

The following Management's Discussion and Analysis ("MD&A") reflects management's assessment of the consolidated financial and operating results of Appulse Corporation ("Appulse" or the "Corporation") for the year ended December 31, 2024. This MD&A should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2024 and 2023. The consolidated financial statements were prepared in accordance with IFRS<sup>®</sup> Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise noted, all financial information is expressed in Canadian dollars. Additional information on the Corporation and its financial and operating results can be accessed through the SEDAR+Profile of Appulse Corporation at [www.sedarplus.ca](http://www.sedarplus.ca). The information contained in this MD&A is given as of April 10, 2025, unless otherwise stated.

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### **Forward looking statements**

Certain statements and other information included in this document constitute forward-looking information or forward-looking statements (collectively, "forward-looking statements") under applicable securities laws (such statements are often accompanied by words such as "anticipate", "forecast", "expect", "believe", "may", "will", "should", "estimate", "intend" or other similar words). All statements in this document, other than those relating to historical information or current conditions, are forward-looking statements, including, but not limited to, expectations related to: the continued access to markets for the Corporation's products; the stability of related financial systems; and the impact of international political unrest.

All the forward-looking statements are qualified by assumptions that are stated or inherent in such forward-looking statements, including the assumptions referred to below and elsewhere in this document. Although the Corporation believes that these assumptions are reasonable, the list is not exhaustive of the factors that may affect any of the forward-looking statements and the reader should not place an undue reliance on these assumptions and such forward-looking statements. The additional key assumptions that have been made include, among other things, with regard to all of the forward-looking statements: assumptions that future business, regulatory and industry conditions will be within the parameters expected by the Corporation, including with respect to the cost of labor and interest, exchange, and effective tax rates; assumptions with respect to the adequacy of our cash position and our ability to access our credit facilities for additional sources of financing as may be required.

Additional events or circumstances that could cause actual results to differ materially from those in all of the forward-looking statements include, but are not limited to: general economic, market and business conditions in Canada and the United States; governmental and regulatory requirements and actions by governmental authorities, including changes in

government policy (including tariffs and trade restrictions), changes in environmental, tax and other laws or regulations and the interpretation thereof; political risks; the occurrence of a major environmental, or safety incident; security risks related to our systems; risks related to reputational loss; the ability to attract, engage and retain skilled employees; and other risk facts detailed from time to time in the Corporation's reports filed with the Canadian securities regulators.

The Corporation disclaims any intention or obligation to update or revise any forward-looking statements in this document as a result of new information or future events, except as may be required under applicable Canadian securities laws.

### **Operating structure and financial results summary**

The financial operating results for the year ended December 31, 2024 include the activities of Appulse and its subsidiary, Rolyn Oilfield Services Inc. ("Rolyn"). Comparative results for the 2023 fiscal year included the activities of Appulse and its subsidiaries, Centrifuges Unlimited Inc. ("Centrifuges") (until its sale on November 1, 2023), Rolyn, and Rolyn Oilfield Services (U.S.) Inc. (until its dissolution on December 20, 2023).

As previously reported, effective November 1, 2023, Appulse sold all of the issued and outstanding shares of its wholly owned subsidiary, Centrifuges, to GEA Canada Inc. Centrifuges specialized in the sales, servicing and refurbishing of centrifuge equipment, serving both domestic and international markets, and offered full service industrial machining. Centrifuges was the Corporation's primary operating subsidiary. Details of the 2023 transaction were included in previous reports and are available for review on SEDAR+ under the profile of Appulse at [www.sedarplus.ca](http://www.sedarplus.ca).

The Corporation has had no operating revenues since the sale of Centrifuges on November 1, 2023.

Comparative results for the 2023 fiscal period reflect the operations of Centrifuges classified as a discontinued operation in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. All assets and liabilities of Centrifuges were transferred to the purchaser under terms of the November 1, 2023 sale and therefore there are no assets or liabilities held for sale as at December 31, 2023.

Concurrently with the November 1, 2023 transaction, the Corporation settled its outstanding obligation with its primary bankers and currently has no outstanding banking obligations. The remaining cash proceeds from the sale of Centrifuges were invested in a series of Guaranteed Investment Certificates (GICs), which have earned the Corporation interest income during 2024.

