

Intermap Technologies Corporation - Q1 2025

Earnings Call

Thursday, May 15, 2025 5:00 PM

Event Participants

Attendees

Sean Peasgood

Executives

Patrick Blott, Jennifer Bakken

Sean Peasgood

Attendee

Good afternoon, and thank you for joining us for Intermap Technologies conference call to discuss its financial results for the first quarter of 2025. I'm Sean Peasgood from Sophic Capital, and we handle Intermap's Investor Relations. On the call today, 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 first quarter ended March 31, 2025, which will be filed today on our company profile at SEDAR+.

I'll now pass the call over to Intermap's CEO, Patrick Blott. Patrick?

Patrick Blott

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

For those of you new to the name, Intermap provides geospatial and analytics solutions. The company creates 3D high-resolution elevation models with proprietary radar, patented processing, fusion methods and, of course, our proprietary global NEXTMap archive. We update data sets using our sensors on Learjets, drones, government data or third-party satellite information. Our products and services help customers solve global 3D problems. Examples include flood underwriting and beyond line of sight navigation.

Intermap's technology developed with the U.S. Defense Advanced Research Projects Agency, DARPA, and other defense labs has strong barriers to entry. Our exclusive permits allow us to use this military-grade technology to produce and commercialize data, data products and services at unmatched quality, speed and scale.

In the first quarter of 2025, we generated total revenue of \$4.3 million compared to \$1.7 million in the first quarter of 2024; 28% pro forma adjusted EBITDA margins versus 25% in the first quarter of 2024 adjusted for permitting and pursuit costs, which we pay on behalf of partners in our efforts to win follow-on awards and support upcoming programs; pro forma net income of \$833,000 compared to net loss of \$839,000 in the first quarter of 2024; total assets of \$19.2 million versus \$11.9 million on December 31, 2024.

That leaves cash, unbilled, A/R total at \$13.9 million versus \$6.5 million on December 31. Our \$3 million investment in AR, which happened during the quarter, was collected within days of the quarter close. We've improved our liquidity profile, raising USD 8.7 million in the first quarter with total assets now exceeding \$19 million.

Intermap registered under the U.S. Securities and Exchange Act as a foreign private issuer and will make its financial statements and securities filings available to investors on both SEDAR+ and EDGAR.

Our government work is supported by a large pipeline from existing clients as well as attractive pursuits in related and new jurisdictions. We're advancing our technology and product development in alignment with many partner nations and U.S. government requirements.

Our dual-use expertise was highlighted during the quarter. Intermap was downselected after a competitive process for a new U.S. DARPA program to support priority DARPA investments targeted and leveraging Intermap's unique commercial capabilities, commercialization expertise, our proprietary internal investment in research and development, IRAD, and growth capital support. This program extends Intermap's own development efforts and capital with 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. And this is a very important refresh of that long-standing relationship. More information about this important award will follow as our contracting is finalized.

On the commercial side, we're expanding in each of our targeted markets. We're in the process of introducing multi-perils analytics to our North American accounts. This was first rolled out in Europe, and these bundles have achieved in excess of 70% higher pricing on average across our European portfolio by demonstrating enhanced risk assessment capabilities.

We're applying our data and technology to new customers and verticals such as space-based communications, where we executed new contracts during the quarter, and an array of leisure applications, including golf apps. To address their complex problems, Intermap is enabling our customers to consume the world's most precise GEOINT terrain data at global scale as a service, provisioned within seconds, consuming only the points they need when and where they need them. We're enabling new users, new use cases, and our financial results highlight the persistent recurring revenue and high growth embedded in this business model.

Going forward, currency risks and hedging costs associated with overseas government contracts are going to be mitigated significantly by support from World Bank funding, which is denominated and fixed in U.S. dollars. Jennifer will provide more detail about our first quarter of 2025 financial results in her commentary, but we're pleased with both our execution on key contracts, the timing, 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. 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'd like to turn the call over to Jen Bakken, who can walk you through our first quarter of 2025 financial results.

Jennifer Bakken

Thank you, Patrick. As mentioned earlier, we report our financial results in the United States 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+ and EDGAR.

During the first quarter of 2025, total revenue increased 153% year-over-year to \$4.3 million compared to \$1.7 million we reported for the first quarter of 2024, with that growth coming from all areas of the business. Approximately 86% of consolidated revenue was generated outside the United States compared with 77% in 2024.

