Management's Discussion and Analysis

For the year ended December 31, 2019

For purposes of this discussion, "Intermap®" or the "Company" refers to Intermap Technologies® Corporation and its subsidiaries.

This management's discussion and analysis (MD&A) is provided as of May 13, 2020 and should be read together with the Company's audited Consolidated Financial Statements and the accompanying notes for the years ended December 31, 2019 and 2018. The results reported herein have been prepared in accordance with International Financial Reporting Standards (IFRS) and, unless otherwise noted, are expressed in United States dollars.

These audited consolidated financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, the reported expenses and the classifications used in the statements of financial position.

Additional information relating to the Company, including the Company's Annual Information Form (AIF), can be found on the Company's Web site at www.intermap.com and on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

In the interest of providing the shareholders and potential investors of Intermap Technologies® Corporation ("Intermap" or the "Company") with information about the Company and its subsidiaries, including management's assessment of Intermap's® and its subsidiaries' future plans, operations and financing alternatives, certain information provided in this MD&A constitutes forward-looking statements or information (collectively, "forward-looking statements"). Forward-looking statements are typically identified by words such as "may", "will", "should", "could", "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe", and similar expressions suggesting future outcomes, and includes statements that actions, events, or conditions "may," "would," "could," or "will" be taken or occur in the future. These forward-looking statements may be based on assumptions that the Company believes to be reasonable based on the information available on the date such statements are made, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors which may cause actual results, levels of activity, and achievements to differ materially from those expressed or implied by such statements. The forward-looking information contained in this MD&A is based on certain assumptions and analysis by management of the Company in light of its experience and perception of historical

trends, current conditions and expected future development and other factors that it believes are appropriate.

The material factors and assumptions used to develop the forward-looking statements herein include, but are not limited to, the following: (i) there will be adequate liquidity available to the Company to carry out its operations; (ii) payments on material contracts will occur within a reasonable period of time after contract completion; (iii) the continued sales success of Intermap's products and services; (iv) the continued success of business development activities; (v) there will be no significant delays in the development and commercialization of the Company's products; (vi) the Company will continue to maintain sufficient and effective production and software development capabilities to compete on the attributes and cost of its products; (vii) there will be no significant reduction in the availability of qualified and cost-effective human resources; (viii) the continued existence and productivity of subsidiary operations; (ix) demand for geospatial related products and services will continue to grow in the foreseeable future; (x) there will be no significant barriers to the integration of the Company's products and services into customers' applications; (xi) the Company will be able to maintain compliance with applicable contractual and regulatory obligations and requirements, (xii) superior technologies/products do not develop that would render the Company's current product offerings obsolete, and (xiii) expected impact of Covid-19 on the Company's future operations and performance.

Intermap's forward-looking statements are subject to risks and uncertainties pertaining to, among other things, cash available to fund operations, availability of capital, revenue fluctuations, nature of government contracts, economic conditions, loss of key customers, retention and availability of executive talent, competing technologies, continued listing of its common shares on the Toronto Stock Exchange or equivalent exchange, common share price volatility, loss of proprietary information, software functionality, internet and system infrastructure functionality, information technology security, breakdown of strategic alliances, and international and political considerations, including but not limited to those risks and uncertainties discussed under the heading "Risk Factors" in the annual MD&A and the Company's other filings with securities regulators. The impact of any one risk, uncertainty, or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent, and the Company's future course of action depends on Management's assessment of all information available at the relevant time. Except to the extent required by law, the Company assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A, whether as a result of new information, future events, or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on the Company's behalf, are expressly qualified in their entirety by these cautionary statements.

BUSINESS OVERVIEW

Intermap is a global geospatial information company, creating a wide variety of geospatial solutions and analytics for its customers. Intermap is a premier worldwide provider of geospatial data solutions.

Intermap currently generates revenue from three primary business activities, composed of i) data acquisition and collection, using proprietary radar sensor technologies, ii) value-added data products and services, which leverage the Company's proprietary NEXTMap® database, together with proprietary software and fusion technologies, and iii) commercial applications and solutions, including a webstore and software sales targeting selected industry verticals that rely on accurate high resolution elevation data.

These geospatial solutions are used in a wide range of applications including, but not limited to, location-based information, risk assessment, geographic information systems (GIS), engineering, utilities, global positioning systems (GPS) maps, oil and gas, renewable energy, hydrology, environmental planning, land management, wireless communications, transportation, advertising, and 3D visualization.

Intermap has the ability to create its own digital 3D geospatial data using its proprietary multi-frequency radar mounted in Learjet aircraft. Intermap's radar-based technology allows it to collect data at any time of the day, including under conditions such as cloud and tree cover, or darkness, which are conditions that limit most competitive technologies. The Company's proprietary radar also enables data to be collected over larger areas, at higher collection speeds, and at accuracy levels that are difficult to achieve with competitive technologies.

In addition to data collection, the Company is a world leader in data fusion, analytics, and orthorectification, and has decades of experience aggregating data derived from a number of different sensor technologies and data sources. The Company processes raw digital elevation and image data from its own and other sources to create three high resolution geospatial datasets that provide a ground-true foundation layer upon which accurate value-added products and services can be developed. The three high resolution data sets include digital surface models (DSM), digital terrain models (DTM), and orthorectified radar images (ORI). These datasets are further augmented with additional elevation and resolution data layers and served to customers by web service to create other value-added products, such as viewsheds, line of sight maps, and orthorectified mosaic tiles.

