PULSE
Energy Data. On Demand.

Q3

For the three and 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
	2023	2022	**2023**	2022	December 31, 2022
	(unaudited)		(unaudited)		
Revenue					
Data library sales	**5,083**	2,163	**22,203**	6,934	9,345
Other revenue	**20**	15	**63**	197	225
Total revenue	**5,103**	2,178	**22,266**	7,131	9,570
Amortization of seismic data library	**2,273**	2,444	**6,833**	7,402	9,818
Net earnings (loss)	**393**	(1,675)	**6,700**	(5,959)	(7,907)
Per share basic and diluted	**0.01**	(0.03)	**0.13**	(0.11)	(0.15)
Cash provided by operating activities	**10,564**	829	**16,524**	11,231	11,992
Per share basic and diluted	**0.20**	0.02	**0.31**	0.21	0.22
EBITDA [(a)]	**3,289**	741	**16,839**	1,568	2,035
Per share basic and diluted [(a)]	**0.06**	0.01	**0.32**	0.03	0.04
Shareholder free cash flow [(a)]	**2,793**	880	**13,883**	2,292	3,200
Per basic and diluted [(a)]	**0.05**	0.02	**0.26**	0.04	0.06
Capital expenditures					
Property and equipment	**14**	-	**28**	12	12
Regular dividends paid	**731**	672	**2,138**	2,015	2,685
Special dividend paid	**7,992**	-	**7,992**	-	-
Total dividends paid	**8,723**	672	**10,130**	2,015	2,685
Weighted average shares outstanding Basic and diluted	**53,135,041**	53,699,692	**53,436,340**	53,726,390	53,703,039
Shares outstanding at period-end			**52,681,363**	53,634,317	53,626,869
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, 2023**	September 30, 2022	December 31, 2022
Working capital	**7,820**	6,597	6,593
Working capital ratio	**2.3:1**	7.5:1	6.8:1
Cash and cash equivalents	**9,821**	5,811	5,822
Total assets	**34,727**	37,552	35,222
Long-term debt	-	-	-
Trailing 12-month (TTM) EBITDA [(b)]	**17,306**	15,403	2,035
Shareholders' equity	**28,225**	35,964	33,496

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

(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.

PULSE
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Q3

For the three and nine months ended September 30, 2023

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis (MD&A) of the financial condition and results of operations of Pulse Seismic Inc. ("Pulse" or the "Company") for the three and nine months ended September 30, 2023, was prepared taking into consideration information available to October 24, 2023 and should be read with the unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended September 30, 2023. This MD&A is supplemental to the MD&A, audited consolidated financial statements, and related notes for the year ended December 31, 2022.

The unaudited condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) with comparative figures for the prior period. The unaudited condensed consolidated interim financial statements and the MD&A were reviewed by Pulse's Audit and Risk Committee and approved by Pulse's Board of Directors. All financial information is reported in Canadian dollars. This MD&A discusses matters which Pulse's management considers material. Management determines whether information is material based on whether it believes a reasonable investor's decision to buy, sell or hold shares in the Company would likely be influenced or changed if the information were omitted or misstated. Readers should also review the cautionary statement in "Forward-Looking Information".

Contents

OVERVIEW

ABOUT PULSE

Pulse is a market leader in the acquisition, marketing, and licensing of two-dimensional (2D) and three-dimensional (3D) seismic data for the energy sector in Western Canada. Seismic data is used by oil and natural gas exploration and development companies to identify portions of geological formations that have the potential to hold hydrocarbons. Seismic data is utilized by those requiring advanced geophysics to maximize the probability of project success and includes companies exploring for non-traditional forms of energy such as lithium, developing carbon capture, utilization and storage projects, and/or exploring for helium. Seismic data is used in conjunction with well logging data, well core comparisons, geological mapping, and surface outcrops to create a detailed map of the Earth's subsurface at various depths.

Pulse owns the largest licensable seismic data library in Canada, currently consisting of approximately 65,310 net square kilometres of 3D seismic and 829,207 net kilometres of 2D seismic. The library extensively covers the Western Canada Sedimentary Basin (WCSB), where most of Canada's oil and natural gas exploration and development occur.

Pulse calculates net kilometres of 2D data and net square kilometres of 3D data by multiplying the number of kilometres of seismic data in each 2D line and the number of square kilometres of seismic data in each individual 3D seismic dataset by Pulse's percentage of ownership in each.

MISSION AND STRATEGY

As a pure-play seismic data library company, Pulse's business model is designed to generate a growing stream of cash flow by repeatedly licensing the data in its seismic data library to the western Canadian oil and natural gas and new energy sectors.

Pulse is working with partners to explore the use of sophisticated processing technologies that provide advanced interpretation and visualization of seismic data to reduce the geological and drilling risks in exploring for subsurface targets. The application of such technologies is intended to increase the attractiveness and range of uses of Pulse's seismic dataset for existing and potential new customers. These include companies in emerging energy-transition projects such as lithium, carbon capture and sequestration, geothermal, and helium resource extraction together with Pulse's traditional core focus of oil and natural gas development.

Current seismic processing and visualization software allows historical 2D and 3D data to be reprocessed and reinterpreted, thereby maintaining the technical usefulness and marketability of historical data and, through repeated licensing sales, generating recurring revenue. The Company is continuously seeking and evaluating opportunities to expand its data library by acquiring high-quality 2D and 3D datasets that cover some of Western Canada's most prospective current exploration regions, are complementary to its current library, and are available at favourable valuations.

Pulse's strategy is to pursue growth opportunities that meet its financial and technical criteria while maintaining a low-cost structure.

CORPORATE UPDATE

On October 24, 2023, the Pulse Board of Directors approved a regular quarterly dividend of $0.01375 per share. The quarterly dividend will be paid on November 21, 2023 to shareholders of record at the close of business on November 14, 2023.

KEY PERFORMANCE INDICATORS

The key performance indicators used by Pulse's management to analyze business results are seismic data library sales, net earnings, EBITDA, and shareholder free cash flow. The definitions, calculations, and reconciliations of EBITDA and shareholder free cash flow to the nearest GAAP financial measures are provided in "Non-GAAP Financial Measures and Reconciliations".

Results for the key performance indicators for the three and nine months ended September 30, 2023, with comparative figures for the same periods in 2022, are set out in the following table:

	Three months ended September 30,			Nine months ended September 30,		
(thousands of dollars except per share data)	**2023**	2022	Variance	**2023**	2022	Variance
Data library sales	**5,083**	2,163	2,920	**22,203**	6,934	15,269
Other revenue	**20**	15	5	**63**	197	(134)
Total revenue	**5,103**	2,178	2,925	**22,266**	7,131	15,135
Net earnings (loss)	**393**	(1,675)	2,068	**6,700**	(5,959)	12,659
Per share basic and diluted	**0.01**	(0.03)	0.04	**0.13**	(0.11)	0.24
Cash provided by operating activities	**10,564**	829	9,735	**16,524**	11,231	5,293
Per share basic and diluted	**0.20**	0.02	0.18	**0.31**	0.21	0.10
EBITDA	**3,289**	741	2,548	**16,839**	1,568	15,271
Per share basic and diluted	**0.06**	0.01	0.05	**0.32**	0.03	0.29
Shareholder free cash flow	**2,793**	880	1,913	**13,883**	2,292	11,591
Per share basic and diluted	**0.05**	0.02	0.03	**0.26**	0.04	0.22

For the three months ended September 30, 2023, Pulse generated $5.1 million of revenue compared to $2.2 million for the same period in 2022. For the nine months ended September 30, 2023, Pulse generated $22.3 million of revenue compared to $7.1 million for the same period in 2022.

The significant increase in 2023 data library sales over the same periods in 2022 is the reason for the increases in all of the Company's key performance metrics.

Contributing to the higher level of sales year-over-year, in the second quarter of 2023, the Company signed a $9.0 million seismic data licensing sales contract, which resulted in the recognition of $5.4 million of revenue related to the initial delivery of data under the contract. The remaining $3.6 million of revenue will be reallocated from deferred revenue and recognized when the data is delivered to the customer. The majority of the remaining data will be delivered in 2023, with the final tranche of data to be delivered before the end of 2024.

OUTLOOK

With seismic data library sales of $22.2 million in the first nine months of 2023, Pulse is pleased with the recovery from a slow 2022 and remains optimistic about the remainder of the year. Areas of strength continue to include buoyant global demand for fossil fuels, forecasts for relative strength in industry capital investment and field activities, ongoing corporate profitability, and Alberta mineral lease auctions ("land sales") through September 30 showing the greatest year-to-date strength in nearly a decade. These positive factors are dampened by continued geopolitical instability and a challenging federal regulatory environment.

