	1,549
Shares issued on exercise of share options subject to LRL	4,615,867	-	3,295,841	-
Treasury shares acquired[2]	-	(197)	-	-
Repayment of LRLs[3]	-	381	-	-
BALANCE AT THE END OF THE YEAR	**448,280,616**	**124,617**	**394,019,855**	**52,995**

[1] On 7 September 2018, the Company completed a $70,000k capital raise (before costs), through a fully underwritten institutional placement of 43,750,000 new fully paid ordinary shares at the offer price of $1.60. The Company incurred a total of $2,854k in transaction costs, which included $856k representing the deferred tax impact.
[2] The Company introduced an employee matching share rights plan during the year. The balance of $197k as at 30 June 2019 relates to shares purchased under the plan which have been issued to participants and will convert to ordinary shares at the end of the vesting period. These shares are considered and disclosed as treasury shares.
[3] During the year, total loans of $372k and accruing interest of $9k was repaid to the Company, thereby releasing 613,333 shares previously under holding lock.

Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on the shares held.

The profit reserve comprises profits appropriated by the parent company.

The share-based payment reserve comprises the cumulative expense relating to the fair value of options, rights and equity plans on issue to key management personnel, senior executives and employees of the Group.

Other reserves comprise of the translation reserve and cashflow hedge reserve.

The translation reserve comprises of all foreign currency differences arising from the translation of the financial statements as described in Note 2A. The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in Note 9.

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

9. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

ACCOUNTING POLICY - FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of these instruments is categorised into different levels of the fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period which the transfer has occurred.

ACCOUNTING POLICY – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. These derivative instruments are designated as cash flow hedging instruments. The effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivatives is immediately recognised in profit or loss. The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

The Group's principal financial instruments comprise cash, short-term deposits and derivatives. The Group is primarily exposed to the following risks arising from financial instruments:

- Market risk, particularly in relation to foreign currencies (see 9(b)); and
- Credit risk (see 9(c)).

This note provides information about the Group's exposure to the above risks and its objectives, policies and processes for measuring and managing those risks.

(a) Risk management framework

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

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

(b) Market risk

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

Currency risk

The Group's functional currency is the Australian dollar (AUD) and it is exposed to currency risk on payments denominated in the United States dollar (USD). The Group uses forward exchange contracts to hedge its currency risk, all of which have a maturity of less than six months from the reporting date. The currency risk relating to payments denominated in USD have been fully hedged, with the forward exchange contracts maturing on the same dates that the forecast payments are expected to occur. These contracts are designated as cash flow hedges.

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

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

Exposure to foreign currency risk

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

	CONSOLIDATED 2019 $'000	2018 $'000
Cash and cash equivalents	948	551
Receivables and other assets	3,429	2,418
Payables and other liabilities	2,132	1,942
GROSS EXPOSURE	**6,509**	**4,911**

The following significant exchange rates applied during the year

	AVERAGE RATE		YEAR END SPOT RATE	
	2019	2018	2019	2018
USD	0.7153	0.7753	0.7013	0.7391

Sensitivity analysis

A 10 percent strengthening or weakening of the Australian to US dollar exchange rate would have increased/(decreased) the net assets denominated in foreign currencies by the following amounts:

	CONSOLIDATED 2019 $'000	2018 $'000
+10%	(294)	(126)
-10%	360	154

Interest rate risk

The Group is exposed to changes in interest rates as it relates to the Company's short-term deposits. The Company monitors changes in interest rates regularly to ensure the best possible return on deposits. Changes to interest rates in this context are not considered a significant financial risk. The average interest rate received on deposits during the year was 2.45%.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and forward exchange contracts. The Group trades primarily with recognised, creditworthy third parties.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

ACCOUNTING POLICY – TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 7 – 60 days. The Group has no reliance on any major customers.

In accordance with AASB 9, the Group recognises impairment losses using the Expected Credit Loss (ECL) model. ECL's are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive. The shortfall is discounted at an approximation to the asset's original effective interest rate. Under the ECL model, impairment losses may be measured as either the 12-month ECL, which is the portion of the lifetime ECLs that result from default events that are possible within 12 months after the reporting date, or the lifetime ECL, which is the expected credit loss resulting from all possible default events over the expected life of the financial instrument. The Group has elected to use the lifetime ECL model to calculate the impairment for trade receivables.

A two-year historical default rate is applied to the current period trade receivable balance to calculate any impairment. The carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is recognised in the income statement. When a receivable is uncollectible, it is written off against the provision account for receivables. Subsequent recoveries of amounts previously written off are credited to the income statement.

