

Intermap Technologies Corporation - Q2 2025

Earnings Call

Thursday, August 14, 2025 5:00 PM

Event Participants

Attendees

Sean Peasgood

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Executives

Patrick Blott, Jennifer Bakken

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Sean Peasgood

Good afternoon, and thank you for joining us for Intermap Technologies conference call to discuss its financial results for the second quarter of 2025. I'm Sean Peasgood from Sophic Capital. We handle Intermap's Investor Relations. On today's call, we have Intermap's CEO, Patrick Blott, and CFO, Jennifer Bakken. [Operator Instructions]

Before management discusses the results, I'd like to remind everyone that certain statements in this call may be forward-looking in nature.

These include statements involving known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied in our forward-looking statements. For caveats about forward-looking statements and risk factors, please see our MD&A for the second quarter ended June 30, 2025, which will be filed today on our company profile at SEDAR+. I'll now hand the call over to Intermap's CEO, Patrick Blott. Patrick?

Patrick Blott

Thank you, Sean. Good afternoon, ladies and gentlemen, and welcome to Intermap's results conference call for the second quarter of 2025. I'm Patrick Blott, Chairman and CEO of Intermap. Today, as we review the second quarter, I will provide highlights along with the business update and outlook. Then I will turn the call over to our CFO, Jennifer Bakken, to walk through our recent financial performance, and we'll leave some time at the end for Q&A.

Q2 was flat as expected as we focus on the upcoming program in Indonesia, which is approximately 10x what we are doing in Indonesia right now. The company is moving the ball forward on all fronts. We are reiterating our guidance for the year with multiple pathways to meet our goals. In the second quarter of 2025, we generated total revenue of \$3 million compared to \$3.6 million in the second quarter of 2024. The difference relates to timing, particularly payments in upfront Indonesia which started in early 2024.

Cash generated from operations was \$2.1 million for the quarter, and it grew 22% over the comparable 6-month period in 2024, reflecting high contribution margins from processing and GEOINT. The company settled \$1.2 million of nonrecurring accrued liabilities and payables during the quarter, reducing dilutive shares by 1.3 million and it improved liquidity to \$8.6 million from \$3.8 million in December. This includes the issuance of 5.3 million shares for CAD 2.25 per share in the first quarter and positions the company for upcoming tenders with a stronger working capital and net liquidity position. Current assets minus current liabilities improved to \$3.6 million from a negative position last year, and we're working hard to address going concern language and associated risk. Since we commenced work in Indonesia, the company has invested approximately \$2 million to upgrade its processing platform and sensor kit, which has dramatically increased the speed and quality of its products and position us well for follow-on tenders.

The Acquisition Services segment included demobilization pursuit and other extraordinary costs related to the upcoming expected tender for Indonesia's remaining base map. There's still approximately 90% of the country to be mapped. With Indonesia specifically, they published their draft of the RFP on July 30, have taken public comments

and provided Q&A. This is harmonizing with World Bank process. These comments feed back into the World Bank, and we expect a former tender shortly without many changes.

The documents call for a 3-year deal tendered upfront in 4 lots covering approximately 1.6 million square kilometers. They published \$195 million to \$200 million as their budget and included 15% upfront, which is in the range of \$30 million. This is a larger program and it's sooner than what we've been guiding, which is good news. It also contemplates on-premise GEOINT work as part of the scope, which is also good news for follow-on and value-added recurring services. Indonesia also announced a trade agreement with the U.S.

during the quarter, which specifically addressed digital trade and services investment. This adds certainty. Intermap is the only company to ever produce authoritative U.S.-based maps under U.S. government exception specifically for Intermap to employ Indonesians working on U.S. maps in Indonesia.

Having World Bank involvement further increases transaction certainty. The program is now U.S. dollar-funded and well capitalized. This should have a positive financial impact on both our existing operations there and the upcoming tender. I'm on Slide 5.

In other government work, the U.S. government has commenced tendering again under some other vehicles, including Luno and JANUS after a pause while the restructuring and DOGE completed their reviews. None of our vehicles saw reduction in ceiling so we expect stronger participation from the U.S. government in the back half of the year. Most of our vehicles are in proprietary areas or priority areas and are in the process of getting upsized.

