

Selected Financial and Operating Information

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

	Three months ended June 30,		Six months ended June 30,		Year ended December 31, 2023
	2024	2023	2024	2023	
	(Unaudited)		(Unaudited)		
Revenue					
Data library sales	6,300	8,756	15,077	17,163	39,127
Amortization of seismic data library	2,279	2,274	4,549	4,560	9,103
Net earnings	1,341	3,399	4,022	6,307	15,007
Per share basic and diluted	0.03	0.06	0.08	0.12	0.28
Cash provided by operating activities	(1,269)	548	9,195	5,961	23,524
Per share basic and diluted	(0.02)	0.01	0.18	0.11	0.44
EBITDA ^(a)	4,418	6,935	10,647	13,550	30,431
Per share basic and diluted ^(a)	0.09	0.13	0.21	0.25	0.57
Shareholder free cash flow ^(a)	3,869	5,829	8,907	11,090	24,829
Per basic and diluted ^(a)	0.07	0.11	0.17	0.21	0.47
Capital expenditures					
Seismic data	-	-	225	-	-
Property and equipment	-	10	-	14	28
Total capital expenditures	-	10	225	14	28
Dividends					
Regular dividends	775	737	1,490	1,407	2,862
Special dividend	-	-	-	-	18,519
Total dividends	775	737	1,490	1,407	21,381
Normal course issuer bid					
Number of shares purchased and cancelled	539,500	43,900	1,166,800	92,348	1,055,006
Cost of shares purchased and cancelled	1,222	76	2,407	161	1,943
Weighted average shares outstanding					
Basic and diluted	51,734,590	53,564,532	51,928,298	53,589,486	53,237,569
Shares outstanding at period-end			51,455,063	53,534,521	52,621,863
Seismic library					
2D in kilometres	829,207	829,207	829,207	829,207	829,207
3D in square kilometres	65,310	65,310	65,310	65,310	65,310

Financial Position and Ratio

(Thousands of dollars except ratio)

	June 30,	June 30,	December 31,
	2024	2023	2023
Working capital	10,996	15,380	7,468
Working capital ratio	4.0:1	5.1:1	1.5:1
Cash and cash equivalents	9,392	9,686	15,948
Total assets	29,184	42,372	41,249
Trailing 12-month (TTM) EBITDA ^(b)	27,528	14,758	30,431
Shareholders' equity	25,177	38,026	25,655

(a) 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.

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

Three and six months ended June 30, 2024

This 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 six months ended June 30, 2024, was prepared taking into consideration information available to July 23, 2024. It is supplemental to the unaudited condensed consolidated interim financial statements and related notes for the three and six months ended June 30, 2024. This MD&A is also supplemental to the MD&A, audited consolidated financial statements and related notes for the year ended December 31, 2023.

The unaudited condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) with comparative figures for the prior year. Certain comparative figures were reclassified to conform to the current year's presentation. 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 that Pulse's management considers material. Management determines if information is material based on whether they believe 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 read the cautionary statement in "Forward-Looking Information".

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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 also used by those requiring advanced geophysics to maximize the probability of project success including companies exploring for non-traditional forms of energy such as lithium, companies developing carbon capture, utilization and storage (CCUS) projects, and companies 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 individual 3D seismic datasets 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 potential new and existing customers. These include companies in emerging energy-transition projects such as lithium, CCUS, geothermal and helium resource extraction, and 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 July 23, 2024, Pulse's Board of Directors approved the regular quarterly dividend of \$0.015 per share and also declared a special dividend of \$0.05 per share. The total of the dividend will be approximately \$3.3 million based on Pulse's 51,243,863 common shares outstanding as of July 23, 2024, and will be paid on August 21, 2024 to shareholders of record on August 14, 2024

KEY PERFORMANCE INDICATORS

The key performance indicators used by Pulse’s management to analyze business results are revenue, net earnings, cash provided by operating activities, 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 six months ended June 30, 2024, with comparative figures for 2023, are outlined in the following table:

(thousands of dollars except per share data)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	Variance	2024	2023	Variance
Revenue - Data library sales	6,300	8,756	(2,456)	15,077	17,163	(2,086)
Net earnings	1,341	3,399	(2,058)	4,022	6,307	(2,285)
Per share basic and diluted	0.03	0.06	(0.03)	0.08	0.12	(0.04)
Cash provided by operating activities	(1,269)	548	(1,817)	9,195	5,961	3,234
Per share basic and diluted	(0.02)	0.01	(0.03)	0.18	0.11	0.07
EBITDA	4,418	6,935	(2,517)	10,647	13,550	(2,903)
Per share basic and diluted	0.09	0.13	(0.04)	0.21	0.25	(0.04)
Shareholder free cash flow	3,869	5,829	(1,960)	8,907	11,090	(2,183)
Per share basic and diluted	0.07	0.11	(0.04)	0.17	0.21	(0.04)

For the three months ended June 30, 2024, Pulse generated \$6.3 million of revenue compared to \$8.8 million for the same period in 2023. For the six months ended June 30, 2024, Pulse generated \$15.1 million of revenue compared to \$17.2 million for the same period in 2023.

Exclusive of the cash provided by operating activities for the six months ended June 30, 2024, the period-over-period decreases in each of the Company’s key performance metrics was a result of the decrease in revenue for the three months ending June 30, 2024, compared to the same period in 2023. The collection of all accounts receivable that were outstanding at December 31, 2023 and data sales revenue for two thirds of the first half of 2024, explains the improvement in cash provided by operating activities for the six-months period ended June 30, 2024.