Unlike many geospatial companies, because of its unique acquisition and processing capability, Intermap retains exclusive ownership of its high resolution NEXTMap® database, which covers the entire globe. Intermap's NEXTMap database, together with third party data and our in-house analytics team, provide a variety of applications and geospatial solutions for its customers. The NEXTMap database contains a fusion of proprietary multi-frequency radar imagery and data, including unique Interferometric Synthetic Aperture Radar (IFSAR)-derived data, proprietary data models, and purchased third-party data, collected from multiple commodity sensor technologies, such as light detection and ranging (LiDAR), photogrammetry, satellite, and other available sources. The NEXTMap database also includes proprietary information developed by our analytical teams such as 3D city models, census data, real-time traffic, 3D road vectors, outdoor advertising assets, weather related hazards, points of interest, cellular towers, flood models and wildfire models.

The Company generates revenue by licensing its geospatial products using its proprietary data, analytics, and applications for specific industries.

FINANCIAL INFORMATION

The following table sets forth selected financial information for the periods indicated.

Selected Annual Information

U.S. $ millions, except per share data		**2019**		2018		2017
Revenue:						
Acquisition services	**$**	**6.9**	$	8.7	$	14.9
Value-added data		**0.8**		4.7		2.8
Software and solutions		**2.4**		2.4		1.6
Total revenue	**$**	**10.1**	$	15.8	$	19.3
Operating (loss) income	**$**	**(2.9)**	$	(0.1)	$	1.3
Change in fair value of deritive instruments	**$**	**-**	$	-	$	0.1
Financing costs	**$**	**(2.9)**	$	(2.7)	$	(2.5)
Net loss	**$**	**(4.8)**	$	(2.8)	$	(1.2)
EPS basic and diluted	**$**	**(0.28)**	$	(0.17)	$	(0.08)
Adjusted EBITDA	**$**	**(0.9)**	$	2.1	$	3.5
Assets:						
Cash, trade receivables, unbilled revenue	**$**	**2.4**	$	4.9	$	6.9
Total assets	**$**	**8.1**	$	9.8	$	11.8
Liabilities:						
Long-term liabilities (including finance lease obligations)	**$**	**0.3**	$	29.3	$	26.8
Total liabilities	**$**	**37.2**	$	34.2	$	33.8

Revenue

Consolidated revenue for the year ended December 31, 2019 totaled $10.1 million, compared to $15.8 million for 2018, representing a 36% decrease. Approximately 41% of consolidated revenue was generated outside the United States, compared to 33% for 2018.

Acquisition services revenue for the year ended December 31, 2019 totaled $6.9 million, compared to $8.7 million for 2018. The decrease is due to the nature and timing of government contracting.

Value-added data revenue for the year ended December 31, 2019 was $0.8 million, an 83% decrease from $4.7 million in 2018. The decrease is due to the completion of a multi-year contract with an Asian Pacific government customer which concluded in the second quarter of 2018, without a similar size opportunity during 2019. The Company is currently pursuing similar activities in the region, which if successful, will benefit from processes and automation developed during the prior contract.

Software and solutions revenue remained flat at $2.4 million for the years ended December 2019 and 2018. The Company recognized a 19% increase in subscription-based revenue, which was offset by the intentional cancellation of customers using our products in competing markets.

Classification of Operating Costs

The composition of the operating costs on the Consolidated Statements of Loss and Other Comprehensive Loss is as follows:

U.S. $ millions	2019	2018
Personnel	**$ 5.8**	$ 8.2
Purchased services & materials	**4.2**	3.8
Facilities and other expenses	**0.8**	1.6
Travel	**0.3**	0.5
	$ 11.1	$ 14.1

Personnel

Personnel expense includes direct labor, employee compensation, employee benefits, and commissions. Personnel expense for the years ended December 31, 2019 and 2018, totaled $5.8 million and $8.2 million, respectively. The 29% year-over-year decrease in personnel expense is primarily due to personnel restructuring activities that occurred during the second half of 2018 and first half of 2019.

As of December 31, 2019, 49% of the headcount relates to software and data development, 23% is in the Jakarta Production Center, 14% relates to sales and marketing and 14% is corporate services.

During 2019, the Company notified certain individual employees of its intent to discontinue their employment. The Company incurred $0.3 million (December 31, 2018 - $0.5 million) in restructuring charges from these reductions.

Non-cash compensation expense is included in operating costs and relates to the Company's omnibus incentive plan, share options, and shares granted to employees and non-employees. Non-cash share-based compensation for the years ended December 31, 2019 and 2018, decreased to $148 thousand from $420 thousand, respectively.

Purchased Services and Materials

Purchased services and materials (PS&M) includes (i) aircraft and radar related costs, including jet fuel; (ii) professional and consulting costs; (iii) third-party support services related to the collection, processing and editing of the Company's airborne radar data collection activities; (iv) third-party data collection activities (i.e. LiDAR, satellite imagery, air photo, etc.); and (v) third-party software expenses (including maintenance and support).

For the years ended December 31, 2019 and 2018, PS&M expense was $4.2 million and $3.8, respectively. The increase was due to increased expenses on acquisition projects.

Facilities and Other Expenses

For the years ended December 31, 2019 and 2018, facilities and other expenses were $0.8 million and $1.6 million, respectively. The decrease is mainly due to the adoption of IFRS 16 during 2019, and the change in accounting for operating leases (see Note 4(a) of the consolidated financial statements).

Travel

For the years ended December 31, 2019 and 2018, travel expense was $0.3 million and $0.5 million, respectively. The decrease was due to decreased travel on acquisition services projects.

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) is not a recognized performance measure under IFRS. The term EBITDA consists of net income (loss) and excludes interest (financing costs), taxes, and depreciation. Adjusted EBITDA also excludes share-based compensation, restructuring costs and related non-recurring payments supporting the corporate restructuring, and other non-operating gains or losses. Adjusted EBITDA is included as a supplemental disclosure because Management believes that such measurement provides a better assessment of the Company's operations on a continuing basis by eliminating certain non-cash charges or gains that are nonrecurring. The most directly comparable measure to Adjusted EBITDA calculated in accordance with IFRS is net income (loss). The following is a reconciliation of the Company's net loss to Adjusted EBITDA.