The net cash position at December 31, 2024, reflects both the June 7, 2024 common share dividend of \$0.15 per share (for a cash consideration of \$2,216,000), and the September 3, 2024 reduction of the Corporation's stated capital and resultant cash distribution to the shareholders of \$0.135 per share (for a cash consideration of \$1,994,000).

The following table summarizes specific annual financial information for the past three years reflecting results associated with the Continuing Operations of Appulse and Discontinued Operation related to the operations of Centrifuges during the years ended December 31, 2023 and 2022.

### **Selected consolidated annual information:**

(thousands except per share figures)

	<u><b>2024</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>
Total assets	\$ 4,154	9,000	10,386
Total non-current liabilities	(36)	(86)	(271)
Income (loss) per share -			
Basic and diluted income (loss) per share	(0.01)	0.11	0.02
Basic and diluted income (loss) per share – continuing operations	(0.01)	(0.01)	(0.01)
Basic and diluted income per share – discontinued operation	-	0.12	0.03
Dividends paid - \$0.15 per common share	2,216	-	-
Return of capital - \$0.135 per common share	1,994	-	-
<b>Results from Continuing Operations</b>	<u><b>2024</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>
Revenue	\$ -	-	-
Loss attributed to equity shareholders	(145)	(102)	(192)
<b>Results from Discontinued Operation</b>	<u><b>2024</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>
Revenue	\$ -	10,371	10,452
Gain on sale of discontinued operation before taxes	-	1,446	-
Income attributed to equity shareholders	-	1,790	430

### **Fourth quarter and financial statement component review**

Primary components of the Corporation's year-end consolidated financial statements are reviewed in the following paragraphs.

### **General and Administrative**

The structure of continuing operations for the Corporation and the base of related general and administrative expenses changed significantly with the sale of Centrifuges on November 1, 2023, thus restricting meaningful comparisons between quarterly and annual periods.

General and administrative costs for continuing operations to December 31, 2024 of \$501,000 (2023 - \$173,000) include \$160,000 related to non-recurring consulting and other expenses reflected in 2024 financial results. General and administrative costs of continuing operations for the last quarter of 2024 were \$51,000 (Q4 2023 - \$157,000).

The share-based compensation cost of \$57,000 in 2024 refers to a non-cash expense related to the issuance of common stock options and has no impact on the operations of the Corporation. In September 2024, 775,000 stock options were issued with an exercise price of \$0.20 per share.

The Corporation will maintain a conservative administrative structure while investigating future business alternatives.

### **Interest income and Revenue**

Continuing operations: As previously noted, the sale of Centrifuges, the Corporation's operating subsidiary, closed on November 1, 2023. The Corporation had no operating revenues subsequent to that date. During the final quarter and the year ended December 31, 2024, interest income was derived through GICs with various maturity dates as determined by cash requirements.

Discontinued operations: During the 2023 year to October 31, 2023, total revenue of Centrifuges was \$10,371,000, comprised of the sale of centrifuge components, machines, and services. Centrifuge's revenues, direct operating costs and administrative and financial costs for the 2023 year to October 31, 2023 are reflected in the financial statements of Appulse Corporation on a net basis as income from discontinued operation.

### **Cash and equivalents**

The cash balance of \$3,372,000 as at December 31, 2024 (2023 - \$8,140,000) is after payment of the June 7, 2024 and September 3, 2024 shareholder distributions and administrative costs during the year. Cash is currently held in GICs with the Royal Bank of Canada. Interest from these investments will reduce the impact of conservative ongoing administration costs while management and the Board of Directors continue to investigate future investment opportunities.

### **Other receivables**

Other receivables comprise a \$750,000 principal amount (2023 - \$750,000) held in escrow under terms of the November 1, 2023 sale of Centrifuges, and interest accruing on that account at December 31, 2024 of \$22,768 (2023-\$nil). The escrow amount is due November 1, 2025 and has thus been classified as a current asset at December 31, 2024.

### **Payables**

As at December 31, 2024, the Corporation's accounts payable and accrued liabilities totaled \$31,000 compared to \$239,000 as at December 31, 2023. The reduction reflects a simplified structure following the sale of Centrifuges in 2023.