OUTLOOK

There are many positive factors influencing industry conditions at this time which have impacted revenue generated so far in 2024. These include increased land sales year-to-date in Alberta as compared to recent years, improvements in infrastructure which will lead to increased offtake capacity for Canadian oil and gas such as the recent completion of the TMX pipeline expansion and the 2025 forecast completion of LNG Canada's natural gas export facility, 2024 improvements in oil prices and an expectation by some for increasing natural gas prices in 2025. These positives, of course, are offset by the issues that create uncertainty for the future, including economic, political, and environmental concerns. Pulse, as always, has low visibility regarding future seismic data library sales levels, regardless of industry conditions. The Company remains focused on the business practices that have served it throughout the full range of conditions. The Company maintains a strong balance sheet, has zero debt, no capital spending commitments, and a disciplined and rigorous approach to evaluating growth opportunities. This 15-person company, led by an experienced and capable management team, operates with a low-cost structure and focuses on developing excellent client relations and providing exceptional customer service. Pulse's strong financial position, high leverage to increased revenue in its EBITDA margin and careful management of its cash resources have resulted in the return of capital to shareholders through regular and special dividends and the repurchase of its shares.

Discussion of Operating Results

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

EARNINGS BEFORE INCOME TAXES

For the three months ended June 30, 2024, the Company generated earnings before income taxes of \$2.3 million (\$0.04 per share basic and diluted) compared to earnings before income taxes of \$4.7 million (\$0.09 per share basic and diluted) for the comparable period of 2023.

For the six months ended June 30, 2024, the Company generated earnings before income taxes of \$6.3 million (\$0.12 per share basic and diluted) compared to earnings before income taxes of \$9.1 million (\$0.17 per share basic and diluted) for the comparable period of 2023.

REVENUE

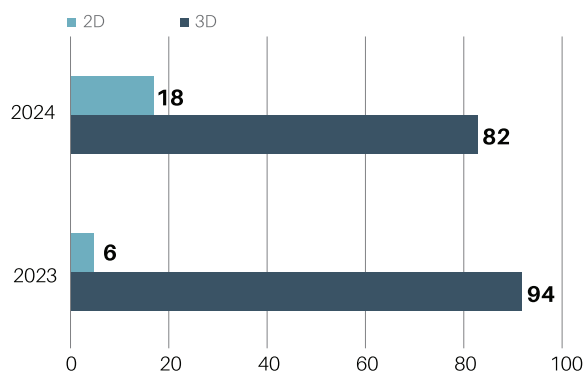
Revenue was \$6.3 million for the three months ended June 30, 2024, compared to \$8.8 million for the three months ended June 30, 2023.

DISAGGREGATED DATA LIBRARY SALES BREAKDOWN

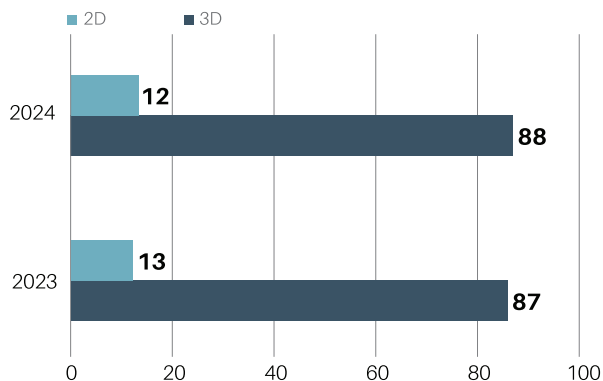
Pulse disaggregates its data library sales in two ways. The following graphs illustrate the comparative disaggregated sales for the three-and six-month periods ended June 30, 2024, and 2023.

The first breakdown is data type. It 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 sale contracts signed during a given period.

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



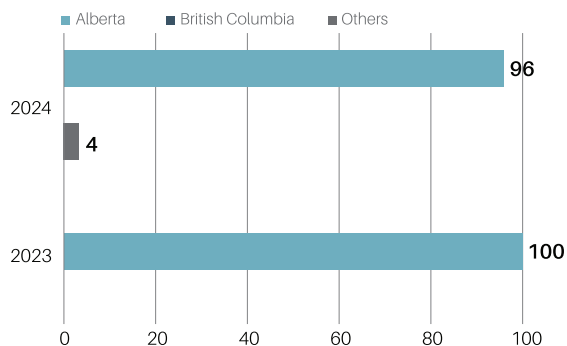
DISAGGREGATED SALES 2D/3D (%)
Six months ended June 30



The second breakdown is geographical. The largest proportion of data sales is usually generated in Alberta, as that is where the majority of Pulse’s data coverage and current industry activity are.

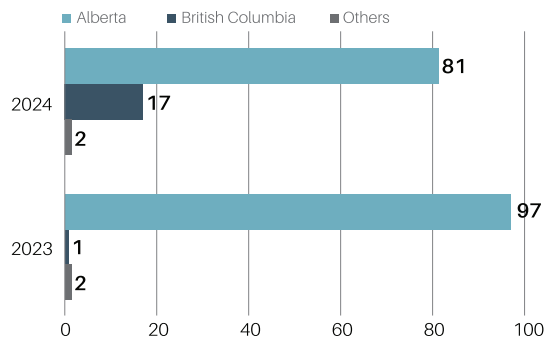
DISAGGREGATED SALES GEOGRAPHICAL (%)

Three months ended June 30



DISAGGREGATED SALES GEOGRAPHICAL (%)

Six months ended June 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 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 six months ended June 30, 2024, 83 percent (six months ended June 30, 2023 – 97 percent) of the data library sales were from data located in Alberta. 17 percent were from British Columbia (six months ended June 30, 2023 – 1 percent).

AMORTIZATION OF SEISMIC DATA LIBRARY

For the three months ended June 30, 2024 and 2023, seismic data amortization was \$2.3 million. For the six months ended June 30, 2024, seismic data amortization was \$4.5 million compared to \$4.6 million for the six months ended June 30, 2023.

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

IMPAIRMENT

On June 30, 2024, 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 on June 30, 2024. As a result, no impairment test was required.

SALARIES, COMMISSIONS AND BENEFITS (SCB)

SCB includes salaries, related benefits, incentive compensation and internal commissions. For the three months ended June 30, 2024, and June 30, 2023, SCB was \$1.3 million.