Acquisition Services revenue for the quarter was \$2.4 million versus the \$478,000 reported in the comparable 2024 quarter. The 402% year-over-year growth in Acquisition Services revenue was a result of the execution of government contracts, including Indonesia. The quarter's Value-added Data revenue grew 96% year-over-year to \$510,000 versus \$255,000 in the first quarter 2024. Value-added Data revenue relates to increased usage from repeating customers. First quarter Software and Solutions revenue grew 43% year-over-year to \$1.3 million versus \$942,000 in the first quarter 2024, largely driven by expansion of global insurance business.

Total assets were \$19.2 million versus \$11.9 million at December 31. And cash, unbilled and A/R totaled \$13.9 million at the end of the quarter versus \$6.5 million at the end of the fourth quarter. And as Patrick previously mentioned, during the quarter, Intermap raised -- closed a bought deal equity financing for gross proceeds of CAD 12 million with the use of proceeds put toward working capital in the pursuit and execution of government contracts.

This concludes my financial summary for the first quarter '25. Before passing the call back to Patrick to discuss the outlook, I'd like to add that primary risks 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 or materials required to execute on contracts from Canada.

This concludes my prepared remarks. I'll pass the call back to Patrick for final comments.

Patrick Blott

Thank you, Jennifer. On our Q4 2024 call, I mentioned that building upon our strong base 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 3 months of 2025, we 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 and South America.

In January, the U.S. National Geospatial-Intelligence Agency chose Intermap's team led by CACI as a vendor for the \$200 million Luno B contract. When combined with the previously announced Luno A award, the addressable opportunity totals \$500 million. The first task orders have begun to be issued, and Intermap is well positioned with our proprietary source data and analytics located over very difficult areas of the world. And our areas also tend to be very difficult to collect and not even accessible by optical satellites.

We have extended our Air Force and Pentagon operations and are upgrading and cross-selling software solutions for Europe, America and Asia. Our foundation continues to strengthen. And given this, we reiterate our 2025 financial guidance.

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 our financial filings on SEDAR+ and EDGAR. And you can 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

Attendee

Okay. Perfect. Thank you. [Operator Instructions] We've got some questions that come in. I'd like to thank participants for your questions.

And we'll get going here. So the first question is, can you update us on the progress towards securing the next phase of the Indonesian program? Do you still envision the next phase being larger than Phase 1? And any sense you have on timing?

Patrick Blott

We expect it to be larger because there's a lot of work to get done. The first phase was only 10% of the country. They're in a quiet period right now, and so are we. So we're not saying much about it. But once they prioritize internally what they want completed first, we'll price it and we'll share it with the market.

Sean Peasgood

Attendee

Okay. Another one on the Indonesian project. What are the goals that Indonesia is working to solve with your technology?

Patrick Blott

Several goals. But the most important one, this is a country that has 17,500 plus islands. And it's in the neighborhood where it needs to know how many islands precisely that it has. And they're not alone as a country in that regard. Sovereignty is a primary driver for all mapping, especially at country scale, and it's no different here.

It's very, very important.

And in addition, the scale, the specification is basically a record-breaking spec. And that's because at a 1,000 to 5,000 base map and all the feature layers in between, we are providing commercial-grade data. It has applications for the government. It has applications for their disaster management, their planning. But it also has commercial applications.

It's the quality of data that can allow commercial businesses, for example, like flood underwriting.

And so there's a lot of different drivers with the governments. There are different stakeholders internally. There's economic benefit for nongovernment stakeholders and commercial businesses. And so all of these forces come together and are the macro factors that drive demand for this. And a big one is sovereignty.

Sean Peasgood

Attendee

Okay. Great. Sticking to the same theme. Will Indonesia be a onetime contract or a series of follow-on contracts over the next few years?

Patrick Blott

It's going to be a -- they're remapping their country. And they're working towards -- and all of this stuff is available and searchable online. So I encourage people to do that. But they're working on what they call a One Map program. And that's a legislative program, and it's also a presidential directive.

It's a priority. It's funded internally, and it's also supported by the World Bank with additional funding, and the objective is to map the country. Not map an island. Not map a couple of islands. They're working to create a new commercial-grade, high-resolution, 3D terrain model of their country.

We're so far the ones doing that, and the objective is to get the whole country done.