	CONSOLIDATED 2019 $'000	2018 $'000
Current	12,739	9,989
31 to 60 days overdue	230	128
Over 61 days overdue	183	102
Over 90 days overdue	135	70
Impairment loss	(240)	(173)
AGEING PROFILE OF TRADE RECEIVABLES	**13,046**	**10,116**
Contract Assets[1]	1,489	-
TOTAL TRADE RECEIVABLES	**14,535**	**10,116**

[1] Contract assets primarily relate to unbilled amounts typically resulting from sales contracts when revenue recognised exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time (Refer to section 2A).

Expected credit loss (ECL)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	CONSOLIDATED 2019 $'000	2018 $'000
Balance as at 1 July	173	132
Impairment loss recognised in the income statement	(76)	(97)
Provision used during the year	143	138
BALANCE AS AT 30 JUNE	**240**	**173**

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

Cash and cash equivalents

The Group held cash and cash equivalents with bank and financial institution counterparties which are rated BBB or above based on Standards & Poors ratings.

Derivatives

The forward exchange and options contracts are entered into with bank institutions which are rated BBB or above based on Standards & Poors ratings and are authorised in accordance with our Foreign Exchange Risk Management Policy.

The carrying amount of the Group's financial assets represents maximum credit exposure as follows:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Cash and cash equivalents	75,914	17,530
Total trade receivables	14,536	10,116
Prepayments and other receivables	5,741	3,892

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its cash and funding requirements. The Group continually monitors forecast and actual cash flows and the maturity profiles of assets and liabilities to manage its liquidity risk.

(d) Fair values

The fair values of other financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, at 30 June 2019 and 30 June 2018 detailed below.

	2019 $'000		2018 $'000	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
FINANCIAL ASSETS/(LIABILITIES)				
Forward exchange and option contracts used for hedging[1]	103	103	141	141

[1] The forward exchange and option contracts and options are not quoted in active markets as they are not traded on a recognised exchange. Instead, 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 year-ended 30 June 2019. The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables because their carrying amounts are a reasonable approximation of fair values.

10. DIVIDENDS PAID ON ORDINARY SHARES

No dividends were paid or proposed for the year ending 30 June 2019 (2018: nil).

Franking credits available for the year ending 30 June 2019 was nil (2018: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

D. INVESTING ACTIVITIES

IN THIS SECTION

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

11. INTANGIBLES

KEY ESTIMATES AND JUDGMENTS

Capture costs

Pursuant to AASB 138 *Intangible Assets*, the Company has assessed its best estimate of the probability that the expected future economic benefits attributable to the Group's digital imagery will flow to the entity. As a result, capture costs directly attributable and necessary to create and upload digital imagery online have been recognised as an intangible asset.

During the year, the Group reviewed the appropriateness of the amortisation period and methodology for capture costs and determined that the period be reduced from 5 years to 2 years, effective 1 January 2019, reflecting growing demand for more recent imagery based on customer map tile requests. The change resulted in an accelerated amortisation charge of $7,980,000 in the year ended 30 June 2019. No change was made to the straight-line amortisation method.

Amortisation of capture costs has been included within 'depreciation and amortisation expenses' in the statement of comprehensive income.

Impairment of assets

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

ACCOUNTING POLICY – IMPAIRMENT OF ASSETS

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

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in estimate used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in the asset in prior years. Such reversal is recognised in profit or loss.

KEY ASSUMPTIONS USED FOR IMPAIRMENT TESTING

The Group's CGUs have been identified according to the business segments.

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

The recoverable amount of the ANZ CGU has been determined based on value in use calculations.

D. INVESTING ACTIVITIES (CONT.)

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

Key assumptions used in calculating the recoverable amount under both the FVLCD and VIU approaches relate to the discount rate, medium term and long-term growth rates applied to projected cash flows. The projected cash flows are based on 2019 actual results, 2020 financial budgets approved by management and the Board, and 2021 to 2024 financial projections approved by the Board. Projected cash flows beyond the five-year forecast period are based on management's best estimate of long-range growth rates.

Revenue growth in the North American CGU has been based on historical growth rates achieved by the Australian business during a similar expansion phase and takes into account external information sources of the available target market.

DISCOUNT RATE (ANZ)	The discount rate of 16.9% represents the pre-tax discount rate applied to the cash flow projections, based on a market-determined, risk adjusted, post-tax discount rate of 14.0% (2018:14.0%).
DISCOUNT RATE (NORTH AMERICA)	The discount rate of 24.9% represents the pre-tax discount rate applied to the cash flow projections, based on a market-determined, risk adjusted, post-tax discount rate of 20.0% (2018:20.0%).
TERMINAL GROWTH RATE	The terminal growth rate of 3.0% (2018:3.0%) represents the growth rate applied to extrapolate cash flows beyond the five-year forecast period. The growth rate is based on management's expectations of the CGUs' long-term performance.

