Intermap Technologies Corporation

Intermap Technologies Corporation - Q2 2026 Earnings Call

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Event Participants

Attendees

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Ryan Freemantle

Executives

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Patrick Blott, Jennifer Bakken

Ryan Freemantle Attendee

Good afternoon, and thank you for joining us for Intermap Technologies Conference Call to discuss its financial results for the second quarter of 2026. On the call today, we have CEO, Patrick Blott; and CFO, Jennifer Bakken. [Operator Instructions]. Certain information in this presentation constitutes forward-looking statements, including statements regarding the proposed acquisition and integration of PCI Geomatics, anticipated transaction benefits, government contracting opportunities, procurement and revenue recognition timing, commercial growth and capital deployment, guidance and future operating performance. Forward-looking statements are identified by words such as anticipate, believe, expect, plan, project, will and similar expressions.

These statements are based on current assumptions and involve risks and uncertainties, including completion and integration of the PCI transaction, availability of capital, revenue variability, timing and structure of government contracts, customer concentration, economic conditions, competitive dynamics, technology risk, cybersecurity and other factors described in Intermap's public filings. Actual results may differ materially. The company undertakes no obligation to update forward-looking statements, except as required by law. Now with that out of the way, I'd like to pass the call to CEO, Patrick Blott. Patrick?

Patrick Blott Executive

Good afternoon, everyone, and thank you for joining us. I'm going to start here on Slide 3. The second quarter included important strategic progress alongside continued timing effects from large government procurement programs. Today, I'm going to focus on 3 areas: the growth of our commercial revenue, the strategic importance of the PCI Geomatics acquisition and the status of Indonesia and our outlook. I want to start, though, by welcoming Michael Rolland, to Intermap's Board of Directors.

Michael brings decades of experience financing infrastructure programs and building businesses across the globe as an institutional investor, leading $145 billion pension fund, including in Southeast Asia, where he established OMERS investment program there. Michael understands the value of foreign direct investment to drive growth while also strengthening sovereignty independence and institutional resilience. That's what our customers ask for. So welcome, Michael. Let me start with comments regarding the outlook.

The commercial business continues to perform better than expected, and the guidance is for double-digit growth, reinforced by the PCI acquisition. Our government business is more complicated because of delays in Indonesia, obviously, including macro factors there, where our assets are committed through a binding tender agreement, although they still need a map, and we do expect them to award this year per their public statements. The President wants this. He's pro-foreign institutional investment. He's pro-integrity, he's pro-growth, and he's pro-Indonesia and so are we.

We've been operating there for more than 30 years. Nothing is certain in competitive processes. But if they achieve their timing to award this year and we win, our guidance of $30 million will likely turn out to be conservative. And if they do not, we will update our guidance accordingly. We will also update following the completion of PCI and we'll have more clarity on timing there and its impact on our commercial business.

So revenue for the quarter was $2 million, and revenue for the first 6 months was $3.4 million. We remain in the tendering process in Indonesia with our people, capital assets committed to a successful program there, which is a presidential imperative, although there were timing effects involved with getting the answers right in a complex international tender impacted by macro factors, Indonesia requires a world-class foundation map, and we remain committed to making sure they achieve that objective. As a result, there's no acquisition services revenue in this quarter, just the tendering costs. Together, Software and Solutions and Value-added Data represented all of the second quarter revenue compared with approximately 53% in the prior year quarter. The change in mix reflects an absence of acquisition services revenue, while Indonesia follow-on awards remain in procurement.

Value-added Data revenue more than doubled year-over-year. Software Solutions and prepaid revenue grew 35%. These results are driven by strong organic growth trends and adoption of our newest AI-driven products, particularly in the insurance subscriptions, which now offer agentic AI risk assistant. We announced our third Fast Track strategic technology research contract through a leading defense prime contractor supporting the U.S. Department of War, research program focused on position, navigation and timing in GPS-denied environments.