In particular, partner nation work is very active right now, which is our sweet spot, as allies and defense departments around the world realign, upsize their budgets in Europe, South America, Canada, the Middle East and Southeast Asia. The pivot is in our direction. It's focused on integrating advanced commercial GEOINT technologies and mapping for 3D situational awareness on the ground that provides both tactical and strategic support. Everyone's focused on territory. Protecting sovereignty is a tailwind, continuing growth in demand in the sector.

The first line of defense to any challenge to sovereignty is a map. We have expanded our engagement with DARPA, gaining sponsored access to additional government-funded cutting-edge applied geospatial technologies, advanced research and development, next-generation geospatial products and emerging dual-use companies on contract with DARPA. DARPA is where modern Intermap was born. This is a very important refresh of that long-standing relationship. We are working to integrate these technologies into our own and our customer product road maps and look forward to making further announcements shortly.

Our government work is supported by a large pipeline from existing clients as well as active pursuits in related and new jurisdictions. We are advancing our technology and product development in alignment with many partner nations and U.S. government requirements. Slide 6. Our commercial business is also very strong right now.

In Europe, our beta test agentic AI product is driving record volumes of GEOINT consumption. We're expanding in each of our targeted markets. We're in the process of introducing multi-peril analytics to our North America accounts. First rolled out in Europe, these bundles achieved in excess of 70% higher pricing on average across our European portfolio by demonstrating enhanced risk assessment capabilities. We began implementing with several of our larger clients a new product called Insurance Risk Assistant Subsystem, IRAS, which is an agentic AI-driven SaaS solution.

It's an entirely bottoms-up approach that mitigates risk and improves risk evaluation and predictability by up to 30% for hard-to-write specialty lines. This AI/ML solution is the result of a decade in development to achieve the maturity level to productize, price and roll it out to major insurance underwriters. It is compliant with the EU's GRDP requirements, and we should start to see the financial impact on our results starting as soon as the back half of this year. Intermap registered under the U.S. Securities and Exchange Act as a foreign private issuer this year and made its financial statements and securities filings available to investors on both SEDAR and EDGAR.

To support its disclosure requirements, the company retained MNP as its auditors who have reviewed these quarterly statements and whose audit team is fully certified to complete our annual audit to PCAOB's audit standards. It remains the company's objective to make our stock available for investors to easily trade. To improve liquidity in our stock, particularly in the U.S., we continue to pursue an upgraded listing, which we believe we can accomplish before the end of the calendar year. Intermap took approximately \$1 million currency charge in Indonesia as the IDR-U.S. pair has been volatile due to tariffs and other issues.

Going forward, currency risk and hedging costs associated with overseas government contracts will be mitigated significantly by the support of the World Bank funding, which is denominated and fixed in U.S. dollars. Jennifer will provide more detail about our second quarter of 2025 financial results in her commentary, but we are pleased with both our execution on key contracts, the timely payment from our customers reflecting their satisfaction and our resulting financial performance for the quarter. And these results lead us to reiterate the 2025 guidance that we provided when we released our 2024 full year financial results. Importantly, this guidance is supported by the draft RFP published 2 weeks ago by Indonesia and the time lines outlined therein.

For 2025, we expect revenue between \$30 million and \$35 million and an adjusted EBITDA margin of approximately 28%. We remain on track to achieve that guidance. At this point, I would like to turn the call over to our CFO, Jen Bakken, who can walk you through our second quarter of 2025 financial results.

Jennifer Bakken

Thank you, Patrick. As mentioned earlier, we report our financial results in U.S. dollars. For more detailed financial information, please refer to the financial statements and management discussion and analysis document that we will file today on SEDAR+. During the second quarter of 2025, total revenue was \$3 million compared to the \$3.6 million we reported for the second quarter of '24.

Approximately 84% of consolidated revenue was generated outside the United States compared with 80% in '24. Acquisition Services revenue for the quarter was \$1.4 million versus the \$1.6 million reported in the comparable 2024 quarter. The small decline is a function of the timing of the execution of government contracts, including Indonesia. Value-added Data revenue was \$300,000 versus \$700,000 in the second quarter of 2024. That decline relates to timing differences in the delivery of repeating products.

