

Source: Pulse Seismic Inc.



PULSE SEISMIC INC. REPORTS 2022 SECOND QUARTER RESULTS AND DECLARES QUARTERLY DIVIDEND

CALGARY, Alberta, July 20, 2022 (GLOBE NEWSWIRE) – Pulse Seismic Inc. (TSX:PSD) (OTCQX:PLSDF) (“Pulse” or the “Company”) is pleased to report its financial and operating results for the three and six months ended June 30, 2022. The unaudited condensed consolidated interim financial statements, accompanying notes and MD&A are being filed on SEDAR (www.sedar.com) and will be available on Pulse’s website at www.pulseseismic.com.

Pulse’s Board of Directors today approved a quarterly dividend of \$0.0125 per share. The total of the regular dividend will be approximately \$672,000 based on Pulse’s 53,720,317 common shares outstanding as of July 20, 2022, to be paid on August 23, 2022 to shareholders of record on August 15, 2022. This dividend is designated as an eligible dividend for Canadian income tax purposes. For non-resident shareholders, Pulse’s dividends are subject to Canadian withholding tax.

HIGHLIGHTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

- Total revenue was \$3.1 million for the three months ended June 30, 2022 compared to \$19.1 million for the three months ended June 30, 2021. For the six months ended June 30, 2022, total revenue was \$5.0 million compared to \$23.9 million for the six months ended June 30, 2021. The period-over-period revenue decreases are a result of the large amount of transaction-based data library sales related to mergers and acquisitions in the first half of 2021;
- Net loss for the three months ended June 30, 2022 was \$1.8 million (\$0.03 per share basic and diluted) compared to net earnings of \$10.2 million (\$0.19 per share basic and diluted) for the three months ended June 30, 2021. Net loss for the six months ended June 30, 2022 was \$4.3 million (\$0.08 per share basic and diluted) compared to net earnings of \$10.2 million (\$0.19 per share basic and diluted) for the six months ended June 30, 2021;
- EBITDA^(a) was \$818,000 (\$0.02 per share basic and diluted) for the three months ended June 30, 2022, compared to \$17.6 million (\$0.33 per share basic and diluted) for the three months ended June 30, 2021. EBITDA was \$827,000 (\$0.02 per share basic and diluted) for the six months ended June 30, 2022 compared to \$21.3 million (\$0.40 per share basic and diluted) for the six months ended June 30, 2021;
- Shareholder free cash flow^(a) was \$1.2 million (\$0.02 per share basic and diluted) for the second quarter of 2022 compared to \$12.8 million (\$0.24 per share basic and diluted) for the comparable period in 2021. Shareholder free cash flow was \$1.4 million (\$0.03 per share basic and diluted) for the six months ended June 30, 2022 compared to \$15.4 million (\$0.29 per share basic and diluted) for the six months ended June 30, 2021;
- In the six-month period ended June 30, 2022 Pulse purchased and cancelled, through its normal course issuer bid, a total of 64,400 common shares at a total cost of approximately \$129,000 (at an average cost of \$2.00 per common share including commissions); and
- At June 30, 2022 Pulse was debt-free and held cash of \$5.9 million. The \$25.0 million revolving credit facility is undrawn and fully available to the Company.

SELECTED FINANCIAL AND OPERATING INFORMATION

(thousands of dollars except per share data, numbers of shares and kilometres of seismic data)	Three months ended June 30,		Six months ended June 30,		Year ended
	2022	2021	2022	2021	December 31,
	(unaudited)		(unaudited)		2021
Revenue					
Data library sales	3,028	18,973	4,771	23,713	48,717
Other revenue	69	115	182	200	433
Total revenue	3,097	19,088	4,953	23,913	49,150
Amortization of seismic data library	2,443	2,503	4,958	5,001	10,010
Net earnings (loss)	(1,766)	10,159	(4,284)	10,192	21,514
Per share basic and diluted	(0.03)	0.19	(0.08)	0.19	0.40
Cash provided by operating activities	1,773	9,133	10,402	18,215	29,799
Per share basic and diluted	0.03	0.17	0.19	0.34	0.55
EBITDA ^(a)	818	17,609	827	21,339	42,632
Per share basic and diluted ^(a)	0.02	0.33	0.03	0.40	0.79
Shareholder free cash flow ^(a)	1,224	12,819	1,412	15,387	32,082
Per share basic and diluted ^(a)	0.02	0.24	0.03	0.29	0.60
Capital expenditures					
Seismic data purchases, digitization and related costs	-	95	-	191	350
Property and equipment	8	3	12	3	8
Total capital expenditures	8	98	12	194	358
Weighted average shares outstanding					
Basic and diluted	53,731,237	53,793,317	53,739,960	53,793,317	53,792,984
Shares outstanding at period-end			53,720,317	53,793,317	53,784,717
Seismic library					
2D in kilometres			829,207	829,207	829,207
3D in square kilometres			65,310	65,310	65,310

