



Q2

Q2 FY2023 Presentation  
June 2023



# Forward-Looking Statements



This presentation includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. All statements other than statements of historical facts included herein, including statements regarding the Company's future financial position and results of operations, future product development initiatives, the Company's business strategy, the future mix of product revenues, future demand for the Company's products and general conditions in the energy industry, in general, and the seismic industry, are forward-looking statements. These forward-looking statements are often identified by terminology such as "may", "will", "should", "could", "intend", "expect", "plan", "budget", "forecast", "anticipate", "believe", "estimate", "predict", "potential", "continue", "evaluating" or similar words. Forward looking statements should be read carefully because they discuss our future expectations, contain projections of our future results of operations or of our financial position or state other forward-looking information. Examples of forward-looking statements include, among others, statements that we make regarding our expected operating results, the adoption and sale of our products in various geographic regions, our ability to diversify into non-O&G businesses, potential tenders for PRM systems, future demand for OBX systems, the completion of new orders for channels of our GCL system, the fulfillment of customer payment obligations, the availability of financing under our credit facility, the impact of the coronavirus (or COVID-19) pandemic, the Company's ability to manage changes and the continued health or availability of management personnel, volatility and direction of oil prices, anticipated levels of capital expenditures and the sources of funding therefore, and our strategy for growth, product development, market position, financial results and the provision of accounting reserves. These forward-looking statements reflect our current judgment about future events and trends based on the information currently available to us. However, there will likely be events in the future that we are not able to predict or control. The factors listed under the caption "Risk Factors" and elsewhere in our most recent Annual Report on Form 10-K, which is on file with the Securities and Exchange Commission, as well as other cautionary language in any subsequent Quarterly Report on Form 10-Q, or in our other periodic reports, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Such examples include, but are not limited to, continued low oil and gas demand and price levels, the failure of new products to achieve market acceptance, delayed or cancelled customer orders, product obsolescence resulting from poor industry conditions or new technologies, bad debt write-offs associated with customer accounts, lack of further orders for our OBX systems, and infringement or failure to protect intellectual property. The occurrence of any of these events could have a material adverse effect on our business, results of operations and financial position, and actual events and results of operations may vary materially from our current expectations. We assume no obligation to revise or update any forward-looking statement, whether written or oral, that we may make from time to time, whether as a result of new information, future developments or otherwise.

# World Renowned Innovator in Vibration Sensing Technologies



**We're a company of solution-minded engineers, real-time algorithmic trailblazers and robust industrial manufacturers.**

**We're dedicated to creating smarter, socially relevant products that deliver a safer, more connected world.**

- Founded 1980 in Houston, Texas
- Earned reputation for paradigm-shifting approaches to seismic data acquisition
- Known as an innovative force in the O&G industry's global search for energy reserves
- Expanded to other markets including industrial sensing, smart meter connectivity and security & surveillance

Manufacturing:	Houston and Ufa
Development:	Houston, Austin (Texas) and Florida
Field Sales:	Calgary, Bogota, Luton, Rio de Janeiro