Second quarter Software and Solutions revenue grew 6% year-over-year to \$1.3 million versus \$1.2 million in the second quarter of '24, largely driven by the expansion of the global insurance business. Total assets were \$13.8 million versus \$11.9 million at December 31, '24. Cash unbilled and AR totaled \$8.8 million at the end of the quarter versus \$6.6 million at the end of the fourth quarter of '24. As Patrick previously mentioned, the company sold \$1.2 million of nonrecurring accrued liabilities and payables during the quarter, contributing to working capital improvement to \$3.8 million at June 30 compared to a deficit of \$600,000 at December 31, '24. The reduction in diluted shares outstanding of 1.3 million shares creates headroom in the omnibus plan.

This concludes my financial summary for the quarter -- for the second quarter of '25. Before passing the call back to Patrick to discuss the outlook, I'd like to add the primary risk to our outlook include timing related to follow-on awards, which include approved World Bank funding. We're exposed to currency fluctuations around the world, which we partially hedge to mitigate exposure concentrations. Intermap is not affected by recent cross-border tariffs as the company does not source any hardware materials required to execute on contracts from Canada. These conclude my prepared remarks.

I'll pass the call back to Patrick for final comments.

Patrick Blott

Thank you, Jennifer. On our Q1 2025 call, I mentioned that building upon our strong base of organic growth would be a focus during 2025. Our work in Indonesia is going extremely well and we're working on upsizing our workload there. Through the first 6 months of 2025, we've continued to fulfill our contracts. Customers are interested in increasing scope and our prospects for growth and technological advancement are strong.

We have opportunities throughout Southeast Asia, North America, Europe, the Middle East and South America. Following a pause, the first task orders have begun to be issued under NGA Luno A and B contracts focused primarily so far on traditional geographies. Intermap is working closely with its prime partner to provide advanced GEOINT solutions, incorporating our superior proprietary source data and analytics located over difficult areas of the world, areas that tend to be inaccessible by satellites. Our foundation continues to strengthen, and given this, we reiterate our 2025 financial guidance for revenues between \$30 million to \$35 million and 28% adjusted EBITDA margin. With that, we will wrap up the prepared remarks by pointing you to where you can find more information.

As mentioned earlier, our website contains all of our press releases, corporate presentations and other updates. You can also find financial filings on SEDAR and EDGAR. You can also visit Sophic Capital's website for additional information and sign up to get press releases and updates directly from them. Thanks again for tuning in today. I will now pass the call back to Sean to moderate the Q&A.

Sean Peasgood

Great. Thanks, Patrick. [Operator Instructions] We'd like to thank participants for your questions. So a lot of the questions are -- I'm going to try to put them together, given there's a few here on Indonesia. So first one, is Indonesia requiring a 1:5,000 map as before ratio?

And is there any company other than Intermap that can perform this? And there's also a follow-on, Patrick, about competition. So I mean, I'll put them together. So how competitive is the process and what's your confidence level?

Patrick Blott

Yes, so the specification has not changed. We're executing to the specification today. We're actually -- I don't want to get into too much detail around that but it's going well. But it's the same specification going forward. It's a very -- it's a market-leading specification for those large areas.

That is what we're good at. And this is set up to be a competitive process, World Bank tender. So we -- as I mentioned, they did put out the draft. They did receive comments. There were parties that participated in Q&A and submitted comments.

So there will be people competing for follow-on phase of this project, and we're the incumbent and we feel like we're the best positioned to meet that spec.

Sean Peasgood

Okay, great. There are some other questions on Indonesia but they actually came in, I think, before you were talking about it. So you did also mention Luno A and B. So what is your outlook for task orders under Luno A and B, which you did mention but maybe you can expand on? And what other programs offer best near-term 2025-'26 revenue potential?

Patrick Blott

Yes. So Luno A and B, JANUS is the other major program of record at NGA. Both of them are becoming more active now. So far, there have been task orders that were proposed that were dropped. They've been focused heavily on what I would call more traditional areas of the world and on really sort of pixel-intensive type task orders as opposed to GEOINT-intensive.