The Company cautions, as always, that industry conditions do not provide visibility regarding Pulse's seismic data library sales levels. Pulse's key strengths include zero debt, a low-cost structure, high leverage to increased revenue in its EBITDA margin, no capital spending commitments, Canada's largest licensable seismic data library, and strong customer relations.

The Company remains focused on the business practices that have served it throughout 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 initiative to broaden the attractiveness of the seismic data library.

Discussion of Operating Results

SUMMARY FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023

EARNINGS (LOSS) BEFORE INCOME TAXES

For the three months ended September 30, 2023, the Company generated earnings before income taxes of $1.1 million ($0.02 per share basic and diluted) compared to a loss before income taxes of $1.7 million ($0.03 per share basic and diluted) for the comparable period in 2022.

For the nine months ended September 30, 2023, the Company generated earnings before income taxes of $10.2 million ($0.19 per share basic and diluted) compared to a loss before income taxes of $6.2 million ($0.11 per share basic and diluted) for the comparable period in 2022.

DATA LIBRARY SALES

Data library sales were $5.1 million for the three months ended September 30, 2023, compared to $2.2 million for the three months ended September 30, 2022.

Data library sales were $22.2 million for the nine months ended September 30, 2023, compared to $6.9 million for the nine months ended September 30, 2022.

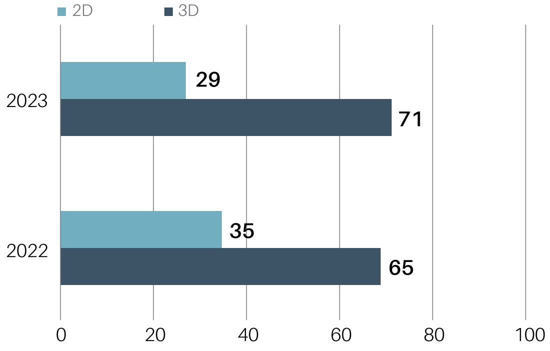
Revenue fluctuations are normal in the seismic data library business as data library sales can significantly vary year-over-year and quarter-over-quarter.

DISAGGREGATED DATA LIBRARY SALES BREAKDOWN

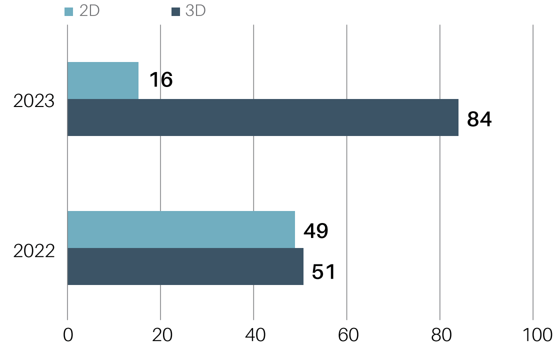
Pulse disaggregates its data library sales in two ways. The following graphs illustrate the comparative disaggregated sales for the three and nine-month periods ended September 30, 2023 and 2022.

The first breakdown, by data type, compares sales of 2D and 3D seismic data. As 3D seismic licence contracts are generally larger than 2D seismic licence contracts, the percentage of seismic data library revenues generated from 2D and 3D seismic data can fluctuate significantly depending on the number of 3D seismic sales contracts signed during a given period.

DISAGGREGATED SALES 2D/3D (%)
Three months ended September 30

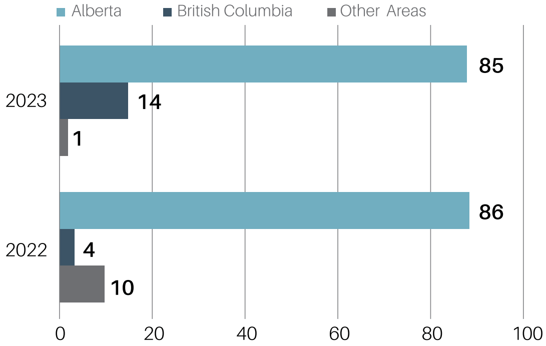


DISAGGREGATED SALES 2D/3D (%)
Nine months ended September 30

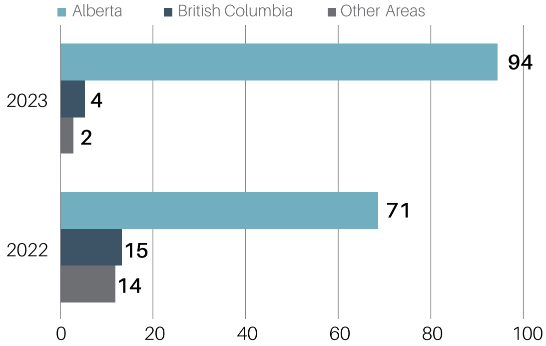


The second breakdown is geographical. The largest proportion of data sales usually comes from data located in Alberta, as that is where most of Pulse's data coverage and current industry activity are.

DISAGGREGATED SALES GEOGRAPHICAL (%)
Three months ended September 30



DISAGGREGATED SALES GEOGRAPHICAL (%)
Nine months ended September 30



The Company's customers are currently and generally focusing on liquids-rich natural gas and light oil pools found primarily in a broad corridor running from northwest of Calgary, Alberta, along the Foothills of the Rocky Mountains to the British Columbia border, as compared to "dry" natural gas more often found in British Columbia, on Alberta's eastern prairies, and in Saskatchewan and Manitoba. During the nine months ended September 30, 2023, 94 percent (nine months ended September 30, 2022 – 71 percent) of the data library sales were from data located in Alberta, 4 percent from British Columbia (nine months ended September 30, 2022 – 15 percent) and 2 percent from other areas (nine months ended September 30, 2022 – 14 percent).

AMORTIZATION OF SEISMIC DATA LIBRARY

For the three months ended September 30, 2023, seismic data amortization was $2.3 million compared to $2.4 million for the three months ended September 30, 2022. For the nine months ended September 30, 2023, seismic data amortization was $6.8 million compared to $7.4 million for the nine months ended September 30, 2022. The slight decrease is due to data acquired in previous years becoming fully amortized.

Amortization of the seismic data library is described further under "Critical Accounting Estimates".

IMPAIRMENT

At September 30, 2023, the Company assessed the cash-generating units (CGUs) in its seismic data library for indicators of impairment, as required under IFRS, and concluded there were no indicators at September 30, 2023, and accordingly, no impairment test was required.

SALARIES, COMMISSIONS AND BENEFITS (SCB)

SCB for the three months ended September 30, 2023 was $1.3 million compared to $874,000 for the three months ended September 30, 2022.

SCB for the nine months ended September 30, 2023 was $3.9 million compared to $3.4 million for the nine months ended September 30, 2022.

The increase in both comparative periods is due to a combination of factors. Individual salaries increased in 2023, there were higher internal sales commissions, and also higher short-term and long-term incentive plan expense accruals related to the increased sales and resulting financial performance in 2023 compared to 2022.

OTHER SELLING, GENERAL AND ADMINISTRATIVE COSTS (SG&A)

SG&A includes external commissions, occupancy costs, office and general costs, information technology expenses, reprocessing, data storage expenses, directors' fees and corporate costs, consulting fees, and professional fees. For the three months ended September 30, 2023, SG&A was $518,000 compared to $563,000 for the three months ended September 30, 2022. SG&A for the nine months ended September 30, 2023 was $1.6 million compared to $2.2 million for the nine months ended September 30, 2022.

The decrease in both periods is mainly because the expenses previously categorized as restructuring costs related to the 2019 acquisition of Seitel Canada Ltd. (Seitel) were completed in 2022.

Restructuring costs for the three months ended September 30, 2022 were $18,000 and $506,000 for the nine months ended September 30, 2022.

NET FINANCING COSTS (INCOME)

For the three months ended September 30, 2023, the Company's net financing income was $130,000 compared to net financing costs of $11,000 for the three months ended September 30, 2022. For the nine months ended September 30, 2023, net financing income was $263,000 compared to net financing costs of $104,000 for the same period in 2022.

Net financing costs include two items, financing expenses and interest income. The financing expenses mainly consist of the interest and standby fees related to the Company's revolving credit facility as well as a nominal amount of interest related to the lease liabilities as per IFRS 16.

For the three and nine months ended September 30, 2023, financing expenses were more than offset by interest income earned on the cash surplus.

INCOME TAXES

For the three months ended September 30, 2023, the income tax expense was $734,000 compared to an income tax recovery of $64,000 for the three months ended September 30, 2022. For the nine months ended September 30, 2023, the income tax expense was $3.5 million compared to an income tax recovery of $209,000 for the nine months ended September 30, 2022.

The main factor affecting the tax rate calculation in both years is the permanent difference between the tax basis and the accounting value of the seismic data library acquired in 2019. The scientific research and experimental development investment tax credits, the change in valuation allowance related to future resource deductions, and non-deductible expenditures also contributed slightly to the variance between the effective and the enacted income tax rate.

