



Q1

Q1 FY2021 Presentation  
December 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



**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 and Florida                     |
| Field Sales:   | Calgary, Bogota, Luton, Beijing, Rio de Janeiro |

# Company of First in World Products



## DEVELOPED GEOSPAC 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® REAL-TIME TACTICAL MONITORING SYSTEM

- Only seismic-acoustic array product capable of tracking targets in the earth, air, and water

## 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

64% Oil & Gas  
27% Adjacent  
9% Emerging

# Stock Statistics as of December 31, 2020

## NASDAQ: GEOS



**SHARES  
OUTSTANDING**

**13.6MM**



**INSTITUTIONAL  
OWNERSHIP**

**64%**



**YEAR END**

**Sept. 30**



**NET DEBT**

**\$0**



**PUBLICLY  
TRADED**

**1997**

# Highlights for Investors

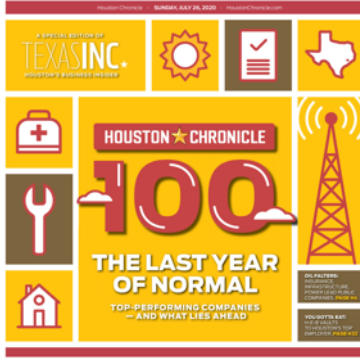
RECAPPING A COLLECTION OF MILESTONES, ACHIEVEMENTS AND CONTRACT WINS.



## AWARDED

Department Of  
Homeland Security  
Contract

**2020  
APRIL**



## RANKED

Top Houston Public  
Company by Houston  
Chronicle Chron 100

**2020  
JULY**



## LAUNCHES

E-Commerce platform  
for easier ordering

**2020  
OCTOBER**



## BOARD DIRECTORS

Added former defense  
contractor leaders  
Asbury & Ashworth

**2020  
NOVEMBER**



## LANDMARK QUARTER

Highest Q1 revenue in  
seven years

**2020  
DECEMBER**

# 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**

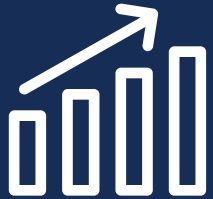
Adams provides Geospace with nearly four decades of innovating engineering solutions to complex challenges.

# 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 MARKET

ADJACENT MARKET

EMERGING MARKET

FINANCIAL OVERVIEW



# Oil & Gas Market

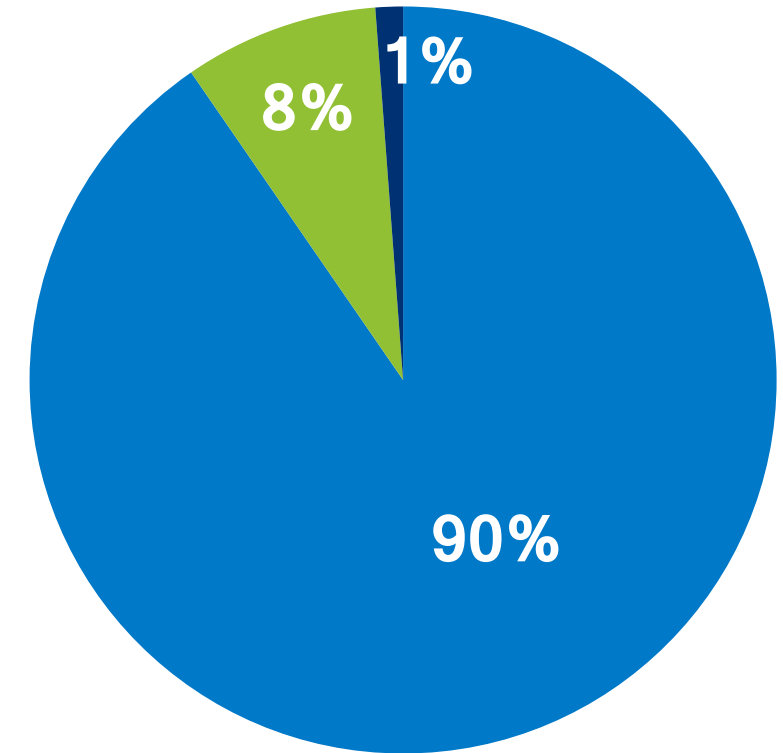


- 64% of LTM consolidated revenues
- O&G products reflect historical roots of Geospace
- Revenue derived from both product sales and rentals