# Stock Statistics as of March 31, 2023

## NASDAQ: GEOS



**SHARES  
OUTSTANDING**

**13MM**



**INSTITUTIONAL  
OWNERSHIP**

**58%**



**YEAR END**

**Sept. 30**



**NET DEBT**

**\$0**



**PUBLICLY  
TRADED**

**1997**





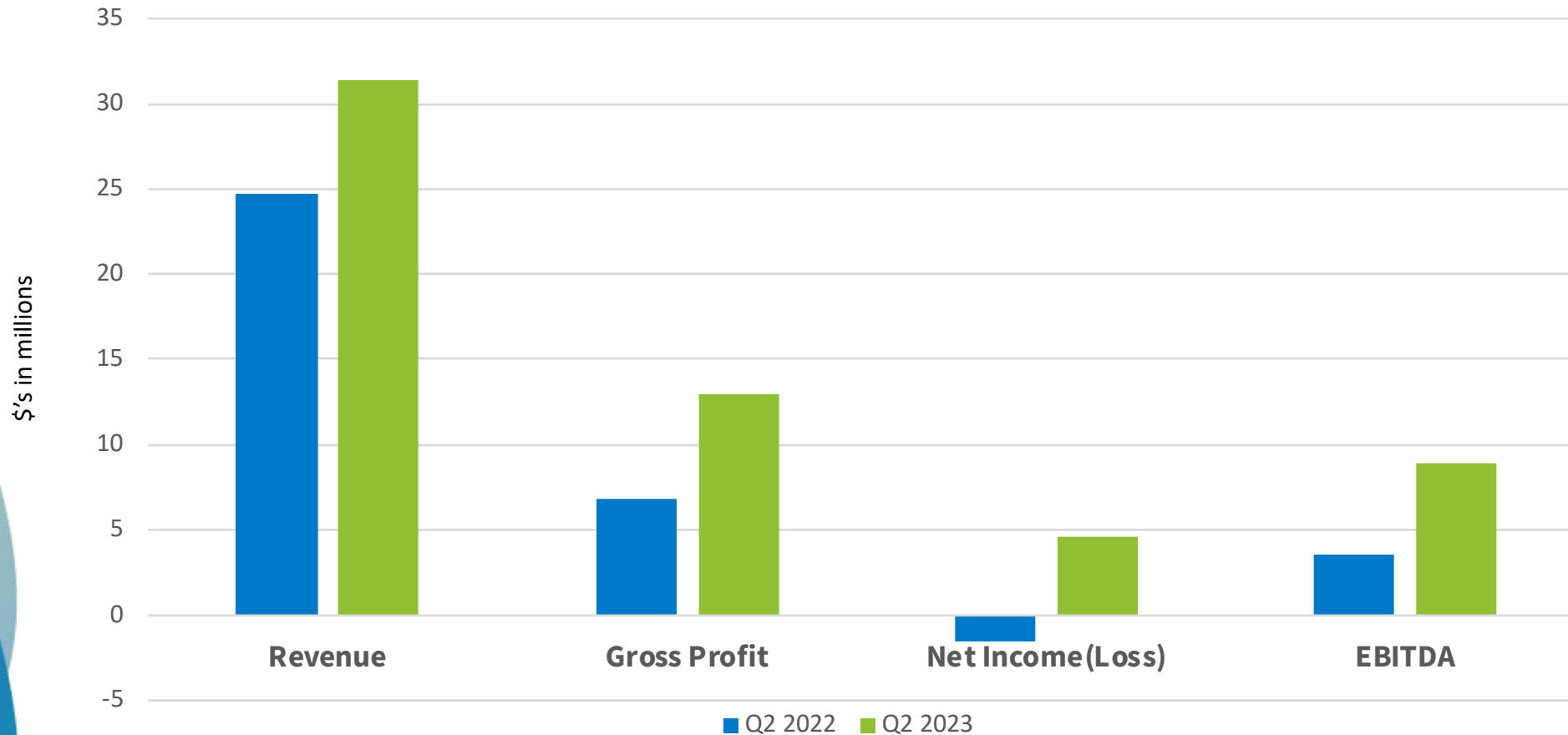
# FINANCIAL OVERVIEW

OIL & GAS MARKET

ADJACENT MARKET

EMERGING MARKET

# Quarter over Quarter Results





# Segment Revenue

	Three Months Ended		Six Months Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Oil and Gas Markets				
Traditional seismic exploration product revenue	\$ 3,391	\$ 1,245	\$ 6,146	\$ 1,836
Wireless seismic exploration product revenue	14,896	13,507	32,134	22,234
Reservoir product revenue	132	394	287	730
	<u>18,419</u>	<u>15,146</u>	<u>38,567</u>	<u>24,800</u>
Adjacent Markets segment revenue:				
Industrial product revenue	9,642	5,993	17,572	11,006
Imaging product revenue	<u>3,066</u>	<u>3,210</u>	<u>5,958</u>	<u>6,368</u>
	12,708	9,203	23,530	17,374
Emerging Markets segment revenue:				
Border and perimeter security product revenue	<u>191</u>	<u>299</u>	<u>284</u>	<u>436</u>
Corporate	52	52	98	81
<b>Total revenue</b>	<u><b>\$ 31,370</b></u>	<u><b>\$ 24,700</b></u>	<u><b>\$ 62,479</b></u>	<u><b>\$ 42,691</b></u>

# Segment Operating Income

	Three Months Ended		Six Months Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Operating income (loss):</b>				
Oil and Gas Markets segment	\$ 4,176	\$ 1,656	\$ 6,582	\$ (2,514)
Adjacent Markets segment	3,055	1,292	4,802	2,500
Emerging Markets segment	(1,007)	(1,384)	(2,220)	(2,204)
Corporate	(1,847)	(3,213)	(5,066)	(6,317)
<b>Total operating income (loss)</b>	<b>\$ 4,377</b>	<b>\$ (1,649)</b>	<b>\$ 4,098</b>	<b>\$ (8,535)</b>



