

Source: Pulse Seismic Inc.



PULSE SEISMIC INC. REPORTS 2022 FINANCIAL RESULTS AND DECLARES DIVIDEND

CALGARY, Alberta, February 16, 2023 (GLOBE NEWSWIRE) – Pulse Seismic Inc. (TSX:PSD) (OTCQX:PLSDF) (“Pulse” or the “Company”) is pleased to report its financial and operating results for the year ended December 31, 2022. The audited consolidated 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 \$670,000 based on Pulse’s 53,618,469 common shares outstanding as of February 16, 2023, to be paid on March 20, 2023 to shareholders of record on March 13, 2023. 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 YEAR ENDED DECEMBER 31, 2022

- Total revenue was \$9.6 million compared to \$49.2 million for the year ended December 31, 2021;
- Net loss was \$7.9 million (\$0.15 per share basic and diluted) compared to a net earnings of \$21.5 million (\$0.40 per share basic and diluted) for 2021;
- EBITDA^(a) was \$2.0 million (\$0.04 per share basic and diluted) compared to \$42.6 million (\$0.79 per share basic and diluted) for the year ended December 31, 2021;
- Shareholder free cash flow^(a) was \$3.2 million (\$0.06 per share basic and diluted) compared to \$32.1 million (\$0.60 per share basic and diluted) for the year ended December 31, 2021; and
- At December 31, 2022, the Company was debt-free and had a cash balance of \$5.8 million as well as \$25.0 million of available liquidity on its revolving credit facility. The December 31, 2021 long-term debt balance of \$2.4 million was repaid in January 2022.

HIGHLIGHTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2022

- Total revenue was \$2.4 million compared to \$16.3 million for the three months ended December 31, 2021;
- Net loss was \$1.9 million (\$0.04 per share basic and diluted) compared to net earnings of \$8.2 million (\$0.15 per share basic and diluted) in the fourth quarter of 2021;
- EBITDA was \$467,000 (\$0.01 per share basic and diluted) compared to \$13.8 million (\$0.26 per share basic and diluted) in the fourth quarter of 2021; and
- Shareholder free cash flow was \$908,000 (\$0.02 per share basic and diluted) compared to \$10.8 million (\$0.20 per share basic and diluted) in the fourth quarter of 2021.

SELECTED FINANCIAL AND OPERATING INFORMATION

(thousands of dollars except per share data,
numbers of shares and kilometres of seismic data)

Three months ended December 31,
2022 2021

Years ended December 31,
2022 2021

Revenue				
Data library sales	2,411	16,172	9,345	48,717
Other revenue	28	133	225	433
Total revenue	2,439	16,305	9,570	49,150
Amortization of seismic data library	2,416	2,500	9,818	10,010
Net earnings (loss)	(1,948)	8,158	(7,907)	21,514
Per share basic and diluted	(0.04)	0.15	(0.15)	0.40
Cash provided by operating activities	761	4,010	11,992	29,799
Per share basic and diluted	0.01	0.07	0.22	0.55
EBITDA ^(a)	467	13,835	2,035	42,632
Per share basic and diluted ^(a)	0.01	0.26	0.04	0.79
Shareholder free cash flow ^(a)	908	10,828	3,200	32,082
Per share basic and diluted ^(a)	0.02	0.20	0.06	0.60
Capital expenditures				
Seismic data digitization and related costs	-	62	-	350
Property and equipment	-	-	12	8
Total capital expenditures	-	62	12	358
Weighted average shares outstanding				
Basic and diluted	53,633,862	53,791,997	53,703,039	53,792,984
Shares outstanding at period-end			53,626,869	53,784,717
Seismic library				
2D in kilometres			829,207	829,207
3D in square kilometres			65,310	65,310

FINANCIAL POSITION AND RATIOS

(thousands of dollars except ratios)	December 31, 2022	December 31, 2021
Working capital	6,593	9,749
Working capital ratio	6.8:1	2.7:1
Cash and cash equivalents	5,822	-
Total assets	35,222	52,899
Long-term debt	-	2,265
EBITDA ^(a)	2,035	42,632
Shareholders' equity	33,496	44,141
Long-term debt to EBITDA ratio	0.00	0.05
Long-term debt to equity ratio	0.00	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 for interest payments, cash taxes, repayment of debt, purchase of its shares, discretionary capital expenditures and the payment of dividends, and is calculated as earnings (loss) from operations before interest, taxes, depreciation and amortization. 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. EBITDA per share is defined as EBITDA divided by the weighted average number of shares outstanding for the period. Shareholder free cash flow further refines the calculation of capital available to invest in growing the Company's 2D and 3D seismic data library, to repay debt, to purchase its common shares and to pay dividends by deducting non-discretionary expenditures from EBITDA. Non-discretionary expenditures are defined as non-cash expenses, debt financing costs (net of deferred financing expenses amortized in the current period), net restructuring costs and current tax provisions. 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.

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

OUTLOOK

With seismic data library sales of \$6.1 million to date in 2023, equivalent to 66 percent of the sales achieved in all of 2022, and conditions in Western Canada's oil and natural gas industry extending the widespread improvement experienced in 2022, Pulse is cautiously optimistic about the year ahead. Areas of strength include buoyant global demand for fossil fuels, forecasts for continued growth in industry capital investment and field activities, and ongoing corporate profitability, along with expectations for corporate M&A activity essentially matching 2022 deal flow of \$15.6 billion. These positive factors are dampened by continued geopolitical instability and a deteriorating regulatory environment at the Canadian federal level.

The marked rebound in mineral lease auctions ("land sales") to well over \$300 million in 2022 appears to be extending into 2023, with land sales of \$53.3 million to date this year, all in Alberta. It is also anticipated that British Columbia's more than year-long freeze on mineral lease auctions may be lifted this year. Also, in November the Canadian Association of Energy Contractors issued an initial 2023 drilling forecast of 6,409 oil and natural wells across Western Canada, an increase of 12 percent from 2022.

Industry analysts also foresee a potential shift among oil and natural gas producers from the 2021-2022 focus on strengthening balance sheets, paying down debt, buying back shares and maximizing dividends while allowing production to remain largely flat, to go-forward capital programs focused on increasing production and replacing depleted reserves through a combination of drilling and asset or corporate acquisitions. Initial private-sector forecasts for 2023 suggest further growth in capital spending of 5 percent this year over the approximately \$21 billion invested in 2022.

Such trends would be favourable to both Pulse's traditional and transaction-based seismic data library sales. As always, the Company cautions that industry M&A transactions do not provide visibility as to the timing or value of associated demand for seismic data; accordingly, a transaction-based data library sale of any size can occur at any time. Pulse further cautions that there is no direct linkage between industry field conditions and demand for seismic data and, accordingly, visibility is innately poor as to future traditional sales.

The past year again demonstrated that Pulse's business model and financial management ably prepared the Company to weather a year of record-low sales, with a balance sheet and cost structure that enabled Pulse to continue generating positive EBITDA and shareholder free cash flow sufficient to maintain a quarterly dividend. Pulse's key strengths include zero debt, a low-cost structure, high leverage in the EBITDA margin to increased revenue, no capital spending commitments, Canada's largest licensable seismic data library and strong customer relations. Pulse entered 2023 well-positioned to benefit from a rebound in sales.

Given the past several years' volatility in seismic data library sales, the Company remains focused on the business practices that have enabled the Company 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 complemented by the current initiative to enhance the attractiveness of the seismic data library for broader application in both traditional and energy transition exploration and development.

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 2023;
- > 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;
- > 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.