SCB for the six months ended June 30, 2024, was \$3.3 million compared to \$2.6 million for the six months ended June 30, 2023.

The increase in the 2024 six-month period over 2023 is mainly due to an increase in the long-term incentive plan (LTIP) accounting expense estimate for the period. The LTIP expense estimate is impacted by the increase in the share price between June 30, 2023 and June 30, 2024, as well as the additional units added to the LTIP notional accounts for dividends paid in the past 12 months.

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

SG&A includes external commissions, occupancy costs, office and general costs, information technology expenses, data storage expenses, directors' fees and corporate costs, and consulting and professional fees.

For the three months ended June 30, 2024, SG&A was \$554,000 compared to \$528,000 for the three months ended June 30, 2023.

For the six months ended June 30, 2024, SG&A was \$1.2 million compared to \$1.0 million for the six months ended June 30, 2023. The increase, compared to the same period in 2023, is mainly due to legal fees, software expenses and the operating cost component of the office lease.

NET FINANCING COSTS (INCOME)

For the three months ended June 30, 2024, the Company's net financing income was \$132,000 compared to net financing income of \$89,000 for the three months ended June 30, 2023.

For the six months ended June 30, 2024, the Company's net financing income was \$271,000 compared to net financing income of \$133,000 for the six months ended June 30, 2023.

Net financing costs (income) include two items: financing expenses and interest income. In 2023 the financing expenses mainly consisted of standby fees related to the Company's revolving credit facility. There are no stand-by fees associated with the revolving demand facility, as amended in February 2024. Financing expenses also includes a nominal amount of interest related to lease liabilities as per IFRS 16. Interest income includes interest on term deposits. The Company earned higher interest income after two quarters of 2024 compared to the same period in 2023 because of the higher cash balance through the period.

In 2024 and 2023, the Company did not carry any long-term debt balance at any time. The cash surplus is invested in short-term term deposits.

INCOME TAXES

For the three months ended June 30, 2024, the income tax expense was \$909,000 compared to \$1.3 million for the same period in 2023.

For the six months ended June 30, 2024, the income tax expense was \$2.3 million compared to \$2.8 million for the same period in 2023.

The main factor affecting the tax rate calculation in both periods is the permanent difference between the tax basis and the accounting value of the seismic data library acquired in 2019.

The average combined income tax rate for 2024 and 2023 was 23 percent. A reconciliation of the income tax expense is included in the consolidated financial statements.

Review of Financial Position

AS AT JUNE 30, 2024

TRADE AND OTHER RECEIVABLES

Trade and other receivables at June 30, 2024, totalled \$4.9 million compared to \$6.3 million at December 31, 2023.

All accounts receivables at December 31, 2023 and two thirds of the revenue from data library sales made in the first half of 2024, were collected during the first half of 2024.

SEISMIC DATA LIBRARY

In the first quarter of 2024, the Company acquired the partnership interests in certain of its proprietary datasets for an amount of \$225,000.

At June 30, 2024, the Company considered indicators of impairment for each of its CGUs. 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.

DEFERRED INCOME TAX ASSETS / LIABILITIES

The net deferred income tax assets were \$305,000 at June 30, 2024 compared to \$91,000 at December 31, 2023. The increase in net deferred income tax assets is mainly due to the decrease of the liability related to the difference between the tax base of the seismic data library and the carrying amount on the statement of financial position.

The deferred income tax assets or liabilities consist mainly of temporary differences between LTIP accounting expense and future tax deductions and, the tax base of the seismic data library and the carrying amount on the statement of financial position.

RIGHT-OF-USE (ROU) ASSETS

Included in the ROU assets 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. The operating costs associated with the lease agreement are not included as those costs are not fixed or based on an index or rate.

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. \$7.6 million of the \$9.0 million was recognized in revenue in 2023, when data was delivered. In the first half of 2024, \$274,000 was reclassified from deferred revenue to revenue.

When the \$1.1 million of remaining seismic data is delivered to the client in 2024, as per the agreement, this deferred revenue will be reclassified as revenue.

CURRENT INCOME TAX LIABILITIES

Included in current tax liabilities is the current tax expense for 2024, less the 2024 tax instalments.

REVOLVING DEMAND CREDIT FACILITY

In February 2024, the Company amended its \$25.0 million committed revolving credit facility. The new revolving demand facility has a \$5.0 million borrowing limit and was undrawn at June 30, 2024.

LEASE LIABILITIES

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 are not included as those costs are not fixed or based on an index or rate.

LONG-TERM PAYABLE

Included in long-term payable is the estimated cash-settled portion of the liability related to the LTIP, as estimated to vest in 2026 and 2027.

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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Weighted average shares outstanding: Basic and diluted	51,734,590	53,564,532	51,928,298	53,589,486
Shares outstanding at period-end			51,455,063	53,534,521
Shares outstanding at July 23, 2024			51,243,863	

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 increase levels of stock ownership. Participants are granted restricted share units (RSUs) and performance share units (PSUs). LTIP awards are granted 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 common shares. Historically, the plan's trustee purchased common shares on the open market for the after-tax number of RSUs and PSUs vested, with funds provided by the Company. In the first quarter of 2024, the Board of Directors approved an amendment to the LTIP to allow, at its discretion, to settle the LTIP obligation with equity or an equivalent cash payment. They elected to cash-settle the 2023 related vested units for the employees, but equity-settle the vested units for board members.

On March 31, 2024, 477,654 RSUs and 488,225 PSUs were eligible to vest. The Company's performance in 2023 met the predetermined minimum performance benchmarks and, consequently, 100% PSUs vested on March 31, 2024. RSUs vest automatically based on time and, consequently, all the eligible RSUs vested on March 31, 2024.

The Company settled the employees and Director's vested units in the second quarter of 2024.

At June 30, 2024, there were 964,569 RSUs and 1,155,467 PSUs outstanding.