## **Financial instruments, liquidity, and risk management**

### **(a) Risk management**

The Corporation's activities expose it to a variety of risks from its use of financial instruments. These risks include credit risk, liquidity risk and market risk. The following presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital. Further quantitative disclosures are included throughout the consolidated financial statements. The Corporation employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Corporation's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Corporation's risk management framework, management has the responsibility to administer and monitor these risks.

### **(b) Fair value of financial instruments**

The Corporation's financial instruments include cash and cash equivalents, other receivables, and accounts payable and accrued liabilities. Their carrying amounts approximate their carrying values due to the short-term maturity of those instruments.

### **(c) Credit risk**

Credit risk is the risk of financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's cash and other receivables.

The Corporation's maximum exposure to credit risk associated with financial assets is in relation to cash and cash equivalents, and other receivables and is equivalent to their carrying amounts.

The Corporation manages the credit exposure related to cash and cash equivalents by selecting financial institutions with high credit ratings and monitors all short-term deposits to ensure an adequate rate of return. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

Since the November 1, 2023 sale of Centrifuges, the Corporation has had no trade accounts receivable. The Corporation has other receivables as at December 31, 2024, as detailed in a previous section of this report.

### **(d) Liquidity risk**

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due.

The Corporation's accounts payable and accrued liabilities are generally due within 30 days from the receipt of vendor invoices, and total \$30,600 at December 31, 2024 (2023-\$239,000).

(e) **Market risk**

Market risk is the risk that changes in market prices – e.g., foreign exchange rates, interest rates and equity prices – will affect the Corporation'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. Following the November 1, 2023 sale of Centrifuges, the Corporation had little to no exposure to market risk.

**Share capital and Stock options**

As at December 31, 2024 and as at the date of this MD&A, the Corporation has 14,772,304 issued and outstanding common shares and 1,020,000 stock options outstanding, which are exercisable at December 31, 2024.

**Contractual obligations and contingencies**

Under terms of the November 1, 2023 agreement for the sale of Centrifuges, \$750,000 of the purchase proceeds was withheld and placed under terms of an escrow agreement in support of indemnities provided under the transaction. The escrow agreement expires November 1, 2025.

**Related party transactions**

(a) **Operating transactions**

During the year ended December 31, 2024, inventory purchases of \$nil (2023 - \$13,462) were made from a company controlled by a director of the Corporation; this amount was recorded in cost of sales. As at December 31, 2024, the Corporation had a balance of \$nil (2023 - \$54,600) payable to the director's Corporation and was included in accounts payable and accrued liabilities in respect of inventory purchased in the prior years. The amounts in accounts payable and accrued liabilities were not interest bearing and were due on demand.

(b) **Key management compensation**

Key management personnel include executive officers (includes the president and chief financial officer) and directors.

Executive officers' compensation paid during the year ended December 31, 2024 was comprised of consulting fees and bonuses totaling \$184,978 (2023 – salaries and benefits \$446,330) and the full amount (2023 - \$72,000) is presented under general and administrative expenses of continuing operations, while \$nil (2023 - \$374,330) is presented in general and administration expenses of discontinued operations.

The director's remuneration for the 2024 year amounted to \$40,830 (2023 – \$13,000) and is presented in general and administration expenses of continuing operations.

**Off balance sheet arrangements**

The Corporation does not have any off balance sheet arrangements.

**Outlook**

At the time of writing this report, Canada, and North America as a whole, are experiencing very volatile economic and political environments. Businesses in many industries are operating without a clear understanding of a vastly changing landscape and restrictions to be faced in the short and mid term. Within this environment, management and the Board of Directors are continuing to review potential investment alternatives with a particular focus on maintaining financial strength while realizing the benefits available through the effective application of our public corporate structure.

The Corporation continues to be in a strong and liquid cash position. While maintaining a conservative administrative cost base, future course alternatives will focus on the clear goal of providing maximum value for all shareholders.

**Additional information**

Additional information relating to Appulse Corporation can be accessed on the SEDAR + profile of Appulse Corporation at [www.sedarplus.ca](http://www.sedarplus.ca).