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DELTA REPORT

10-K

GEOS - GEOSPACE TECHNOLOGIES COR

10-K - SEPTEMBER 30, 2023 COMPARED TO 10-K - SEPTEMBER 30, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	2639
CHANGES	156
DELETIONS	1276
ADDITIONS	1207

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM **10-K**

 Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Fiscal Year Ended September 30, 2022 September 30, 2023

OR

 Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 001-13601

GEOSPACE TECHNOLOGIES CORPORATION CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Texas	**76-0447780**
(State or Other Jurisdictionof Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

7007 Pinemont Drive

Houston,, Texas77040-6601

(Address of Principal Executive Offices)

(713) 986-4444

(713) 986-4444

(Registrant's Registrant's telephone number, including area code)

Securities Registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Trading Symbol(s)	Name of Each Exchange on Which Registered

GEOS

Common Stock | The NASDAQ Global Select Market | GEOS

Securities Registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 13,021,241 13,197,489 shares of the Registrant's Common Stock outstanding as of the close of business on October 31, 2022 October 31, 2023. As of March 31, 2022 March 31, 2023, the aggregate market value of the Registrant's Common Stock held by non-affiliates was approximately $71million $86 million (based upon the closing price of $5.75 $7.05 on March 31, 2022 March 31, 2023, as reported by The NASDAQ Global Select Market).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the Registrant's 2023 2024 Annual Meeting of Stockholders are incorporated by reference into Part III of this report.

Auditor Firm Id: 49 Auditor Name: RSM US LLP Auditor Location: Houston, Texas, USA

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PART I

Item 1. Business

Business Overview

Unless otherwise specified, the discussion in this Annual Report on Form 10-K refers to Geospace Technologies Corporation and its subsidiaries. We principally design and manufacture seismic instruments and equipment. These seismic products are marketed to the oil and gas industry and used to locate, characterize and monitor hydrocarbon producing reservoirs. More recently, we've begun marketing our seismic products for energy transition applications such as carbon storage, geothermal and mining. We also market our seismic products to other industries for vibration monitoring, border and perimeter security and various geotechnical applications. We design and manufacture other products of a non-seismic nature, including water meter products, imaging equipment, offshore cables, remote shutoff water valves and Internet of Things ("IoT") platform and platform. Additionally, we provide contract manufacturing services. services, which leverage our capabilities and manufacturing resources. We report and categorize our customers and products into three different segments: Oil and Gas Markets, Adjacent Markets and Emerging Markets. In recent years, the revenue contribution from our Adjacent Markets segment has grown to represent nearly half of our total revenue. This revenue growth in this segment is reflective largely attributable to the rise in water utility modernization which includes our waterproof meter connector cable series of both our diversification strategy as well as the continued downturn in the Oil and Gas Markets segment.products.

Demand for our seismic products targeted at customers in our Oil and Gas Markets segment has been, and will likely continue to be, vulnerable to downturns in the economy and the oil and gas industry in general. For more information, please refer to the risks discussed under the heading "Risk Factors."

Segment and Geographical Information

We report and evaluate financial information for our three business segments: Oil and Gas Markets, Adjacent Markets and Emerging Markets. For a discussion of the products sold and markets served by each of our segments, see "Products and Product Development" below. For a discussion of financial information by segment and geographic area, see Note 20 19 to the consolidated financial statements contained in this Annual Report on Form 10-K.

Products and Product Development

Oil and Gas Markets

Our Oil and Gas Markets business segment has historically accounted for the majority of our revenue. Geoscientists use seismic data primarily in connection with the exploration, development and production of oil and gas reserves to map potential and known hydrocarbon bearing formations and the geologic structures that surround them. This segment's products include wireless seismic data acquisition systems, reservoir characterization products and services, and traditional seismic exploration products such as geophones, hydrophones, leader wire, connectors, cables, marine streamer retrieval and steering devices and various other seismic products. We believe that our Oil and Gas Markets Markets' products are among the most technologically advanced instruments and equipment available for seismic data acquisition.