DEFICIT

On June 30, 2024, the Company had a deficit of \$49.0 million, compared to \$50.7 million at December 31, 2023. The \$4.0 million of net earnings earned for the six-month period, the dividends of \$1.5 million declared and paid, and a reduction of \$789,000 due to the required accounting treatment of the Company purchasing and cancelling its common shares contributed to the deficit increase.

The purchasing and cancelling common shares adjustment relates to the difference between the price paid by the Company for the shares purchased and cancelled under the Company's 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

As mentioned previously in the corporate update, on July 23, 2024, Pulse's Board of Directors declared a regular quarterly dividend of \$0.015 per share and a special dividend of \$0.05 per share. The quarterly dividend will be paid on August 21, 2024, to shareholders of record at the close of business on August 14, 2024.

On April 24, 2024, the Company increased the regular quarterly dividend from \$0.01375 per share, declaring a regular dividend of \$0.015 per share. The dividend totalling \$775,000 and was paid on May 23, 2024, to shareholders of record on May 14, 2024.

On February 15, 2024, the Company declared a quarterly dividend of \$0.01375 per share. The dividend totalling \$715,000 was paid on March 11, 2024, to shareholders of record at the close of business on March 1, 2024.

On December 6, 2023, the Company declared a special dividend of \$0.20 per share. The dividend totalling \$10.5 million was paid on January 8, 2024, to shareholders of record at the close of business on December 21, 2023.

Pulse confirms that all dividends paid to shareholders in 2024 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.

FINANCIAL SUMMARY OF QUARTERLY RESULTS

	2024		2023				2022	
(Thousands of dollars, except per share data)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue – data library sales	6,300	8,777	16,861	5,103	8,756	8,407	2,439	2,178
Net earnings (loss)	1,341	2,681	8,307	393	3,399	2,908	(1,948)	(1,675)
Per share basic and diluted	0.03	0.05	0.16	0.01	0.06	0.05	(0.04)	(0.03)

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

CONTRACTUAL OBLIGATIONS

Pulse's known contractual obligations at June 30, 2024, are comprised of an office space lease, payments under seismic data services contracts, 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
Lease liabilities	279	67	161	51
Seismic data services contracts	69	69	-	-
Accounts payable and accrued liabilities	1,677	1,492	185	-
Total contractual obligations	2,025	1,628	346	51

Obligations related to seismic data services contracts is the cost for storage of physical seismic data.

Accounts payable and accrued liabilities at June 30, 2024, include the accrual of \$373,000 related to the short-term incentive plan (STIP) and the accrual of \$515,000 related to the LTIP.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL REQUIREMENTS

At June 30, 2024, Pulse had working capital of \$11.0 million and a working capital ratio of 4.0:1.

For the six months ended June 30, 2024, the Company generated \$9.2 million of cash from operating activities compared to \$6.0 million for the same period in 2023. The main differences between the two periods relate to higher net change in non-cash working capital because of the collection of all accounts receivable at December 31, 2023 and two thirds of the revenue from data library sales in the first half of 2024.

The Company also utilized cash for the following:

- Purchase and cancellation of 1,166,800 common shares through its NCIB for a total of \$2.4 million (at an average price of \$2.06 per common share including commissions);
- Dividends paid of \$12.0 million;
- LTIP settlement of \$1.1 million; and
- Acquisition of partnership interests on proprietary seismic data for \$225,000.

In February 2024, the Company amended its \$25.0 million committed revolving credit facility. The new revolving demand facility has a \$5.0 million borrowing limit and is secured through a charge on all the assets of the Company and its material subsidiaries.

Interest is calculated based on the lender's prime loan rate, or USBR loan, or term CORRA or term SOFR, plus an applicable margin based on the type of loan. At June 30, 2024, the applicable interest rate for the prime loan was 7.45 percent.

The revolving demand credit facility also includes the following financial covenants:

1) Maximum Total debt to Adjusted EBITDA Ratio

The total debt to adjusted EBITDA ratio shall not be greater than 3.0:1 at all times.

Adjusted EBITDA is calculated on a trailing 12-month basis. It is defined as earnings or losses before interest, income taxes, depreciation and amortization. It also includes 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, extraordinary gains, and non-cash gains and income. Adjusted EBITDA will be adjusted for any acquisition or disposition to reflect that 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 all times.

At June 30, 2024, with no revolving demand credit facility balance, the interest coverage ratio was 283.0:1. No stand-by fees are applicable to the revolving demand credit facility.

The Company was in compliance with all covenants at June 30, 2024.

Pulse has an NCIB in place to buy back its shares on the Toronto Stock Exchange (TSX). TSX rules determine the number of shares the Company is permitted to purchase through its NCIB for any renewal period.

On December 20, 2023, the NCIB became effective. The Company may purchase, for cancellation, up to a maximum of 2,957,406 common shares, equal to 10 percent of the public float of 29,574,064 common shares as at December 13, 2023. The Company will be limited under the NCIB to purchase up to 2,618 common shares in any one day, subject to the block purchase exemption under TSX rules. The NCIB will continue until December 19, 2024. 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 20, 2024, the Company entered into an automatic share purchase plan (ASPP) to facilitate repurchases of common shares under its NCIB. The Company can purchase common shares when it 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 were made by the Company's broker based on parameters set by the Company when it was 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 was entered into in accordance with the requirements of applicable Canadian securities laws and will terminate on December 19, 2024.

From December 20, 2023, June 30, 2024, the Company purchased 1,182,400 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 2024. The Company anticipates that future capital expenditures will be financed through funds from operations. As at the date of this MD&A, the Company has a \$5.0 million credit facility which is 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. It continues to rely on internal measures, such as the 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 of 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. 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 they are used by management, investors, analysts and others to evaluate the Company's financial performance.

EBITDA and shareholder free cash flow are not calculated based on IFRS. They 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, debt repayments and other sources and uses of cash, which are disclosed in the consolidated audited and interim unaudited statements of cash flows.