U.S. $ millions	**2019**	2018
Net loss	**$ (4.8)**	$ (2.8)
Financing costs	**2.9**	2.7
Depreciation of property and equipment	**1.1**	1.3
Depreciation of right of use assets	**0.5**	-
EBITDA	**$ (0.3)**	$ 1.2
Share-based compensation	**0.2**	0.4
Restructuring costs	**0.3**	0.5
Gain on modification of debt	**(1.1)**	-
Adjusted EBITDA	**$ (0.9)**	$ 2.1

Adjusted EBITDA for the year ended December 31, 2019 was negative $0.9 million, compared to positive $2.1 million for 2018. The decrease in adjusted EBITDA is primarily attributable to a decrease in revenue.

Financing Costs

Financing costs for the year ended December 31, 2019 totaled $2.9 million, compared to $2.7 million for 2018. Financing costs relate mostly to the accretion of the notes payable interest using the effective interest method. The notes mature on September 1, 2020. In addition, the Company adopted IFRS 16 starting January 1, 2019, in which a portion of the lease payments are recorded to financing costs, which were previously recorded to operating expense under IAS 17 (See Note 4(a) of the consolidated financial statements). During the year ended December 31, 2019, the Company recognized $54 thousand in financing costs related to the adoption of IFRS 16.

Depreciation of Property and Equipment

Depreciation expense for property and equipment for the years ended December 31, 2019 and 2018 were $1.1 million and $1.3 million, respectively. The decrease is due to assets reaching the end of their useful lives.

Depreciation of Right of Use Assets

With the implementation of IFRS 16 on January 1, 2019, the Company recognized $0.5 million of depreciation expense for right of use assets for the year ended December 31, 2019 (see Note 4(a) of the consolidated financial statements).

Trade Receivables and Unbilled Revenue

Work is performed on contracts that provide invoicing upon the completion of identified

contract milestones. Revenue on certain of these acquisition services contracts is recognized using the percentage-of-completion method of accounting based on the ratio of costs incurred to date over the estimated total costs to complete the contract. While an effort is made to align payments on contracts with work performed, the completion of milestones does not always coincide with the costs incurred on a contract, resulting in revenue being recognized in excess of billings. These amounts are recorded in the consolidated balance sheets as unbilled revenue.

Trade receivables and unbilled revenue decreased from $3.6 million at December 31, 2018, to $1.2 million at December 31, 2019. The decrease is due to the timing of billings and cash receipts. The Company reviews the trade receivables aging monthly and monitors the payment status of each invoice. The Company also communicates with slow paying or delinquent customers on a regular basis regarding the schedule of future payments. At December 31, 2019 and 2018, $Nil has been reserved as uncollectible as all trade receivable balances greater than 90 days are highly likely to be paid in full by the customer.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities generally include trade payables, project-related accruals and personnel-related costs. Accounts payable and accrued liabilities increased to $3.1 million at December 31, 2019, from $2.8 million at December 31, 2018.

U.S. $ millions		**December 31, 2019**		December 31, 2018
Accounts payable	$	1.4	$	1.1
Accrued liablities		1.7		1.7
	$	3.1	$	2.8

The accounts payable balance increased from $1.1 million at December 31, 2018 to $1.4 million at December 31, 2019 due to the timing of payments. The accrued liabilities balance remained flat at $1.7 million at December 31, 2019 and 2018.

Notes Payable

The increase in the notes payable balance from December 31, 2018 of $29.1 million to $31.9 million at December 31, 2019 is purely due to the accretion of the non-cash interest on the two notes outstanding.

The notes payable balance reflects the debt restructuring that occurred during the fourth quarter of 2016 and the first quarter of 2017 plus interest as follows:

- During the fourth quarter of 2016, the Company restructured the outstanding notes (July 8, 2016 note for $2.0 million and September 15, 2016 note for $25.8 million), which resulted in the extension of the maturity date to September 1, 2020 and the elimination of the interest. The restructuring also included the elimination of a 17.5% royalty agreement. The note is secured by a first priority lien on all the assets of the Company. The fair value of the notes at December 31, 2017 reflected in the balance sheet is $24.0 million and is subject to prepayment provisions if the Company builds excess cash; if the Company's aggregate cash and cash equivalents balance exceeds $10.0 million at the end of any calendar quarter, 50% of the balance greater than $10.0 million must be applied to reduce debt against the outstanding notes payable.

- During the first quarter of 2017, $2.9 million of proceeds from a Rights Offering was used to partially repay a $6.0 million Bridge Loan, received on December 14, 2016. The balance of the Bridge Loan was converted into a non-interest-bearing note payable due September 1, 2020. The fair value of the note payable at December 31, 2017 was $2.5 million, following the recognition of a $0.7 million gain on the modification of the Bridge Loan, which was credited to contributed surplus. Additionally, the note is secured by a first priority lien on all assets of the Company and is subject to the same prepayment provisions as the Company's other debt, should the Company build excess cash; if the Company's aggregate cash and cash equivalents balance exceeds $10.0 million at the end of any calendar quarter, 50% of the balance greater than $10.0 million must be pre-paid against the outstanding notes payable.

During the second quarter of 2019, the Company entered into a definitive agreement with Vertex One Asset Management (Vertex), the Company's only first lien secured creditor, subject to obtaining new financing and shareholder approval, to exchange the notes payable described above for newly created perpetual preferred shares.

The Agreement sets forth the terms on which Vertex will release its liens on the assets of the Company and convert the notes payable to preferred shares to facilitate new financing arrangements for the Company and is described in Note 8(a)(iv) of the consolidated financial statements.