Traditional Products

An energy source and a data recording system are combined to acquire seismic data. We provide many of the components of seismic data recording systems, including geophones, hydrophones, multi-component sensors, leader wire, geophone strings, connectors, seismic telemetry cables and other seismic related products. On land, our customers use geophones, leader wire, cables and connectors to receive and measure seismic reflections resulting from an energy source into data recording units, which store the seismic information for subsequent processing and analysis. In the marine environment, large ocean-going vessels tow long seismic cables known as "streamers" containing hydrophones that are used to detect pressure changes. Hydrophones transmit electrical impulses back to the vessel's data recording unit where the seismic data is stored for subsequent processing and analysis. Our marine seismic products also help steer streamers while being towed and help recover streamers if they become disconnected from the vessel.

Our seismic sensor, cable and connector products are compatible with most major competitive seismic data acquisition systems currently in use. Revenue from these products results primarily from seismic contractors purchasing our products as components of new seismic data acquisition systems or to repair and replace components of seismic data acquisition systems already in use.

Wireless Products

We have developed multiple versions of a land-based wireless (or nodal) seismic data acquisition system. Rather than utilizing interconnecting cables as required by most traditional land data acquisition systems, each of our wireless stations operate as an independent data collection system, allowing for virtually unlimited channel configurations. As a result, our wireless systems require less maintenance, which we believe allows our customers to operate more effectively and efficiently because of its reduced environmental impact, lower weight and ease of operation. Each wireless station is available in a single-channel or three-channel configuration.

configuration. Since its introduction in 2008 and through September 30, 2022, we have sold 486,000 land-based wireless channels and we currently have 73,000 land-based wireless channels in our rental fleet.

We have also developed a marine-based wireless seismic data acquisition system called the OBX. Similar to our land-based wireless systems, the marine OBX system may be deployed in virtually unlimited channel configurations and does not require interconnecting cables between each station. We have two versions of OBX nodal stations. stations: A shallow water version that can be used in depths up to 750 meters and a deepwater version that can be deployed in depths of up to 3,450 meters. Through September 30, 2022 September 30, 2023, we have sold 12,000 13,000 OBX stations and we currently have 25,000 28,000 OBX stations in our rental fleet.

In August 2022, we announced the release of a new seismic acquisition product known as Mariner™, a continuous, cable-free, four channel autonomous, shallow water ocean bottom recorder. Mariner is the next generation node designed for extended duration seabed ocean bottom seismic data acquisition. The slim profile nodes, which are part of our shallow water stations, are ideally deployed as deep as 750 meters. The device continuously records for up to 70 days and offers more rapid recharging times. Its slim profile creates space savings on seismic survey vessels, allowing contractors to fit up to 25% more nodes into a download/charge container.

In August 2023, we announced the latest in our ocean bottom node product line known as Aquanaut™, a deepwater, wireless seismic acquisition node capable of operating for 200 days in water as deep at 3,450 meters.

Reservoir Products

Seismic surveys repeated over selected time intervals show dynamic changes within a producing oil and gas reservoir, and operators can use these surveys to monitor the effects of oil and gas development and production. This type of reservoir monitoring requires special purpose or custom designed systems in which portability becomes less critical and functional reliability assumes greater importance. This reliability factor helps assure successful operations in inaccessible locations over a considerable period of time. Additionally, reservoirs located in deep water or harsh environments require special instrumentation and new techniques to maximize recovery. Reservoir monitoring also requires high-bandwidth, high-resolution seismic data for engineering project planning and reservoir management. Utilizing these reservoir monitoring tools, producers can enhance the recovery of oil and gas deposits over the life of a reservoir.

We have developed permanently installed high-definition reservoir monitoring systems for land and ocean-bottom applications in producing oil and gas fields. Our electrical reservoir monitoring systems are currently installed on numerous offshore reservoirs in the North Sea and elsewhere. Through our acquisition of the OptoSeis® OptoSeis® fiber optic sensing technology, we now offer both electrical and fiber optic reservoir monitoring systems. These high-definition seismic data acquisition systems have a flexible architecture allowing them to be configured as a subsurface system for both land and marine reservoir-monitoring projects. The scalable architecture of these systems enables custom designed configuration for applications ranging from low-channel engineering and environmental-scale surveys requiring a minimum number of recording channels to high-channel surveys required to efficiently conduct permanent reservoir monitoring ("PRM"). The modular architecture of these products allows virtually unlimited channel expansion for these systems.