EBITDA AND SHAREHOLDER FREE CASH FLOW

EBITDA and shareholder free cash flow represent the capital generated and available to allocate.

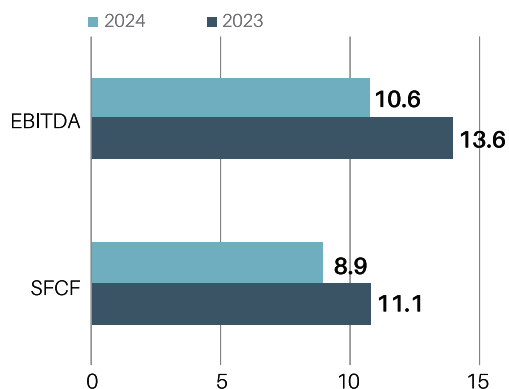
EBITDA is calculated as earnings from operations before interest, taxes, depreciation and amortization.

Shareholder free cash flow further refines the calculation of capital available to invest in growing the Company's 2D and 3D seismic data library, pay dividends, purchase its common shares and repay debt when applicable by adding non-cash expenses and non-cash deferred financing charges, and deducting net financing costs and current income tax expense.

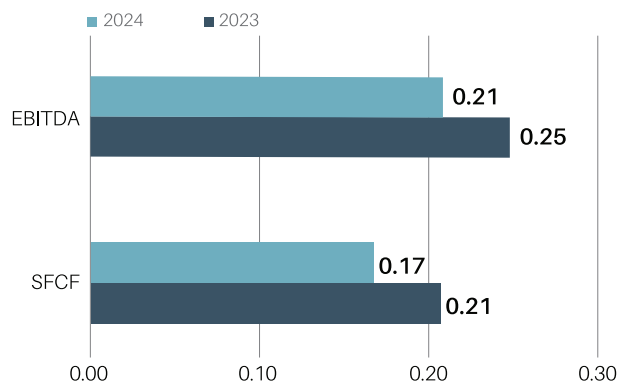
A reconciliation of net earnings to EBITDA and shareholder free cash flow follows:

(Thousands of dollars, except per share data)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net earnings	1,341	3,399	4,022	6,307
Add:				
Amortization of seismic data library	2,279	2,274	4,549	4,560
Net financing income	(132)	(89)	(271)	(133)
Income tax expense	909	1,332	2,306	2,776
Depreciation	21	19	41	40
EBITDA	4,418	6,935	10,647	13,550
Add:				
Non-cash expenses	126	136	437	283
Non-cash deferred financing charges	-	5	-	10
Deduct:				
Net financing income	(132)	(89)	(271)	(133)
Current income tax expense	807	1,336	2,448	2,886
Shareholder free cash flow (SFCF)	3,869	5,829	8,907	11,090
EBITDA per share basic and diluted	0.09	0.13	0.21	0.25
SFCF per share basic and diluted	0.07	0.11	0.17	0.21

EBITDA AND SFCF
SIX MONTHS ENDED JUNE 30
(millions of dollars)



EBITDA AND SFCF (BASIC AND DILUTED)
SIX MONTHS ENDED JUNE 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 would include any balance owing on the revolving demand credit facility balance.

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 the revolving demand credit facility balance, if any, 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, 2023.

At June 30, 2024, 97 percent of the total accounts receivable were due from three customers. 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, 2023.

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. 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 due to changing oil and natural gas prices is not reasonably determinable.

NEW IFRS STANDARDS

Several new standards, amendments to standards and interpretations have been issued by the International Accounting Standards Board but were not effective for the period ending June 30, 2024. Accordingly, they were not applied in preparing the consolidated financial statements. None of the new standards is expected to have a significant effect on the condensed consolidated interim 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.

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 April 1, 2024 and ending June 30, 2024, 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. Furthermore, 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 April 1, 2024 and ending June 30, 2024, 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, 2023.

ADDITIONAL INFORMATION

Additional information relating to Pulse, including the Company's Annual Information Form is available 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 “Liquidity, Capital Resources and Capital Requirements” sections herein contain forward-looking information which includes, but is not limited to, statements regarding:

- 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 LNG and pipeline projects;
- The Company’s capital resources and sufficiency thereof to finance future operations, meet its obligations associated with financial liabilities and carry out the necessary capital expenditures through 2024;
- Pulse’s capital allocation strategy;
- Pulse’s dividend policy;
- Oil and natural gas prices and forecast trends;
- Oil and natural gas drilling activity and land sales activity;
- Oil and natural gas company capital budgets;
- Future demand for seismic data;
- Future seismic data sales;
- Pulse’s business and growth strategy; and
- Other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results and performance, as they relate to the Company or 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 poor visibility of seismic revenue. Pulse cautions readers not to place undue reliance on these statements as several 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 that 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 other individuals 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. 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

Q2

(Thousands of Canadian dollars) (Unaudited)

As at	Note	June 30, 2024	December 31, 2023
ASSETS			
Cash and cash equivalents		9,392	15,948
Trade and other receivables		4,929	6,281
Prepaid expenses		285	292
Total current assets		14,606	22,521
Seismic data library	5	13,983	18,307
Property and equipment		24	31
Deferred income tax assets		305	91
Right-of-use assets	6	266	299
Total non-current assets		14,578	18,728
Total assets		29,184	41,249
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable and accrued liabilities		1,492	2,643
Dividends payable	9(b)	-	10,527
Deferred revenue		1,125	1,399
Current portion of lease liabilities	6	67	65
Current income tax liabilities		926	419
Total current liabilities		3,610	15,053
Lease liabilities	6	212	204
Long-term payable	10	185	337
Total non-current liabilities		397	541
Total liabilities		4,007	15,594
SHAREHOLDERS' EQUITY			
Share capital	9(a)	71,339	72,957
Contributed surplus		2,831	3,434
Deficit		(48,993)	(50,736)
Total shareholders' equity		25,177	25,655
Total liabilities and shareholders' equity		29,184	41,249