# Components of EBITDA (Non-GAAP metric)



	Three Months Ended	
	March 31, 2023	March 31, 2022
<b>Income (loss) before income taxes</b>	\$ 4,656	\$ (1,449)
Depreciation Expense	4,074	4,628
Amortization of intangible assets	192	447
Interest Expense	39	
<b>EBITDA</b>	<u>\$ 8,961</u>	<u>\$ 3,626</u>

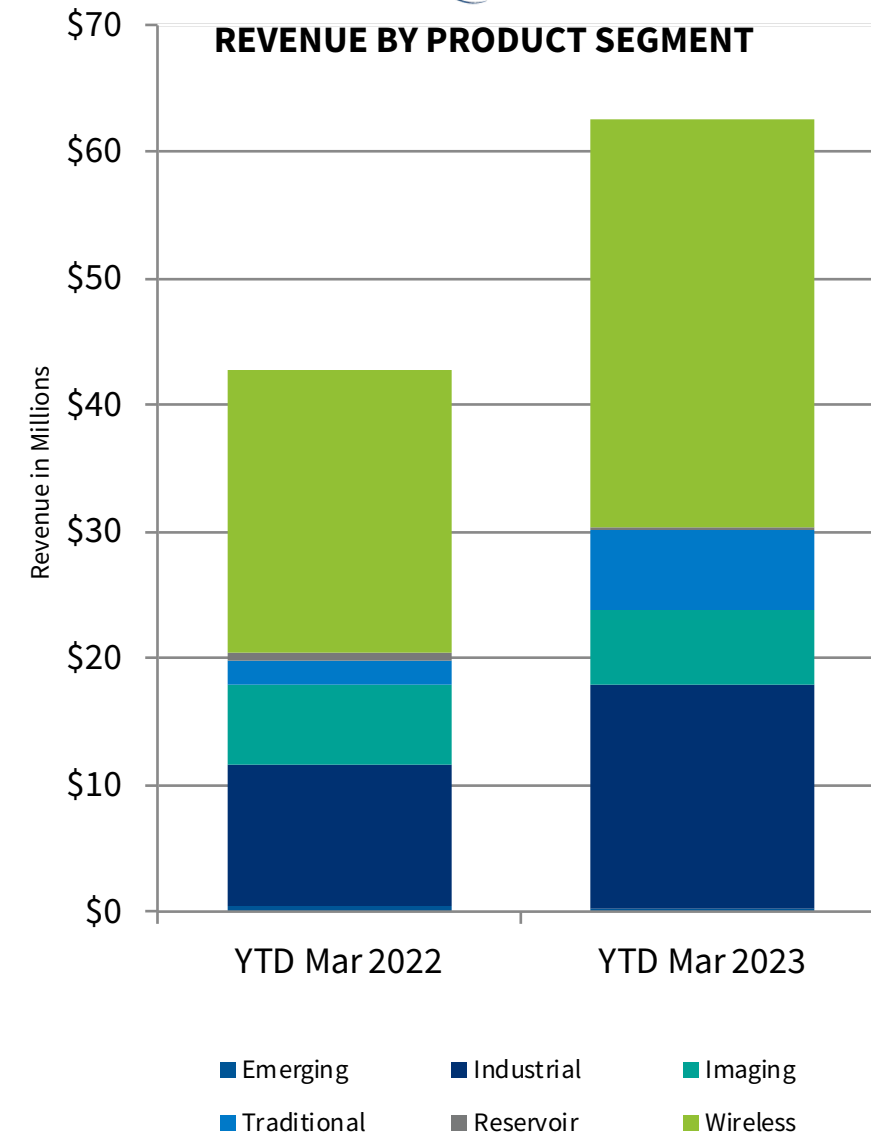
# Diversification Proving to be Consistent Revenue Generator to Match Marine Exploration Demand



**38% INCREASE IN QUARTERLY REVENUE FOR ADJACENT MARKET SEGMENT OVER PRIOR YEAR** bolstered by the demand for automation in electronic pre-press solutions and smart water meter products.

**IN KEEPING WITH OUR PLANS FOR STREAMLINING OPERATIONS AND REDUCING COSTS**, we completed the move from our former satellite location and have integrated its operations into our primary facility.

