



# **INVESTOR** PRESENTATION

Q3 FY2020  
August 2020

# 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



- 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:	Central Florida and Austin
Field Sales:	Calgary, Bogota, Luton, Beijing, Rio de Janeiro

**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.**

# COMPANY OF FIRST IN WORLD PRODUCTS



## DEVELOPED GEOSPACETM PRM SYSTEM

- Original continuous commercial reservoir characterization product known as Permanent Reservoir Monitoring

## COMMERCIALIZED GSX, GCL, AND OBX

- Broke the cabled industry paradigm with wireless and cable-free acquisitions systems for commercial land and subsea exploration

## INVENTED SADAR®

- Only coherent seismic-acoustic array processing product for the tactical domain

## CREATED OPTOSEIS® 4D FIBER OPTIC PRM TECHNOLOGY

- First PRM deployed in water depths greater than 1,000m



# 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

72% Oil & Gas  
27% Adjacent  
1% Emerging

New \$10M US DHS Border Security Contract

# STOCK STATISTICS AS OF June 30, 2020



## NASDAQ **GEOS**

### SHARES

outstanding

**13.7MM**

### INSTITUTIONAL

ownership

**87%**

### YEAR END

**Sept. 30**

### NET DEBT

**\$0**

### PUBLICLY

TRADED

**1997**

# RECENT INVESTMENT HIGHLIGHTS



**2018  
AUGUST**

**2018  
NOVEMBER**

**2019  
MAY**

**2020  
JANUARY**

**2020  
APRIL**

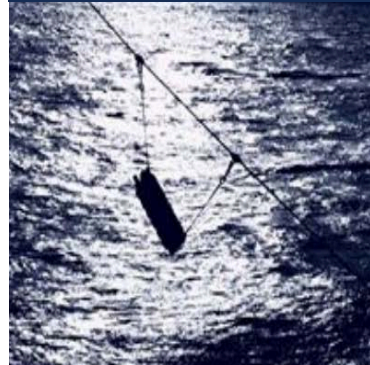
**ENTERS INTO**  
7,500 STATION OBX  
RENTAL CONTRACT

**ACQUIRES**  
OPTOSEIS FIBER OPTIC  
TECHNOLOGY

**RECORD GROWTH**  
IN OBX WITH ANOTHER  
CONTRACT FOR 9,000  
STATIONS

**DELIVERS**  
30,000 GCL UNITS

**AWARDED**  
DEPARTMENT OF  
HOMELAND SECURITY  
CONTRACT





# 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.

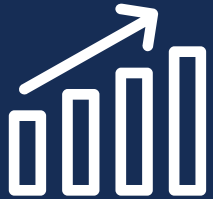


# OUR STRATEGIES



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

Leverage engineering, manufacturing and product technology to other markets for greater growth opportunities and stability



## **PRESERVE** BALANCE SHEET STRENGTH

Strong financial discipline enables endurance during down-cycles and creates opportunities in up-cycles



## **MAINTAIN** CORE FOCUS ON INNOVATION

Continued focus on product innovations for oil and gas producers with an emphasis on lowering finding and development costs