The average combined income tax rate for 2023 and 2022 is 23 percent. A reconciliation of the income tax expense or reduction is included in the "Condensed Consolidated Interim Financial Statements".

Review of Financial Position

AS AT SEPTEMBER 30, 2023

TRADE AND OTHER RECEIVABLES

Trade and other receivables at September 30, 2023 totalled $3.7 million compared to $1.1 million at December 31, 2022.

SEISMIC DATA LIBRARY

Historically, Pulse has acquired seismic data to add to its library through two main methods. The Company purchases proprietary rights to complementary seismic datasets when it finds appropriate opportunities, and it also has conducted participation surveys whereby Pulse partners with customers on participation surveys from which the seismic data collected is added to Pulse's data library to generate future licensing revenue. While Pulse has not conducted a participation survey since 2015, the Company has grown significantly during this time through acquisitions.

At September 30, 2023, the Company considered indicators of impairment for each of its CGUs and based on that review, no impairment test was performed. The last impairment test was performed at March 31, 2020 and no impairment loss was recognized.

RIGHT-OF-USE (ROU) ASSETS

The Company's office lease agreement terminated on March 31, 2023.

The Company entered into a new lease agreement for the current office space upon the termination of the previous lease. The lease is for the period April 2023 to June 2028. The ROU assets were recognized on April 1, 2023.

Included in the ROU assets is the present value of the basic rent related to Pulse's new office lease agreement. The present value is calculated using an incremental borrowing rate of 7.45 percent. The operating costs associated with the lease agreements were not included as those costs are not fixed or based on an index or rate.

CURRENT INCOME TAX LIABILITIES

Current income tax liabilities at September 30, 2023 includes 2023 current tax expense less income tax instalments made in 2023.

DEFERRED REVENUE

On July 14, 2023, the Company collected payment for the $9.0 million seismic data licensing sales contract signed at the end of June 2023. $5.4 million of the $9.0 million, which was the amount recognized in revenue for the quarter, was included in accounts receivable at the end of June, 2023. The remaining $3.6 million was not included in accounts receivable at that date, however upon collection, resulted in the recognition of deferred revenue. When the related seismic data is delivered to the client this deferred revenue will be reclassified as revenue.

LONG-TERM DEBT

The Company has an undrawn $25 million revolving credit facility with a maturity date of January 15, 2025.

In January 2022, following the collection of the December 31, 2021 accounts receivable, the Company repaid the balance of its revolving credit facility. The Company has not carried any long-term debt since then.

The long-term debt is normally offset by deferred financing charges, which are amortized over three years. When the Company does not carry a balance on its revolving credit facility, the deferred financing costs are included in the non-current assets. The balance of the deferred financing costs was $26,000 at September 30, 2023.

LEASE LIABILITIES

As stated above, the Company entered into a lease agreement for office space for the period of April 2023 to June 2028. The lease liabilities were recognized on April 1, 2023.

Included in the lease liability is the present value of the basic rent related to the lease agreement. The present value is calculated using an incremental borrowing rate of 7.45 percent. The operating costs associated with the lease agreements were not included as those costs are not fixed or based on an index or rate.

OTHER LONG-TERM PAYABLE

Included in the other long-term payable is the long-term portion of the cash-settled liability related to the long-term incentive plan.

SHARE CAPITAL SUMMARY

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

The following table provides details of the Company's outstanding share capital:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Weighted average shares outstanding: Basic and diluted	**53,135,041**	53,699,692	**53,436,340**	53,726,390
Shares outstanding at period-end			**52,681,363**	53,634,317
Shares outstanding at October 24, 2023			**52,659,363**	

DILUTED EARNINGS PER SHARE RECONCILIATION

The Company does not have any dilutive securities.

LONG-TERM INCENTIVE PLAN (LTIP)

The Company has an LTIP for employees, officers, and Directors designed to align the Company's long-term incentive compensation with its performance and to increase levels of stock ownership. Participants are granted restricted share units (RSUs) and performance share units (PSUs). LTIP awards are at the discretion of the Board of Directors.

RSUs and PSUs have accompanying dividend-equivalent rights and, therefore, additional RSUs and PSUs are issued to reflect dividends declared on the common shares. The plan's trustee will purchase common shares on the open market for the after-tax number of RSUs and PSUs vested with funds provided by the Company.

On March 31, 2023, 451,253 RSUs and 451,729 PSUs were eligible to vest. The Company's performance in 2022 did not meet the predetermined minimum performance benchmarks and, consequently, none of the PSUs vested on March 31, 2023. RSUs vest automatically based upon time and, consequently, all the eligible RSUs vested on March 31, 2023.

To satisfy its obligation, in April 2023 the Company provided $473,000 to the plan's trustee to purchase common shares on the open market for the total after-tax number of cash- and equity-settled RSUs that vested on March 31, 2023. The related payroll taxes of $338,000 were paid in the second quarter to settle the accrued cash-settled portion of the share-based payment liabilities.

At September 30, 2023 and October 24, 2023, there were 1,155,890 RSUs and 1,234,655 PSUs outstanding.

DEFICIT

On September 30, 2023, the Company had a deficit of $47.8 million, compared to $43.8 million at December 31, 2022. The change was the result of generating net earnings of $6.7 million for the nine months ended September 30, 2023, paying dividends of $10.1 million and a reduction of $519,000 due to the required accounting treatment of the Company purchasing and cancelling its common shares. The adjustment for purchasing and cancelling common shares relates to the difference between the price paid by the Company for the shares purchased and cancelled under the normal course issuer bid (NCIB) and the average historical cost of the Company's shares. The average historical cost of the shares purchased and cancelled was recorded as a reduction to share capital.

DIVIDENDS

On February 16, 2023, the Company approved a quarterly dividend of $0.0125 per common share. The dividend totalling $670,000 was paid on March 20, 2023 to shareholders of record at the close of business on March 13, 2023.

On May 2, 2023, the Company increased the regular quarterly dividend by 10 percent and declared a quarterly dividend of $0.01375 per common share. The dividend totalling $737,000 was paid on May 24, 2023 to shareholders of record at the close of business on May 16, 2023.

On July 25, 2023, the Company declared a special dividend of $0.15 per share and a regular quarterly dividend of $0.01375 per share. The special and quarterly dividends were paid on August 22, 2023 to shareholders of record at the close of business on August 14, 2023.

As mentioned previously in the Corporate Update section, on October 24, 2023, the Pulse Board of Directors approved a regular quarterly dividend of $0.01375 per share. The quarterly dividend will be paid on November 21, 2023, to shareholders of record at the close of business on November 14, 2023.

Pulse confirms that all dividends paid to shareholders in 2023 are designated as "eligible dividends" entitling Canadian resident individuals to a higher gross-up and dividend tax credit. For non-resident shareholders, Pulse's dividends are subject to Canadian withholding tax.

DEFERRED TAX LIABILITY

The net deferred income tax liability was $74,000 at September 30, 2023 compared to $264,000 at December 31, 2022. The decrease in the deferred income tax liability is mainly due to the decrease in the difference between the tax basis of the seismic data library and the carrying amount on the statement of financial position.

FINANCIAL SUMMARY OF QUARTERLY RESULTS

	2023			2022				2021
(thousands of dollars, except per share data)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total data library sales	**5,083**	8,740	8,380	2,411	2,163	3,028	1,743	16,172
Other revenue	**20**	16	27	28	15	69	113	133
Total revenue	**5,103**	8,756	8,407	2,439	2,178	3,097	1,856	16,305
Amortization of seismic data library	**2,273**	2,274	2,286	2,416	2,444	2,443	2,515	2,500
Net earnings (loss)	**393**	3,399	2,908	(1,948)	(1,675)	(1,766)	(2,518)	8,158
Per share basic and diluted	**0.01**	0.06	0.05	(0.04)	(0.03)	(0.03)	(0.05)	0.15

The revenue streams generated by Pulse's operations are data library sales and other revenue. Other revenue includes revenue from client services consisting of copy and reproduction charges. In the first half of 2022, it also included fees earned for storage from a third party at the data warehouse facility. The third-party agreement ended when Pulse's warehouse lease ended in April 2022. The primary source of revenue, data library sales, fluctuates greatly from quarter to quarter, as shown, as well as annually. The annual MD&A for the year ended December 31, 2022 provides a ten-year historical sales breakdown.

During the past eight quarters, the fluctuations in net earnings or losses have largely been a function of the corresponding quarterly fluctuations in revenue.

As amortization is a non-cash expense, the Company continued to generate EBITDA and shareholder free cash flow in each quarter.