The recoverable amount for the ANZ CGU continues to exceed the carrying value.

The recoverable amount of the North American business exceeds its carrying amount by $33,352k. Reasonably possible changes in circumstances may affect significant assumptions and the estimated fair value. Isolated changes in these significant assumptions could result in an impairment charge being recognised. Management have identified that a reasonably possible reduction in the cash received from customers assumption of 6% over the 5-year forecast period would be required for the estimated recoverable amount to be equal to the carrying amount, assuming all other variables remain constant.

Typically changes in any significant assumption related to operating performance would be accompanied by change in another assumption which may have an offsetting impact.

ACCOUNTING POLICY – RECOGNITION AND MEASUREMENT OF INTANGIBLES

Research and development costs

Intangible assets acquired separately are capitalised at cost and those arising from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to intangible assets.

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

Intangible assets are tested for impairment where an indicator of impairment exists. Intangibles under development are tested at the cash-generating unit level for impairment annually or at each reporting period where an indicator of impairment exists.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

D. INVESTING ACTIVITIES (CONT.)

Costs that are directly associated with the development of software are recognised as intangible assets where the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical , financial and other resource to complete the development and to use or sell the software product are available;
- The expenditure attributable to the software during it's development can be reliably measured

Software development costs that meet the above criteria are capitalised. Other development expenditure that does not meet the above criteria and research costs are recognised as an expense as incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period. Software development costs recognised as assets are amortised over their useful lives.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment rises during the reporting period.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the intangible asset, from the date it is available for use.

The estimated useful lives are as follows:

Capitalised capital costs[1]	2 years
Development costs	3-5 years
Patents, domains and trademark costs[2]	Indefinite

[1] Refer to key estimates. The useful life for capture costs was revised to 2 years from 5 years during 2019.
[2] The patents have been granted or are expected to be granted for a minimum of 20 years by the relevant government agency with the option of renewal without significant cost at the end of this period provided that the Group meets certain predetermined targets. Accordingly, the patents have been determined to have finite useful lives.

Impairment testing: Annually as at 30 June for assets not yet available for use and more frequently when an indication of impairment exists.

D. INVESTING ACTIVITIES (CONT.)

GOODWILL

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate the carrying value may be impaired.

All goodwill acquired through business combinations has been allocated to the ANZ CGU. The recoverable amount of the ANZ CGU has been determined based on a value-in-use calculations as described in the key assumptions used for impairment testing.

	GOODWILL $'000	DEVELOPMENT COSTS $'000	CAPTURE COSTS $'000	OTHER $'000	TOTAL $'000
RECONCILIATION OF CARRYING AMOUNT AS AT 30 JUNE 2019					
Balance at the beginning of the year	135	8,029	27,904	231	36,299
Additions	-	8,621	20,133	305	29,059
Amortisation	-	(5,010)	(10,026)	(211)	(15,247)
Accelerated amortisation[1]	-	-	(7,980)	-	(7,980)
FX adjustment	-	2	(1)	-	1
CLOSING BALANCE AT THE END OF THE YEAR	**135**	**11,642**	**30,030**	**325**	**42,132**
AT 30 JUNE 2019					
Cost	135	31,587	60,759	1,955	94,436
Accumulated amortisation	-	(19,945)	(30,729)	(1,630)	(52,304)
CLOSING NET BOOK AMOUNT	**135**	**11,642**	**30,030**	**325**	**42,132**

	GOODWILL $'000	DEVELOPMENT COSTS $'000	CAPTURE COSTS $'000	OTHER $'000	TOTAL $'000
RECONCILIATION OF CARRYING AMOUNT AS AT 30 JUNE 2018					
Balance at the beginning of the year	135	6,219	17,878	592	24,824
Additions	-	5,651	16,467	19	22,137
Amortisation	-	(3,841)	(6,441)	(380)	(10,662)
CLOSING BALANCE AT THE END OF THE YEAR	**135**	**8,029**	**27,904**	**231**	**36,299**
AT 30 JUNE 2018					
Cost	135	22,961	40,627	1,650	65,373
Accumulated amortisation	-	(14,932)	(12,723)	(1,419)	(29,074)
CLOSING NET BOOK AMOUNT	**135**	**8,029**	**27,904**	**231**	**36,299**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

D. INVESTING ACTIVITIES (CONT.)

12. PLANT AND EQUIPMENT

ACCOUNTING POLICY – PLANT AND EQUIPMENT

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated over the estimated useful life of the assets, which is between 2 and 10 years, on a straight-line basis.

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year end and adjusted if appropriate.

Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to be obtained from its use.

