

Source: Pulse Seismic Inc.



PULSE SEISMIC INC. REPORTS Q1 2022 RESULTS AND DECLARES QUARTERLY DIVIDEND

CALGARY, Alberta, April 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 months ended March 31, 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 53,733,117 common shares outstanding as of April 20, 2022, to be paid on May 24, 2022 to shareholders of record on May 16, 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 MONTHS ENDED MARCH 31, 2022

- Total revenue was \$1.9 million compared to \$4.8 million for the three months ended March 31, 2021;
- Net loss was \$2.5 million (\$0.05 per share basic and diluted) compared to net earnings of \$33,000 (\$0.00 per share basic and diluted) in the first quarter of 2021;
- EBITDA^(a) was \$9,000 (\$0.00 per share basic and diluted) compared to \$3.7 million (\$0.07 per share basic and diluted) in the first quarter of 2021;
- Shareholder free cash flow^(a) was \$188,000 (\$0.00 per share basic and diluted) compared to \$2.6 million (\$0.05 per share basic and diluted) in the first quarter of 2021;
- In the three-month period ended March 31, 2022 Pulse purchased and cancelled, through its normal course issuer bid, a total of 51,600 common shares at a total cost of approximately \$104,000 (at an average cost of \$2.00 per common share including commissions); and
- At March 31, 2022 Pulse was debt-free and held cash of \$5.3 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 March 31,		Year ended
	2022	2021	December 31,
	(unaudited)		2021
Revenue			
Data library sales	1,743	4,740	48,717
Other revenue	113	85	433
Total revenue	1,856	4,825	49,150
Amortization of seismic data library	2,515	2,498	10,010
Net earnings (loss)	(2,518)	33	21,514
Per share basic and diluted	(0.05)	0.00	0.40
Cash provided by operating activities	8,629	9,082	29,799
Per share basic and diluted	0.16	0.17	0.55
EBITDA ^(a)	9	3,730	42,632
Per share basic and diluted ^(a)	0.00	0.07	0.79
Shareholder free cash flow ^(a)	188	2,569	32,082
Per share basic and diluted ^(a)	0.00	0.05	0.60
Capital expenditures			
Seismic data digitization and related costs	-	96	350
Property and equipment	4	-	8
Total capital expenditures	4	96	358
Weighted average shares outstanding			
Basic and diluted	53,748,780	53,793,317	53,792,984
Shares outstanding at period-end	53,733,117	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)	March 31, 2022	March 31, 2021	December 31, 2021
Working capital	6,878	(401)	9,749
Working capital ratio	7.1:1	0.8:1	2.7:1
Cash and cash equivalents	5,276	-	-
Total assets	42,944	48,077	52,899
Long-term debt	-	18,976	2,265
Trailing 12-month (TTM) EBITDA ^(b)	38,911	10,116	42,632
Shareholders' equity	40,945	25,356	44,141
Long-term debt to TTM EBITDA ratio	0.00	1.88	0.05
Long-term debt to equity ratio	0.00	0.75	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 quarter, the Company considers overall trends in Western Canada positive and conditions favourable for both types of seismic data sales. With numerous producing oil and natural gas asset packages on the market, corporate M&A transactions are likely to occur in 2022. Industry capital investment, drilling rates and mineral lease auctions or “land sales” are extending the rebounds begun late last year. There is growing recognition globally that crude oil and natural gas remain critical to the world’s energy mix, and that security of supply is important to manage geopolitical risks. Pulse accordingly anticipates a continuing recovery in western Canada’s energy industry over the coming quarters.

With zero debt, a low cost structure, high cash margin of 87 percent in 2021, 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 both traditional and new-energy projects, Pulse is favourably positioned to benefit from growing strength in industry conditions.

Pulse anticipates continued M&A deal flow this year, while cautioning that such transactions do not provide visibility as to the timing or value of associated demand for seismic data. 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.

As for industry field conditions, pricing for crude oil and natural gas is increasingly buoyant and forecasts are bullish. Western Texas Intermediate (WTI) Crude oil has been close to or above US\$100 per barrel since early February and leading agencies forecast that prices will rise further until at least mid-year. Natural gas in the U.S. has risen from under US\$4.00 per million British Thermal Units (MMBtu) entering 2022 to over US\$7.00 per MMBtu in mid-April. In Canada, the AECO benchmark price has increased from below \$4.00 per MMBtu entering 2022 to \$6.84 per MMBtu as of April 12, and is forecast to remain above \$6.00 per MMBtu well into next year.

Favourable commodity pricing encourages industry capital investment, drilling and production, along with new company formation. Both the Canadian Association of Oilwell Drilling Contractors and the Petroleum Services Association of Canada have forecast significant increases to oil and natural gas drilling in 2022, as discussed in Pulse’s previous Outlook. Compared to \$104.2 million for all of 2021, land sales in Alberta, a traditional leading indicator of field activities, have totalled \$68.6 million in the first three months of 2022, nearly five times the level recorded in the first quarter of 2021.

These trends imply strengthening industry requirements for seismic data, the driver of Pulse’s traditional data library sales. Pulse cautions that there is no direct linkage between industry field conditions and demand for seismic data and, accordingly, Pulse has innately poor visibility as to 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 it is prudent to do so, 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@pulseseismic.com.

Please visit our website at www.pulseseismic.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.