CONTRACTUAL OBLIGATIONS

Pulse's known contractual obligations at September 30, 2023 are comprised of an office lease, payments for a seismic data storage contract, and accounts payable and accrued liabilities. The following table reflects the Company's anticipated payment of contractual obligations:

Contractual Obligations (thousands of dollars)	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Lease liabilities	305	64	147	94	-
Seismic data storage contract	42	42	-	-	-
Accounts payable and accrued liabilities	1,573	1,339	234	-	-
Current income tax liabilities	910	910	-	-	-
Total contractual obligations	2,830	2,355	381	94	-

Accounts payable and accrued liabilities at September 30, 2023 include accruals for the standby fee related to the credit facility, sales commissions as well as estimates related to both the short- and long-term incentive plans.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL REQUIREMENTS

At September 30, 2023, Pulse had working capital of $7.8 million and a working capital ratio of 2.3:1. Included in current liabilities is deferred revenue of $3.6 million, a non-cash liability representing the value of the data remaining to be delivered under a contract signed in the second quarter.

For the nine months ended September 30, 2023, the Company generated $16.5 million of cash from operating activities compared to $11.2 million for the same period in 2022. The main differences between the two periods relate to higher data library sales and higher income tax expense offset by lower net change in non-cash working capital. The large accounts receivable balance at the end of 2021 led to cash being collected in the first quarter of 2022, increasing the non-cash working capital significantly.

The Company also utilized cash for the following outlays:

- Purchase and cancellation of 945,506 common shares through its NCIB for a total of $1.8 million (at an average price of $1.94 per common share including commissions);
- Shares purchased for equity-settled share-based payments of $473,000;
- Dividends paid of $10.1 million;
- Property and equipment of $28,000; and
- Capital lease principal repayments of $64,000.

Significant terms of the current credit facility are:

- Interest is based on prime rate plus 0.75 percent to 4.25 percent following a ten-tier margin structure based on the Company's long-term debt to adjusted EBITDA ratio as described below;
- Standby fee is based on the daily undrawn balance of the credit facility and the Company's long-term debt to adjusted EBITDA ratio following a ten-tier margin structure;
- Three-year term until January 15, 2025, with an extension of up to one year available on January 15 of every year with the approval of the lender. If the extension is not granted, any outstanding amounts will be payable on the then-current applicable maturity date; and
- Security through a charge on all the assets of the Company and its material subsidiaries.

At September 30, 2023, the Company had a zero balance on the revolving credit facility.

The credit facility also includes the following two financial covenants:

1) Maximum long-term debt to Adjusted EBITDA Ratio

The long-term debt is determined on a consolidated basis and in accordance with IFRS.

Adjusted EBITDA is to be calculated on a trailing 12-month basis and is defined as earnings or loss before interest, income taxes, depreciation and amortization, plus extraordinary losses, non-cash losses and expense charges, and any other unusual or non-recurring cash charges, expenses or losses consented to by the lenders, less participation survey revenue, lease payments treated as capital lease, warehouse storage fees, extraordinary gains and non-cash gains, and income. Adjusted EBITDA is to be adjusted for acquisitions or dispositions to reflect such acquisition or disposition as if it occurred on the first day of such calculation period.

The long-term debt to adjusted EBITDA ratio shall not be greater than 3.0:1 on September 30, 2023 and thereafter.

At September 30, 2023, there was no long-term debt outstanding; therefore, the long-term debt to adjusted EBITDA ratio was 0.00:1.

2) Interest Coverage Ratio

The interest coverage ratio is defined as the ratio of adjusted EBITDA to interest expense.

The minimum interest coverage ratio shall not be less than 2.5:1 at September 30, 2023 and thereafter.

At September 30, 2023, the interest coverage ratio was 126:1.

The Company was therefore in compliance with the credit facility's covenants at September 30, 2023.

The Company pays interest and a standby fee based on the daily undrawn balance of the credit facility and its long-term debt to adjusted EBITDA ratio. Interest and standby fees on the revolving facility are calculated based on the lender's prime rate, bankers' acceptance rate or LIBOR, plus an applicable margin based on the covenant ratio of total debt to adjusted EBITDA. The long-term debt (before deferred financing charges) to adjusted EBITDA ratio at September 30, 2023 was 0.00:1, and the applicable margin and standby fee will be set at the first-level rates specified in the facility.

The interest and standby fee rates are adjusted the day after the covenant's calculation for the previous fiscal quarter is received and approved by the lender.

The applicable margin and standby fee rate were determined as follows:

Total Debt to Adjusted EBITDA Ratio	Applicable Margin for Canadian Prime Rate Loans	Applicable Margin for Bankers' Acceptances	Standby Fee Rate
Less than or equal to 1:1	0.75%	2.25%	0.45000%
Greater than 1:1 but less than or equal to 1.5:1	1.00%	2.50%	0.50000%
Greater than 1.5:1 but less than or equal to 2:1	1.25%	2.75%	0.55000%
Greater than 2:1 but less than or equal to 2.5:1	1.50%	3.00%	0.67500%
Greater than 2.5:1 but less than or equal to 3:1	1.75%	3.25%	0.73125%
Greater than 3:1 but less than or equal to 3.5:1	2.25%	3.75%	0.93750%
Greater than 3.5:1 but less than or equal to 4:1	2.75%	4.25%	1.06250%
Greater than 4.1 but less than or equal to 4:5:1	3.25%	4.75%	1.18750%
Greater than 4.5:1 but less than or equal to 5:1	3.75%	5.25%	1.31250%
Greater than 5:1	4.25%	5.75%	1.43750%

Toronto Stock Exchange (TSX) rules determine the number of shares the Company is permitted to purchase through its NCIB.

On November 14, 2022, the Company received TSX approval for its application to renew its NCIB. The Company could purchase, for cancellation, up to a maximum of 3,070,659 common shares, equal to 10 percent of the public float of 30,706,598 common shares as at November 10, 2022. The Company is limited under the NCIB to purchasing up to 4,248 common shares in any one day, subject to the block purchase exemption under TSX rules. The NCIB will continue until November 15, 2023. Purchases will be made on the open market through the TSX or alternative trading platforms at the market price of such shares. All shares purchased under the NCIB will be cancelled.

On February 24, 2023, the Company entered into an automatic share purchase plan (ASPP) to facilitate repurchases of common shares under its NCIB. The Company may purchase common shares at the times when the Company would not be active in the market due to regulatory restrictions, including insider trading rules, and the Company's own internal trading blackout periods. Purchases will be made by the Company's broker based on parameters set by the Company when it is not in possession of any material non-public information about the Company or its securities, and in accordance with the limits and other terms of the ASPP. The ASPP has been entered into in accordance with the requirements of applicable Canadian securities laws.

From November 16, 2022 to September 30, 2023, the Company purchased 952,954 common shares under the NCIB. All purchases were made on the open market through the TSX or alternative trading platforms at the market price of such shares. All shares purchased under the NCIB were cancelled.

Funding for Pulse's future capital expenditures will generally depend on the level of future data library sales. Pulse's management believes that the Company's capital resources will be sufficient to finance future operations and carry out the necessary capital expenditures through 2023. The Company anticipates that future capital expenditures will be financed through the available credit facility and funds from operations. At September 30, 2023 (as well as at the date of this MD&A), the Company had a $25.0 million revolving credit facility fully undrawn. If deemed appropriate by management and the Board of Directors, Pulse can also issue common or preferred shares.

Pulse requires flexibility in managing its capital structure to take advantage of opportunities for raising additional capital to finance opportune seismic data acquisitions. Historically, the Company has used a combination of debt and equity to finance growth initiatives, and it continues to rely on internal measures such as the long-term debt to equity ratio to structure and forecast its capital requirements. Pulse's management considers the current capital structure appropriate.

This discussion on liquidity, capital resources, and capital requirements contains forward-looking information; users of this information are cautioned that actual results may vary and are encouraged to review the discussions of risk factors and forward-looking statements below.

NON-CAPITAL RESOURCES

The Company's main non-capital resource is its key management and staff. The Company has an experienced team with extensive knowledge about the seismic industry. Pulse's management understands industry cycles and how to manage the business in the downturn and recovery phases. Pulse has built strong sales, financial, and IT departments. Key management and staff are eligible to participate in the STIP and LTIP, which are tied to the Company's shareholder free cash flow per share.

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS

This MD&A and the Company's continuous disclosure documents provide discussion and analysis of EBITDA and shareholder free cash flow. IFRS do not include standard definitions for these measures and, therefore, may not be comparable to similar measures used and disclosed by other companies. As IFRS have been incorporated into Canadian generally accepted accounting principles (GAAP), these non-IFRS measures are also non-GAAP measures. The Company has included these non-GAAP financial measures because management, investors, analysts, and others use them to evaluate the Company's financial performance.