Gains or losses arising from the derecognition of an asset (calculated as the difference between the proceeds received and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

	OFFICE EQUIPMENT & FURNITURE $'000	CAMERA SYSTEMS $'000	TOTAL $'000
RECONCILIATION OF CARRYING AMOUNT AS AT 30 JUNE 2019			
Balance at the beginning of the year	1,143	10,840	11,983
Additions	1,742	6,496	8,238
Disposals	-	(6)	(6)
Depreciation	(720)	(2,712)	(3,432)
FX adjustment	(1)	-	(1)
CLOSING BALANCE AT THE END OF THE YEAR	**2,164**	**14,618**	**16,782**
AT 30 JUNE 2019			
Cost	4,718	26,397	31,115
Accumulated depreciation	(2,554)	(11,779)	(14,333)
CLOSING NET BOOK AMOUNT	**2,164**	**14,618**	**16,782**

	OFFICE EQUIPMENT & FURNITURE $'000	CAMERA SYSTEMS $'000	TOTAL $'000
RECONCILIATION OF CARRYING AMOUNT AS AT 30 JUNE 2019			
Balance at the beginning of the year	719	9,891	10,610
Additions	784	3,337	4,121
Disposals	-	(153)	(153)
Depreciation	(360)	(2,235)	(2,595)
CLOSING BALANCE AT THE END OF THE YEAR	**1,143**	**10,840**	**11,983**
AT 30 JUNE 2018			
Cost	3,016	20,045	23,061
Accumulated depreciation	(1,873)	(9,205)	(11,078)
CLOSING NET BOOK AMOUNT	**1,143**	**10,840**	**11,983**

D. INVESTING ACTIVITIES (CONT.)

13. CASH FLOW RECONCILIATION

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with a maturity of three months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash at bank and short-term deposits earn interest at floating rates based on daily bank deposit rates.

The Group had no financing facilities as at 30 June 2019 (2018: nil).

	CONSOLIDATED	
	2019 $'000	2018 $'000
RECONCILIATION OF NET LOSS TO NET CASH FLOWS FROM OPERATIONS		
Loss after tax	(14,934)	(11,029)
ADJUSTMENT FOR NON-CASH ITEMS		
Amortisation and depreciation	26,659	13,257
Foreign exchange differences	191	71
Movement on Hedge Reserve	18	-
Deferred tax effect on capital issue cost	1,082	-
Share based payment expense	1,684	1,367
Gain on sale of unlisted investments	(150)	-
Gain on disposal of non-current assets	(9)	(136)
CHANGES IN ASSETS AND LIABILITIES		
Payables and other current liabilities	13,109	9,330
Receivables	(6,267)	(5,426)
Provision for employee benefits	702	2,733
Other non-current liabilities	(174)	1,176
Income tax and deferred tax	2,988	2,392
NET CASH FROM OPERATING ACTIVITIES	**24,899**	**13,735**
RECONCILIATION OF CASH		
Cash and cash equivalents comprises:		
Cash at bank and on hand	4,649	6,792
Short term deposits at call	71,265	10,738
	75,914	**17,530**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

E. OTHER

IN THIS SECTION

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

14. EARNINGS PER SHARE

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

Diluted earnings per share is calculated as net profit attributable to shareholders, adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

	CONSOLIDATED	
	2019 $'000	2018 $'000
Net loss attributable to ordinary equity holders	(14,934)	(11,029)
Net loss used in calculating diluted earnings per share	(14,934)	(11,029)
	NUMBER OF SHARES	**NUMBER OF SHARES**
Weighted average number of ordinary shares on issue used in the calculation of basic profit per share	434,891,500	387,911,289
Weighted average number of ordinary shares on issue used in the calculation of diluted profit per share	434,891,500	387,911,289
EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY SHAREHOLDERS OF THE COMPANY:		
Basic loss per share (cents per share)	(3.43)	(2.84)
Diluted loss per share (cents per share)	(3.43)	(2.84)

The options granted to employees are considered to be ordinary shares and are included in the determination of diluted earnings per share to the extent to which they are dilutive.

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

E. OTHER (CONT.)

15. EXPENDITURE COMMITMENTS

ACCOUNTING POLICY – LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

EXPENDITURE COMMITMENTS

There are no capital expenditure commitments or hire purchase commitments contracted at 30 June 2019 (2018: nil).