Project Financing

The project financing balance decreased from $1.6 million at December 31, 2018 to $0.5 million at December 31, 2019. The decrease was due to a settlement agreement with the service provider during the fourth quarter of 2019 where a gain on the settlement of $1.1 million was recorded.

Unearned Revenue and Deposits

The unearned revenue balance at December 31, 2019 increased to $1.3 million from $0.6 million at December 31, 2018. This balance consists of payments received from customers for contracts that are in progress and have not yet fulfilled the necessary revenue recognition criteria. At December 31, 2019 and December 31, 2018, 89% and 83% of the total balance, respectively, is related to software and solutions license revenue, in which the license fee is paid upfront for the term of the license. The balance relates to the collection of milestone billings on acquisition services contracts.

QUARTERLY FINANCIAL INFORMATION

Selected Quarterly Information

The following table sets forth selected quarterly financial information for Intermap's eight most recent fiscal quarters. This information is unaudited, but reflects all adjustments of a normal, recurring nature that are, in the opinion of management, necessary to present a fair statement of Intermap's consolidated results of operations for the periods presented. Quarter-to-quarter comparisons of Intermap's financial results are not necessarily meaningful and should not be relied on as an indication of future performance.

For the last eight quarters, the Company has been operating severely undercapitalized and been required to self-finance the advancement of high-growth opportunities in the insurance, aviation and telecommunications verticals. As a result, the impact on gross revenue has been delayed. Management believes an improved capital structure will provide much needed investment in revenue growth.

U.S. $ millions, except per share data	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	**Q4 2019**
Total revenue	$ 3.4	$ 4.5	$ 3.7	$ 4.2	$ 0.8	$ 1.9	$ 4.2	**$ 3.2**
Depreciation	$ 0.3	$ 0.3	$ 0.4	$ 0.3	$ 0.4	$ 0.4	$ 0.4	**$ 0.4**
Financing costs	$ 0.6	$ 0.7	$ 0.6	$ 0.8	$ 0.7	$ 0.7	$ 0.7	**$ 0.8**
Operating income (loss)	$ -	$ 0.3	$ (0.5)	$ 0.1	$ (2.2)	$ (1.5)	$ 0.6	**$ 0.2**
Net (loss) income	$ (0.6)	$ (0.4)	$ (1.2)	$ (0.6)	$ (2.9)	$ (2.2)	$ (0.1)	**$ 0.4**
Net (loss) income per share - basic and diluted	$ (0.04)	$ (0.02)	$ (0.07)	$ (0.04)	$ (0.17)	$ (0.13)	$ -	**$ 0.02**
Adjusted EBITDA	$ 0.4	$ 0.9	$ 0.4	$ 0.4	$ (1.8)	$ (0.8)	$ 1.1	**$ 0.6**

Revenue

Consolidated revenue for the fourth quarter of 2019 totaled $3.2 million, compared to $4.2 million for the same period in 2018, representing a 24% decrease. Approximately 67% of consolidated revenue was generated outside the United States during the fourth quarter of 2019, compared to 66% for the same period in 2018.

Acquisition services revenue for the quarter ended December 31, 2019 totaled $2.3 million, compared to $1.0 million for the same period in 2018. The increase is due to the timing of the execution of a U.S. Government contract which closed in the first quarter of each year, but the project milestones which drive the revenue recognition did not start until later in 2019 compared to 2018.

Value-added data revenue for the quarter ended December 31, 2019 was $0.1 million, a decrease from the same period in 2018 which was $2.5 million. The decrease primarily resulted from a $1.8 million contract to deliver high-resolution terrain data to an international government customer during the fourth quarter of 2018.

Software and solutions revenue increased for the quarter ended December 31, 2019 to $0.8 million from $0.7 million for the same period in 2018. The growth is consistent with management expectations for adding subscriptions and achieving positive renewal rates from existing customers.

Personnel

Personnel expense for the three-month periods ended December 31, 2019 and 2018, totaled $1.2 million and $2.2 million, respectively. The decrease in personnel expense is primarily due to the decrease in headcount and bonus expectations.

Non-cash share-based compensation for the quarters ended December 31, 2019 and 2018, increased slightly to $79 thousand from $35 thousand, respectively.

Purchased Services and Materials

For the three-month periods ended December 31, 2019 and 2018, PS&M expense was $1.0 million and $1.1 million, respectively.

Facilities and Other Expenses

For the three-month periods ended December 31, 2019 and 2018, facilities and other expenses were $0.1 million and $0.6 million, respectively. The decrease is mainly due to the adoption of IFRS 16 during 2019, and the change in accounting for operating leases (see Note 4(a) of the consolidated financial statements).

Travel

For the quarters ended December 31, 2019 and 2018, travel expense was $133 thousand and $48 thousand, respectively. The increase was due to travel on acquisition services projects later in the year in 2019, compared to 2018.

CONTRACTUAL OBLIGATIONS

Contractual obligations include (i) notes payable; (ii) lease obligations on office locations and computer equipment; (iii) project financing; and (iv) operating leases on low value equipment and office space. Principal and interest repayments of these obligations are as follows:

		Payments due by Period (US $ thousands)			
Contractual obligations	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Notes payable	$ 33,914	$ 33,914	$ -	$ -	$ -
Lease obligations	486	402	84	-	-
Project financing	484	300	184	-	-
Operating leases	119	119	-	-	-
Total	$ 35,003	$ 34,735	$ 268	$ -	$ -

LIQUIDITY AND CAPITAL RESOURCES

Management continually assesses liquidity in terms of the ability to generate sufficient cash flow to fund the business. Net cash flow is affected by the following items: (i) operating activities, including the level of trade receivables, unbilled receivables, accounts payable, accrued liabilities and unearned revenue; (ii) investing activities, including the purchase of property and equipment; and (iii) financing activities, including debt financing and the issuance of capital stock.