The program is designed to advance navigation capabilities for military, aerospace and autonomous systems operating in environments where GPS signals are unavailable, degraded, denied or intentionally disrupted. This award further validates our strategy of transforming proprietary geospatial data into mission-critical intelligence solutions supporting some of the world's most important defense and aerospace challenges. Following the quarter, we announced a definitive agreement to acquire PCI Geomatics for CAD 11 million in cash, an important step in expanding our opportunity in commercial space and delivering faster, automated autonomous systems and integrated geospatial intelligence to all our customers. Customers want assured data sovereignty and integrity, and they want an accelerated information loop. They want to be able to work with software and tools that enable data provenance at scale and at speed.

This transaction combines data, processing and software and achieves that and it's a monumental strategic step forward for both of our companies and the industry. We'll talk further about that in a minute. But with this deal and organically, we continue to invest in the people, customers, technology and infrastructure needed to support government and commercial growth. We continue expanding applications built on our proprietary 3D foundation data. The only archive of its kind in the world across insurance, telecommunications, autonomous navigation, defense, commercial space and critical infrastructure markets.

I'm on Slide 4. During the quarter, we took an important step in executing our long-term strategy with the announcement of our acquisition of PCI Geomatics. PCI is a global leader in satellite and aerial image processing. Its capabilities support more than 500 satellites and thousands of production workflows. The transaction adds image processing, cloud-native microservices, APIs and edge processing capabilities that complement Intermap's proprietary 3D terrain data orthorectification and AI-powered analytics.

In particular, the combined company dominates the commercial market for the tools and data used to produce world-class digital elevation models at scale, which form the foundation of modern mapping. Together, these capabilities are designed to create a more vertically integrated platform spanning data collection, image processing, terrain intelligence, analytics and delivery in ways that customers want to consume, assure and protect their data. They also strengthen our ability to support customers that require secure, scalable, proprietary and increasingly automated software-driven geospatial workflows. The transaction is expected to close by the end of September, subject to PCI shareholder approval and customary closing conditions. Both companies are preparing for integration while remaining focused on execution across existing businesses.

On Slide 5, turning again to Indonesia. The follow-on procurement process remains active, though it has taken longer than we originally anticipated. But arguably, this is a good thing. We've been asked to extend certain time lines, and we've agreed. We have resources committed to helping this important customer achieve a successful program, and we remain confident in the opportunity and in our ability to execute if it's awarded to us.

At the same time, it's critical that the program unfolds in a way that maintains the confidence of its government and financial sponsors, particularly when it's a presidential priority in the face of severely stressful macro headwinds, and it benefits from third-party institutional funding by the World Bank. This is not a science experiment. Let's go spend $200 million and see what happens. And it's not a foreign government-sponsored program with all the sovereignty challenges and quality problems that kind of funding involves. This program, which was years in the making to qualify for third-party World Bank institutional funding is a major strategic initiative that carries an opportunity to significantly build Indonesia's technology capacity, foreign direct investment and domestic employment, while at the same time raising the country's foundation mapping quality to a specification standard that leads much of the developed world.

Intermap has been building and investing in Indonesia for more than 30 years, and we have developed a local Indonesian talent, past performance, technology and experience base to lead a world-class geospatial program there driven by experienced Indonesian employees. Intermap is aligned with President's agenda to make that happen and create an attractive environment for FDI, reassure markets that Indonesia is one of the most undervalued and underappreciated investment opportunities in the world right now for institutional capital and that Intermap remains a great public vehicle and barometer for that investment opportunity. We're showing through this program that Indonesia knows how to attract capital and lead Southeast Asia domestic employment and growth. The timing of awards and the resulting recognition of revenue remain outside our control. Acquisition services revenue was 0 during the quarter compared to $1.4 million in the prior year period, while we maintain our commitments to Indonesia.

That difference reflects timing, not alignment, not outcome, and it does not reflect a change in our operational readiness nor our commitment to the program. We continue to maintain personnel, aircraft, radar systems and processing capabilities required for immediate deployment. We are also advancing government opportunities across Southeast Asia, North America, South America and the Middle East. I'll now turn the call over to Jen to walk through the financial results in more detail.