	2019 $'000	2018 $'000
OPERATING LEASE COMMITMENTS		
Minimum lease payments		
- Not later than one year	2,307	2,348
- Later than one year and not later than five years	5,999	8,300
AGGREGATE LEASE EXPENDITURE CONTRACTED FOR AT REPORTING DATE	**8,306**	**10,648**

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

16. PARENT ENTITY INFORMATION

	2019 $'000	2018 $'000
FINANCIAL POSITION INFORMATION RELATING TO THE COMPANY		
Current assets	71,555	10,855
Total assets	124,555	38,451
Current liabilities	(2,057)	(32)
Total liabilities	(16,023)	(4,153)
NET ASSETS	**108,532**	**34,298**
Contributed equity	124,302	52,995
Reserves	15,125	13,468
Accumulated losses	(30,895)	(32,165)
TOTAL SHAREHOLDER EQUITY	**108,532**	**34,298**
TOTAL COMPREHENSIVE PROFIT/(LOSS) OF THE PARENT ENTITY	**1,270**	**(5,740)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

E. OTHER (CONT.)

INFORMATION RELATING TO THE COMPANY

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

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

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

17. GROUP ENTITIES

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

	COUNTRY OF INCORPORATION	EQUITY HOLDING 2019 %	EQUITY HOLDING 2018 %
NAME OF ENTITY			
Nearmap Australia Pty Ltd	Australia	100	100
Ipernica Ventures Pty Ltd	Australia	100	100
Nearmap Holdings Pty Ltd	Australia	100	100
Nearmap USA Pty Ltd	Australia	100	100
Nearmap Aerospace Inc.	United States	100	100
Nearmap US, Inc.	United States	100	100
Nearmap Remote Sensing US, Inc.	United States	100	100

18. AUDITOR'S REMUNERATION

During the year, the following fees were paid or payable for services provided by the auditor of the Company and its related practices:

	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
AUDIT SERVICES PAID TO KPMG		
Remuneration paid to KPMG for audit or review of the financial statements of the entity	150,000	115,140
NON-AUDIT SERVICES PAID TO KPMG		
- Taxation advisory for the entity and any other entity in the Group	-	24,750
- Other advisory for the entity and any other entity in the Group	13,725	69,950
TOTAL SERVICES OTHER THAN STATUTORY AUDIT	**13,725**	**94,700**
TOTAL PAID/PAYABLE TO KPMG	**163,725**	**209,840**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

E. OTHER (CONT.)

19. RELATED PARTIES

(a) Compensation of key management personnel

	2019 $'000	2018 $'000
Employee benefits	5,233	3,665
Post-employment benefits	149	138
Termination benefits	135	-
Share-based payments	1,410	1,223
	6,927	**5,026**

Financial assistance under the Employee Share Option Plan

Nearmap's Employee Share Option Plan includes an Employee Loan Scheme that permits the Company to grant financial assistance to employees by way of a loan to enable them to exercise options and acquire shares.

(b) Transactions with key management personnel

	2019 $	2018 $
Loans to key management personnel	3,227,820	1,483,806

Interest on the loans during the period has been accrued at a rate of between 1.50% and 1.70%. The loans are not recognised.

(c) Other related party transactions

Other than the loans granted to key management personnel under the employee loan scheme, there have been no sales, purchases or other transactions with related parties during the year ended 30 June 2019 (2018: nil).

20. CONTINGENT LIABILITIES

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

21. SUBSEQUENT EVENTS

On 1 July 2019, Nearmap Australia Pty Ltd entered into a contract for the lease of office premises located at Level 5, Tower One, International Towers, 100 Barangaroo Avenue, Sydney, NSW 2000 from Lendlease IMT (OITST ST) Pty Ltd ACN 605 217 703.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting standards; and

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

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

(d) the remuneration disclosures set out in the Directors' report (as part of audited remuneration report) for the year ended 30 June 2019, comply with section 300A of the *Corporations Act 2001*.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with sections 295A of the *Corporations Act 2001* for the financial period ending 30 June 2019.

On behalf of the Board

Rob Newman
Chief Executive Officer & Managing Director
20 August 2019

KPMG

Independent Auditor's Report

To the shareholders of Nearmap Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2019
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

