

Source: Pulse Seismic Inc.



PULSE SEISMIC INC. REPORTS Q3 2024 RESULTS AND APPROVES REGULAR QUARTERLY DIVIDEND

CALGARY, Alberta, October 22, 2024 (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 nine months ended September 30, 2024. 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.

Today, Pulse’s Board of Directors approved a regular quarterly dividend of \$0.015 per common share. The total dividend will be approximately \$764,000 based on Pulse’s 50,904,663 common shares outstanding as of October 22, 2024, and will be paid on November 28, 2024, to shareholders of record on November 14, 2024. 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.

“While Pulse’s third quarter sales were not as robust as in 2023, it is common in our business to have significant variances between quarterly and annual results, which is why we focus on keeping costs low and maintaining a strong balance sheet,” stated Neal Coleman, Pulse’s President and CEO. “Already in October, we have completed another \$2.7 million in sales, bringing year to date total revenue to \$20.5 million,” Coleman continued. “We have consistently generated positive quarterly free cashflow and remain committed to providing a significant return of capital to shareholders. Pulse has declared \$0.10875 per share in dividends up to today and bought back nearly 1.7 million shares under the NCIB in the first three quarters of the year. Total capital returned to shareholders is approximately 92% of the shareholder free cashflow generated as of September 30, 2024,” he concluded.

HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

- A regular quarterly dividend of \$0.015 per share and a special dividend of \$0.05 per share were declared and paid in the third quarter. For the nine-month period, regular quarterly dividends totalled \$0.04375 per share. Regular and special dividends declared and paid in the first three quarters of 2024 totalled \$4.8 million;
- In the nine-month period ended September 30, 2024, Pulse purchased and cancelled, through its normal course issuer bid, 3.2% of the shares outstanding at December 31, 2023, for a total of 1,686,300 common shares at a total cost of approximately \$3.7 million (at an average cost of \$2.17 per common share including commissions);
- At September 30, 2024, Pulse was debt-free and held cash of \$7.5 million;
- Shareholder free cash flow^(a) was \$1.1 million (\$0.02 per share basic and diluted) for the third quarter of 2024 compared to \$2.8 million (\$0.05 per share basic and diluted) for the comparable period in 2023. Shareholder free cash flow was \$10.0 million (\$0.19 per share basic and diluted) for the nine months ended September 30, 2024, compared to \$13.9 million (\$0.26 per share basic and diluted) for the nine months ended September 30, 2023;
- EBITDA^(a) was \$1.1 million (\$0.02 per share basic and diluted) for the three months ended September 30, 2024, compared to \$3.3 million (\$0.06 per share basic and diluted) for the three months ended September 30, 2023. EBITDA was \$11.7 million (\$0.23 per share basic and diluted) for the nine months ended September 30, 2024, compared to \$16.8 million (\$0.32 per share basic and diluted) for the nine months ended September 30, 2023;
- For the three months ended September 30, 2024, there was a net loss of \$1.4 million (\$0.03 per share basic and diluted) compared to net earnings of \$393,000 (\$0.01 per share basic and diluted) for the three months ended September 30, 2023. Net earnings for the nine months ended September 30, 2024, was \$2.6 million (\$0.05 per share basic and diluted) compared to net earnings of \$6.7 million (\$0.13 per share basic and diluted) for the nine months ended September 30, 2023; and
- Total revenue was \$2.7 million for the three months ended September 30, 2024, compared to \$5.1 million for the three months ended September 30, 2023. For the nine months ended September 30, 2024, total revenue was \$17.8 million compared to \$22.3 million for the nine months ended September 30, 2023.

SELECTED FINANCIAL AND OPERATING INFORMATION

(Thousands of dollars except per share data, numbers of shares and kilometres of seismic data)	Three months ended September 30,		Nine months ended September 30,		Year ended
	2024	2023	2024	2023	December 31,
	(Unaudited)		(Unaudited)		2023
Revenue					
Data library sales	2,726	5,103	17,803	22,266	39,127
Amortization of seismic data library	2,278	2,273	6,827	6,833	9,103
Net earnings (loss)	(1,405)	393	2,617	6,700	15,007
Per share basic and diluted	(0.03)	0.01	0.05	0.13	0.28
Cash provided by operating activities	2,665	10,564	11,860	16,524	23,524
Per share basic and diluted	0.05	0.20	0.23	0.31	0.44
EBITDA ^(a)	1,064	3,289	11,711	16,839	30,431
Per share basic and diluted ^(a)	0.02	0.06	0.23	0.32	0.57
Shareholder free cash flow ^(a)	1,061	2,793	9,968	13,883	24,829
Per share basic and diluted ^(a)	0.02	0.05	0.19	0.26	0.47
Capital expenditures					
Seismic data	-	-	225	-	-
Property and equipment	45	14	45	28	28
Total capital expenditures	45	14	270	28	28
Dividends					
Regular dividends	766	731	2,255	2,138	2,862
Special dividends	2,548	7,992	2,548	7,992	18,519
Total dividends	3,314	8,723	4,803	10,130	21,381
Normal course issuer bid					
Number of shares purchased and cancelled	519,500	853,158	1,686,300	945,506	1,005,006
Cost of shares purchased and cancelled	1,245	1,670	3,653	1,830	1,943
Weighted average shares outstanding					
Basic and diluted	51,071,111	53,135,041	51,640,483	53,436,340	53,237,569
Shares outstanding at period-end			50,935,563	52,681,363	52,621,863
Seismic library					
2D in kilometres			829,207	829,207	829,207
3D in square kilometres			65,310	65,310	65,310

FINANCIAL POSITION AND RATIO

(Thousands of dollars except ratio)	September 30,	September 30,	December 31,
	2024	2023	2023
Working capital	7,460	7,820	7,468
Working capital ratio	3.8:1	2.3:1	1.5:1
Cash and cash equivalents	7,414	9,821	15,948
Total assets	22,374	34,727	41,249
Trailing 12-month (TTM) EBITDA ^(b)	25,303	17,306	30,431
Shareholders' equity	19,351	28,225	25,655

^(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 long-term debt when applicable, 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 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

So far in 2024, there have been a variety of factors influencing industry conditions which impact Pulse's revenue generation. While land sales in Alberta at September 30, 2024 were approximately \$300 million, down slightly from the \$318 million for the same period in 2023, they remain significantly higher than in recent years going back to 2014. There are several notable infrastructure improvements which will lead to increased offtake capacity for Canadian oil and gas, such as the recent completion of the TMX pipeline expansion and the 2025 forecast completion of LNG Canada's natural gas export facility. 2024 has also brought improvements in oil prices and an expectation by some for increasing natural gas prices in 2025. These positives, are offset by the factors that create uncertainty for the future, including economic, political, and environmental concerns. Pulse, as always, has low visibility regarding future seismic data library sales levels, regardless of industry conditions. The Company remains focused on business practices that have served throughout the full range of conditions. The Company maintains a strong balance sheet, has zero debt, no capital spending commitments, and a disciplined and rigorous approach to evaluating growth opportunities. This 15-person company, led by an experienced and capable management team, operates with a low-cost structure and focuses on developing excellent client relations as well providing exceptional customer service. Pulse's strong financial position, high leverage to increased revenue in its EBITDA margin and careful management of its cash resources have resulted in the return of capital to shareholders through regular and special dividends and the repurchase of its shares.

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.

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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 2024;
- > 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;
- > 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.