During the year ended December 31, 2019, the Company generated an operating loss of $2.9 million and incurred negative adjusted EBITDA of $0.9 million. Revenue for the year ended December 31, 2019 was $10.1 million, which represents a $5.7 million decrease in revenue for the same period in 2018. At December 31, 2019, the Company has a shareholders' deficiency of $29.1 million that was generated by current and prior years' accumulated losses.

Cash provided by operations during the year ended December 31, 2019 totaled $1.9 million, compared to cash used in operations of $3.9 million during the same period in 2018. The

year-over-year increase in cash provided is due primarily to the increase prepaid software subscriptions.

Net cash used in investing activities totaled $1.3 million and $1.2 million for the years ended December 31, 2019 and 2018, respectively. Net cash used in investing activities for both periods related to the purchase of computer related equipment and the capitalization of labor and materials to build the data archive, processing capabilities, and software assets.

Net cash used in financing activities totaled $0.6 million for the year ended December 31, 2019 compared to $12 thousand for the same period in 2018. The net cash used during the year ended December 31, 2019 resulted from the payment of lease obligations of $0.6 million. The net cash used during the year ended December 31, 2018 was the repayment of lease obligations of $12 thousand.

The Company is dependent upon its cash flow from operations to fund its business as it currently has $33.9 million in outstanding secured long-term debt, no line of credit or credit facility currently in place and the current share price is significantly depressed. The Company believes access to equity capital markets is severely constrained. The cash position of the Company at December 31, 2019 was $1.2 million, compared to $1.3 million at December 31, 2018. Over the past two years, the Company has undertaken a significant reduction in staff and realigning of the mix of talent and key resources, as well as overall reductions in operating costs.

The above factors in the aggregate indicate there are material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on management's ability to successfully secure sales with upfront payments, restructure the balance sheet (including a reduction of debt) and obtain additional financing. Failure to achieve one or more of these requirements could have a materially adverse effect on the Company's financial condition and / or results of operations. The Board of Directors and management continues to address these issues including exploring several strategic alternatives. Such alternatives could include, a sale of the Company, a sale of assets, a business combination, continuing as a standalone entity under a new capital structure. The Company has entered into an agreement with Vertex, subject to the receipt of new financing and shareholder approval, to exchange the notes payable (described in Note 8(a)(iv) of the consolidated financial statements) for perpetual Preferred Shares of the Company. In addition, the Company has received term sheets that will meet the requirements of the Vertex conversion. There can be no assurance that a financing will close and the notes payable will be converted to preferred shares, or the consideration of strategic alternatives will result in the completion of any transaction or any other alternative.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Revenue Recognition

Revenue is recognized when a customer obtains control of the good or services. Determining the timing of the transfer of control, at a point in time or overtime, requires judgement.

Acquisition Service Contracts
Revenue from acquisition service contracts is recognized overtime based on the ratio of costs incurred to estimated final contract costs. The use of this method of measuring progress towards complete satisfaction of the performance obligations requires estimates to determine the cost to complete each contract. These estimates are reviewed monthly and adjusted as necessary. Provisions for estimated losses, if any, are recognized in the period in which the loss is determined. Contract losses are measured in the amount by which the estimated costs of the related project exceed the estimated total revenue for the project. Invoices are issued according to contractual terms and are usually payable within 30 days. Revenue recognized in advance of billings are presented as unbilled revenue.

Data Licenses
Revenue from the sale of data licenses in the ordinary course of business is measured at the fair value of the consideration received or receivable. Customers obtain control of data products upon receipt of a physical hard drive or download of the data from a web link provided. Invoices are generated, and revenue is recognized at that point in time. Invoices are generally paid within 30 days.

Software Subscriptions
Software subscriptions are paid at the beginning of the license term. Revenue is recognized overtime, and payments for future months of service are recognized in unearned revenue. While the license agreements are for a fixed term, some agreements also contain a limited number of clicks or uses. If the limit is reached prior to the end of the term, the license ends early.

Data Library (NEXTMap)
The Company maintains a data library, which is the result of the acquisition and processing of digital map data. Ownership rights to this data are typically retained by the Company and the data is licensed to customers. Although the carrying value of the data library at December 31, 2019 is $Nil, management believes the asset generates significant value to the Company and the solutions it provides. In accordance with IFRS, the Company will review each reporting period for indications that an adjustment to the carrying value may be necessary.

Use of estimates
Preparing financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year include the following:

Depreciation and amortization rates
In calculating the depreciation and amortization expense, management is required to make estimates of the expected useful lives of property and equipment and intangible assets.

Trade receivables
The Company uses historical trends and performs specific account assessments when determining the expected credit losses. These accounting estimates are in respect to the trade receivables line item in the Company's consolidated balance sheet. At December 31, 2019, trade receivables represented 9% of total assets.

The estimate of the Company's expected credit losses could change from period to period due to the allowance being a function of the balance and composition of trade receivables. At December 31, 2019, the expected credit losses of trade receivables were $Nil due to less than 1% of the aged trade receivables over 61 days was past due.

Share-based compensation
The Company uses the Black-Scholes option-pricing model to determine the grant date fair value of share-based compensation. The following assumptions are used in the model: dividend yield; expected volatility; risk-free interest rate; expected option life; and fair value.

Changes to assumptions used to determine the grant date fair value of share-based compensation awards can affect the amounts recognized in the consolidated financial statements.

Provisions
A provision is recognized, if as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the future settlement were to adversely differ from management's expectations, the Company could incur either an additional expense or reversal of the expense previously recorded.

