

Source: Pulse Seismic Inc.



## PULSE SEISMIC INC. REPORTS 2023 FINANCIAL RESULTS AND DECLARES DIVIDEND

CALGARY, Alberta, February 15, 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 year ended December 31, 2023. The audited consolidated financial statements, accompanying notes and MD&A are being filed on SEDAR ([www.sedar.com](http://www.sedar.com)) and will be available on Pulse’s website at [www.pulseseismic.com](http://www.pulseseismic.com).

Pulse’s Board of Directors today approved a quarterly dividend of \$0.01375 per share. The total of the regular dividend will be approximately \$715,000 based on Pulse’s 52,003,063 common shares outstanding as of February 15, 2024, to be paid on March 11, 2024, to shareholders of record on March 1, 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.

“The financial performance of the Company in 2023 was exceptional, with material increases in both traditional and transaction-based sales over the prior year,” stated Neal Coleman, the Company’s President and CEO. “We returned 94% of 2023 free cashflow to our shareholders. That is \$23.3 million of capital allocated to dividends and share buybacks. Revenue was \$39.1 million for the year, 63% of which converted to shareholder free cashflow. Having zero debt and a low-cost structure allows for significant returns of capital in high sales years,” Coleman continued. “I am also very pleased to report a great start to 2024, as we have earned \$8.3 million of data licensing revenue so far this year,” he concluded.

### HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2023

- The return of capital to shareholders in 2023 including all declared dividends and NCIB share purchases, totalled \$23.3 million;
- Dividends of \$0.40375 per share were declared in 2023. Regular dividends declared and paid totalled \$0.05375 per share. The annualized regular dividend of \$0.05 per share was increased by 10% to \$0.055 per share in the first quarter of the year. The first of two special dividends declared in 2023, was for \$0.15 per share and paid in the third quarter. The second, for \$0.20 per share, was declared in December and paid on January 8, 2024. Total dividends paid in 2023 were \$10.9 million and the January paid dividend totalled \$10.5 million;
- 1,005,006 shares were purchased during the year under the Normal Course Issuer Bid (NCIB) at an average price of \$1.92 per share, for total cost of approximately \$1.9 million;
- Shareholder free cash flow<sup>(a)</sup> was \$24.8 million (\$0.47 per share basic and diluted) compared to \$3.2 million (\$0.06 per share basic and diluted) for the year ended December 31, 2022;
- EBITDA<sup>(a)</sup> was \$30.4 million (\$0.57 per share basic and diluted) compared to \$2.0 million (\$0.04 per share basic and diluted) for the year ended December 31, 2022;
- Net earnings were \$15.0 million (\$0.28 per share basic and diluted) compared to a net loss of \$7.9 million (\$0.15 per share basic and diluted) for 2022;
- Total revenue was \$39.1 million compared to \$9.6 million for the year ended December 31, 2022; and
- At December 31, 2023, the Company remained debt-free and had a cash balance of \$15.9 million as well as \$25.0 million of available liquidity on its credit facility. Subsequent to year end the Company amended its credit facility to a revolving demand facility with a borrowing limit of \$5.0 million.

## HIGHLIGHTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2023

- A special dividend of \$0.20 per share, totalling \$10.5 million, was declared in December 2023 and paid on January 8, 2024;
- The regular quarterly dividend of \$0.01375 per share was paid in the fourth quarter;
- Shareholder free cash flow was \$10.9 million (\$0.21 per share basic and diluted) compared to \$908,000 (\$0.02 per share basic and diluted) in the fourth quarter of 2022;
- EBITDA was \$13.6 million (\$0.26 per share basic and diluted) compared to \$467,000 (\$0.01 per share basic and diluted) in the fourth quarter of 2022;
- Net earnings were \$8.3 million (\$0.16 per share basic and diluted) compared to a net loss of \$1.9 million (\$0.04 per share basic and diluted) in the fourth quarter of 2022;
- Total revenue was \$16.9 million compared to \$2.4 million for the three months ended December 31, 2022;
- A total of 59,500 shares were purchased under the NCIB in the fourth quarter, at an average price of \$1.87 per share and total cost of approximately \$112,000; and
- The TSX accepted Pulse's notice of intention to commence an NCIB, allowing Pulse to purchase up to 2,957,406 common shares between December 20, 2023 and December 19, 2024. The Company's purchase of shares during any trading day will not exceed 2,618 common shares, subject to Pulse's ability to make block purchases in accordance with the TSX facilities and rules. Shares purchased on behalf of Pulse, will be carried out by Peter's and Co. Limited.

## 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,		Years ended December 31,	
	2023	2022	2023	2022
Revenue	16,861	2,439	39,127	9,570
Amortization of seismic data library	2,270	2,416	9,103	9,818
Net earnings (loss)	8,307	(1,948)	15,007	(7,907)
Per share basic and diluted	0.16	(0.04)	0.28	(0.15)
Cash provided by operating activities	7,001	761	23,524	11,992
Per share basic and diluted	0.13	0.01	0.44	0.22
EBITDA <sup>(a)</sup>	13,592	467	30,431	2,035
Per share basic and diluted <sup>(a)</sup>	0.26	0.01	0.57	0.04
Shareholder free cash flow <sup>(a)</sup>	10,946	908	24,829	3,200
Per share basic and diluted <sup>(a)</sup>	0.21	0.02	0.47	0.06
Dividends				
Regular dividends declared and paid	724	670	2,862	2,685
Special dividend declared and paid	-	-	7,992	-
Special dividend declared in December 2023 and paid in January 2024	10,527	-	10,527	-
Total dividends	11,251	670	21,381	2,685
Shares				
Weighted average shares outstanding				
Basic and diluted	52,647,740	53,633,862	53,237,569	53,703,039
Shares outstanding at period-end			52,621,863	53,626,869
Seismic library				
2D in kilometres			829,207	829,207
3D in square kilometres			65,310	65,310

## FINANCIAL POSITION AND RATIO

(thousands of dollars except ratio)	December 31, 2023	December 31, 2022
Working capital	7,468	6,593
Working capital ratio	1.5:1	6.8:1
Cash and cash equivalents	15,948	5,822
Total assets	41,249	35,222
Shareholders' equity	25,655	33,496

- (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

Following the high level of data licensing and financial performance achieved in 2023, the Company has also experienced a solid start to 2024, generating \$8.3 million of revenue as of February 15th. While the outlook for economic and commodity markets is mixed, several factors are expected to have a positive impact on the year ahead in the energy industry. The continued strength in crude oil prices and expectations that global demand for fossil fuels will continue to trend upward is key. That said, natural gas prices have continued to decline and are currently at a three and a half year low. The completion of the Trans Mountain Pipeline Expansion project is imminent and the progress on the LNG Canada facility is expected to be operational in early 2025. These critical energy projects will provide increased export capacity for delivering both oil and natural gas to global markets.

After two high-volume years of industry M&A activity, it is anticipated to decline year-over-year to approximately \$12 billion in 2024. This forecast reflects the stronger balance sheets and profitability in the industry and, accordingly, fewer assets and companies for sale. An initial 2024 forecast by Enserva anticipates industry capital spending growth of a further 10 percent this year, and land sales are forecast to remain robust. In November 2023, the Canadian Association of Energy Contractors issued an initial 2024 drilling forecast of 6,229 wells, up from 5,748 in 2023.

The Company cautions, as always, that industry conditions do not provide visibility regarding Pulse's seismic data library sales levels and remains focused on the business practices that have served it throughout the full range of conditions. Pulse 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, the 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, 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;
- > 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](http://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.