FINANCIAL POSITION AND RATIOS

(thousands of dollars except ratios)	June 30,	June 30,	December 31,
	2022	2021	2021
Working capital	6,522	4,272	9,749
Working capital ratio	6.9:1	1.9:1	2.7:1
Cash and cash equivalents	5,910	-	-
Total assets	40,064	51,488	52,899
Long-term debt	-	10,356	2,265
Trailing 12-month (TTM) EBITDA ^(b)	22,120	26,770	42,632
Shareholders' equity	38,400	35,484	44,141
Long-term debt to TTM EBITDA ratio	0.00	0.39	0.05
Long-term debt to equity ratio	0.00	0.29	0.05

^(a) The Company's continuous disclosure documents provide discussion and analysis of "EBITDA", "EBITDA per share", "shareholder free cash flow" and "shareholder free cash flow per share". These financial measures do not have standard definitions prescribed by IFRS and, therefore, may not be comparable to similar measures disclosed by other companies. The Company has included these non-GAAP financial measures because management, investors, analysts and others use them as measures of the Company's financial performance. The Company's definition of EBITDA is cash available to invest in growing the Company's seismic data library, pay interest and principal on its long-term debt, purchase its common shares, pay taxes and the payment of dividends. EBITDA is calculated as earnings (loss) from operations before interest, taxes, depreciation and amortization. EBITDA per share is defined as EBITDA divided by the weighted average number of shares outstanding for the period. The Company believes EBITDA assists investors in comparing Pulse's results on a consistent basis without regard to non-cash items, such as depreciation and amortization, which can vary significantly depending on accounting methods or non-operating factors such as historical cost. Shareholder free cash flow further refines the calculation by adding back non-cash expenses, net restructuring costs and deducting net financing costs and current income tax expense from EBITDA. Shareholder free cash flow per share is defined as shareholder free cash flow divided by the weighted average number of shares outstanding for the period.

^(b) TTM EBITDA is defined as the sum of EBITDA generated over the previous 12 months and is used to provide a comparable annualized measure.

These non-GAAP financial measures are defined, calculated and reconciled to the nearest GAAP financial measures in the Management's Discussion and Analysis.

OUTLOOK

Despite low seismic data library sales in the first half, the Company regards overall trends in Western Canada as positive and conditions favourable for both types of seismic data sales. Numerous producing oil and natural gas asset packages are on the market, while industry capital investment, drilling rates and mineral lease auctions or "land sales" are continuing to rebound in response to high commodity prices and robust global demand. Crude oil and natural gas remain critical sources of energy worldwide, and recognition continues to grow that security of supply is important to manage geopolitical risks.

With zero debt, a low cost structure, high cash margin, no capital spending commitments, access to credit on favourable terms, Canada's largest licensable seismic data library providing coverage in all major non-oil-sands oil and natural gas plays across western Canada, strong customer relations, and its ongoing initiative to enhance the attractiveness of its data for broader application in new-energy as well as traditional projects, Pulse is favourably positioned to benefit from an industry growth cycle as well as to weather weaker sales.

A transaction-based data library sale of any size can occur at any time, and sales in any quarter can be higher or lower than in the previous quarter or in the comparable quarter of a previous year. Pulse also cautions that there is no direct linkage between industry field conditions and demand for seismic data, resulting in innately poor visibility as to Pulse's future traditional sales.