# **OIL & GAS MARKETS**

ADJACENT MARKETS

EMERGING MARKETS

FINANCIAL OVERVIEW



# COMMITMENT TO OIL & GAS MARKETS

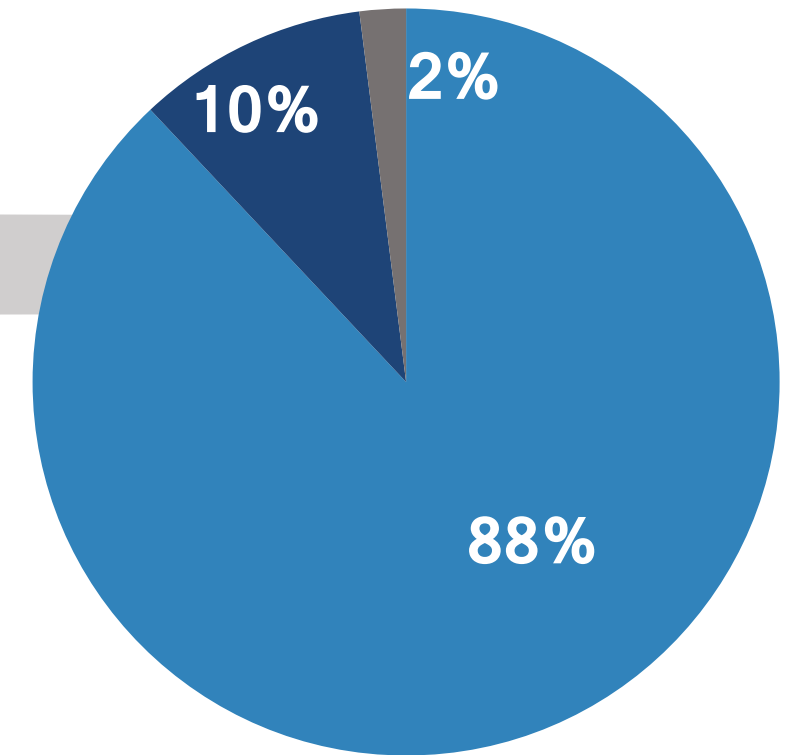


- 72% of LTM consolidated revenues
- O&G products reflect historical roots of Geospace
- Revenue derived from both product sales and rentals

**LTM Revenue Contribution \$68M**

## OUR OIL & GAS MARKET PRODUCTS

- Products serve geophysical demands of E&P industry
  - Exploration-focused products
    - Wireless/Nodal products
      - ✓ OBX for marine nodal surveys
      - ✓ GSX/GCL/GSB for land nodal surveys
    - Traditional land and marine sensor and cabled products
  - Reservoir-focused products
    - Permanent reservoir monitoring (PRM)
    - Borehole tools for monitoring hydraulic fracturing



- TRADITIONAL
- WIRELESS
- RESERVOIR

# WIRELESS DEMAND DRIVING RESULTS

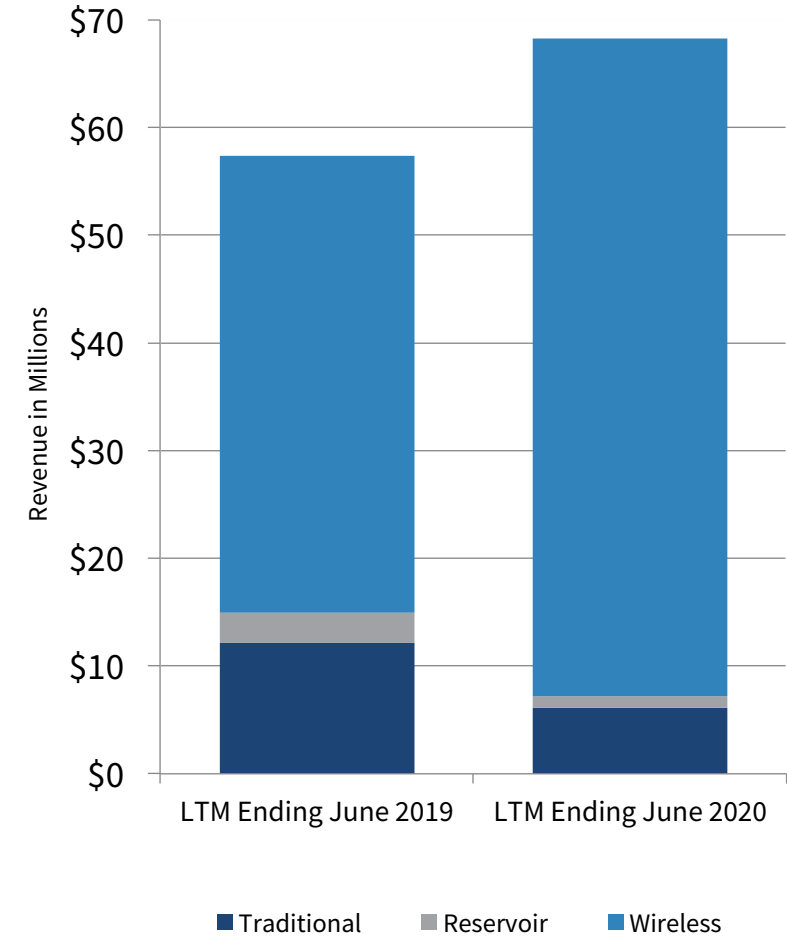
OBX REVENUE HAS INCREASED 44% for the same LTM period ending June 2020 as compared same prior year period.