Compound financial instruments
The Company has issued compound financial instruments which comprise promissory notes denominated in United States dollars that include detachable warrants denominated in United States dollars and Canadian dollars that can be converted to share capital at the option of the holder. The valuation and accounting for the notes is complex and requires the application of management estimates and judgments with respect to the determination of appropriate valuation models, certain assumptions applied within such valuation models, and certain aspects of the accounting method applied on initial recognition.

Notes Payable
The Company has issued long-term promissory notes with no stated interest obligation. The valuation and accounting for the zero-interest notes is complex and requires the application of management estimates and judgments with respect to the determination of appropriate valuation method applied on initial recognition. The assumptions and models used for estimating fair value of the note transactions are disclosed in Note 8(a) to the Consolidated Financial Statements.

Revenue
Changes to the assumptions used to measure revenue could impact the amount of revenue recognized in the consolidated financial statements.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The Company adopted the following new accounting standards and amendments which are effective for the Company's interim and annual consolidated financial statements commencing January 1, 2019.

IFRS 16, Leases

Effective January 1, 2019, the Company adopted IFRS 16, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize right-of use-assets and lease liabilities for all major leases.

The Company adopted the standard using the modified retrospective method, and prior year period amounts were not adjusted. They remain as previously reported under IAS 17 and related interpretations. On initial application, the Company elected to record right of use assets based on the corresponding lease liability. At January 1, 2019, right of use assets of $781 and lease obligations of $891 were recorded with no net impact on retained earnings in the consolidated financial statements. As a result of adopting this standard, deferred lease inducements were netted against the right of use assets. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 8.2%. The Company is now recording lease payments as depreciation and interest expense, which was previously recorded as lease expense from operating. There was no impact on cash flows from prior periods, however, current period cash flows from operating activities increased as lease payments are now recognized in cash flows from financing activities and interest expense from the lease obligations is included in financing costs.

The Company has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previous assessed under IAS 17 and IFRC 4. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2018.

The impact on the consolidated balance sheet as of December 31, 2019 and the consolidated statement of loss and other comprehensive income for the year ended December 31, 2019 of adopting IFRS 16 is summarized in tables in the notes to the financial statements (see Note 4(a) of the consolidated financial statements). The impact on EBITDA was $0.5 million for the year ended December 31, 2019, and is included in the Adjusted EBITDA reconciliation.

OUTSTANDING SHARE DATA

The Company's authorized capital consists of an unlimited number of Class A common shares without par value and an unlimited number of Class A participating preferred shares without par value. At the close of business on May 13, 2020, 17,268,472 Class A common shares were issued and outstanding. There are no preferred shares currently issued and outstanding.

As of May 13, 2020, potential dilutive securities include (i) 1,129,825 outstanding share options with a weighted average exercise price of C$0.80, (ii) 1,050,400 restricted share units, and (iii) 546,456 warrants outstanding with a weighted average exercise price of

USD$0.70. Each option and warrant entitles the holder to purchase one Class A common share. The warrants are currently being held by current Directors of the Company, which expire on September 1, 2020.

INTERNAL CONTROLS AND DISCLOSURE CONTROLS AND PROCEDURES

Internal Control over Financial Reporting

The Company's Chairman and Chief Executive Officer and the Company's Chief Financial Officer have designed, or have caused to be designed under their supervision, internal control over financial reporting as defined under National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings*, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's Chairman and Chief Executive Officer and the Company's Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's internal control over financial reporting and have determined, based on the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (2013) and on this evaluation, that such internal controls over financial reporting were effective at December 31, 2019.

Changes in Internal Control over Financial Reporting

There have been no significant changes in the design of internal control over financial reporting that occurred during the year ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Disclosure Controls and Procedures

The Company's Chairman and Chief Executive Officer and the Company's Chief Financial Officer have designed, or have caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that material information relating to the Company has been made known to them and that information required to be disclosed in the Company's annual filings, interim filings or other reports filed by it or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified by applicable securities legislation. The Company's Chairman and Chief Executive Officer and the Company's Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's disclosure controls and procedures and have determined, based on that evaluation, that such disclosure controls and procedures were effective at December 31, 2019.

RISKS AND UNCERTAINTIES

The risks and uncertainties described below are not exhaustive. Additional risks not presently known currently deemed immaterial may also impair the Company's business operation. If any of the events described in the following business risks actually occur, overall business, operating results, and the financial condition of the Company could be materially adversely affected.

Availability of Capital

Cash generated from its operations may not be enough to satisfy its current liquidity requirements and will not be sufficient to discharge the outstanding notes when due. As such, the Company will require additional capital. The extent of the Company's future capital requirements will depend on many factors, including, but not limited to, the market acceptance of its products and services, demand for geospatial related products and service, and competition within this industry. No assurance can be given that any such additional funding will be available or that, if available, it can be obtained on terms favorable to the Company.

Revenue Fluctuations

Intermap's revenue has fluctuated over the years. Acquisition services projects, the purchase of value-added data, and the purchase of software and solutions by the Company's customers are all scheduled per customer requirements and the timing of regulatory and/or budgetary decisions. The commencement or completion of acquisition projects within a particular quarter or year, the timing of regulatory approvals, operating decisions of clients, and the fixed-cost nature of Intermap's business, among other factors, may cause the Company's results to vary significantly between fiscal years and between quarters in the same fiscal year.

Nature of Government Contracts

Intermap conducts a significant portion of its business either directly or in cooperation with the United States government, other governments around the world, and international funding agencies. In many cases, the terms of these contracts provide for cancellation at the option of the government or agency at any time. In addition, many of Intermap's products and services require government appropriations and regulatory licenses, permits, and approvals, the timing and receipt of which are not within Intermap's control. Any of these factors could have an effect on Intermap's revenue, earnings, and cash flow.