## Our Oil & Gas Products

- Products serve geophysical demands of E&P industry
  - Exploration-focused products
    - Wireless/Nodal products
      - ✓ OBX for marine nodal surveys
      - ✓ GSX/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

## LTM Revenue Contribution \$63M



TRADITIONAL  
WIRELESS  
RESERVOIR

# Wireless Products Drive Market Demand

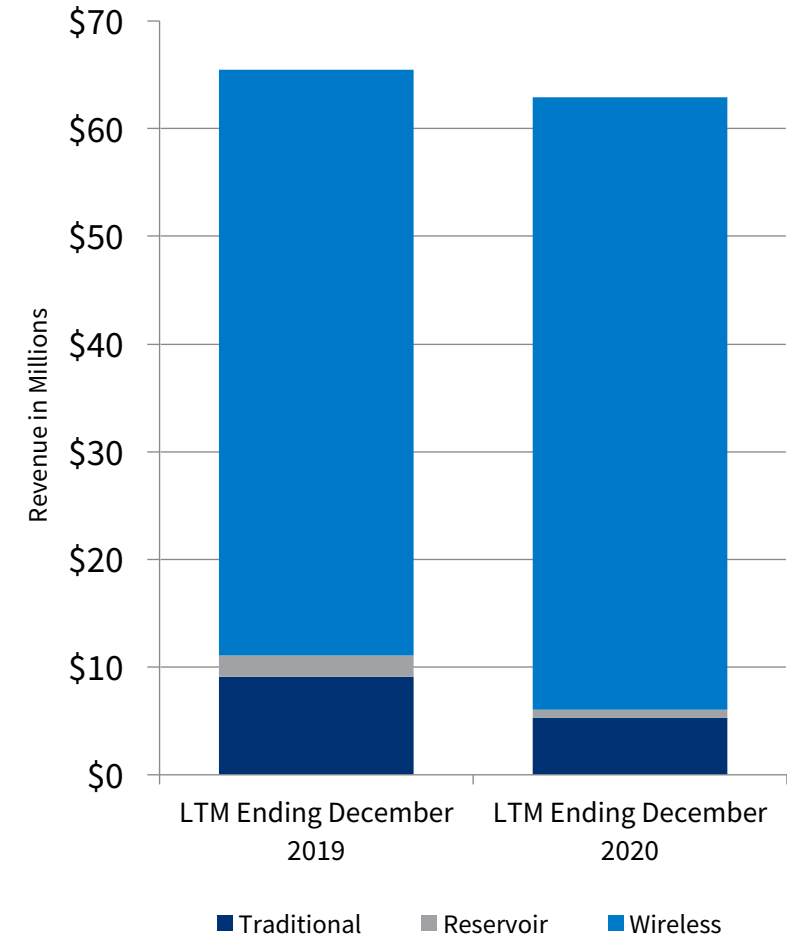


**CLOSED 1<sup>st</sup> SIGNIFICANT SALE OF 7,500 OBX** to an existing customer following a lengthy rental engagement. OBX products thus far have been rented and not purchased.

**CONTINUED DEMAND FOR OBX DEEP WATER OCEAN BOTTOM RECORDER** despite slow downs industrywide due to the global pandemic's impact.

**MARINE NODAL PRODUCTS** have been predominant revenue sources with deployments in Brazil, the Middle East, 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