It's important to realize with all of these vehicles that people, including Intermap, are on for specific capabilities and requirements, and ours are very, very heavily weighted towards our capabilities in difficult areas of the world, in difficult terrains of the world and particularly in the areas where we're already working like Southeast Asia, South America. And so that ceiling on Luno is \$500 million. That's combined A and B so there's a lot of money there. And there's approximately a dozen, a little bit more, maybe just under a dozen teams. So we are very optimistic about the vehicle.

We have a lot to contribute to that vehicle and stay tuned. With respect to the second part of that question, the back half of the year, I do think you're going to see more of U.S. government kicking in. I think there was a pause earlier in the year while they did some self-reflection. And I think they've got lots of money because of the step-up in the defense budgets.

They've got lots of requirements because of the condition of the world. And I do think that you're going to start to see across-the-board pickup from U.S. government. And that will also happen on the civil side, too, and I think we'll have stuff to say about the civil side. In terms of OCONUS or outside the United States, obviously, Indonesia is a big deal.

We're working on other requirements with other countries. I'm optimistic we'll be able to announce another national mapping program before the end of the year. And of course, not just our insurance but our commercial business has some new product launches that are pretty exciting and we're getting great feedback on that.

Sean Peasgood

Okay, great. Sticking with government, your press release says you added to your pipeline of global government business in the quarter. Can you speak generally about the potential for other country contract wins, which you just did so on the mapping side? I'm not sure if that's everything, but if you can add anything to that.

Patrick Blott

No, I think that, that is the main point, that this is a global phenomenon. The big shift, really important shift that's happened, it obviously got started with Ukraine but it didn't stop there. But Europe is -- has gone kinetic. They got a war going on over sovereignty, right? It's a lot different than a war on terror.

But it's not the only place in the world where you've got problems with either failed states or failed borders or organizations that are nonstate actors but they're challenging sovereignty. And sovereignty is a huge tailwind for mapping because, as I said, the first line of defense is a good map. And so that's driving demand in all the regions and we're actively pursuing it.

Sean Peasgood

There's a few people asking the same question here around capacity. Does Intermap have the resources to do multiple mapping projects in Southeast Asia simultaneously? And also can a project in South America be done as well as other regions? So maybe talk about capacity on the mapping side and the rest of the business.

Patrick Blott

Yes, we've got tremendous capacity and very, very importantly as well, we started out with tremendous capacity. We've made some investments and some upgrades which has significantly expanded that. There's really 2 -- I'm simplifying, but think about it in 2 parts. There's the collection and the creating the data and the platforms, and then there's the producing the GEOINT. Most people focus heavily on the first part because it's kind of easy to look at a sensor or look at a satellite or a platform.

The second part is more theoretical and esoteric in terms of how data gets created in the GEOINT product, but it's way more difficult. And so there's 2 parts. We've invested in capacity in both. We started with a lot of capacity in both. I'm highly confident we can meet all the demand and especially Indonesia and especially in ways that will continue to blow their socks off.

Sean Peasgood

What are your CapEx expectations for the second half of '25? And it says here '26. I'm not sure if you're willing to give guidance there. But given the outlook for the demand, what are your investment priorities?

Patrick Blott

Yes, this is all sort of getting to the same questions, which I did answer, Sean, and I gave some guidance on that on a trailing basis. I'm not going to give a forward basis. But again, I don't know how I can emphasize it strongly enough that if you have mapping requirements in the world, particularly like the ones in Indonesia, if you want the best company with the most experience to do that in the world, it's Intermap. And it has both the past performance, installed capacity. It's collected more data than anyone several times over.

It's collected the globe more than twice over. We have capacity and we have the experience and that's the fundamental answer there.

Sean Peasgood

Okay. Flipping over to the insurance side. Is agentic AI focused on flood insurance only? If so, are there opportunities for this product beyond its current form?

Patrick Blott

Yes, that's a great question, I mean, and I think the key there is the basis risk. This is a big deal, right? This is allowing accounts that would typically have to benchmark, look at aggregates, look sideways to actually go bottoms-up and get better answers at tremendous scale and speed. From a business model -- I mean, that's cool as a product from a business model perspective, from our perspective, we get paid for data, right? So you get better answers because of this very, very exquisite tool, which generates better answers, quantifiable.

