

Source: Pulse Seismic Inc.



PULSE SEISMIC INC. REPORTS Q2 2024 RESULTS AND DECLARES SPECIAL AND REGULAR QUARTERLY DIVIDENDS

CALGARY, Alberta, July 23, 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 six months ended June 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 declared both a regular quarterly dividend of \$0.015 per common share and a special dividend of \$0.05 per common share. The total of the dividends will be approximately \$3.3 million based on Pulse’s 51,243,863 common shares outstanding as of July 23, 2024, and will be paid on August 21, 2024, to shareholders of record on August 14, 2024. These dividends are designated as an eligible dividend for Canadian income tax purposes. For non-resident shareholders, Pulse’s dividends are subject to Canadian withholding tax.

“Pulse had a solid first half of 2024, generating revenue more than sufficient to cover a full year of cash operating costs, as well as the annual regular dividend of \$0.06 per common share,” stated Neal Coleman, Pulse’s President and CEO. “We know from history that annual revenue can vary significantly, so we continue to exercise diligence in maintaining a strong balance sheet and low-cost business model,” Coleman continued. “We have established a track record of positive free cashflow generation and significant return of capital to shareholders, which remains our priority. Including the share buybacks in the first half of the year and all dividends declared by the Board of Directors in 2024 up to today, we have allocated approximately 80% of the shareholder free cashflow generated as of June 30, as returns to shareholders,” he concluded.

HIGHLIGHTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024

- The regular quarterly dividend of \$0.015 per share declared and paid in the second quarter was an increase of 9% over the regular quarterly dividend of \$0.01375 per share declared and paid in the first quarter;
- A special dividend of \$0.20 per share totalling \$10.5 million, declared in December 2023, was also paid in the first quarter;
- In the six-month period ended June 30, 2024, Pulse purchased and cancelled, through its normal course issuer bid, 2.2% of the shares outstanding at December 31, 2023, for a total of 1,166,800 common shares at a total cost of approximately \$2.4 million (at an average cost of \$2.06 per common share including commissions);
- Shareholder free cash flow^(a) was \$3.9 million (\$0.07 per share basic and diluted) for the second quarter of 2024 compared to \$5.8 million (\$0.11 per share basic and diluted) for the comparable period in 2023. Shareholder free cash flow was \$8.9 million (\$0.17 per share basic and diluted) for the six months ended June 30, 2024, compared to \$11.1 million (\$0.21 per share basic and diluted) for the six months ended June 30, 2023;
- EBITDA^(a) was \$4.4 million (\$0.09 per share basic and diluted) for the three months ended June 30, 2024, compared to \$6.9 million (\$0.13 per share basic and diluted) for the three months ended June 30, 2023. EBITDA was \$10.6 million (\$0.21 per share basic and diluted) for the six months ended June 30, 2024, compared to \$13.6 million (\$0.25 per share basic and diluted) for the six months ended June 30, 2023;
- Net earnings for the three months ended June 30, 2024, was \$1.3 million (\$0.03 per share basic and diluted) compared to net earnings of \$3.4 million (\$0.06 per share basic and diluted) for the three months ended June 30, 2023. Net earnings for the six months ended June 30, 2024, was \$4.0 million (\$0.08 per share basic and diluted) compared to net earnings of \$6.3 million (\$0.12 per share basic and diluted) for the six months ended June 30, 2023;
- Total revenue was \$6.3 million for the three months ended June 30, 2024, compared to \$8.8 million for the three months ended June 30, 2023. For the six months ended June 30, 2024, total revenue was \$15.1 million compared to \$17.2 million for the six months ended June 30, 2023; and
- At June 30, 2024, Pulse was debt-free and held cash of \$9.4 million.

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
	2024	2023	2024	2023	December 31,
	(Unaudited)		(Unaudited)		2023
Revenue					
Data library sales	6,300	8,756	15,077	17,163	39,127
Amortization of seismic data library	2,279	2,274	4,549	4,560	9,103
Net earnings (loss)	1,341	3,399	4,022	6,307	15,007
Per share basic and diluted	0.03	0.06	0.08	0.12	0.28
Cash provided by operating activities	(1,269)	548	9,195	5,961	23,524
Per share basic and diluted	(0.02)	0.01	0.18	0.11	0.44
EBITDA ^(a)	4,418	6,935	10,647	13,550	30,431
Per share basic and diluted ^(a)	0.09	0.13	0.21	0.25	0.57
Shareholder free cash flow ^(a)	3,869	5,829	8,907	11,090	24,829
Per share basic and diluted ^(a)	0.07	0.11	0.17	0.21	0.47
Capital expenditures					
Seismic data	-	-	225	-	-
Property and equipment	-	10	-	14	28
Total capital expenditures	-	10	225	14	28
Dividends					
Regular dividends	775	737	1,490	1,407	2,862
Special dividends	-	-	-	-	18,519
Total dividends	775	737	1,490	1,407	21,381
Normal course issuer bid					
Number of shares purchased and cancelled	539,500	43,900	1,166,800	92,348	1,055,006
Cost of shares purchased and cancelled	1,222	76	2,407	161	1,943
Weighted average shares outstanding					
Basic and diluted	51,734,590	53,564,532	51,928,298	53,589,486	53,237,569
Shares outstanding at period-end			51,455,063	53,534,521	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)	June 30, 2024	June 30, 2023	December 31, 2023
Working capital	10,996	15,380	7,468
Working capital ratio	4.0:1	5.1:1	1.5:1
Cash and cash equivalents	9,392	9,686	15,948
Total assets	29,184	42,372	41,249
Trailing 12-month (TTM) EBITDA ^(b)	27,528	14,758	30,431
Shareholders' equity	25,177	38,026	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

There are many positive factors influencing industry conditions at this time which have impacted revenue generated so far in 2024. These include increased land sales year-to-date in Alberta as compared to recent years, improvements in infrastructure 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 improvements in oil prices and an expectation by some for increasing natural gas prices in 2025. These positives, of course, are offset by the issues 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 the business practices that have served it 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 and 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.