



ASX RELEASE

15 February 2021

1H FY21 RESULTS – RECORD PERFORMANCE IN NORTH AMERICA DRIVES STRONG ACV GROWTH

Nearmap Ltd (NEA:ASX) is pleased to announce its financial results for the half year ended 31 December 2020 (1H21). Record incremental Annual Contract Value (ACV) growth from the North American portfolio has seen the Group ACV portfolio end 1H21 at \$116.7m on a constant currency (CC) basis¹. The resilience of the Company's subscription business model sees Nearmap on track to deliver FY21 ACV growth at the upper end of the \$120 million to \$128 million ACV guidance range².

PERFORMANCE HIGHLIGHTS

- Group ACV portfolio at 31 December 2020 of \$112.2m, which equals \$116.7m on a constant currency (CC) basis¹ and represents 21% portfolio growth on the prior comparative period (pcp) (31 December 2019: \$96.6m)
- Incremental ACV growth of \$10.3m (\$11.1m on a CC basis) driven by record growth from the North American portfolio
- Reported Group statutory revenue of \$54.7m, up 18% on pcp (1H20: \$46.3m)
- Group customer retention increased to 93.9% (1H20: 88.5%), with strong retention despite challenging macroeconomic conditions
- Group Sales Team Contribution Ratio (STCR) of 86% (1H20: 44%) with increased Sales & Marketing efficiency driven by investments previously made
- Global subscriptions of 10,785 (1H20: 10,081), with Group Average Revenue Per Subscription (ARPS) increasing 9% to \$10,402 (1H20: \$9,580)
- Group ACV portfolio expected to end FY21 at the upper end of the \$120m-\$128m guidance range²

Commenting on the result, Chief Executive Officer and Managing Director, Dr Rob Newman, said "Our 1H21 result represents an early validation of our decision to refine our go-to-market strategy and focus on our core growth verticals in North America, which showed strong growth in 1H21 and where the market opportunity is significantly larger. Our market leading ANZ business continues to grow and we see an opportunity to roll-out a similar go-to-market approach in ANZ to deliver deeper value in this market and further increase our leadership position. Our response as a company and the commitment of our people over the last twelve months have demonstrated the resilience of our business, as we have continued to execute in a challenging environment and deliver a service our customers have valued. We can move forward with confidence in our strategy and the large global opportunity that we are addressing."

¹ Constant currency calculated at the 1H20 period end USD exchange rate of 0.7006

² Guidance remains based on the FY20 year end USD exchange rate of 0.6863 as outlined at the time guidance was issued



1H21 FINANCIAL AND OPERATIONAL OVERVIEW

NORTH AMERICA (NA) – 41% INCREASE IN ACV PORTFOLIO

- ACV portfolio at 31 December 2020 of US\$35.1m (30 June 2020: US\$28.8m) with 1H21 incremental ACV of US\$6.3m (1H20: US\$2.3m) representing portfolio growth of 41% on the pcp (31 December 2019: US\$24.9m). In a record half for the NA business, portfolio growth in 1H21 exceeded full year portfolio growth in FY20
- ACV growth from Roofing, Insurance & Government was 42% on the pcp and accompanied by a strong contribution from adjacent verticals
- STCR of 110% (1H20: 34%) with strong performance across all sales teams and customer segments. Record ACV growth was delivered with consistent headcount, delivering returns on investments made in sales enablement and demonstrating the benefits of having an increased focus on strategic verticals
- Retention of 93.5% (1H20: 79.4%) following the roll-off of the unforeseen churn events reported in the pcp
- Closing subscriptions of 2,029 (1H20: 1,635), growth of 24%, with ARPS increasing 13% to US\$17,313 (1H20: US\$15,260)
- Pre-capitalisation gross margin of 53% (1H20: 29%), highlighting the increasing operating leverage as the NA business scales

AUSTRALIA & NEW ZEALAND (ANZ) – CONTINUED GROWTH THROUGH MARKET LEADERSHIP

- ACV portfolio at 31 December 2020 of \$66.6m (30 June 2020: \$64.5m) with 1H20 incremental ACV of \$2.1m (1H20: \$3.1m) and portfolio growth of 9% on the pcp (31 December 2019: \$61.0m)
- Strong ACV growth from the SME portfolio, partially offset by Enterprise sales; the overall opportunity continues to grow and a refined go-to-market strategy will be deployed to drive renewed growth
- Retention remains strong at 94.0% (1H20: 92.8%); STCR of 52% (1H20: 69%) was impacted by Enterprise sales
- Closing subscriptions of 8,756 (1H20: 8,446), growth of 4%, with ARPS increasing 5% to \$7,604 (1H20: \$7,218)
- Strong pre-capitalisation gross margin of 93% (1H20: 90%)

GROUP – CAPITAL RAISE PROCEEDS SELECTIVELY DEPLOYED

- Group cash balance at 31 December 2020 of \$129.3m (30 June 2020: \$33.8m³)
- Capital raise proceeds selectively deployed into accelerating growth initiatives as outlined at the time of the capital raise; strategic hires underway
- Pre-capitalisation gross margin 77% (1H20: 68%) reflecting increasing operating leverage in the NA business
- Group EBITDA⁴ of \$13.5m (1H20: \$3.2m) and Group EBIT⁵ of (\$9.4m) (1H20: (\$18.9m))
- Statutory loss after tax of (\$9.4m) (1H20: (\$18.6m))
- 42% of the Group ACV portfolio are on multi-year subscriptions (1H20: 42%)
- \$66m (59%) of the portfolio now relates to subscriptions incorporating premium content, a 61% increase on the pcp (1H20: \$41m)

³ Excludes bank guarantees of \$2.3m which were classified as cash on the Balance Sheet

⁴ EBITDA is net profit before interest, taxes, depreciation and amortisation

⁵ EBIT is net profit before interest and taxes



Commenting on the result, Mr Andy Watt, Chief Financial Officer, said “1H21 has seen a strong performance across many of the metrics we benchmark our business against, reflecting the strength of our underlying business model. Following the decision to raise capital in September, we have maintained a disciplined approach to managing costs within our business and we have continued to drive returns from investments previously made. This leaves Nearmap in a very strong position to selectively deploy capital into key business initiatives and accelerate our growth opportunities, driving increased returns across our ACV portfolio.”

FY21 OUTLOOK

Commenting on the outlook for the business, Dr Newman said “Nearmap is well positioned to continue its strong growth in our core markets and progress further in developing the next generation of the world’s leading aerial camera system – HyperCamera3. Our focus for the remainder of FY21 and moving into FY22 will continue to be providing best-in-class service to our customers, through successful execution of our go-to-market strategy and continuing to develop our superior technology. As we continue to innovate, we will roll-out tailored industry vertical solutions, to ensure we remain a trusted and increasingly valuable partner to our customers. I am confident in the outlook for our business and we remain focussed on becoming the global leader in subscription-based location intelligence.”

Authorised by:
Board of Nearmap Ltd

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Important Note

This announcement includes the following measures used by the Directors and management in assessing the ongoing performance and position of the Group: EBIT, ACV, ARPS, Retention and STCR. These measures are non-IFRS and have not been audited or reviewed. A reconciliation of statutory net loss after tax to EBITDA and EBIT is included in the Appendices of the accompanying Investor Presentation released to the ASX.

All figures presented are on an “as reported” basis, unless otherwise stated

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VIEW THE WORLD, SO THEY CAN
PROFOUNDLY CHANGE THE WAY THEY
WORK.**

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