Project Finance Facilities

Intermap's contracts may include significant down payments and the commencement of work under such contracts may be dependent on the finalization of a third-party project finance facility to provide for the down payment and progress payments under the terms of the contract. While the Company expects that such financing facilities will be finalized in a reasonable period from the date of contract completion, Intermap is typically not a party to the financing facility negotiations and both finalization and timing of the financing facility is therefore outside of the Company's control. No assurance can be given that any required financing facility will ultimately be completed subsequent to contract finalization.

Foreign Operations

A significant portion of Intermap's revenue is expected to come from customers outside of the United States and is therefore subject to additional risks, including impacts of the spread of COVID-19 on customer operations, foreign currency exchange rate fluctuations, agreements that may be difficult to enforce, receivables difficult to collect through a foreign country's legal system, and the imposition of foreign-country-imposed withholding taxes or other foreign taxes. Intermap relies on contract prepayments or letters of credit to secure

payment from certain of its customers when deemed necessary. If deemed necessary, the Company could secure export credit insurance on certain of its international receivables, which greatly reduces the commercial and political risks of operating outside of North America but involves additional cost for the Company.

General Economic Trends

The spread of COVID-19 has significantly impacted the global economy and has been characterized as a pandemic by the World Health Organization. The impact of the COVID-19 pandemic and other Worldwide economic conditions could have an adverse effect on Intermap's business, financial condition, or results of operations. Adverse changes in general economic or political conditions in any of the major countries in which the Company does business could also adversely affect Intermap's operating results.

Key Customers

During 2019, the Company had two key customers that accounted for 69% of total revenue. During 2018, 67% of the revenue was attributable to two key customers. To the extent that significant customers cancel or delay orders, Intermap's revenue, earnings, and cash flow could be materially and adversely affected.

Executive Talent

Intermap is focused on aligning its resources with its acquisition services, value-added data and software and solutions revenue opportunities. This realignment requires the retention of executive talent. The Company will continue to invest in training and leadership development to retain talent. Although Intermap has a talented team of experienced executives, it may not be able to further develop executive talent internally or attract and retain enough executive talent to effectively manage the anticipated growth and changes within the Company.

Competing Technologies

With respect to the Company's software applications, several direct and indirect competitors are currently in the market with product offerings that could be considered at least partially competitive to Intermap's products. These potential competitors vary in size and could have greater technical and/or financial resources than the Company, to develop and market their products. The financial performance of the Company may be adversely affected by such competition. Additionally, no assurances can be given that additional direct competitors to the Company may not be formed or that the Company may not lose some or all its contracts with existing or future customers, thereby decreasing its ability to compete. Also, existing and future customers may have, or may develop, in-house solutions that could take the place of the Company's software applications. Any adverse change in the business relationships with the Company's customers or partners could have a material adverse impact on the Company's software applications business and its future prospects.

With respect to the Company's radar data acquisition business, it is possible that commercially available satellite images could, in the future, match or come close to the image resolution offered by the Company's radar technology. Intermap continues to evaluate its data collection capabilities and look for improvements to the performance of its radar technology. Although there are only a few direct Intermap competitors currently, the industry

is characterized by rapid technological progress. Intermap's ability to continue to develop and introduce new products and services, or incorporate enhancements to existing products and services, may require significant additional research and development expenditures and investments in support infrastructure.

Another approach to production of digital elevation models is the use of auto correlation software to analyze common points in two or more optical images of the same area taken from different viewing angles. Essentially this is the same principle that is used by technicians as they extract elevation points using stereo photogrammetric techniques, but in this case, it is automated using computer software image matching algorithms. This process is well known and has been used with limited success over small areas. Advances in computing power, coupled with massive storage solutions, may make this technology useful over larger areas in the future, and if so, could represent a significant competing technology.

Any required additional financing needed by the Company to remain competitive with these other technologies may not be available or, if available, may not be on terms satisfactory to the Company.

Common Share Price Volatility

The market price of the Company's common shares has fluctuated widely in recent periods and is likely to continue to be volatile. A number of factors can affect the market price of Intermap's common stock including (i) actual or anticipated variations in operating results, (ii) the low daily trading volume of the Company's stock, (iii) announcement of technological innovations or new products by the Company or its competitors, (iv) competition, including pricing pressures and the potential impact of competitors products on sales, (v) changing conditions in the geospatial and related industries, (vi) unexpected production difficulties, (vii) changes in financial estimates or recommendations by stock market analysts regarding Intermap or its competitors, (viii) announcements by Intermap or its competitors of acquisitions, strategic partnerships, or joint ventures, (ix) additions or departures of senior management, (x) changes in economic or political conditions (xi) the selling of significant holdings by large investors, (xii) the financing terms of existing large debt holders of the Company, and (xiii) the Company's ability to meet the continued listing requirements of the Toronto Stock Exchange to maintain the listing of its common shares.

Loss of Proprietary Information

Intermap currently holds patents on the technology used in its operations and relies heavily on trade secrets, know-how, expertise, experience, and the marketing ability of its personnel to remain competitive. Although Intermap requires all employees, consultants, and third parties to agree to keep its proprietary information confidential, no assurance can be given that the steps taken by Intermap will be effective in deterring misappropriation of its technologies. Additionally, no assurance can be given that employees or consultants will not challenge the legitimacy or scope of their confidentiality obligations, or that third parties, in time, could not independently develop and deploy equivalent or superior technologies.

Software Functionality

Defects in the Company's software applications, delays in delivery, and failures or mistakes in the Company's software code could materially harm the Company's business, including customer relationships and operating results.