CUSTOMER DEMAND FOR OBX RENTAL FLEET continues to be robust but may suffer from the impact of a slowed economy due to COVID-19 in the coming months.

IMPROVED OBX DEMAND drives margin growth and reduces operating losses.

CASH INVESTMENTS of over \$34 million in OBX and other rental assets in fiscal year 2019.

**LTM REVENUE COMPARISON  
BY PRODUCT SEGMENT**



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





OIL & GAS MARKETS

**ADJACENT MARKETS**

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# EXPLOITING NEW MARKETS WITH EXISTING MANUFACTURING EXPERTISE AND TECHNOLOGY



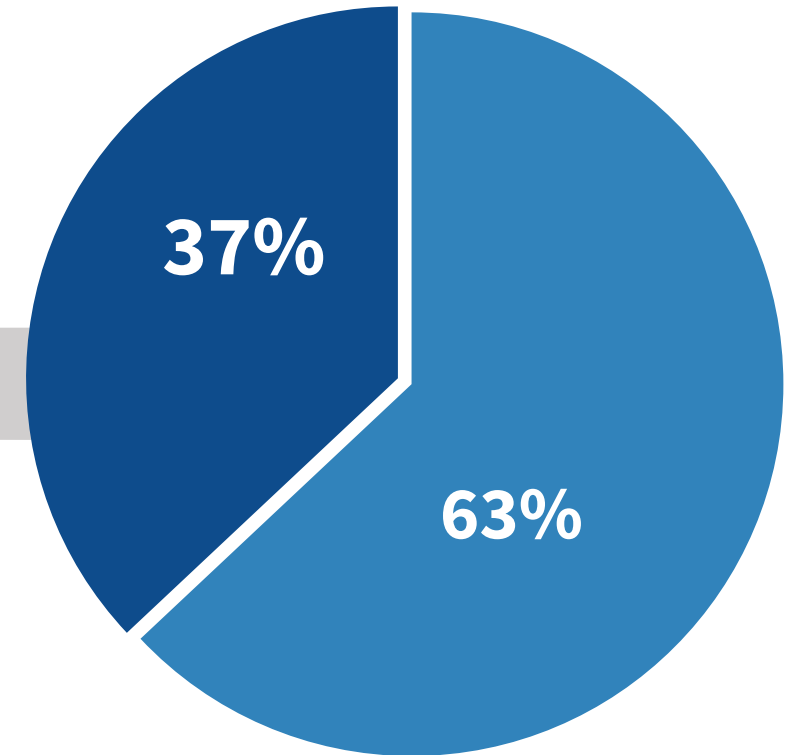
- 27% of LTM consolidated revenue
- Provides consistent, sustained revenue streams
- Utilizes engineering and manufacturing expertise to broaden product demand
- Focus on other markets outside O&G

## OUR ADJACENT MARKETS PRODUCTS

These products originate from our seismic product foundation. Some products are repurposed while others have update technology to serve new markets.