**OCEAN BOTTOM NODE SURVEY DEMAND** has significantly increased in the last 12 months driven by interest in the newly launched shallow water seabed node, Mariner®. Geospace is well prepared to meet the demand with a strong fleet of deep and shallow water nodes.



Note: Geospace has a September 30 year end



# Strong Balance Sheet & Liquidity

*(\$ in millions, as of March 31, 2023)*

Cash & Short-term Investments	\$ 23
Working Capital	\$ 58
Current Ratio	5.8X
Debt / Total Book Capitalization	0%
Stockholders' Equity	\$ 126
<b>Debt Free Real Estate Holdings:</b>	
■ Houston – owned buildings 387,000 sq. ft. *	
■ 17 acres of land available for expansion	
■ International – 4 owned buildings 192,000 sq. ft.	

\* Facility sold 27 Feb. 2023

**FINANCIAL STABILITY** and staying power

**NO LONG-TERM DEBT** with ability to borrow up to \$5.5M

**LONG-TERM TRACK RECORD** of conservative cash flow management

# Why Invest In Geospace Technologies?



## Financially Solid

Conservatively run company with strong balance sheet, no debt.



## Market Leader

History of technology innovation and robust manufacturing with solid adoption in varied markets



## Diverse Revenue Streams

58% Oil & Gas  
41% Adjacent  
1% Emerging



# Highlights for Investors

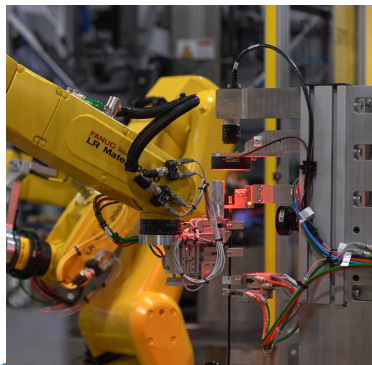
RECAPPING A COLLECTION OF MILESTONES, ACHIEVEMENTS AND CONTRACT WINS.



## **\$24M+ OBX FY22 REVENUE**

Demand for our OBX ocean bottom nodes continued to climb

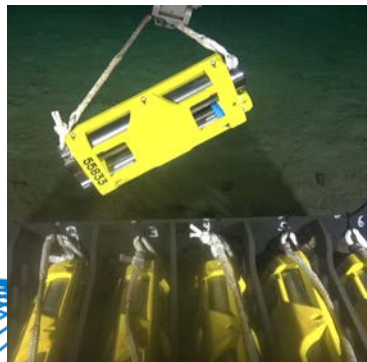
**2022  
JUNE**



## **\$39.2M FY22 REVENUE**

Adjacent Market Segment Increased Revenue by 21%

**2022  
SEPTEMBER**



## **REVENUE RECORD**

Highest Quarterly Revenue in 8.5 Years

**2022  
DECEMBER**



## **STREAMLINING OPERATIONS**

Sold Satellite Facility in our plan to increase efficiency & reduce expenses

**2023  
FEBRUARY**



## **NEW PRODUCT**

Launched high temp, all optical downhole tool called Insight by Optoseis™

**2023  
APRIL**

# Seasoned & Trusted Management Team



**Rick Wheeler**  
**President & CEO**

Before being named CEO in 2014, Wheeler held leadership roles within Geospace including COO. He's a three-decade veteran of seismic engineering and the oil & gas industry.



**Robert Curda**  
**VP & CFO**

Prior to his role as CFO, he spent 15 years as Geospace's Operational Controller. Curda is a well-rounded senior finance executive with solid experience in small-cap, publicly held companies.



**Mike Sheen**  
**SVP & CTO**

Sheen leverages five decades engineering ingenuity to lead development of next-gen technology for Geospace. Prior to joining Geospace, he spent 20 years in engineering at Input/Output.



**Robbin Adams**  
**EVP & Chief Project Engineer**

Adams provides Geospace with nearly four decades of innovating engineering solutions to complex challenges.

# Our Strategies & Perspective



**DIVERSIFY**  
INTO NON-O&G  
BUSINESSES



**PRESERVE**  
BALANCE SHEET  
STRENGTH



**MAINTAIN**  
CORE FOCUS  
ON INNOVATION

## CEO QUARTERLY COMMENTARY

Walter R. (“Rick”) Wheeler, President and CEO of the Company said, “We’re delighted with the solid performance reflected in our second quarter results for fiscal year 2023. Revenue of \$31.4 million represents the highest quarterly figure in almost 9 years, and the achievement of net income exceeding \$4.6 million demonstrates our real commitment to profitability.