OIL & GAS MARKET

## ADJACENT MARKET

EMERGING MARKET

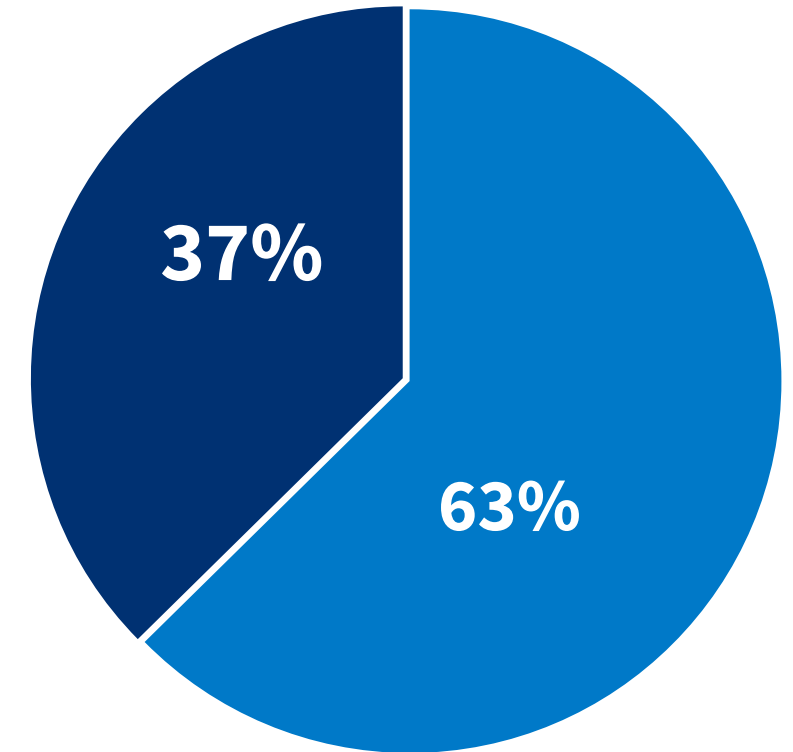
FINANCIAL OVERVIEW

# Delivering Decades of Specialized Manufacturing Expertise to Industry



- 27% 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 \$26M



## Our Industrial Products

Some products originated from our seismic heritage.

- Industrial sensors
- Smart meter connectors, antennas and accessories
- Thermal imaging and electronic pre-press solutions
- Contract manufacturing
- Specialty Cables and Umbilical's



# 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.

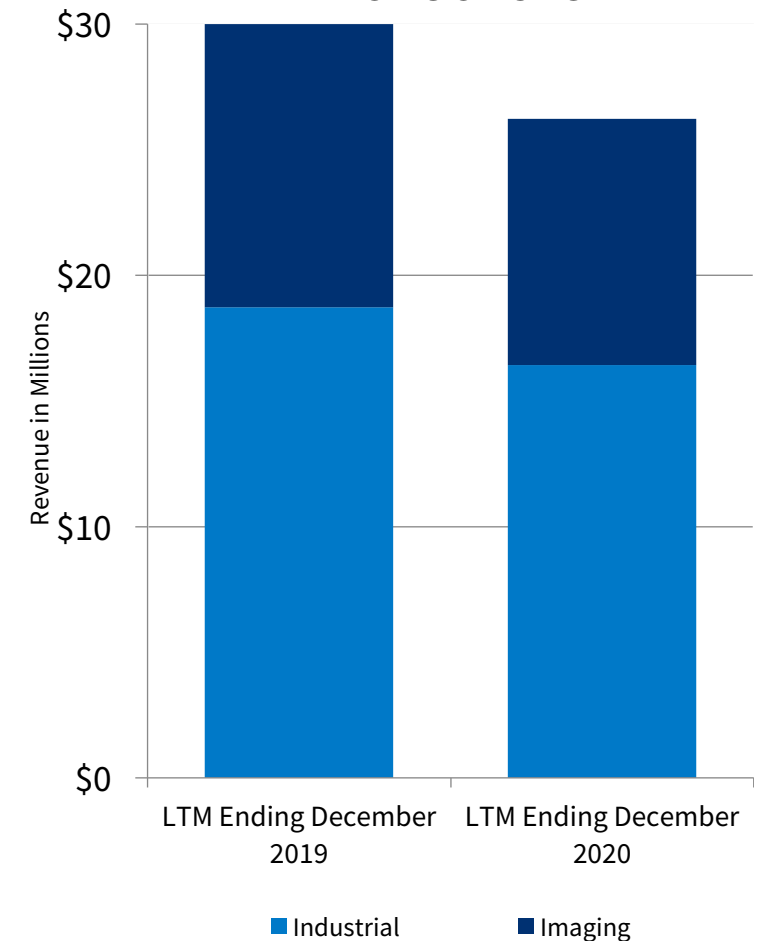
## IMPROVED AUTOMATION AND STREAMLINED ASSEMBLY

drives margin growth and reduces operating expenses for smart meter connectivity.