EBITDA and shareholder free cash flow are not calculated based on IFRS and should not be considered in isolation or as a substitute for IFRS performance measures, nor should they be used as an exclusive measure of cash flow, because they do not consider working capital changes, capital expenditures, long-term debt repayments and other sources and uses of cash, which are disclosed in the consolidated audited and interim statements of cash flows.

EBITDA AND SHAREHOLDER FREE CASH FLOW

EBITDA and shareholder free cash flow represent the capital available to invest in growing the Company's 2D and 3D seismic data library, to pay interest and principal on its long-term debt, to purchase its common shares, to pay taxes and to pay dividends.

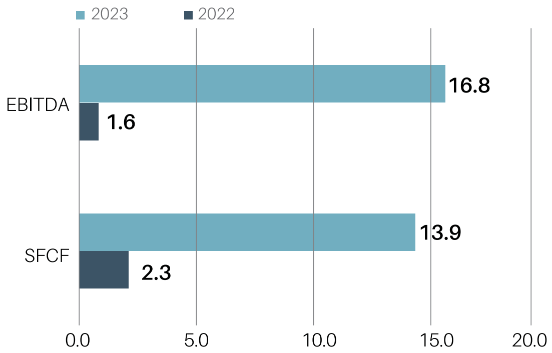
EBITDA is calculated as earnings or loss from operations before interest, taxes, depreciation, and amortization.

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 adding non-cash expenses and non-cash deferred financing charges and deducting net financing costs and current income tax expense.

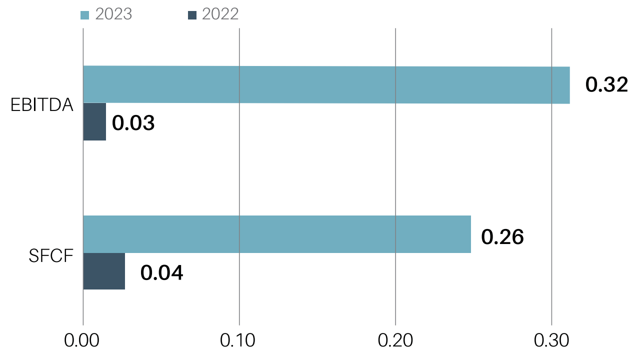
A reconciliation of net earnings or loss to EBITDA and shareholder free cash flow follows:

	Three months ended September 30,		Nine months ended September 30,	
(thousands of dollars, except per share data)	**2023**	2022	**2023**	2022
Net earnings (loss)	**393**	(1,675)	**6,700**	(5,959)
Add:				
Amortization of seismic data library	**2,273**	2,444	**6,833**	7,402
Net financing costs (income)	**(130)**	11	**(263)**	104
Income tax expense (recovery)	**734**	(64)	**3,510**	(209)
Depreciation	**19**	25	**59**	230
EBITDA	**3,289**	741	**16,839**	1,568
Add:				
Non-cash expenses	**184**	96	**467**	406
Net restructuring costs	**-**	18	**-**	398
Non-cash deferred financing charges	**6**	16	**16**	53
Current income tax recovery	**-**	20	**-**	-
Deduct:				
Net financing costs (income)	**(130)**	11	**(263)**	104
Current income tax expense	**816**	-	**3,702**	29
Shareholder free cash flow (SFCF)	**2,793**	880	**13,883**	2,292
EBITDA per share basic and diluted	**0.06**	0.01	**0.32**	0.03
SFCF per share basic and diluted	**0.05**	0.02	**0.26**	0.04

EBITDA AND SFCF
NINE MONTHS ENDED SEPTEMBER 30
(millions of dollars)



EBITDA AND SFCF (BASIC AND DILUTED)
NINE MONTHS ENDED SEPTEMBER 30
(dollar per share)



FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized on the statement of financial position when the Company becomes a party to the instrument's contractual obligations. The Company's financial assets include cash and cash equivalents and trade and other receivables. Its financial liabilities mainly comprise accounts payable and long-term debt.

FAIR VALUE

The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying amount largely due to the short-term maturities of these instruments. The fair value of long-term debt, when a balance is carried, approximates the carrying value because interest charges under the bank loan are based on current Canadian bankers' acceptance rates and margins.

CREDIT RISK

There have been no significant changes in Pulse's credit risk as disclosed in the Company's MD&A for the year ended December 31, 2022.

At September 30, 2023, 89 percent of the total accounts receivable were due from one customer. The Company does not anticipate problems collecting any of its accounts receivable.

LIQUIDITY RISK

There have been no significant changes in Pulse's liquidity risk as disclosed in the Company's MD&A for the year ended December 31, 2022.

COMMODITY PRICE RISK

The Company is not directly exposed to commodity price risk as it does not have any contracts directly based on commodity prices. A change in commodity prices, specifically oil and natural gas prices, could have a material impact on the Company's customers' cash flows and could therefore affect seismic data library sales and participation surveys. Commodity prices are affected by many factors, including supply and demand. The Company has not entered into any commodity price risk contracts. Given that this is an indirect influence, the financial impact on the Company of changing oil and natural gas prices is not reasonably determinable.

NEW IFRS STANDARDS

A number of new standards, amendments to standards, and interpretations have been issued by the International Accounting Standards Board but were not yet effective for the period ending September 30, 2023. Accordingly, they were not applied in preparing the consolidated financial statements. None is expected to have a significant effect on the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions. Management's estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's critical accounting estimates are discussed annually with the Audit and Risk Committee of the Company's Board of Directors and are described below.

DISCLOSURE CONTROLS AND PROCEDURES (DC&P) AND INTERNAL CONTROLS OVER FINANCIAL REPORTING (ICFR)

The Company applies the COSO Internal Control – Integrated Framework (2013 Framework). There were no changes in the ICFR that occurred during the period beginning on July 1, 2023 and ending on September 30, 2023 that materially affected, or are reasonably likely to materially affect, the Company's ICFR. No material weaknesses relating to the design of the ICFR were identified. As well, there were no limitations on the scope of the design of the DC&P or the ICFR.

No changes were made to ICFR during the period beginning on July 1, 2023 and ending on September 30, 2023 that have materially affected, or are reasonably likely to materially affect, Pulse's ICFR.

RISK FACTORS

There have been no significant changes in Pulse's risk factors as described in the Company's MD&A for the year ended December 31, 2022.

ADDITIONAL INFORMATION

You may find additional information relating to Pulse, including the Company's Annual Information Form, on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

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.

This MD&A and, specifically, the "Outlook" and the "Liquidity, Capital Resources and Capital Requirements" sections 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.

Sources for the forecasts and the material assumptions underlying this forward-looking information are, where applicable, noted in the relevant sections of this MD&A.

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 limited visibility of seismic revenue. Pulse 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, 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 from the recently acquired seismic data library, which was partially funded with long-term debt;
- 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, and 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" herein, under "Risk Factors" in the Company's most recent annual information form, and in the Company's most recent audited annual financial statements, 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 in this MD&A is provided as of the date of this MD&A 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.

Condensed Consolidated Interim Statements of Financial Position

Q3

(thousands of Canadian dollars) (unaudited)

As at	Note	**September 30, 2023**	December 31, 2022
ASSETS			
Cash and cash equivalents		**9,821**	5,822
Trade and other receivables	13	**3,735**	1,088
Current tax assets		**-**	398
Prepaid expenses		**217**	430
Total current assets		**13,773**	7,738
Seismic data library	5	**20,577**	27,410
Property and equipment		**35**	14
Deferred financing costs		**26**	42
Right-of-use assets	6	**316**	18
Total non-current assets		**20,954**	27,484
Total assets		**34,727**	35,222
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable and accrued liabilities		**1,339**	1,077
Deferred revenue		**3,640**	47
Current portion of lease liabilities	6	**64**	21
Current income tax liabilities		**910**	-
Total current liabilities		**5,953**	1,145
Deferred income tax liabilities		**74**	264
Lease liabilities	6	**241**	-
Other long-term payable		**234**	317
Total non-current liabilities		**549**	581
Total liabilities		**6,502**	1,726
SHAREHOLDERS' EQUITY			
Share capital	9	**73,039**	74,350
Contributed surplus		**2,947**	2,958
Deficit		**(47,761)**	(43,812)
Total shareholders' equity		**28,225**	33,496
Total liabilities and shareholders' equity		**34,727**	35,222

Subsequent event 14

See accompanying notes to condensed consolidated interim financial statements.