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 and Comprehensive Income

Q2

(Thousands of Canadian dollars except per share data) (Unaudited)

	Note	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
Revenue					
Data library sales	4	6,300	8,756	15,077	17,163
Operating expenses					
Amortization of seismic data library	5	2,279	2,274	4,549	4,560
Salaries, internal commissions and benefits		1,328	1,293	3,256	2,574
Other selling, general and administrative costs		554	528	1,174	1,039
Depreciation		21	19	41	40
Total operating expenses		4,182	4,114	9,020	8,213
Results from operating activities		2,118	4,642	6,057	8,950
Financing costs (income)					
Financing expenses		5	39	23	72
Interest income		(137)	(128)	(294)	(205)
Net financing income		(132)	(89)	(271)	(133)
Earnings before income taxes		2,250	4,731	6,328	9,083
Current income tax expense		807	1,336	2,448	2,886
Deferred income tax expense (recovery)		102	(4)	(142)	(110)
Income tax expense	8	909	1,332	2,306	2,776
Net earnings and comprehensive income		1,341	3,399	4,022	6,307
Net earnings per share, basic and diluted	11	0.03	0.06	0.08	0.12

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Equity

Q2

(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, 2023		53,626,869	74,350	2,958	(43,812)	33,496
Net earnings for the period		-	-	-	6,307	6,307
Share-based compensation	10	-	-	283	-	283
Settlement of vested long-term incentive plan award		-	-	(476)	-	(476)
Tax effect of equity- settled share-based compensation		-	-	(16)	-	(16)
Normal course issuer bid	9(a)	(92,348)	(128)	-	(33)	(161)
Dividends paid		-	-	-	(1,407)	(1,407)
Balance at June 30, 2023		53,534,521	74,222	2,749	(38,945)	38,026

	Note	Number of shares issued	Share capital	Contributed surplus	Deficit	Total equity
Balance at January 1, 2024		52,621,863	72,957	3,434	(50,736)	25,655
Net earnings for the period		-	-	-	4,022	4,022
Share-based compensation	10	-	-	437	-	437
Settlement of vested long-term incentive plan award	10	-	-	(1,112)	-	(1,112)
Tax effect of equity- settled share-based compensation		-	-	72	-	72
Normal course issuer bid	9(a)	(1,166,800)	(1,618)	-	(789)	(2,407)
Dividends declared and paid	9(b)	-	-	-	(1,490)	(1,490)
Balance at June 30, 2024		51,455,063	71,339	2,831	(48,993)	25,177

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

Q2

(Thousands of Canadian dollars) (Unaudited)

	Note	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
Cash flows provided by (used in):					
Operating:					
Net earnings and comprehensive income		1,341	3,399	4,022	6,307
Adjustment for:					
Amortization of seismic data library	5	2,279	2,274	4,549	4,560
Depreciation		21	19	41	40
Income tax expense	8	909	1,332	2,306	2,776
Share-based compensation	10	126	136	437	283
Net financing income		(132)	(89)	(271)	(133)
Interest and standby fees paid		-	(28)	(23)	(56)
Interest paid - lease liabilities	6	(5)	(6)	(10)	(6)
Interest received		155	105	316	173
Income tax paid		(806)	-	(1,990)	(1,135)
Income tax received		48	580	48	599
		3,936	7,722	9,425	13,408
Net change in non-cash working capital	12	(5,205)	(7,174)	(230)	(7,447)
Cash provided by (used in) operating activities		(1,269)	548	9,195	5,961
Financing:					
Normal course issuer bid	9(a)	(1,222)	(76)	(2,407)	(161)
Equity-based compensation settlement		(1,112)	(473)	(1,112)	(473)
Dividends paid	9(b)	(775)	(737)	(12,017)	(1,407)
Lease liabilities	6	5	(21)	10	(42)
Cash used in investing activities		(3,104)	(1,307)	(15,526)	(2,083)
Investing:					
Seismic data purchase	5	-	-	(225)	-
Additions to property and equipment		-	(10)	-	(14)
Cash used in investing activities		-	(10)	(225)	(14)
Increase (decrease) in cash and cash equivalents		(4,373)	(769)	(6,556)	3,864
Cash and cash equivalents, beginning of period		13,765	10,455	15,948	5,822
Cash and cash equivalents, end of period		9,392	9,686	9,392	9,686

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

Information as at June 30, 2024 and December 31, 2023 and for the three-month and six-month periods ended June 30, 2024 and 2023

(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 S.W. 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 Financial Reporting Standards (IFRS).

The condensed consolidated interim financial statements were prepared by the Company's management and were approved by the Board of Directors on July 23, 2024.

(B) BASIS OF PRESENTATION

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

Certain comparative figures have been reclassified to conform to the current year's presentation.

(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 condensed consolidated interim financial statements include the Company's share in, and income earned from, the joint assets.

(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 condensed consolidated interim 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, 2023.

4. REVENUE

Data library sales

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 significantly vary period-over-period by data type and geographically.

The following tables provide a summary of the Company's revenue disaggregated by type:

(A) DATA TYPE

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
2D data sales	1,116	501	1,734	2,171
3D data sales	5,184	8,255	13,343	14,992
Total data library sales	6,300	8,756	15,077	17,163

The Company's data library consists of 2D and 3D seismic data. 3D seismic licence contracts are generally of a higher value than 2D seismic licence contracts. The percentage of seismic data library sales generated from 2D and 3D data sales fluctuates significantly depending on the number of 3D seismic sale contracts signed during a given period.