Sean Peasgood

Attendee

Okay. Great. Last one I see right now anyway on Indonesia. Can you outline when you expect to recognize the rest of Phase 1 of the Indonesian contract?

Patrick Blott

Yes, we don't break out any of that stuff. And we're also in a period that's pretty sensitive, so we're not going to talk about that.

Sean Peasgood

Attendee

Okay. Great. Can you talk about if any other countries are also looking to engage you for data acquisition/mapping in a similar vein to Indonesia?

Patrick Blott

Yes. And I've made comments about that, I think, in my prepared remarks, and I think we've even commented on it in the press release and other places. But there's -- this is a market-leading specification with a lot of eyes on it and a lot of value being created for the country, and a lot of people are interested in that. A lot of other countries.

Sean Peasgood

Attendee

Okay. This is -- does the company do any pilot studies to show government entities the value of using Intermap to provide geospatial technology?

Patrick Blott

I mean we do a lot like -- and have -- this isn't our first rodeo. The way that customers typically evaluate on both commercial and government side is they're either calculating a return on investment and they're measuring it by returns or they're measuring it by things like economic benefit. And one of the advantages Intermap has over many, many other companies out there in our sector is we have demonstrable economic benefit in our commercial business.

It's growing. It's at scale in terms of the customers and the complexity of the customers and the complexity of the use cases and the value it's bringing. We can demonstrate the impacts on -- for insurance, for example, on things like experienced loss. And it's a very powerful economic benefit that we bring to the table, and it's all quantifiable. And we know it because we're doing it.

Sean Peasgood

Attendee

Great. Shifting gears a bit here. The NGA is obviously an important customer, though it has been pressured to reduce costs. Have those pressures impacted demand or otherwise filtered through to how they deal with you or CACI?

Patrick Blott

No. I mean I did, I think, mentioned in my remarks what's going on with their most recent contract vehicles. I think it's important to understand the difference between how particularly that organization but not just that organization are restructuring and reorienting versus cutting. I don't think cutting is the right word because the defense budget is going up to over \$1 trillion this year.

There are people who are unhappy about how it's structured, but it's not surprising when you look at the administration that's putting it forward, that they want to have annual control over that budget. And so the idea that they're structuring it with supplements in other ways is not surprising to me at all. The fact of the matter is they're going to go spend over \$1 trillion in the next cycle. So that's a lot of money.

Furthermore, organizations like NGA are repositioning for the current state of the world. And it's very much, by the way, aligned with what Intermap is doing as well. They want to be able to provide data that's authoritative data but be able to provide it in a distributed fashion. You're seeing a lot more embeds. You're seeing a lot more people locating in the unified commands, combatant commands around the world.

And you're seeing the application of authoritative data down range and efforts made to turn that data around faster and efforts made to put decision-making power and situational awareness further down into these distributed networks of people, automation, speed, scale.

I mean those are the things that Intermap's focused on, too. And it's exactly what we're doing with our commercial business. There's a strong alignment there. So the actual dollars are going up, not down. The restructuring makes total sense to us and I think for them, too, in terms of how they organize themselves.

But from the perspective of business, I think it's all positive for us.

Sean Peasgood

Attendee

Okay. Great. Next, can you update us on the Luno A and B programs and your level of confidence that your team will win task orders there? I think you talked about it a bit in your prepared remarks, but anything else to add?

Patrick Blott

Nothing more to add at this time other than the important thing is they're upsizing. Even in the last half a year, they're spending more, not less. They're up to \$500 million now that's allocated and funded. They -- and they're spending the money. They have very smart senior people driving these processes towards trying to get more commercial source, trying to get more diversity of sources, trying to get more capabilities brought into that organization.

Project Maven, Mark Munsell is all about automating. He's, by the way, a longtime friend of Intermap. And this is all good stuff for us.

Sean Peasgood

Attendee

Okay. Great. So going back to Indonesia, does the data collected on the Indonesian contract belong exclusively to the country? Can Intermap potentially repackage and add to their underwrite -- add that data to their underwriting platform?

Patrick Blott

Different customers have different requirements and use cases. Intermap, the important thing -- and I think this is something that needs to be understood, particularly on the commercial side. Intermap, it's a dual-use company, and we use the technology to create a commercial product which is unachievable elsewhere. And we own it, and it's of the world, and it's ready like tomorrow.