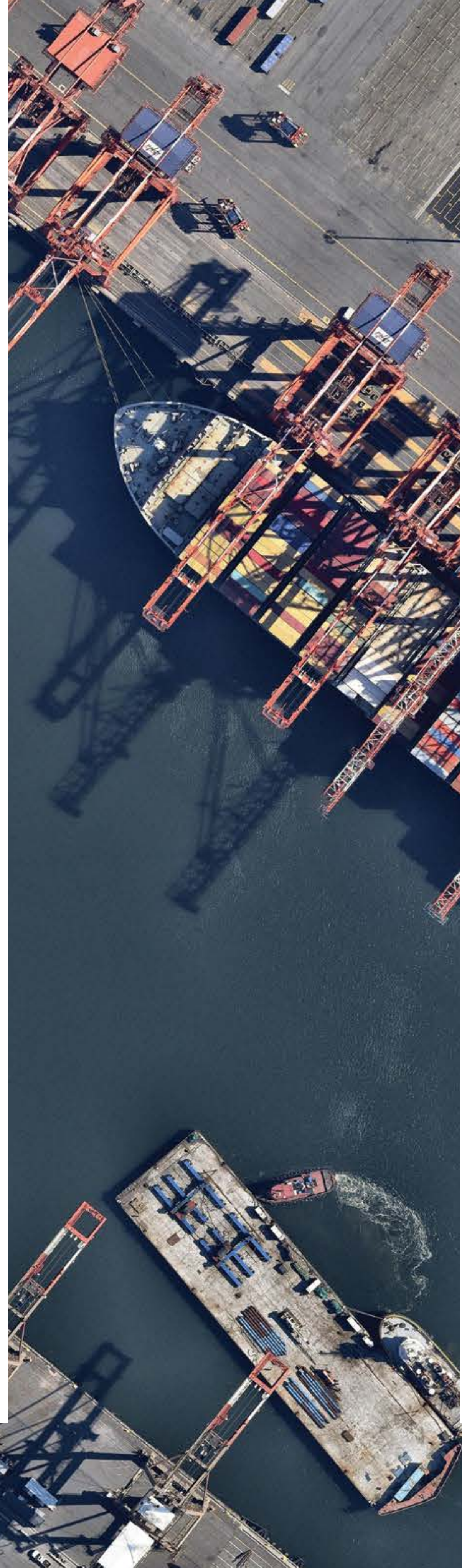
The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

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

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

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



KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Carrying value of intangible assets of the US business
- Useful life of capture costs

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

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of intangible assets of the US business

Refer to Note 11 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The group has $42,132,000 of intangible assets comprising primarily capture costs. The intangible assets attributed to the US business total $31,028,000. These assets are assessed for impairment at the US business cash generating unit (CGU) level, using a Fair Value Less Cost of Disposal model ("FVLCD" or "the model"). The assessment of impairment was a key audit matter because it involved significant judgement in evaluating the assumptions used by the Group in their FVLCD model. The key judgements we focused on included: - Complex modelling, particularly those containing judgemental allocations of corporate assets and costs to CGUs, using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. - Future cash flow projections for FY2020 to 2024 - The US business is still in the early stage of maturity which increases the risk of inaccurate forecasts.	Our procedures included: • We evaluated the methodology applied by the Group in allocating corporate assets and costs across CGU's for consistency with our understanding of the business and the criteria in the accounting standards; • We assessed the methodology in the model for consistency with the basis required by Australian Accounting Standards; • We challenged the forecasts, assumptions, and the objectivity of sources on which the assumptions are based. We compared the cash flow projections for FY 2020 to 2024 in the model to those in the latest Board approved budgets and evaluated their consistency with the Group's intentions as outlined in Directors' minutes and strategy documents. We also used our knowledge of the business and considered external sources including analysts' expectations and industry trends. The forecast growth was also assessed against the actual growth rate achieved in the establishment of the Australian business as well as market research reports; • We assessed the historical accuracy of forecasts by comparing to actual results, to use in our evaluation of projections included in the model.

Captured: 30/06/2019
Newark New Jersey USA

Useful life of capture costs	
Refer to Note 11 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The assessment of the useful life of capture costs was a key audit matter due to the judgement involved in us assessing the future period the capture costs directly attributable and necessary to create and upload digital imagery online will generate future cash flows. The relatively short history of the Group and the potential impact on the Group's profit resulting from amortisation expense increases the estimation uncertainty and therefore the complexity to the audit. On at least an annual basis, the Group assesses its portfolio of capture costs and uses judgement to determine the useful life. The useful life of capture costs is estimated by the Group through analysis of the historical frequency of map tile requests. These key inputs were therefore the focus of our work.	Our procedures included: • We developed an understanding of the accounting policies and useful lives used by the Group in the amortisation of capture costs; • We evaluated the Group's assessment of the useful life of capture costs by comparing the estimated useful life to the historical map tile requests and the period over which those map tiles were used; • We evaluated the Group's historical map tile requests data by testing a sample of requests to actual usage dates; • We tested the amortisation expense for capture costs for consistency with the Group's accounting policy and stated amortisation rates.