(B) GEOGRAPHICAL BREAKDOWN

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Alberta	6,070	8,725	12,247	16,722
British Columbia	-	-	2,600	115
Other areas	230	31	230	326
Total data library sales	6,300	8,756	15,077	17,163

5. SEISMIC DATA LIBRARY

	June 30, 2024	December 31, 2023
Cost		
Opening balance, January 1	506,798	506,798
Acquisition of partnership interest in current seismic assets	225	-
Closing balance	507,023	506,798
Accumulated amortization		
Opening balance, January 1	488,491	479,388
Amortization for the period	4,549	9,103
Closing balance	493,040	488,491
Carrying amount	13,983	18,307

In the first quarter of 2024, Pulse acquired the partnership interests in certain datasets, to which the Company was previously the majority owner.

At June 30, 2024 and 2023, the Company assessed the CGUs in its seismic data library for indicators of impairment, as required under IFRS, and concluded there were no new 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	June 30, 2024	December 31, 2023
As at		
Opening balance	299	18
Office lease	-	348
Less		
Depreciation in the period	(33)	(67)
ROU assets	266	299

Lease liabilities	June 30, 2024	December 31, 2023
As at		
Opening balance	269	21
Office lease	-	348
Repayments on principal and interest in the period	-	(118)
Interest expense in the period	10	18
Total lease liabilities	279	269
Less		
Current portion	(67)	(65)
Long-term portion	212	204

The following table summarizes the Company's lease maturities:

Maturity analysis	Total
Less than one year	84
Two to five years	230
Total undiscounted lease payables as at June 30, 2024	314
Less implicit interest	(35)
Total lease liabilities as at June 30, 2024	279

The office lease agreement covers the period from April 2023 to June 2028. The ROU assets and related lease liabilities were recognized on the commencement date of April 1, 2023.

The lease liability is the present value of the basic rent related to this agreement, calculated using an incremental borrowing rate of 7.45 percent.

7. REVOLVING DEMAND CREDIT FACILITY

At December 31, 2023, the Company had a \$25.0 million revolving credit facility with a maturity date of January 15, 2025.

In February 2024, the Company amended the facility. The new revolving demand facility has a \$5.0 million borrowing limit and is secured through a charge on all the assets of the Company and its material subsidiaries.

Interest is calculated based on the lender's prime loan rate, or USBR loan, or term CORRA, or term SOFR, plus an applicable margin based on the type of loan. At June 30, 2024, the applicable interest rate for the prime loan was 7.45 percent.

The revolving demand credit facility also includes the following financial covenants:

(1) MAXIMUM TOTAL DEBT TO ADJUSTED EBITDA RATIO

The total debt to adjusted EBITDA ratio shall not be greater than 3.0:1.

Adjusted EBITDA is calculated on a trailing 12-month basis. It is defined as earnings or losses before interest, income taxes, depreciation and amortization. It also includes 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 will be adjusted for any acquisition or disposition to reflect that 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 June 30, 2024, with no debt balance, the total debt to adjusted EBITDA ratio was 0.0:1 and the interest coverage ratio was 283.0:1. The interest expense in 2024 is comprised of stand-by fees paid in January and February 2024 on the previous revolving credit facility. No stand-by fees are paid on the new revolving demand credit facility.

The Company was in compliance with all covenants at June 30, 2024.

8. INCOME TAX

Income tax expense 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:

Six months ended June 30	2024	2023
Earnings before income tax	6,328	9,083
Combined federal and provincial income tax rate	23%	23%
Expected income tax expense	1,455	2,089
Effects of difference:		
Permanent difference related to the seismic data library acquired in 2019	917	917
Scientific research and experimental development investment tax credits	(69)	(211)
Others	3	(19)
Actual income tax expense	2,306	2,776

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 December 20, 2023, the Company renewed its normal course issuer bid (NCIB). The Company may purchase, for cancellation, up to a maximum of 2,957,406 common shares, equal to 10 percent of the public float of 29,574,064 common shares as at December 13, 2023. Under the NCIB, the Company is also limited to purchasing no more than 2,618 common shares on any given day, subject to the block purchase exemption under the TSX rules. The NCIB will continue until December 19, 2024. 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 20, 2024, the Company entered into an automatic share purchase plan (ASPP) to facilitate repurchases of common shares under its NCIB. The ASPP enables the Company to purchase common shares at 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 was entered into in accordance with the requirements of applicable Canadian securities laws. The ASPP expires with the related NCIB on December 19, 2024.

During the six months ended June 30, 2024, the Company purchased and cancelled 1,166,800 common shares pursuant to its NCIB (six months ended June 30, 2023 - 92,348 common shares) at a weighted average price of \$2.06 per share (six months ended June 30, 2024 - \$1.74 per share), including brokerage fees, for a total cost of \$2.4 million (six months ended June 30, 2023 - \$161,000). 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 \$789,000 was charged to the deficit (six months ended June 30, 2023 - \$33,000).

(B) DIVIDENDS

On December 6, 2023, the Company declared a special dividend of \$0.20 per common share. On January 8, 2024, the dividend totalling \$10.5 million was paid to shareholders of record at the close of business on December 21, 2023.

On February 15, 2024, the Company approved a quarterly dividend of \$0.01375 per share. On March 11, 2024, the dividend totalling \$715,000 was paid to shareholders of record at the close of business on March 1, 2024.

On April 24, 2024, the Company increased the regular quarterly dividend from \$0.01375 per common share, declaring a regular dividend of \$0.015 per common share. The dividend totalling \$775,000 was paid on May 23, 2024, to shareholders of record at the close of business on May 14, 2024.

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.

The LTIP awards consist of restricted share units (RSU) and performance share units (PSU) for employees and RSUs for Directors. 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.

In February 2024, the Board of Directors approved an amendment to the LTIP. The share-based plan has previously been equity-settled, with shares purchased on the open market and distributed to unit holders. The amendment allows the Board of Directors, at its discretion, to choose to settle the vested units with either equity as in the past, or with an equivalent cash payment.

On March 31, 2024, 477,654 RSUs and 488,225 PSUs were eligible to vest. The Company's performance in 2023 met the predetermined minimum performance benchmarks and, consequently, 100% of the PSUs vested on March 31, 2024. RSUs vest automatically based on time and, consequently, all eligible RSUs vested on March 31, 2024.