Jennifer Bakken Executive

Thanks, Patrick. As previously stated, total revenue for the second quarter was $2 million compared with $3 million for the same period last year. For the 6 months, revenue was $3.4 million compared with $7.3 million last year. That difference primarily reflects the timing of follow-on contract awards in Indonesia and the absence of acquisition services revenue during 2026. By category, Software and Solutions revenue remained steady at $1.3 million for the quarter, while software prepaid contracts grew 35%.

Value-added data revenue increased to $700,000 from $300,000 and acquisition services revenue was 0 compared with $1.4 million in the prior year quarter. Net loss for the quarter was $2.1 million or $0.03 per share compared with a net loss of $800,000 or $0.02 per share in the prior year period. Adjusted EBITDA was negative $1.4 million compared with negative $300,000 in the prior year. The year over change in operating results primarily reflects lower acquisition services revenue and continued investment in personnel and infrastructure to support expected growth. Personnel expense was $2.1 million compared with $1.8 million, while purchased services and materials declined to $1.1 million from $1.2 million.

We ended the quarter with $16.2 million in cash, $12.6 million in working capital and $17.7 million in shareholders' equity. Accounts receivable and contract assets decreased to $1.2 million from $2.1 million at year-end related to the timing of recurring customer billings and collections, while accounts payable and accrued liabilities decreased to $2.1 million from $2.3 million. Contract liabilities decreased to $3.5 million -- increased to $3.5 million from $2.6 million at December 31. Approximately 88% of that balance relates to Software and Solutions license revenue that was paid in advance and will be recognized over the applicable license terms. During the first 6 months, we invested $2.2 million in property and equipment compared with $200,000 in the prior year period.

These investments support our platform, sensors, data archive, processing capabilities and commercial delivery infrastructure. As disclosed in the financial statements, PCI transaction is expected to use CAD 11 million of cash at closing in Q3. The acquisition is expected to have material recurring subscription revenue and positive net cash flow. We remain focused on the disciplined capital deployment as we prepare for the closing and integration. I will now turn the call back to Patrick.

Patrick Blott Executive

Thanks, Jen. We're now on Slide 8, I think. As we look ahead, we're focused on completing the PCI transaction and integrating its technologies and commercial capabilities to improve product quality, breadth, scale and speed. We're maintaining deployment readiness and working to convert government opportunities into awarded contracts, including the follow-on opportunity in Indonesia. We're continuing to grow commercial revenue across AI-powered insurance analytics, telecommunications, autonomous navigation, defense, commercial space and critical infrastructure.

Our business outlook remains strong. The timing of Indonesia continues to be the principal variable affecting 2026 near-term results. We remain confident in our long-term growth prospects. Following the closing of PCI, we expect to provide updated financial guidance, reflecting the financial profile and the outlook of the combined company. Our focus remains on execution, completing the transaction, supporting our customers, converting opportunities into revenue and building long-term shareholder value.

Thank you, everyone, for joining us today. We'll now open the line up for questions.

Ryan Freemantle Attendee

Thank you, Patrick. [Operator Instructions] I'd like to thank those of you that have already submitted questions, and I'll start with Indonesia. A bunch of questions here. I'll try to lump a few together. For several weeks, the project schedule now shows that the client is waiting on a no objection letter from the World Bank.

To what extent does this represent progress toward final decisions? How has your confidence level in winning some or all of the lots evolved since the last earnings call in May?

Patrick Blott Executive

Yes. I mean there's various decision-makers here, right, and that's important to understand. But the World Bank is more involved. This is not a science project. It's an institutional investment by an institutional investor looking for a return from one of the most recognized financial institutions in the world.

They're going to make sure they get it right, more eyes, more time, but also more confidence, right, more opportunity for follow-on and the more stability for the country, which is under severe stress right now and the benefits from greater institutional assurances and support. So I view it as a good thing. Intermap is still the only company with the past performance and the capabilities. We're independent. We're not government-owned.

