

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,	September 30,	December 31,
	2023	2022	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.

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)

Q3

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

	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	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, <i>Leases</i>	-	(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:

RSUs	Three months ended September 30,		Nine months ended September 30,	
	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

PSUs	Three months ended September 30,		Nine months ended September 30,	
	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

HEAD OFFICE

Suite 2700, 421 7th Avenue S.W.
Calgary, Alberta T2P 4K9

Telephone: 403-237-5559
Toll Free: 1-877-460-5559
Email: info@pulseseismic.com

www.pulseseismic.com

PULSE

Energy Data. On Demand.

Q3

For the three and nine months
ended September 30, 2023

TSX: PSD
OTCQX:PLSDF