The Board of Directors elected to cash-settle the employee vested LTIP units resulting in a cash payment of \$2.0 million including related payroll taxes of \$945,000. The Board elected to continue to use equity-settlement for the Directors vested RSUs and the Company's plan trustee purchased the related shares. Including the required payroll taxes, the cost was \$128,000.

For the six months ended June 30, 2024, the Company recognized \$1.1 million (six months ended June 30, 2023 - \$436,000) in compensation expense related to the LTIP in salaries, internal commissions and benefits on the consolidated statement of comprehensive earnings.

At June 30, 2024, the obligation related to the estimated tax payable for future vested units in the LTIP was \$700,000 (June 30, 2023 - \$441,000) with \$515,000 (June 30, 2023 - \$297,000) included in accounts payable and accrued liabilities and \$185,000 (June 30, 2023 - \$144,000) included in long-term payable.

The following summarizes activity in the Company's LTIP notional accounts during the three and six-month periods ended June 30, 2024 and 2023:

RSUs	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Outstanding, beginning of period	1,435,811	1,506,464	1,102,971	1,214,575
Vested	(477,654)	(454,832)	(477,654)	(454,832)
Granted	-	23,178	213,515	306,392
Dividend equivalent units	6,412	7,925	125,737	16,600
Cancelled or forfeited	-	(14,321)	-	(14,321)
Outstanding, end of period	964,569	1,068,414	964,569	1,068,414

PSUs	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Outstanding, beginning of period	1,635,987	1,132,768	1,192,080	1,209,149
Vested	(488,225)	-	(488,225)	-
Granted	-	-	314,942	366,712
Dividend equivalent units	7,705	8,465	136,670	17,101
Cancelled or forfeited	-	(15)	-	(451,744)
Outstanding, end of period	1,155,467	1,141,218	1,155,467	1,141,218

The 477,654 RSUs and 488,225 PSUs that vested on March 31, 2024 were settled in the second quarter of 2024.

11. EARNINGS PER SHARE

(A) BASIC EARNINGS PER SHARE

The calculation of basic earnings per share was based on the net earnings attributable to common shareholders of \$1.3 million for the three months ended June 30, 2024 (three months ended June 30, 2023 - \$3.4 million) and a weighted average number of common shares of 51,734,590 (three months ended June 30, 2023 - 53,564,532).

The calculation of basic earnings per share was based on the net earnings attributable to common shareholders of \$4.0 million for the six months ended June 30, 2024 (six months ended June 30, 2023 - \$6.3 million) and a weighted average number of common shares of 51,928,298 (six months ended June 30, 2023 - 53,589,486), calculated as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Common shares outstanding at beginning of period	51,994,563	53,578,421	52,621,863	53,626,869
Effect of common shares purchased and cancelled	(259,973)	(13,889)	(693,565)	(37,383)
Weighted average number of common shares	51,734,590	53,564,532	51,928,298	53,589,486

(B) DILUTED EARNINGS PER SHARE:

The Company does not have any dilutive securities.

12. NET CHANGE IN NON-CASH OPERATING WORKING CAPITAL

Six months ended June 30,	2024	2023
Trade and other receivables	1,352	(8,041)
Prepaid expenses	7	110
Accounts payable and accrued liabilities	(1,151)	629
Deferred revenue	(274)	-
Other long-term payable	(152)	(173)
Others	(12)	28
Net change in non-cash operating working capital	(230)	(7,447)

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 credit risk in connection with the licencing of seismic data to its customers. 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, influences credit risk. As the Company operates in the energy industry and to a large extent in the oil and natural gas industry, nearly all of 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 before payment and delivery terms and conditions are offered. Customer accounts are monitored and accounts receivable aging is regularly reviewed. On occasion, there are sales agreements signed 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 limiting these arrangements to companies assessed to have strong credit worthiness 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 gross value of accounts receivable of \$4.9 million. The cash and cash equivalents are also subject to credit risk. The risk is mitigated by holding cash with a large, chartered bank. The Company has a significant concentration of customers in the oil and natural gas industry, with the majority located in Alberta. At June 30, 2024, 97 percent of total accounts receivable were due from three customers. For the six months ended June 30, 2024, approximately 82 percent of the Company's data library sales were attributable to five customers.

The aging of trade receivables at the reporting date was:

	June 30, 2024		December 31, 2023	
	Gross	Impairment	Gross	Impairment
Current	4,929	-	6,190	-
Past due 31-60 days	-	-	39	-
Past due 61-90 days	-	-	52	-
More than 90 days	-	-	-	-
Total	4,929	-	6,281	-

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, to maintain financial flexibility and limit 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, 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 has working capital of \$11.0 million at June 30, 2024, in addition to \$5.0 million available on its revolving demand credit facility.

The following are the contractual maturities of financial liabilities at June 30, 2024:

	Carrying amounts	2024	2025	2026	2027 and thereafter
Accounts payable	1,492	1,492	-	-	-
Data storage	69	69	-	-	-
Leases	279	67	73	88	51
Long-term payable	185	-	185	-	-
Total	2,025	1,628	258	88	51

(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 in any given period. 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 the revolving demand credit facility when there is a balance owing. The Company is exposed to interest rate cash-flow risk on its revolving demand credit facility as described in note 7. Changes in market interest rates would cause fluctuations in future interest payments but the Company does not currently have a balance owing on its revolving demand credit facility.

The Company earns interest income on its cash balances.

(E) FAIR VALUES

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

14. SUBSEQUENT EVENT

On July 23, 2024, the Company declared a regular quarterly dividend of \$0.015 per common share and also declared a special dividend of \$0.05 per common share to be paid on August 21, 2024 to shareholders of record at the close of business on August 14, 2024.

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 ^{(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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PULSE

Energy Data. On Demand.

Q2

For the three and six months ended
June 30, 2024

TSX: PSD
OTCQX:PLSDF