We maintain a base map, a global base map, data everywhere. Different customers have different specifications, different requirements. And so we meet those based both on commercial and government side. But in no place in the world -- this is what makes Intermap very special. There's no place in the world we're going where we're not doing update or refresh for some particular use case scenario, but we're never inventing the wheel.

We already have it.

Sean Peasgood

Attendee

Great. I'll mix a couple together here. When you say total available market is \$500 million with the National Geospatial Agency, is that amount for Intermap? Or is it part of the -- of that, that will flow to Intermap?

Patrick Blott

When you think about -- and for those less familiar with government contracting, it's similar across the world, different governments but similar processes. But U.S. government contracting in particular, in this case, they have a

defense budget, which you just heard they're arguing about right now. The administration put a number forward. The Senate wants more.

It's in the range of \$1 trillion.

That budget gets built up by line item programming in the Defense Department and by -- in a similar, by the way, process at the State Department, also our customer, and the intelligence community, also our customers, not just the single defense budget. And these line item budgets get produced based on program allocations.

And then in order -- the placeholders for the programs are things like Luno A, right? Like Luno A, Luno B, those are programs of record. Those are feeding into the defense budget. How they spend it happens on task orders within those programs. Those programs are defined.

The requirements are defined. The participants eligible to earn the money have been preselected. They call it downselected, have been qualified through a competitive process. And they've been selected based on specific skill sets, capabilities or products that they offer that are needed within that program.

That's why they were selected. Everybody was selected for a reason. And then they drop task orders, and that's how they spend the money. And each task order within that wallet, so think of it like a wallet, Luno is a wallet. It's a funded wallet.

They got money in it. And now they have the money to do stuff.

The stuff they want to do is very well defined. And the people they want to do it for them have been selected. And we get paid through the task orders. And our job as a company, as a contractor, is to win as much share of the task orders based on our capabilities as we're able to do. And that's what our people do every day, is go in there and shape those task orders, shape the requirements, work with the customer over what their priority need is, their next need is and get in the mix to maximize our wallet share.

Sean Peasgood

Attendee

Great. More generally -- this is a more general question. Can you talk about your competitive advantage over similar companies in the space?

Patrick Blott

I mean we have -- I mentioned it a few times. One, we're a dual-use technology. Everything we do is based on very special proprietary owned tech. But it's regulated. It has national security implications.

That's a powerful moat for us. It has administrative burden that goes with it and some restrictions, but we have a very powerful moat around our core technologies. We also have core assets that are special and very unique to Intermap. I mentioned NEXTMap. I mean we maintain a global base map.

And everywhere we go, we have data already to start with. Everything we're doing is change detection. We don't have to invent wheels.

And so that's a very powerful foundation upon which all of our products and services are built. And we get compared often to imagery or observation companies. We're not that. We're not that. We're a 3D data company.

We're providing very dense data coordinates in multiple dimensions with multiple layers. We're not taking a single 2-dimensional picture. Imagery companies and Intermap are not the same thing, but we get compared to them pretty frequently.

We do partner with them. And we do, sometimes for some requirements, compete with them. Certain things -- you can do object detection as one example. You can do -- take a 2D image and you can figure out certain ships and do object detection with a 2D image for that, but that's not our business. Our business operates in 3D.

And so we compete. We partner. But we're not the same as imagery companies, although we hear that a lot.

Sean Peasgood

Attendee

Okay. Great. One more question here, it looks like. Can you talk about -- oh, sorry, that's -- are you still towards a senior U.S. exchange listing later this year?

Patrick Blott

We are, and that's a pull more than a push. We filed registration with the SEC just this past quarter. That's an important milestone. By the way, it's driven because we're getting to size, right? So once we get to size, we blow through things like small company exemptions and stuff like that.

That's a good thing, I think. It's driven by who the shareholders are, where they are. And that's a very important factor as well.

And I think we're on a really important pathway that ultimately the objective is to make sure that the company is properly set up in terms of its operating business, its customers, its access to capital it's liquidity in the market such that the price discovery makes sense. All of these things are really important, and that's the pull that's happening here.

Sean Peasgood

Attendee

Okay. Well, there are no further questions. 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'll pass the call back to management for closing remarks.

Patrick Blott

Well, thanks for everyone on the call today for listening in and following Intermap's story. We look forward to continuing to share our progress with you in the quarters ahead.

Sean Peasgood

Attendee

This concludes Intermap's First Quarter of 2025 Conference Call. Thank you for joining us.