On behalf of the Board:

Robert Robotti
Chair of the Board

Paul Crilly
Audit and Risk Committee Chair

Condensed Consolidated Interim Statements of Net Earnings (Loss) and Comprehensive Income (Loss)

(thousands of Canadian dollars except per share data) (unaudited)

	Note	Three months ended September 30, 2023	2022	Nine months ended September 30, 2023	2022
Revenue					
Data library sales	4	**5,083**	2,163	**22,203**	6,934
Other revenue		**20**	15	**63**	197
Total revenue		**5,103**	2,178	**22,266**	7,131
Operating expenses					
Amortization of seismic data library	5	**2,273**	2,444	**6,833**	7,402
Salaries, internal commissions and benefits		**1,296**	874	**3,870**	3,364
Other selling, general and administrative costs		**518**	563	**1,557**	2,199
Depreciation		**19**	25	**59**	230
Total operating expenses		**4,106**	3,906	**12,319**	13,195
Results from operating activities		**997**	(1,728)	**9,947**	(6,064)
Financing costs					
Financing expenses		**40**	46	**112**	153
Interest income		**(170)**	(35)	**(375)**	(49)
Net financing costs (income)		**(130)**	11	**(263)**	104
Earnings (loss) before income taxes		**1,127**	(1,739)	**10,210**	(6,168)
Current income tax expense (recovery)		**816**	(20)	**3,702**	29
Deferred income tax recovery		**(82)**	(44)	**(192)**	(238)
Income tax expense (recovery)	8	**734**	(64)	**3,510**	(209)
Net earnings (loss) and comprehensive income (loss)		**393**	(1,675)	**6,700**	(5,959)
Net earnings (loss) per share, basic and diluted	11	**0.01**	(0.03)	**0.13**	(0.11)

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Equity

Q3

(thousands of Canadian dollars, except number of shares) (unaudited)

	Note	Number of shares issued	Share capital	Contributed surplus	Deficit	Total equity
Balance at January 1, 2022		53,784,717	74,569	2,702	(33,130)	44,141
Net loss for the period		-	-	-	(5,959)	(5,959)
Share-based compensation	10	-	-	406	-	406
Settlement of vested long-term						
Incentive plan award		-	-	(310)	-	(310)
Tax effect of equity-						
settled share-based						
Compensation		-	-	(3)	-	(3)
Normal course issuer bid	9(a)	(150,400)	(209)	-	(87)	(296)
Dividends paid	9(b)	-	-	-	(2,015)	(2,015)
Balance at September 30, 2022		53,634,317	74,360	2,795	(41,191)	35,964

	Note	**Number of shares issued**	**Share capital**	**Contributed surplus**	**Deficit**	**Total equity**
Balance at January 1, 2023		**53,626,869**	**74,350**	**2,958**	**(43,812)**	**33,496**
Net earnings for the period		-	-	-	**6,700**	**6,700**
Share-based compensation	10	-	-	**467**	-	**467**
Settlement of vested long-term						
incentive plan award		-	-	**(476)**	-	**(476)**
Tax effect of equity-						
settled share-based						
compensation		-	-	**(2)**	-	**(2)**
Normal course issuer bid	9(a)	**(945,506)**	**(1,311)**	-	**(519)**	**(1,830)**
Dividends paid	9(b)	-	-	-	**(10,130)**	**(10,130)**
Balance at September 30, 2023		**52,681,363**	**73,039**	**2,947**	**(47,761)**	**28,225**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

Q3

(thousands of Canadian dollars) (unaudited)

	Note	Three months ended September 30, 2023	2022	Nine months ended September 30, 2023	2022
Cash flows provided by (used in):					
Operating:					
Net earnings (loss) and comprehensive income (loss)		**393**	(1,675)	**6,700**	(5,959)
Adjustment for:					
Amortization of seismic data library	5	**2,273**	2,444	**6,833**	7,402
Depreciation		**19**	25	**59**	230
Income tax expense (recovery)	8	**734**	(64)	**3,510**	(209)
Share-based compensation	10	**184**	96	**467**	406
Net financing costs		**(130)**	11	**(263)**	104
Interest and standby fees paid		**(28)**	(29)	**(84)**	(94)
Interest paid - lease liabilities	6	**(6)**	(2)	**(12)**	(11)
Interest received		**166**	34	**340**	43
Income tax paid		**(1,858)**	(12)	**(2,993)**	(3,115)
Income tax received		-	92	**599**	92
		1,747	920	**15,156**	(1,111)
Net change in non-cash working capital	12	**8,817**	(91)	**1,368**	12,342
Cash provided by operating activities		**10,564**	829	**16,524**	11,231
Financing:					
Normal course issuer bid	9(a)	**(1,670)**	(167)	**(1,830)**	(296)
Shares purchased for equity-settled share-based payments		-	-	**(473)**	(310)
Repayment of long-term debt		-	-	-	(2,375)
Dividends paid	9(b)	**(8,723)**	(672)	**(10,130)**	(2,015)
Lease payment for principal		**(22)**	(89)	**(64)**	(412)
Cash used in financing activities		**(10,415)**	(928)	**(12,497)**	(5,408)
Investing:					
Additions to property and equipment		**(14)**	-	**(28)**	(12)
Cash used in investing activities		**(14)**	-	**(28)**	(12)
Increase (decrease) in cash and cash equivalents		**135**	(99)	**3,999**	5,811
Cash and cash equivalents, beginning of period		**9,686**	5,910	**5,822**	-
Cash and cash equivalents, end of period		**9,821**	5,811	**9,821**	5,811

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

Information as at September 30, 2023 and December 31, 2022 and for the three-month and nine-month periods ended September 30, 2023 and 2022

(Tabular amounts in thousands of Canadian dollars, except per share data, numbers of shares and other exceptions as indicated.)

1. REPORTING ENTITY

Pulse Seismic Inc. (the Company) was incorporated under the Canada Business Corporations Act and is a publicly-listed company on the Toronto Stock Exchange (TSX) trading under the symbol PSD and on the OTCQX International trading under the symbol PLSDF. The Company's registered office is located at 2700, 421 7th Avenue SW in Calgary, Alberta. The Company is a provider of seismic data to the energy and resource sector in Western Canada.

2. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB) and using the accounting policies the Company adopted in its consolidated financial statements for the year ended December 31, 2022. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. These financial statements should be read in conjunction with the annual financial statements and notes thereto for the year ended December 31, 2022. The condensed consolidated interim financial statements were approved by the Board of Directors on October 24, 2023.

(B) BASIS OF PRESENTATION

The condensed consolidated interim financial statements include the accounts of the Company's wholly-owned subsidiaries.

(C) BASIS OF MEASUREMENT

The condensed consolidated interim financial statements were prepared on the historical cost basis.

(D) FUNCTIONAL AND PRESENTATION CURRENCY

The condensed consolidated interim financial statements are presented in Canadian dollars, the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except per share data, number of shares and other exceptions as indicated.

(E) BASIS OF CONSOLIDATION

(I) Joint Operations

Certain of the Company's seismic data library assets are jointly owned with others. The consolidated financial statements include the Company's share in the joint assets, joint liabilities, expenses incurred, and income earned from the joint operations.

(II) Transactions Eliminated On Consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied by the Company in the audited consolidated financial statements for the year ended December 31, 2022.

4. REVENUE

There are two ways to disaggregate the Company's data library sales: data type and geographically. Revenue fluctuations are a normal part of the seismic data library business, and data library sales can vary significantly year-over-year by data type and geographically.

The following tables summarize the Company's disaggregated revenue:

(A) DATA TYPE

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
2D data sales	**1,493**	753	**3,621**	3,363
3D data sales	**3,590**	1,410	**18,582**	3,571
Total data library sales	**5,083**	2,163	**22,203**	6,934

(B) GEOGRAPHICAL BREAKDOWN

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Alberta sales	**4,303**	1,859	**20,982**	4,939
British Columbia sales	**727**	83	**842**	1,017
Other area sales	**53**	221	**379**	978
Total data library sales	**5,083**	2,163	**22,203**	6,934

5. SEISMIC DATA LIBRARY

As at	**September 30, 2023**	December 31, 2022
Cost		
Opening balance, January 1	**506, 798**	506, 798
Closing balance	**506, 798**	506, 798
Accumulated amortization		
Opening balance, January 1	**479,388**	469,570
Amortization for the period	**6,833**	9,818
Closing balance	**486,221**	479,388
Carrying amount	**20,577**	27,410

At September 30, 2023 and 2022, the Company assessed the cash-generating units (CGUs) in its seismic data library for indicators of impairment, as required under International Financial Reporting Standards (IFRS), and concluded there were no indicators and, accordingly, that no impairment test was required.