Pulse remains focused on the business practices that have enabled it to navigate and thrive through the full range of conditions: maintaining a strong balance sheet with access to credit on favourable terms, careful management of cash resources including distributing cash to shareholders when prudent, a low cost structure, a disciplined and rigorous approach to growth opportunities, an experienced and capable management team, and excellent customer care.

CORPORATE PROFILE

Pulse is a market leader in the acquisition, marketing and licensing of 2D and 3D seismic data to the western Canadian energy sector. Pulse owns the largest licensable seismic data library in Canada, currently consisting of approximately 65,310 square kilometres of 3D seismic and 829,207 kilometres of 2D seismic. The library extensively covers the Western Canada Sedimentary Basin, where most of Canada's oil and natural gas exploration and development occur.

For further information, please contact:

Neal Coleman, President and CEO

Or

Pamela Wicks, Vice President Finance and CFO

Tel.: 403-237-5559

Toll-free: 1-877-460-5559

E-mail: info@pulsesismic.com.

Please visit our website at www.pulsesismic.com

This document contains information that constitutes “forward-looking information” or “forward-looking statements” (collectively, “forward-looking information”) within the meaning of applicable securities legislation. Forward-looking information is often, but not always, identified by the use of words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “forecast”, “target”, “project”, “guidance”, “may”, “will”, “should”, “could”, “estimate”, “predict” or similar words suggesting future outcomes or language suggesting an outlook.

The Outlook section herein contain forward-looking information which includes, but is not limited to, statements regarding:

- > The outlook of the Company for the year ahead, including future operating costs and expected revenues;
- > Recent events on the political, economic, regulatory, public health and legal fronts affecting the industry’s medium- to longer-term prospects, including progression and completion of contemplated pipeline projects;
- > The Company’s capital resources and sufficiency thereof to finance future operations, meet its obligations associated with financial liabilities and carry out the necessary capital expenditures through 2022;
- > Pulse’s capital allocation strategy;
- > Pulse’s dividend policy;
- > Oil and natural gas prices and forecast trends;
- > Oil and natural gas drilling activity and land sales activity;
- > Oil and natural gas company capital budgets;
- > Future demand for seismic data;
- > Future seismic data sales;
- > Pulse’s business and growth strategy; and
- > Other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results and performance, as they relate to the Company or to the oil and natural gas industry as a whole.

By its very nature, forward-looking information involves inherent risks and uncertainties, both general and specific, and risks that predictions, forecasts, projections and other forward-looking statements will not be achieved. Pulse does not publish specific financial goals or otherwise provide guidance, due to the inherently poor visibility of seismic revenue. The Company cautions readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in such forward-looking information. These factors include, but are not limited to:

- > Uncertainty of the timing and volume of data sales;
- > Volatility of oil and natural gas prices;
- > Risks associated with the oil and natural gas industry in general;
- > The Company’s ability to access external sources of debt and equity capital;
- > Credit, liquidity and commodity price risks;
- > The demand for seismic data and;
- > The pricing of data library licence sales;
- > Cybersecurity;
- > Relicensing (change-of-control) fees and partner copy sales;
- > Environmental, health and safety risks, including those related to the COVID-19 pandemic;

- > Federal and provincial government laws and regulations, including those pertaining to taxation, royalty rates, environmental protection, public health and safety;
- > Competition;
- > Dependence on key management, operations and marketing personnel;
- > The loss of seismic data;
- > Protection of intellectual property rights;
- > The introduction of new products; and
- > Climate change.

Pulse cautions that the foregoing list of factors that may affect future results is not exhaustive. Additional information on these risks and other factors which could affect the Company's operations and financial results is included under "Risk Factors" in the Company's most recent annual information form, and in the Company's most recent audited annual financial statements, most recent MD&A, management information circular, quarterly reports, material change reports and news releases. Copies of the Company's public filings are available on SEDAR at www.sedar.com.

When relying on forward-looking information to make decisions with respect to Pulse, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Furthermore, the forward-looking information contained in this document is provided as of the date of this document and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking information, except as required by law. The forward-looking information in this document is provided for the limited purpose of enabling current and potential investors to evaluate an investment in Pulse. Readers are cautioned that such forward-looking information may not be appropriate, and should not be used, for other purposes.