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

**CONTINUED REDUCTION IN REVENUE** is a result of the COVID-19 economic impact on our customers particularly in the imaging sector's dependence on public events to drive customer demand.

## LTM REVENUE COMPARISON BY PRODUCT SEGMENT



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



OIL & GAS MARKET

ADJACENT MARKET

**EMERGING MARKET**

FINANCIAL OVERVIEW

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



- Building on decade of sensor sales to US government by adding smart analytics capability
- 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

# Domestic Security Demand Driving Results

## EMERGING MARKETS POSTED FIRST SIGNIFICANT REVENUE

since acquisition in fulfillment of the US Customs and Border Protection contract valued at \$10M.

## CUSTOMERS' REQUIREMENTS FOR REAL-TIME ANALYTICS

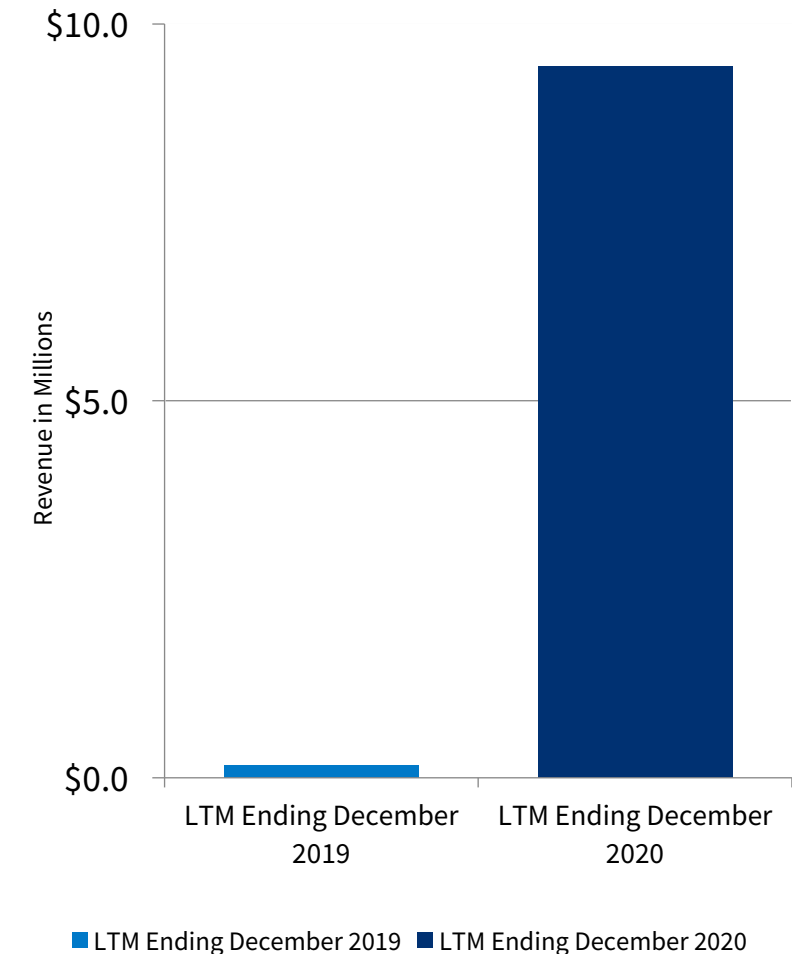
to detect, classify and locate targets drives demand for proprietary SADAR® product.

## UNMATCHED SUBTERRANEAN DETECTION CAPABILITY

clears path toward design-in to major national security program.