6. RIGHT-OF-USE (ROU) ASSETS AND LEASE LIABILITIES

The ROU assets and related lease liabilities are included in the tables below:

ROU assets As at	**September 30, 2023**	December 31, 2022
Opening balance	**18**	228
New office lease	**348**	-
Less:		
Depreciation in the period	**(50)**	(210)
ROU assets	**316**	18

Lease liabilities As at	**September 30, 2023**	December 31, 2022
Opening balance	**21**	500
New office lease	**348**	-
Repayments on principal and interest	**(76)**	(491)
Interest expense	**12**	12
Total lease liabilities	**305**	21
Less		
Current portion	**(64)**	(21)
Long-term portion	**241**	-

The following table summarizes the Company's lease maturities:

Maturity analysis	Total
Less than one year	84
Two to five years	272
Total undiscounted lease payables as at September 30, 2023	356
Less: implicit interest	(51)
Total lease liabilities as at September 30, 2023	**305**

In January 2017, the Company entered into a sublease arrangement for office space, which expired in March 2023.

On October 20, 2022, the Company entered into a lease agreement for office space for the period of April 2023 to June 2028. The ROU assets and related lease liabilities were recognized on the commencement date of April 1, 2023.

Included in the lease liabilities is the present value of the basic rent related to the Company's office lease agreement. The present value is calculated using an incremental borrowing rate of 7.45 percent.

For the nine months ended September 30, 2023, the Company expensed $125,000 (nine months ended September 30, 2022 – $180,000) in operating costs related to the leases, which is included in other selling, general and administrative costs.

7. LONG-TERM DEBT

The Company has a $25.0 million revolving credit facility that matures on January 15, 2025.

Significant terms of the credit facility are:

- Interest is calculated based on the lender's prime rate, bankers' acceptance rate or LIBOR, plus an applicable margin based on the covenant ratio of total debt to adjusted EBITDA following a ten-tier structure. At September 30, 2023, the applicable interest rate was 7.95 percent, based on level 1 of the 10 rates specified under the facility;
- Standby fees are based on the daily undrawn balance of the credit facility and the Company's total debt to adjusted EBITDA ratio following a ten-tier margin structure. At September 30, 2023, the applicable standby fee was set at level 1 of the 10 rates specified under the facility;
- Three-year term until January 15, 2025, with an extension of up to one year available on January 15 of every year with the approval of the lender. If the extension is not granted, any outstanding amounts will be payable on the then-current applicable maturity date; and
- Security through a charge on all the assets of the Company and its material subsidiaries.

The revolving credit facility also includes the following financial covenants:

(1) MAXIMUM LONG-TERM DEBT TO ADJUSTED EBITDA RATIO

The long-term debt to adjusted EBITDA ratio shall not be greater than 3.0:1 on September 30, 2023 and thereafter.

Adjusted EBITDA is to be calculated on a trailing 12-month basis and is defined as earnings or loss before interest, income taxes, depreciation and amortization, plus extraordinary losses, non-cash losses and expense charges, and any other unusual or non-recurring cash charges, expenses or losses consented to by the lenders, less participation survey revenue, lease payments treated as capital lease, warehouse storage fees, extraordinary gains and non-cash gains, and income. Adjusted EBITDA is to be adjusted for acquisitions or dispositions to reflect such acquisition or disposition as if it occurred on the first day of such calculation period.

(2) MINIMUM INTEREST COVERAGE RATIO

The minimum interest coverage ratio is defined as the ratio of adjusted EBITDA to interest expense.

The minimum interest coverage ratio shall not be less than 2.5:1 at September 30, 2023 and thereafter.

At September 30, 2023, the long-term debt to adjusted EBITDA ratio was 0.0:1 and the interest coverage ratio was 126:1. The Company was in compliance with all covenants at September 30, 2023.

When the Company doesn't carry a balance on its revolving credit facility, the deferred financing costs are included in the non-current assets. The balance of the deferred financing costs was $26,000 at September 30, 2023.

8. INCOME TAX

Income tax expense or recovery differs from the amount that would be computed by applying the basic combined federal and provincial statutory income tax rate to earnings before income taxes. The reasons for the differences are as follows:

Nine months ended September 30,	**2023**	2022
Earnings (loss) before income tax	**10,210**	(6,168)
Combined federal and provincial income tax rate	**23%**	23%
Expected income tax expense (recovery)	**2,348**	(1,419)
Effects of difference:		
Permanent difference related to the seismic data library acquired in January 2019	**1,376**	1,376
Permanent difference related to IFRS 16, *Leases*	**-**	(59)
Scientific research and experimental development investment tax credits	**(205)**	(105)
Others	**(9)**	(2)
Actual income tax expense (recovery)	**3,510**	(209)

9. SHARE CAPITAL

(A) SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of common and an unlimited number of preferred shares, issuable in series. No preferred shares have been issued. All common shares are entitled to receive dividends as declared and are entitled to one vote per share at Company meetings.

On November 14, 2022, the Company announced the renewal of its normal course issuer bid (NCIB). The Company may purchase, for cancellation, up to a maximum of 3,070,659 common shares, equal to 10 percent of the public float of 30,706,598 common shares as at November 10, 2022. The Company is also limited under the NCIB to purchasing no more than 4,248 common shares on any given day, subject to the block purchase exemption under the TSX rules. The NCIB will continue until November 15, 2023. Purchases will be made on the open market through the TSX or alternative platforms at the market price of such shares. All shares purchased under the NCIB will be cancelled.

On February 24, 2023, the Company entered into an automatic share purchase plan (ASPP) in order to facilitate repurchases of common shares under its previously announced NCIB. The ASPP enables the Company to purchase common shares at the times when the Company would not be active in the market due to regulatory restrictions, including insider trading rules, and the Company's own internal trading blackout periods. Purchases will be made by the Company's broker based on parameters set by the Company when it is not in possession of any material non-public information about the Company or its securities, and in accordance with the limits and other terms of the ASPP. The ASPP has been entered into in accordance with the requirements of applicable Canadian securities laws.

During the nine months ended September 30, 2023, the Company purchased for cancellation 945,506 common shares pursuant to its NCIB (nine months ended September 30, 2022 – 150,400 common shares) at a weighted average price of $1.94 per share (nine months ended September 30, 2022 – $1.97 per share), including brokerage fees, for a total cost of $1.8 million (nine months ended September 30, 2022 – $296,000). The total cost paid, including fees, was first charged to share capital to the extent of the average carrying value of the common shares purchased and the excess of $519,000 was charged to the deficit (nine months ended September 30, 2022 – $87,000).

(B) DIVIDENDS

On February 16, 2023, the Company approved a quarterly dividend of $0.0125 per share. The dividend totalling $670,000 was paid on March 20, 2023 to shareholders of record at the close of business on March 13, 2023.

On May 2, 2023, the Company increased the regular annualized dividend of $0.05 per share to $0.055 per share and approved a quarterly dividend of $0.01375 per common share. The dividend totalling $737,000 was paid on May 24, 2023 to shareholders of record at the close of business on May 16, 2023.

On July 25, 2023, the Company approved a quarterly dividend of $0.01375 per share and a special dividend of $0.15 per share. The dividends totalling $8.7 million were paid on August 22, 2023 to shareholders of record at the close of business on August 14, 2023.

10. SHARE-BASED PAYMENTS

The Company's long-term incentive plan (LTIP) for employees, officers, and Directors is designed to align the Company's long-term incentive compensation with its performance and to increase individual share ownership.

The LTIP awards consist of restricted share units (RSU) and performance share units (PSU), with Directors being granted RSUs only. Upon vesting, each RSU and PSU entitles the holder to one common share of the Company. RSUs and PSUs have accompanying dividend-equivalent rights and, therefore, additional RSUs and PSUs are issued to reflect dividends declared, if applicable, on the common shares.

In determining the amount of equity-settled share-based compensation related to PSUs, management makes estimates about future results and vesting criteria. It is reasonably possible that future outcomes could differ from the estimates, which are based on current knowledge, and require a material adjustment to the share-based compensation expense recorded in future periods. The impact of any change in the number of PSUs expected to vest is recognized in the period the estimate is revised.

On March 31, 2023, 451,253 RSUs and 451,729 PSUs were eligible to vest. The Company's performance in 2022 did not meet the predetermined minimum performance benchmarks and, accordingly, no PSUs vested on March 31, 2023. RSUs vest automatically based upon time and, consequently, all the eligible RSUs vested on March 31, 2023.

To satisfy its obligation, in April 2023 the Company provided $473,000 to the plan's trustee to purchase common shares on the open market for the total after-tax number of cash- and equity-settled RSUs that vested on March 31, 2023. The related payroll taxes of $338,000 were paid in the second quarter to settle the accrued cash-settled portion of the share-based payment liabilities.

For the nine months ended September 30, 2023, the Company recognized $817,000 (nine months ended September 30, 2022 – $693,000) in compensation expense related to the LTIP in salaries, internal commissions, and benefits on the consolidated statement of comprehensive earnings. The equity-settled portion was $467,000 (nine months ended September 30, 2022 – $406,000).

At September 30, 2023, the obligation related to the cash-settled portion of the LTIP was $639,000 (September 30, 2022 – $518,000), with $405,000 (September 30, 2022 – $278,000) included in accounts payable and accrued liabilities and $234,000 (September 30, 2022 – $240,000) included in other long-term payable.