Other Information

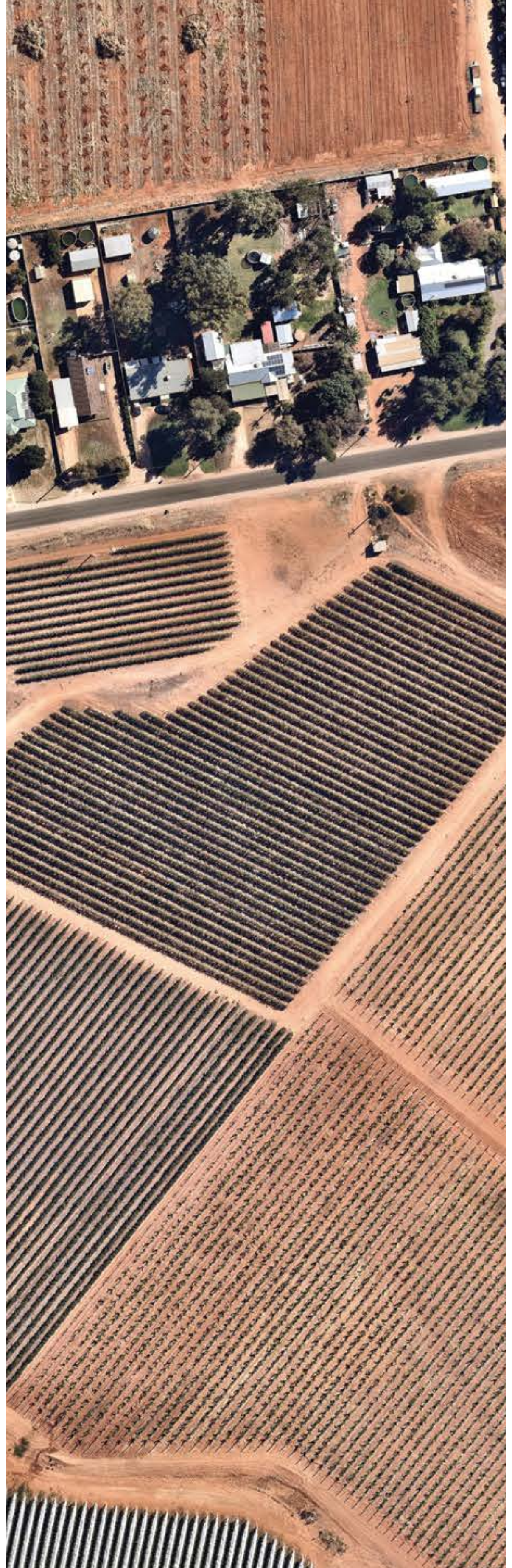
Other Information is financial and non-financial information in Nearmap Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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

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

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

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



Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

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

Captured: 10/04/2019
Cardross VIC Australia

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Nearmap Limited for the year ended 30 June 2019, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in pages 53 to 71 of the Directors' report for the year ended 30 June 2019.

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

KPMG

KPMG

Caoimhe Toouli

Caoimhe Toouli

Partner

Sydney

20 August 2019

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 2 September 2019.

(A) DISTRIBUTION OF ORDINARY SHARES

The number of shareholders, by size of holding, are:

RANGE	NO OF HOLDERS	NO OF SHARES
1–1,000	5,722	3,147,053
1,001–5,000	7,817	21,113,774
5,001–10,000	2,970	22,930,378
10,001–100,000	3,129	85,397,579
100,001 and over	277	317,366,832
TOTAL	**19,915**	**449,955,616**

The number of shareholders holding less than a marketable parcel of ordinary shares is: 792

(B) DISTRIBUTION OF UNQUOTED OPTIONS

ESOP options exercisable at a range of prices between $0.39 and $1.65 expiring on various dates between 30 November 2019 and 2 January 2023.

RANGE	NO OF HOLDERS	NO OF SHARES
1–1,000	-	-
1,001–5,000	1	2,000
5,001–10,000	-	-
10,001–100,000	5	383,310
100,001 and over	18	14,276,874
TOTAL	**24**	**14,662,184**

SHAREHOLER INFORMATION

(C) TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest registered holders of quoted ordinary shares are:

NAME	NO OF SHARES	% OF SHARES
1 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	50,328,852	11.19
2 CITICORP NOMINEES PTY LIMITED	40,419,356	8.98
3 LONGFELLOW NOMINEES PTY LTD <THE AEOLUS A/C>	34,155,167	7.59
4 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	27,322,489	6.07
5 NATIONAL NOMINEES LIMITED	19,010,943	4.23
6 LONGFELLOW NOMINEES PTY LTD	11,921,128	2.65
7 CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	7,088,605	1.58
8 VENTURE SKILLS PTY LTD <THE NEWMAN FAMILY A/C>	7,078,333	1.57
9 BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	5,336,819	1.19
10 NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	4,962,200	1.10
11 MUTUAL TRUST PTY LTD	4,436,165	0.99
12 MR JASON MAK	3,972,941	0.88
13 MR ANDREW JOHN MALONEY	3,391,447	0.75
14 BNP PARIBAS NOMS PTY LTD <DRP>	2,665,389	0.59
15 BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,422,807	0.54
16 CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,374,454	0.53
17 MRS ALISON FARRELLY	2,184,874	0.49
18 ROAN INDUSTRIES PTY LTD <ROBINSON SUPER FUND A/C>	2,050,060	0.46
19 AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	2,041,539	0.45
20 MR ROSS STEWART NORGARD	2,000,000	0.44
TOTAL	**235,163,568**	**52.27**