- Industrial sensors
- Smart meter connectivity
- Thermal imaging and electronic pre-press solutions
- Contract manufacturing

## LTM Revenue Contribution \$26M



IMAGING  
INDUSTRIAL

# SUSTAINED DEMAND DRIVING RESULTS

EXPANDING SERVICEABLE ADDRESSABLE MARKET (SAM) with newly released Hyrdoconn® AMR Series IV connector that adds compatibility with major OEM smart meter product line.

INCREASED EMPHASIS ON INTELLIGENT INFRASTRUCTURE drives increased demand for Smart Meter Connectivity.

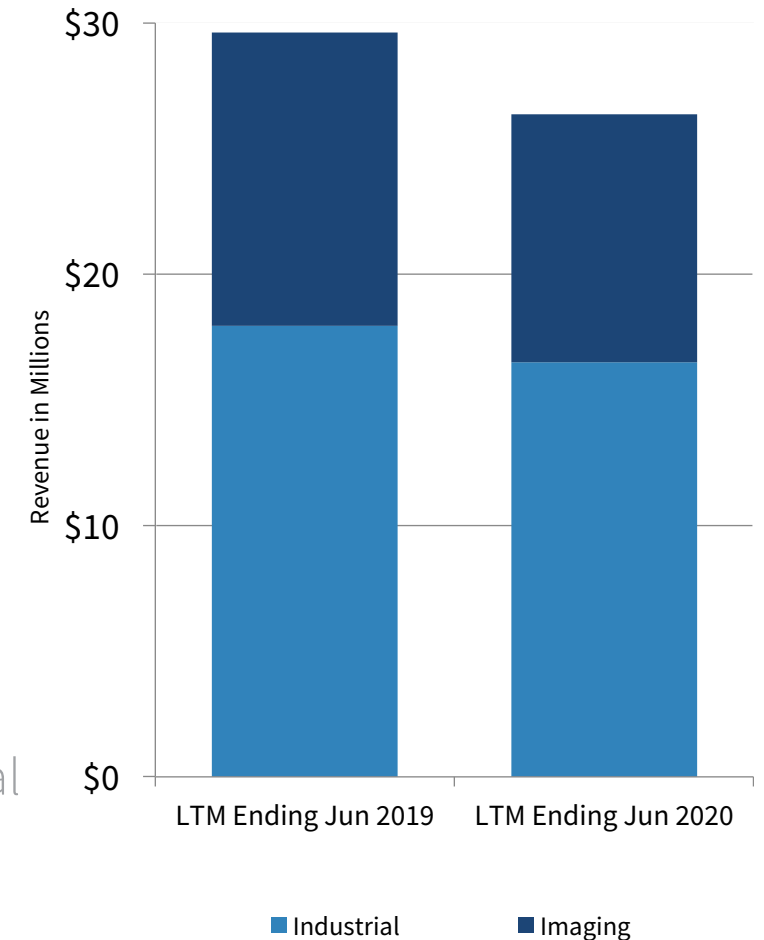
IMPROVED AUTOMATION AND STREAMLINED ASSEMBLY drives margin growth and reduces operating expenses for smart meter connectivity.

SIGNIFICANT BACKLOG OF DESIGN-IN WINS ensure continued sustained revenue in smart meter connectivity.

10+ YEARS OF SUSTAINED ANNUAL REVENUE between \$10M-\$12M in thermal film sales to international commercial printing business.

YEAR OVER YEAR REDUCTION IN REVENUE is as result of a COVID-19 economic effect on our customers

**LTM REVENUE COMPARISON  
BY PRODUCT SEGMENT**



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# REAL-TIME ANALYTICS EXPAND AVAILABLE MARKETS FOR VIBRATION MONITORING TECH



- Building on decade of sensor sales to US government by adding smart analytics capability
- 2020 Dept. Homeland Security \$10M contract award solidifies product adoption in Federal security market
- Exploring blend of vibration sensors with real-time analytics to capture market share in Industrial Internet of Things (IIoT)

## OUR EMERGING MARKETS PRODUCTS

Emerging Markets segment functions as a market incubator where products are tailored and matured to address new markets. 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
- Industrial IoT Systems
- Condition Monitoring

# DOMESTIC SECURITY DEMAND DRIVING RESULTS



APRIL 2020 AWARDED \$10 MILLION CONTRACT from the US Customs and Border Protection, U.S. Border Patrol.