Internet and System Infrastructure Functionality

The end customers of the Company's software applications depend on internet service providers, online service providers and the Company's infrastructure for access to the software applications the Company provides to its customers. These services are subject to service outages and delays due to system failures, stability or interruption. As a result, the Company may not be able to meet a satisfactory level of service as agreed to with its customers, which could have a material adverse effect on the Company's business, revenues, operating results and financial condition.

Information Technology Security

The Company's software applications are dependent on its ability to protect its computer equipment and the information stored in its data centers against damage that may be caused by fire, power loss, telecommunication failures, unauthorized intrusion, computer viruses, disabling devices and other similar events. A failure in the Company's production systems or a disaster or other event affecting production systems or business operations, both internally and externally, could result in a disruption to the Company's software services. Such a disruption could also impact the Company's reputation and cause it to lose customers, revenue, face litigation, or necessitate customer service/repair work that would involve substantial costs and could ultimately have a material impact on the Company.

Intermap's geospatial database has become a valuable asset to the Company. While Intermap has invested in database management, information technology security, firewalls, and offsite duplicate storage, there is a risk of a loss of data through unauthorized access or a customer violating the terms of the Company's end user licensing agreements and distributing unauthorized copies of its data. Intermap has, and will continue to invest, in both legal resources to strengthen its licensing agreements with its customers and in overall information technology protection.

Cybersecurity

The Company's software applications and geospatial database are dependent upon protection against damage or loss that may be caused by a cyberattack. Loss or theft of the Company's geospatial database could result in lost revenue or the ability of a competitor to provide competing software solutions. A hostile Denial of Service (DoS) action could disrupt the Company's software services. Such a disruption could impact the Company's reputation and cause it to lose customers, revenue, face litigation, or necessitate customer service/repair work that would involve substantial costs and could ultimately have a material impact on the Company.

Intermap has invested in database management, information technology security, and firewalls to mitigate the risk of loss or theft of the Company's data. Further investments have been made to prevent DoS activities, including the use of Microsoft's Azure environment and

the security it offers, and improvements to the software services' defenses against such attacks.

The Company undertakes periodic reviews of its information technology infrastructure and security policies using the SANS CIS Critical Security Controls as a framework. The areas of focus for review pertain to user and system authentication and access; internal network configuration and security; data storage resiliency and security; and hosted application access security. These periodic reviews serve to proactively shore up areas of vulnerability and ensure policies are effective and enforced. However, the risk cannot be eliminated entirely, and the Company has invested in insurance to mitigate loss in the event of a cyberattack.

Breakdown of Strategic Alliances

Intermap has fostered a number of key alliances over the past several years and intends to enter into new alliances in the future. The Company believes these new alliances will help enable access to significant scalable markets that would not otherwise be accessible in a timely manner. The breakdown or termination of some or all those alliances could have a material impact on the Company. Currently, the Company is not aware of any material issues in its strategic relationships. Should any one of these companies be unable to continue its alliance with Intermap, or otherwise choose to dissolve the relationship, the Company would seek to replace the connection with other entities, but there is no guarantee such replacement would occur.

Exporting Products – Political Considerations

Intermap's data collection systems contain technology that is classified as a defense article under the International Traffic and Arms Regulations. All mapping efforts undertaken outside the United States, therefore, constitute a temporary export of a defense article, requiring prior written approval by the United States Department of State for each country within which mapping operations are to be performed. The Company does not currently anticipate that requirements for export permits will have a material impact on the Company's operations, although either government policy or government relations with select foreign countries may change to the point of affecting the Company's operational opportunities. The data produced by Intermap's IFSAR radar system falls under Department of Commerce regulations and is virtually unrestricted.

Environmental Regulation

Changes in environmental regulation could have an adverse effect on the Company's airborne data acquisition services business. For example, requirements for cleaner burning aircraft fuel could result in increased costs which could impact the Company's pricing model for acquisition services projects. The complexity and breadth of environmental and climate change related issues make it extremely difficult to predict the potential impact on the Company. Compliance with environmental regulation can be costly, and non-compliance can result in fines, penalties and loss of licenses.

Political Instability

Intermap understands that not every region enjoys the political stability that is taken for granted in North America. Political or significant instability in a region where Intermap is conducting data collection activities, or where Intermap has clients, could adversely impact Intermap's business.

Regulatory Approvals

The development and application of certain of the Company's products requires the approval of applicable regulatory authorities. A failure to obtain such approval on a timely basis, or material conditions imposed by such authority in connection with the approval, would materially affect the prospects of the Company.

Aircraft / Radar Lost or Damaged

Although the Company believes that the probability of one of the Company's aircraft or radar sustaining significant damage or being lost in its entirety is extremely low, such damage or loss could occur. The Company expects to have available to it, for data collection purposes, one additional aircraft at any given time. The risk to the Company of loss from the damage of an aircraft is therefore considered to be minimal. In the event that a radar mapping system is lost in its entirety through the destruction of the aircraft, it would take the Company approximately six to nine months to replace the lost equipment, if required.

Global Positioning System (GPS) Failure

GPS satellites have been available to the commercial market for many years. The continued unrestricted access to the signals produced by these GPS satellites are helpful in the collection of the Company's IFSAR data. A loss of GPS would have such a global impact that it is believed that controlling authorities would almost certainly make another system available to GPS receivers in relatively short order.

Information Openly Available to the Public

The Company accesses information available to the public via the Internet and may incorporate portions of such information into its products. If a source of public information determined that the Company was profiting from free information, there is risk it could seek compensation.

Force Majeure

The Company's projects may be adversely affected by risks outside the control of the Company including labor unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics, or quarantine restrictions.

Additional Information

Additional risk factors may be detailed in the Company’s Annual Information Form, which can be found on the Company’s Web site at www.intermap.com and on SEDAR at www.sedar.com.