We're international, and this is an international procurement, not a domestic procurement. So our confidence remains high. Nothing certain, but our confidence is high.

Ryan Freemantle Attendee

Do we not need to maintain a certain cash level to remain eligible for Indonesia? What specific binding commitments are tied to Indonesia?

Patrick Blott Executive

Yes. We provided alongside our lenders and our other capital providers, several multiples greater financial liquidity availability commitments that are required by the documents. So we're very, very strong on that score.

Ryan Freemantle Attendee

Okay. Moving on to other national mapping programs. Can you talk about how many Indonesia-like opportunities you see in other countries and when those might come to market? How important is winning some or all of the work in Indonesia to winning additional national mapping products?

Patrick Blott Executive

Well, we've recently won a proof of concept in another very important country, and we believe that's going to lead to a national mapping program. We have several others in the region shaping their own upgrades. When Indonesia gets it right, others want it, no question. We've already delivered 1,000 to 5,000 scale map sheets and 0.5 meter DEMs for over 385,000 square kilometers of the most difficult territory in Indonesia in a mind-blowing short period of time. And people notice that.

Ryan Freemantle Attendee

Okay. A few questions on the PCI Geomatics acquisition. Can you elaborate on your prior work with PCI and how that contributed to the acquisition decision?

Patrick Blott Executive

Yes. I mean this is a very, very important transaction. IMP and PCI, we've worked together for decades. We funded and contributed technology, processing technology. We're very early on in their evolution.

We're both dual-use companies from a technology perspective. I don't know that most decent large-scale elevation models in the world get created by touching one or the other of us. They've focused on commercial space since the industry's inception. The strategic rationale for the acquisition was customer-driven. We have customer requirements for distributed edge processing for low latency foundation data, for global scale gridded 3D directories, enterprise platform to operate those directories and for advanced long-range PNT and targeting, as I discussed earlier.

PCI is in the workflow with APIs for substantially most of the leaders in that commercial space industry. Our customers, both of our customers downstream, the users, they're swimming in data and imagery from sensors, not just from space, but also from airborne and ground and sea, drones, helicopters, spacecraft. I mean, you name it. The problem is integrating multiple sources to produce useful and timely analysis-ready information and be able to do that automated at scale. Both of these companies can do that starting right from the sensor, regardless of the platform it lives on.

Whether it's a satellite or an airplane or a drone, they can do it with the software and the AI-driven analytics to make that data useful. So this is transformative not just the product, but also the business model. It's like -- I mean, I think of it like when Google buys DoubleClick and all of a sudden, a directory and search industry becomes targeted advertising and social networks. You've got to put the 2 sides together to achieve that kind of an outcome and advances everything forward. We are now distributed.

We're ubiquitous. We're fast. We're assured. We're enabling countries and companies to own and control their own authoritative data stack from a single vertically integrated assured supply chain. It's not sensor or provider-dependent.

They can consume data the way they want in their own workflow. This is a big, big deal. And as far as I know, we're the only ones doing it.

Ryan Freemantle Attendee

Does announcing this transaction improve your odds in Indonesia and/or with other work you're pursuing?

Patrick Blott Executive

Yes. I think it advances the footfall across the board because, like I said, we're able to operate now in a way that is distributed and autonomous and automated and allows customers much greater control over their own data sovereignty and provenance and workflow and doesn't have them captive to single-source sensors, platforms or providers. So it's a big deal.

Ryan Freemantle Attendee

I'm not sure how much you want to comment on this until the transaction closes, but can you rough out how PCI's revenue mix looks in terms of commercial versus government and defense and discuss how that mix and PCI's capabilities inform Intermap's focus in terms of pursuing new projects?

Patrick Blott Executive

Yes. We're not going to get into that until the transaction closes. And so I'm just going to leave that one at that.