The following summarizes activity in the Company's LTIP during the three and nine-month periods ended September 30, 2023 and 2022:

	Three months ended September 30,		Nine months ended September 30,	
RSUs	**2023**	2022	**2023**	2022
Outstanding, beginning of period	**1,068,414**	1,199,328	**1,214,575**	844,713
Vested	**-**	-	**(454,832)**	(200,896)
Granted	**-**	-	**306,392**	562,954
Dividend reinvested	**87,476**	7,139	**104,076**	19,013
Cancelled or forfeited	**-**	-	**(14,321)**	(19,317)
Outstanding, end of period	**1,155,890**	1,206,467	**1,155,890**	1,206,467

	Three months ended September 30,		Nine months ended September 30,	
PSUs	**2023**	2022	**2023**	2022
Outstanding, beginning of period	**1,141,218**	1,193,970	**1,209,149**	1,079,223
Vested	**-**	-	**-**	(24,540)
Granted	**-**	-	**366,712**	374,210
Dividend reinvested	**93,437**	7,107	**110,538**	20,264
Cancelled or forfeited	**-**	-	**(451,744)**	(248,080)
Outstanding, end of period	**1,234,655**	1,201,077	**1,234,655**	1,201,077

The 451,253 RSUs that vested on March 31, 2023 were settled in the second quarter of 2023. The 451,729 PSUs that did not vest were cancelled from the employee notional accounts on the vesting date.

11. EARNINGS (LOSS) PER SHARE

(A) BASIC EARNINGS (LOSS) PER SHARE

The calculation of basic earnings per share was based on the net earnings attributable to common shareholders of $393,000 for the three months ended September 30, 2023 (three months ended September 30, 2022 – net loss of $1.7 million) and a weighted average number of common shares of 53,135,041 (three months ended September 30, 2022 – 53,699,692).

The calculation of basic earnings per share was based on the net earnings attributable to common shareholders of $6.7 million for the nine months ended September 30, 2023 (nine months ended September 30, 2022 – net loss of $6.0 million) and a weighted average number of common shares of 53,436,340 (nine months ended September 30, 2022 – 53,726,390), calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Common shares outstanding at beginning of period	**53,534,521**	53,720,317	**53,626,869**	53,784,717
Effect of common shares purchased and cancelled	**(399,480)**	(20,625)	**(190,529)**	(58,327)
Weighted average number of common shares	**53,135,041**	53,699,692	**53,436,340**	53,726,390

(B) DILUTED EARNINGS PER SHARE:

The Company does not have any dilutive securities.

12. NET CHANGE IN NON-CASH OPERATING WORKING CAPITAL

Nine months ended September 30,	**2023**	2022
Trade and other receivables	**(2,647)**	13,950
Prepaid expenses	**213**	114
Accounts payable and accrued liabilities	**262**	(1,717)
Deferred revenue	**3,593**	2
Other long-term payable	**(83)**	(16)
Others	**30**	9
Net change in non-cash operating working capital	**1,368**	12,342

13. FINANCIAL INSTRUMENTS

The Company's risk management policy objectives include the long-term management of the Company's business activities and, wherever possible, mitigation of the associated business risks. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and,
- Market risk.

(A) RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Committee conducts reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(B) CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable.

The Company is exposed to cash and credit risk in connection with data sales to its customers. The cash risk is minimal as it is held with a major bank. The Company's exposure to credit risk is influenced mainly by each customer's individual characteristics. The nature of the Company's customer base, including the default risk of the industry in which customers operate, has an influence on credit risk. As the Company operates to a large extent in the oil and natural gas industry, nearly all the trade receivables relate to customers from this industry.

The effective monitoring and control of credit risk is a core competency of the Company. Each new customer is analyzed individually for creditworthiness, including credit reference checks, before payment and delivery terms and conditions such as credit limits are offered. Customer accounts are monitored, and accounts receivable aging is regularly reviewed. Certain customers have signed agreements with the Company that provide for extended payment terms. The Company's credit risk increases in these arrangements due to their longer time frame. The risk is mitigated by attempting to limit these arrangements to major oil and natural gas companies which have long operating histories and adequate resources to fulfill their commitments.

The majority of the Company's customers have been doing business with the Company for many years, and insignificant losses have occurred in the past. The Company does not require customers to provide collateral.

EXPOSURE TO CREDIT RISK

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was the cash of $9.8 million and the value of accounts receivable of $3.7 million. The Company has a significant concentration of customers in the oil and natural gas industry, with the majority located in Alberta. At September 30, 2023, 89 percent of total accounts receivable were due from one customer. For the nine months ended September 30, 2023, approximately 81 percent of the Company's data library sales were attributable to seven customers.

The aging of trade receivables at the reporting date was:

	September 30, 2023		December 31, 2022	
	Gross	**Impairment**	Gross	Impairment
Current	**3,716**	-	588	-
Past due 31-60 days	**19**	-	518	18
Past due 61-90 days	-	-	31	31
More than 90 days	-	-	261	261
Total	**3,735**	-	1,398	310

Accounts receivable over 90 days are monitored and assessed for impairment. Those accounts are evaluated on a case-by-case basis using information received from the customer and market information.

The Company believes that all accounts receivable are collectible, based on historical payment behaviour and extensive analysis of customers' underlying credit ratings.

(C) LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled in cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Company regularly monitors its cash flow and funding options available in the capital markets, as well as trends in the availability and costs of such funding, with a view to maintaining financial flexibility and limiting repayment risks. The Company does not believe that it will encounter difficulty in meeting its financial obligations. Consolidated cash flow information, including a projection for the remainder of the year where applicable, is presented quarterly to the Audit and Risk Committee, which aids in planning to ensure that the Company has sufficient cash to meet expected operational expenses, including the servicing of financial obligations.

The Company had working capital of $7.8 million at September 30, 2023 in addition to $25.0 million available to draw on its revolving credit facility.

The following are the contractual maturities of financial liabilities at September 30, 2023:

	Carrying amounts	2023	2024	2025	2026 and thereafter
Accounts payable	1,339	1,339	-	-	-
Current income tax liabilities	910	910	-	-	-
Leases	305	37	65	70	133
Long-term payable	234	-	234	-	-
Total	2,788	2,286	299	70	133

(D) MARKET RISK

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(I) Commodity Price Risk

The Company is not directly exposed to commodity price risk as it does not have any contracts that are directly based on commodity prices. A change in commodity prices, specifically oil and natural gas prices, could have a material impact on the Company's customers' cash flows and could therefore affect the level of seismic data library sales. Commodity prices are affected by many factors, including supply and demand. The Company has not entered into any commodity price risk contracts. Given that this is an indirect influence, the financial impact on the Company of changing oil and natural gas prices is not reasonably determinable.

(II) Interest Rate Risk

The Company's interest rate risk exposure is mainly related to long-term debt when there is a balance owing. The Company is exposed to interest rate cash-flow risk on its floating-rate long-term debt as described in note 7. Changes in market interest rates would cause fluctuations in future interest payments but the Company does not currently have long-term debt outstanding.

The Company earns interest income on its cash balances.

(E) FAIR VALUES

The fair values of cash and cash equivalents, and accounts receivable and accounts payable approximate their carrying amount largely due to the short-term maturities of these instruments.

14. SUBSEQUENT EVENT

On October 24, 2023, the Company declared a regular quarterly dividend of $0.01375 per common share to be paid on November 21, 2023 to shareholders of record at the close of business on November 14, 2023.

Corporate Information

Pulse is a market leader in the acquisition 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 65,310 net square kilometres of 3D seismic and 829,207 net 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.

OFFICERS

Neal Coleman
President and CEO

Pamela Wicks
Vice President, Finance and CFO

Trevor Meier
Vice President, Sales and Marketing

Catherine Samuel
Corporate Secretary

BOARD OF DIRECTORS

Robert Robotti (1) (2) (3)
Chair

Paul Crilly (1) (3)
Director

Dallas Droppo (1) (2) (3)
Director

Patrick R. Ward (2) (4)
Director

Melanie Westergard (1) (2) (4)
Director

Neal Coleman (4)
Director

(1) Member of the Audit and Risk Committee
(2) Member of the Compensation Committee
(3) Member of the Corporate Governance and Nominating Committee
(4) Member of the ESG-Health Committee

BANKERS

The Toronto-Dominion Bank
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Calgary, Alberta

SOLICITORS

McCarthy Tétrault LLP
Calgary, Alberta

AUDITORS

MNP LLP
Calgary, Alberta

STOCK EXCHANGE LISTING

TSX: PSD
OTCQX: PLSDF

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For the three and nine months ended September 30, 2023

TSX: PSD
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