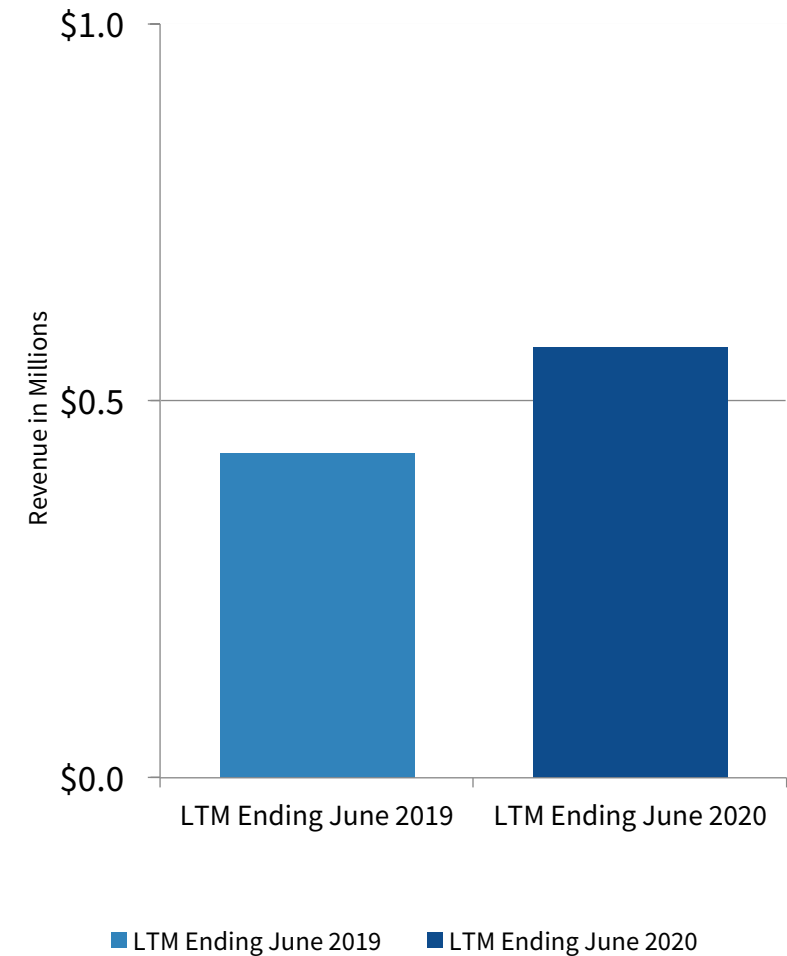
CUSTOMER REQUIREMENT FOR REAL-TIME ANALYTICS to detect, classify and locate targets drives demand for proprietary SADAR® product.

UNMATCHED SUBTERRANEAN DETECTION CAPABILITY clears path toward design-in to major national security program.

US FEDERAL GOVERNMENT FOCUS ON BORDER SECURITY influenced \$190M funded in the Department of Homeland Security FY2021 Appropriations bill.

RISE IN VIBRATION SENSOR DEMAND FOR PREDICTIVE MONITORING associated to cost savings in manufacturing operations – key differentiator for Geospace is delivering precise, high-quality data in real-time.