Ryan Freemantle Attendee

With Indonesia follow-on awards taking longer than expected, is the PCI acquisition and combined company's liquidity plan underwritten without relying on material near-term cash receipts from Indonesia?

Patrick Blott Executive

And then some, yes.

Ryan Freemantle Attendee

Okay. Turning to defense. Can you talk about the pipeline of defense opportunities you're seeing and where you're seeing the greatest strength there?

Patrick BlottExecutive

I mean, as I said in the comments, I mean, we're heavily engaged on the development side for integrating software, data, AI to address navigation and targeting problems. When you hear about weapons mistakenly hitting hospitals or kindergartens, that's a data problem. That's where poor data or old data finds its way into a massive scale automated kill chain. These systems that are otherwise more reliable and precise than human-operated versions, but they have a data problem. So we're deeply involved in that over 3 to 4 different department award contracts.

We're deeply involved in the backbone, having a reliable authoritative 3D grid, a top-shelf version of our next map that lives and breathes. Again, edge processing for multiple sensors to reduce latency is an industry priority, and that feeds into that. And then finally, I guess, sovereignty requirements, as I've said before, are driving the need for mapping. And the objective here is to automate in ways that achieve distributed capabilities that allow our customers the capacity to build themselves their own capabilities and have that data sovereignty in that providence without degrading the quality. So those are 3 really important areas, and that's a technology challenge that PCI is helping us address.

Ryan Freemantle Attendee

What is happening with the NGA Luno and the DARPA contracts? Last earnings call, I believe you mentioned the U.S. contract in the final phases. Just kind of looking for an update there.

Patrick Blott Executive

Yes, they're both in, I mean, the DARPA one converted. And then Ludo does periodically drop task orders. Some of the ones in vehicles like that do get impacted by what's happening on the kinetic side. And obviously, there's been some pretty significant activity kinetically in SATCOM and in CENTCOM. Everybody is sort of watching that every day.

So those do affect how and when the government operates with its contractors.

Ryan Freemantle Attendee

Okay. Just touching on the guidance. I think you covered it in the presentation, but maybe just kind of reiterate for some people. The press release doesn't specifically reiterate the prior 2026 revenue and EBITDA margin guidance. So you're withdrawing that for now pending completion of the PCI acquisition.

Patrick Blott Executive

Yes. What I think I said in the statement is that we're -- at the moment, especially compared to the last quarter, we're in this Indonesia procurement. Our assets are committed to fulfilling that, and they've told us in the market and everyone else that they're going to do it, right? So -- and as long as they get it done this year, we're going to probably meet our guidance or exceed it. And so until that changes, either they award or they don't award or something changes there.

If they do change it, we'll revise the guidance. But I'm not going to second-guess the customer.

Ryan Freemantle Attendee

Perfect. One final question here, kind of going back to Indonesia, but I think you might have touched on this. Is Intermap able to do all of the data processing in Indonesia? If so, is Intermap the only company able to do this processing? This has been an issue that's been made a bigger deal because of the delay.

Patrick Blott Executive

Yes. I mean in the industry, as I said before, processing is a bottleneck. It's the hard problem. There's plenty of sensors all over the place. They're on every kind of platform you can imagine, increasingly on drones, sensors and cool platforms to put them on, there's no shortage of that.

And there's almost no novelty to it. The very hard part is processing those massive quantums of data. And I'll remind everybody that in Indonesia specifically, that's a 0.5 meter DEM spec. So I don't know if there's a handful of companies in the world that have done country scale 0.5 meter DEM spec. I think there's none other than us.

Ryan Freemantle Attendee

Okay. We're getting up here on 5:30, and it looks like we've got through all the questions. So if you do have any other questions, please feel free to reach out to us, and we're happy to help there. I'll now turn the call back over to you, Patrick, for closing remarks.

Patrick Blott Executive

Okay. Well, thank you all for joining today's call. We look forward to updating you on progress in future quarters.

Ryan Freemantle Attendee

This concludes Intermap's Second Quarter 2026 Conference Call. We thank you for joining us. Have a great day.