Driven by sales of our water meter cables and connectors, second quarter revenue from our Adjacent Markets segment set yet another quarterly record of \$12.7 million. It is rewarding to see such firm evidence of the positive impact our strategic diversification efforts are making in this segment, and how its growing strength adds stability to the company’s overall performance.”



# Focus on ESG & Insights on Progress



As a global manufacturer of high-tech offerings, Geospace believes that a diverse workforce benefits everyone, from our skilled workforce, to our valued clients, to our trusted shareholders and our society.



## BOARD GENDER DIVERSITY



## BOARD TENURE



## WORKFORCE STATISTICS

White	37%
Asian	32%
Hispanic or Latino	23%
Black or African American	7%
Two or more races	1%
Veterans	6%
Women in Leadership	30%

Recycled Materials	2020	2021	2022
Scrap	224,185	90,342	140,548
Compactor	20	16	84
e-Waste	-	-	-
<b>Total</b>	<b>224,205</b>	<b>90,359</b>	<b>140,634</b>

Recycled Waste Rate
2022 <b>98.19%</b>
2021 <b>95.84%</b>
2020 <b>96.22%</b>

Waste Removed	2020	2021	2022
Scrap	224,185	90,342	140,549
Compactor	177	69	179
e-Waste	8,640	3,870	2,500
<b>Total</b>	<b>233,002</b>	<b>94,281</b>	<b>143,228</b>

Units in U.S. Pounds (lb)

## OCCUPATIONAL HEALTH & SAFETY

	2020	2021	2022
CONTRACTOR/ EMPLOYEE FATALITIES	0	0	0
EMPLOYEE RECORDABLE INCIDENTS	2	3	5
TOTAL RECORDABLE INCIDENT RATE	0.51	0.83	1.31
EMPLOYEE HSE TRAINING	100%	100%	100%



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**OIL & GAS MARKET**

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# Oil & Gas Market

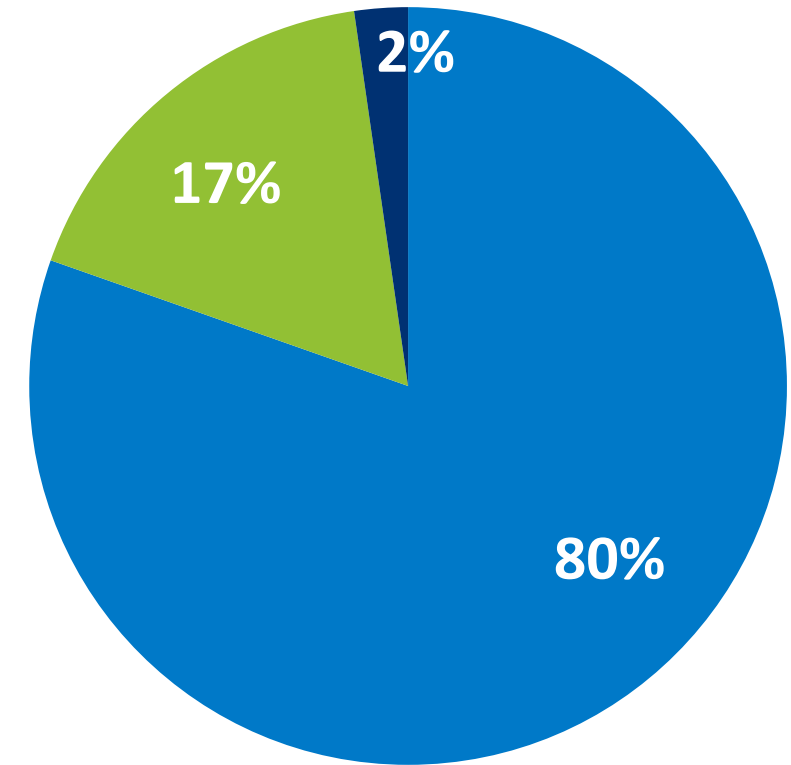


- 58% of LTM consolidated revenues
- O&G products reflect historical roots of Geospace
- Revenue derived from both product sales and rentals

## Our Oil & Gas Products

- Products serve geophysical demands of E&P industry
  - Exploration-focused products
    - Wireless/Nodal products
      - ✓ OBX for marine nodal surveys (Mariner® newly released)
      - ✓ GCL/GSB for land nodal surveys
    - Traditional land and marine sensor and cabled products
  - Reservoir-focused products
    - Permanent reservoir monitoring (PRM)
    - OptoSeis® Technology, a Fiber Optic PRM solution
    - Borehole tools for monitoring hydraulic fracturing
  - Carbon Storage products
    - Insight™ by Optoseis all optical, high temperature downhole tool
    - SADAR Passive Seismic Arrays