(D) SUBSTANTIAL SHAREHOLDERS

The substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

NAME	NO OF SHARES	% OF SHARES
Ross Norgard	48,076,295	10.68

(E) VOTING RIGHTS

All ordinary shares carry one vote per share without restriction. No voting rights are attached to options.

(F) ON-MARKET PURCHASES

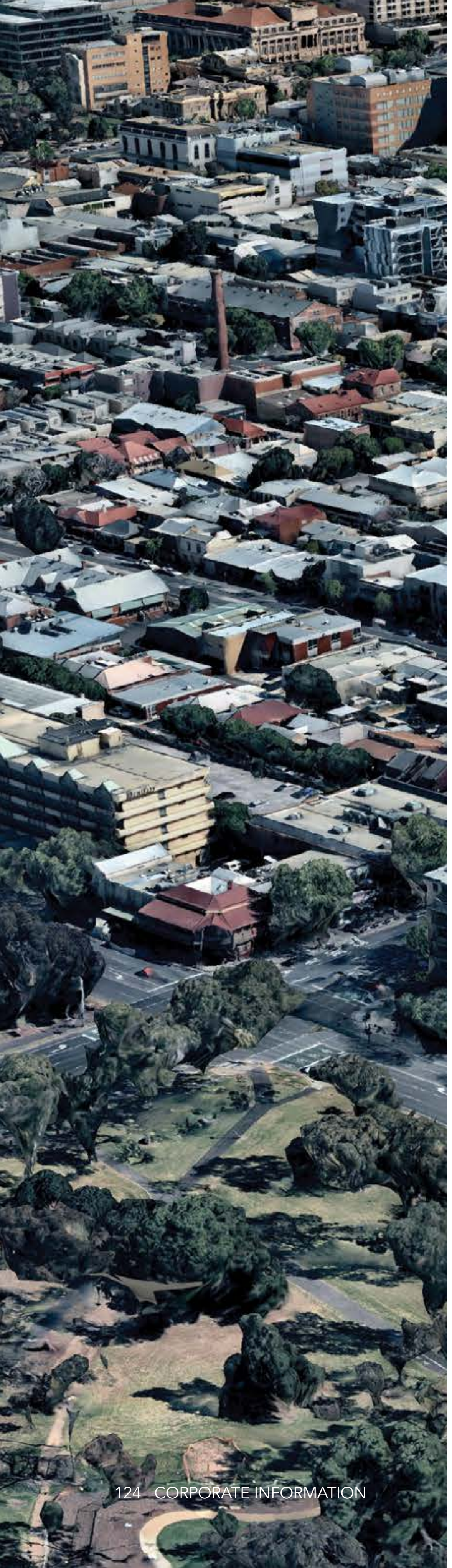
During the 2019 financial year, 96,637 ordinary shares at average price of $2.17 per share were purchased on market under the Company's Matching Share Rights Plan.

(G) SECURITIES EXCHANGE QUOTATION

The Company's ordinary shares are listed on the Australian Securities Exchange (Code: NEA). The Home Exchange is Sydney.

(H) CORPORATE GOVERNANCE STATEMENT

The Company's 2019 Corporate Governance Statement can be accessed at: https://www.nearmap.com/au/en/investors/governance.



CORPORATE INFORMATION

NEARMAP LTD
ABN 37 083 702 907

DIRECTORS
Peter James (Non- executive Chairman)
Rob Newman (CEO & Managing Director)
Tracey Horton (Non-executive Director)
Sue Klose (Non-executive Director)
Ian Morris (Non-executive Director)
Ross Norgard (Non-executive Director)
Cliff Rosenberg (Non-executive Director)

COMPANY SECRETARY
Shannon Coates

REGISTERED OFFICE
Level 4, Tower One
International Towers Sydney
100 Barangaroo Avenue
Sydney NSW 2000

WEBSITE
www.nearmap.com

SOLICITORS
DLA Piper

BANKERS
Commonwealth Bank of Australia
Wells Fargo

SHARE REGISTRY
Computershare Investor Services Pty Ltd
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(Outside Australia) +61 3 9415 4000
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San Francisco California USA

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