## LTM COMPARISON REVENUE



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



OIL & GAS MARKET

ADJACENT MARKET

EMERGING MARKET

## **FINANCIAL OVERVIEW**

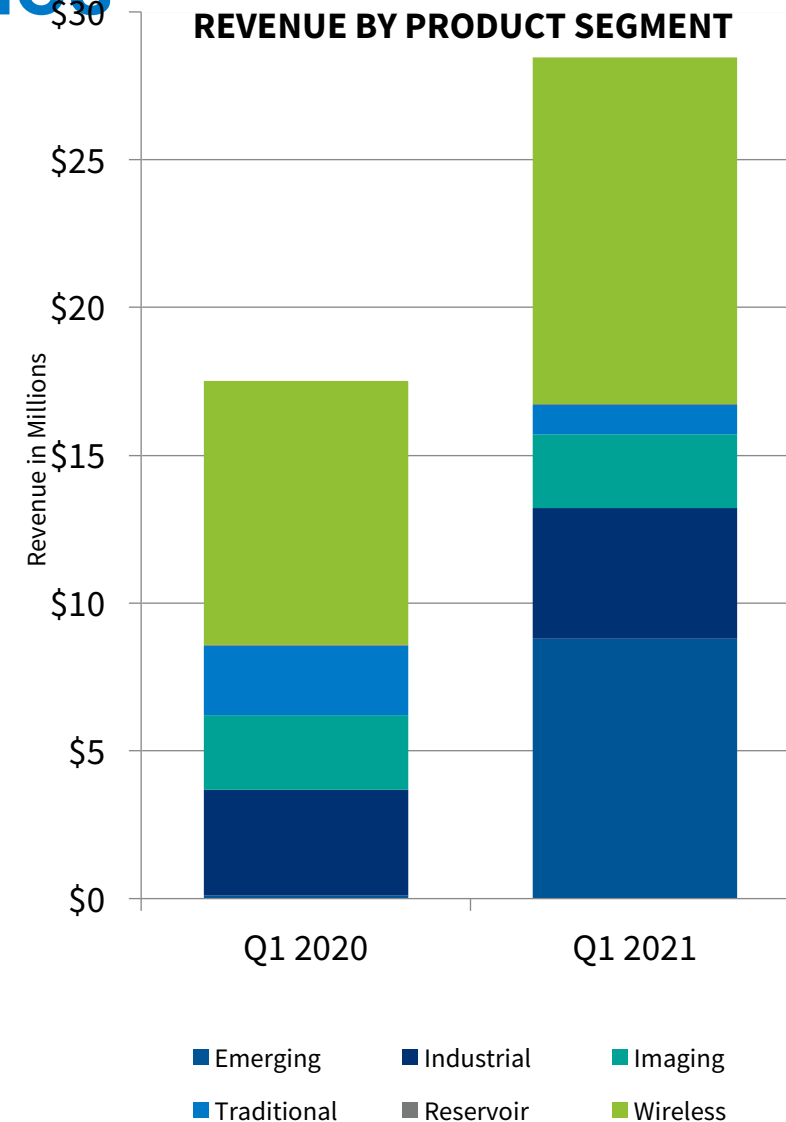
# Maintaining Stability Despite Global Pandemic Impacting Business Lines

**MARKED HIGHEST Q1 EARNINGS** in Seven Years on revenue of \$28.5M.

**DIVERSIFICATION STRATEGY EFFECTIVENESS** shown with Emerging & Adjacent segment revenues combined for higher revenue than Oil & Gas segment.

**WIRELESS PRODUCTS GENERATED** 41% of total 1<sup>st</sup> quarter revenue.

**COVID-19 HAS REDUCED MARKET DEMAND** for our products across all business sectors.



Note: Geospace has a September 30 year end

# Strong Balance Sheet & Liquidity



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

|  |        |
|--|--------|
| Cash   | \$ 34  |
| Available Borrowings Under Revolver <sup>1</sup>         | 15     |
| Total Liquidity  | \$ 49  |
| Working Capital  | \$ 57  |
| Current Ratio  | 4.5X   |
| Debt / Total Book Capitalization                         | 0%     |
| Stockholders' Equity                                     | \$ 160 |
| Debt Free Real Estate Holdings:                          |        |
| ■ Houston – owned buildings 417,000 sq. ft. <sup>2</sup> |        |
| ■ 17 acres of land available for expansion               |        |
| ■ International – 4 owned buildings 192,000 sq. ft.      |        |

**FINANCIAL STABILITY** and staying power

**NO LONG-TERM DEBT** with able to borrow up to \$15 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