## LTM Revenue Contribution \$63M





# Ocean Bottom Node Demand Generates Profit

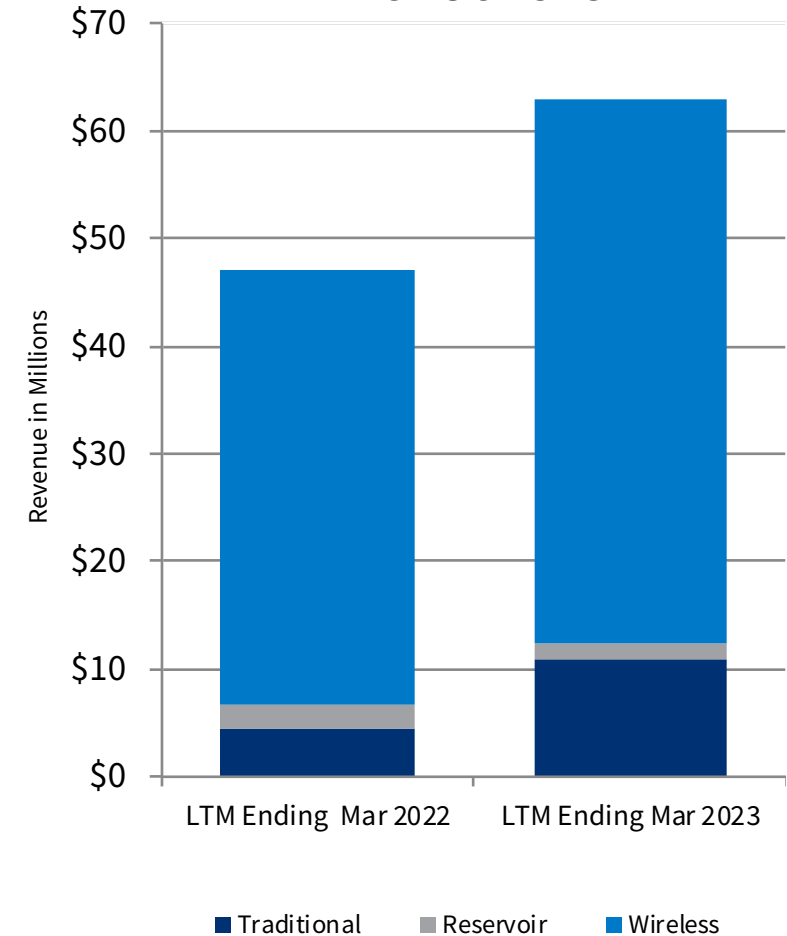


**LARGEST SINGLE CONTRIBUTION TO BOTH REVENUE AND PROFITS** for the second quarter and first half of the fiscal year came from rentals of our OBX ocean bottom nodes.

**BUILDING MARINER®**, a new slim profile shallow water ocean bottom recorder, to meet the market demand for seabed nodes.

**MARINE NODAL PRODUCTS** have been predominant revenue sources with deployments in Brazil, the Middle East, Far East, West Africa, the North Sea, and the Gulf of Mexico.