## LTM COMPARISON REVENUE



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



OIL & GAS MARKETS

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**FINANCIAL OVERVIEW**

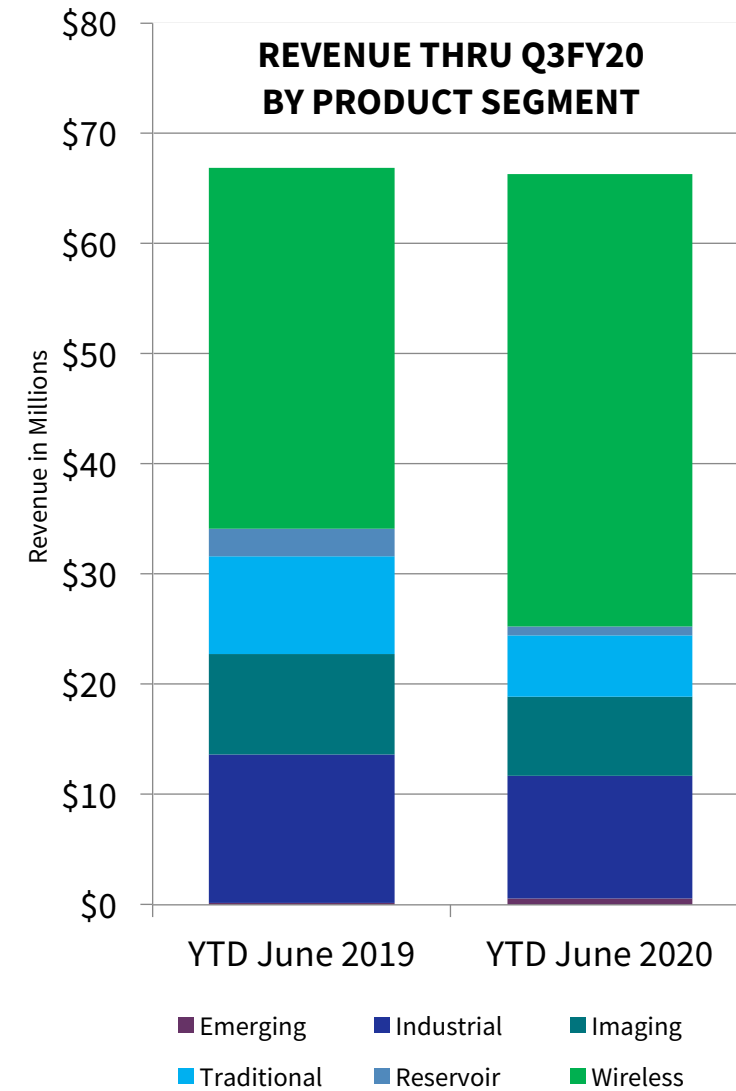
# NINE MONTHS REVENUE HOLDS DESPITE PANDEMIC



CONTINUED DEMAND for OBX rental fleet revenue up 25%.

COVID-19 HAS REDUCED MARKET DEMAND for our products in industrial and imaging sectors.

\$10M BORDER SECURITY CONTRACT indicates diversification with majority of revenue recognition taking place in FY21.



Note: Geospace has a September 30 year end



# STRONG BALANCE SHEET & LIQUIDITY



*(\$ in millions, as of June 30, 2020)*

Cash	\$ 27
Available Borrowings Under Revolver <sup>1</sup>	18
Total Liquidity	\$ 45
Working Capital	\$ 55
Current Ratio	6.8X
Debt / Total Book Capitalization	0%
Stockholders' Equity	\$ 164
Debt Free Real Estate Holdings:	
<ul style="list-style-type: none"><li>▪ Houston – owned buildings 417,000 sq. ft.<sup>2</sup></li><li>▪ 17 acres of land available for expansion</li><li>▪ International – 4 owned buildings 192,000 sq. ft.</li></ul>	

**FINANCIAL STABILITY** and staying power

**NO LONG-TERM DEBT** – able to borrow up to \$18 million

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



<sup>1</sup> Borrowing agreement expires in April 2022

<sup>2</sup> Credit facility lender has lien on Corporate headquarters real estate