We've quantified it with accounts. It's at least 30% improvement in really key aspects of their underwriting process. And you're getting those answers with this tool and this assistance but you're also consuming more data, right? I mean, that's part of generating the answers and we get paid for data. So anything that drives data volumes is good for Intermap and especially when that's because it's even better for the customer.

So it's a very elegant solution and it's a very exciting product launch for us.

Sean Peasgood

As a follow-on, someone's asking if there's anything outside of insurance.

Patrick Blott

Yes. And I guess to finish the answer for that question, the answer is yes. I mean, it's addressing basis risk, right? And so we're deploying it initially with our big insurance accounts, but there's many applications for this product.

Sean Peasgood

Okay. A question here on the Learjets. Do you anticipate adding additional jets to the fleet? And this one is, talk about the age of the fleet and maybe maintenance, if you foresee any maintenance on it.

Patrick Blott

Yes. We've got people who do nothing but work on those platforms every day. Our platform is still several decades younger than the B-2 bombers that just visited Iran. So age in our context is not really a metric. But maintenance is and those, I can tell you, are exquisitely maintained.

But more than that, they're invested in. Sensors platforms and also processing capability, all of it, we are the top shelf.

Sean Peasgood

Okay. There's a couple of questions here on government, specifically government projects, which I don't think we're going to be talking about, just given the confidentiality of some of those. So if your question isn't being answered on that, that's why. I'm just letting people know who are listening. There's a question here on Indonesia.

If Indonesia awarded the contract, the second phase, to another company, would they have to redo phase 1? Or would they be able to use your data? How easy would that be? I'm not sure if you want to answer that either. But how easy would that be for someone else to step in?

Patrick Blott

Yes. I mean, we're not LiDAR, right? Like we're not a generic sensor. There's 1 million LiDAR sensors in the world, at least. There might be 1 million LiDAR sensors in the United States.

There is 1 platform like ours. So it's a very different kind of technology for a very capability that is dual-use, right? And that's the important part about it. And so I think we won for a reason and we're delivering for a reason and it's not something that is generic.

Sean Peasgood

Another one about Indonesia. In 2024, AIF lists Indonesian employees at about 470. Are you at a similar number today or has that changed?

Patrick Blott

Our employee base divides roughly into FTEs and contractors. And so it does move around and it does move around based on requirements. So it's most certainly changed because it changes every week. But that's all I'm going to say about that.

Sean Peasgood

Sticking to Indonesia, is there anything specific about the U.S.-Indonesia trade agreement that you would call out?

Patrick Blott

Yes. I think I did in my prepared remarks but the data is an important part of it. And I think what -- where Intermap is quite unique. And this is not -- this is historical precedent, right? I mean, Intermap's the only company that has received U.S.

government exemptions, Department of Defense approvals to have our Indonesian employees, which we've had for 30 years, do U.S. government-based map work and vice versa. And that's an important aspect of both the U.S. and the Indonesian bilateral relationship. And it's also a really important statement about Intermap's unique place in this industry generally.

Sean Peasgood

Next question. Do you have concerns over other AI products capturing your data sets and implementing them as a competitor? What can or is being done to prevent that possibility if it is one?

Patrick Blott

It's not really, but I do -- the question is good and I want to take the opportunity to really emphasize that Intermap is a geospatial intelligence company. We're a GEOINT company. We produce GEOINT product, and we do that in all cases. And I can't think of a single case where we're selling a data set. We're selling a GEOINT product, which is a product built from data sets, mostly ours, but not exclusively ours.

And it's the GEOINT product that matters and that is not easy to do. So I'm not too worried about that threat.

Sean Peasgood

Okay, great. I think we're running to the end of the questions here. So yes, there's no further questions at this time. If for some reason, you had trouble asking your question or think of further questions after the call, please reach out to us and we'd be happy to answer them. I'm now going to pass the call back to management for closing remarks.

Patrick Blott

Well, thanks again, everybody, for listening to the call today and in following our story. We look forward to continuing to share our progress with you in the quarters ahead.

Sean Peasgood

This concludes Intermap's Second Quarter of 2025 Conference Call. We thank you for joining