**LTM REVENUE COMPARISON  
BY PRODUCT SEGMENT**



Note: Geospace has a September 30<sup>th</sup> year end



FINANCIAL OVERVIEW

OIL & GAS MARKET

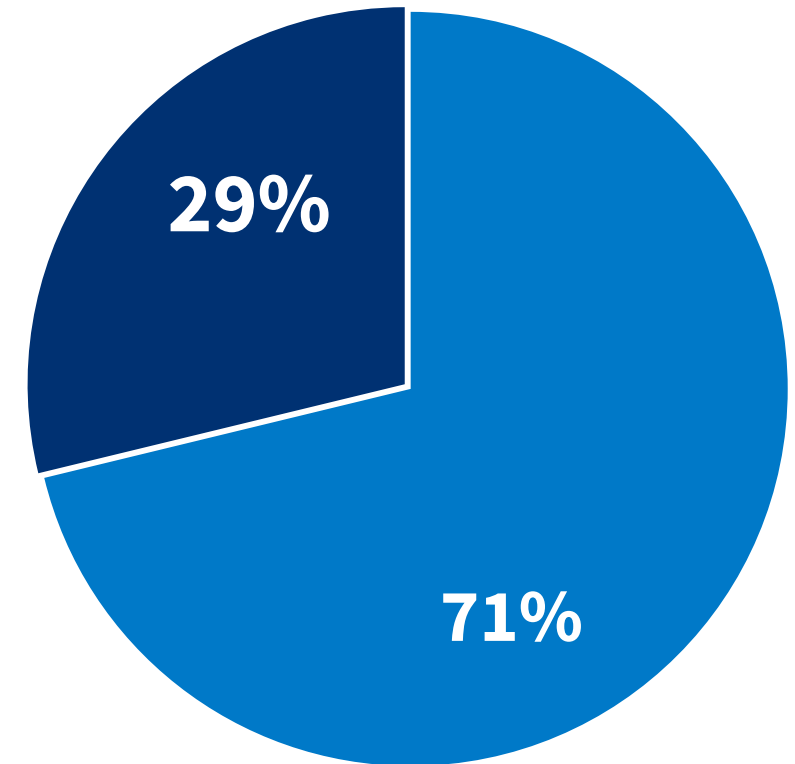
**ADJACENT MARKET**

EMERGING MARKET

# Delivering Decades of Specialized Manufacturing Expertise to Industry

- 41% of LTM consolidated revenue
- Provides consistent, sustained revenue streams
- Utilizes engineering and manufacturing expertise to broaden product demand
- Exploring blend of vibration sensors with real-time analytics to capture market share in Industrial Internet of Things (IIoT)

## LTM Revenue Contribution \$46M



## Our Industrial Products

Some products originated from our seismic heritage.

- Industrial sensors
- Smart meter connectors, antennas and accessories
- Water utility IoT control, monitoring and data management
- Thermal imaging and electronic pre-press solutions
- Contract manufacturing
- Specialty cables



# Record Setting Segment Revenue

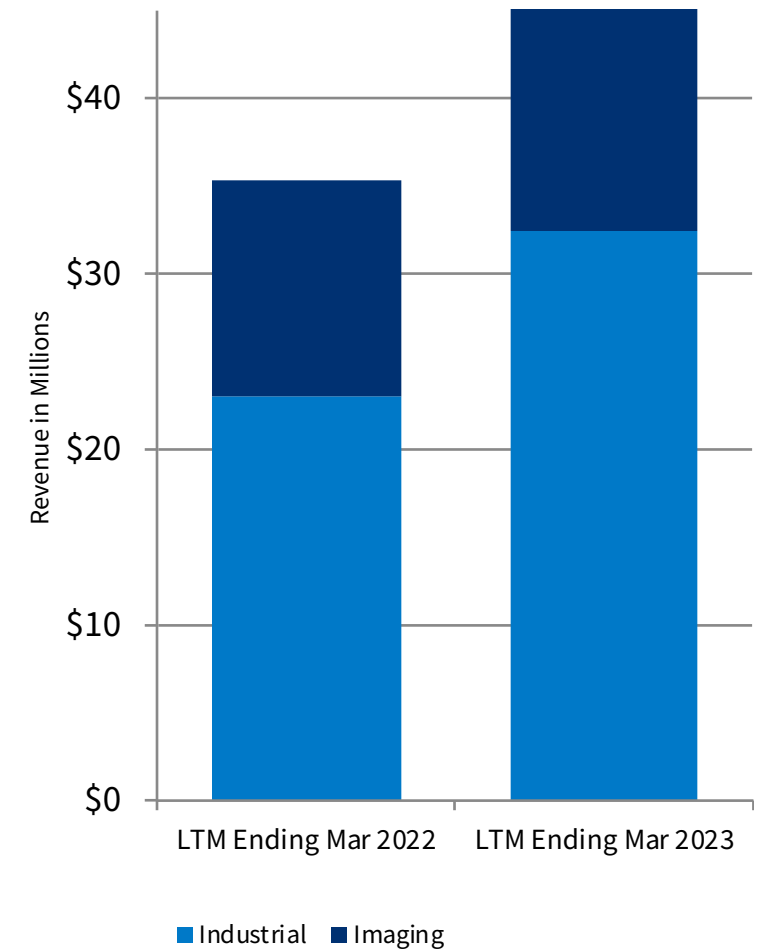
**QUARTERLY REVENUE INCREASED 38% OVER PRIOR YEAR** with segment revenue totaling \$12.7 million for Q2 FY 2023.

**ANTICIPATE CONTINUED SEGMENT REVENUE GROWTH** as domestic municipalities update their smart water meter infrastructure.

**EXPERIENCING INCREASED DEMAND** for our electronic pre-press products as the need for automation in the printed textile industry responds to worldwide labor shortages.

**10+ YEARS OF SUSTAINED ANNUAL REVENUE** between \$10M-\$12M in imaging sales to international commercial printing businesses.

## LTM REVENUE COMPARISON BY PRODUCT SEGMENT



Note: Geospace has a September 30<sup>th</sup> year end



FINANCIAL OVERVIEW

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ADJACENT MARKET

**EMERGING MARKET**



# Real-time Analytics Enhance Security Mission for DoD and DHS

- Backlog of \$2.1 million
- Building on decade of sensor sales to US government by adding smart analytics capability
- 2023 Defense Advanced Research Projects Agency (DARPA) Contract for Marine Solutions
- 2020 Department of Homeland Security \$10M contract award solidifies product adoption in Federal security market

## Our Security Solutions Products

Currently, revenue in this segment comes exclusively from government and commercial security and surveillance.

- Real-time Border Security & Surveillance
- Force Protection
- Critical Infrastructure & Strategic Asset Protection



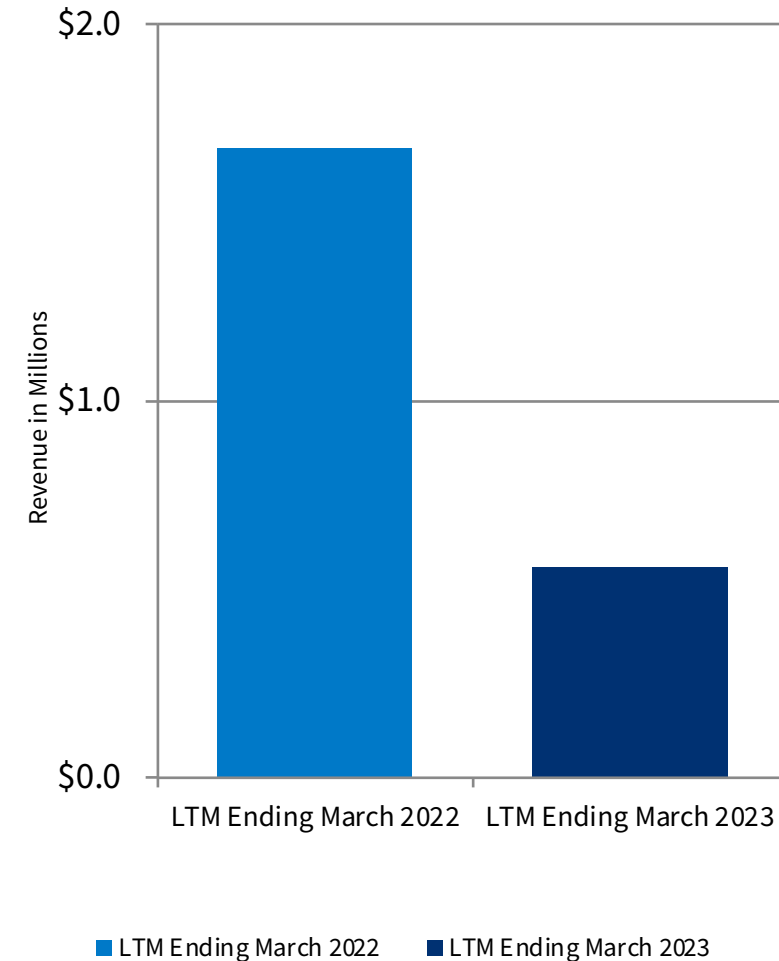
# Expanding Reach in Defense Markets

**SADAR® UNDERGOING EVALUATION FOR MAJOR DEPARTMENT OF DEFENSE PROGRAM** through contract with federal government prime contractor.

**CUSTOMERS' REQUIREMENTS FOR REAL-TIME ANALYTICS** to detect, classify and locate targets drives demand for proprietary SADAR® product.

**REDUCED HARDWARE FOOTPRINT** associated with SADAR product adds competitive advantage from cost and deployment financial savings.

## LTM COMPARISON REVENUE



Note: Geospace has a September 30<sup>th</sup> year end

# Investor Relations

For questions or conversation regarding this briefing,  
please contact [InvestorQuestions@geospace.com](mailto:InvestorQuestions@geospace.com)