In the spring of 2023, we released a derivative of the OptoSeis® technology for high temperature downhole applications. The product know as Insight by OptoSeis offers a passive, all-optical downhole sensor network – no electronics downhole - resulting in years long operational lifetime @ 150 °C.

In addition, we produce seismic borehole acquisition systems that employ a fiber optic augmented wireline capable of very high data transmission rates. These systems are used for several reservoir monitoring applications, including an application pioneered by us allowing operators and service companies to monitor and measure the results of hydraulic fracturing operations.

We believe our reservoir characterization products make seismic acquisition a cost-effective and reliable process for reservoir monitoring. Our multi-component seismic product developments also include an omni-directional geophone for use in reservoir monitoring, a compact marine three-component or four-component gimbaled sensor and special-purpose connectors, connector arrays and cases.

During 2022, we

We have maintained active discussions with potential clients for future PRM systems. In During 2022, in coordination with a potential client, we concluded a successful demonstration of our OptoSeis fiber optic PRM technology in real-world field conditions. This demonstration was a prerequisite step toward future contract consideration. If we are awarded a PRM contract in fiscal year 2023, revenue will most likely not be recognized until fiscal year 2024. We have also held discussions and received requests for information from other major oil and gas producers regarding PRM systems. We have not received any orders for a large-scale seabed PRM system since November 2012.

Adjacent Markets

Our Adjacent Markets businesses leverage upon existing manufacturing facilities and engineering capabilities utilized by our Oil and Gas Markets businesses. Many of the seismic products in our Oil and Gas Markets segment, with little or no modification, have direct application to other industries.

Our business diversification strategy has centered largely on translating expertise in ruggedized engineering and manufacturing into expanded customer markets. To bolster the solid market share we've established in the water utility market for water meter cables, connectors, in fiscal year 2021, we acquired the smart water IoT company Aquana, LLC ("Aquana").

Industrial Products

Our industrial products include water meter products, remote disconnect shut-off water valves and IoT Platform, contract manufacturing services and seismic sensors used for vibration monitoring.

Our water meter products support the global smart meter connectivity water utility market. Our products provide our customers with highly reliable automated meter-reading and automated meter infrastructure with our robust water-proof connectors.

Our field splice kits allow for accelerated repairs once identified.

Our remote disconnect values and water IoT platform and remote-shut off valve allows customers that manage multi-family and commercial properties to monitor their properties for leak and burst events, with real-time notifications, complimented with our remote-shut off to stop water damage. These products also allow water utilities to re-claim non-revenue water at a lower energy and field service cost through remote control and monitor of water use remotely, discontinue or limit service without placing its employees in potential harm or danger.

Our robust manufacturing capabilities have allowed us to provide specialized contract manufacturing services for printed circuit board manufacturing, cabling and harnesses, machining, injection molding and electronic system assembly.

Our seismic sensors provide unique high definition, low frequency sensing that allows for vibration monitoring in industrial machinery, mine safety and earthquake detection.

Imaging Products

Our imaging products include electronic pre-press products that employ direct thermal imaging, direct-to-screen printing systems, and digital inkjet printing technologies targeted at the commercial graphics, industrial graphics, textile and flexographic printing industries.

Emerging Markets

Our Emerging Markets business segment consists entirely of our Quantum business. Quantum's product line includes a proprietary detection system called SADAR®SADAR®, which detects, locates and tracks items of interest in real-time. Using the SADAR technology, Quantum designs and sells products used for border and perimeter security surveillance, cross-border tunneling detection and other products targeted at movement monitoring, intrusion detection and situational awareness. Quantum's customers include various agencies of the U.S. government including the Department of Defense, Department of Energy, Department of Homeland Security and other agencies.agencies as well as energy companies needing real-time monitoring of seismic data.

Business Strategy

We have experienced several years of very low demand for most of the products we sell and rent into our Oil and Gas Markets. Demand for these products has also been adversely affected by COVID-19 and the resulting lower global demand for oil and gas. Many ocean-bottom nodal projects have been delayed and rescheduled due to the pandemic and uncertainty in oil and gas commodity prices, reducing rental demand for our ocean-bottom nodal products used to gather seismic data on the ocean-bottom. Depressed demand also continues for our traditional seismic products and our land nodal seismic products. As a result, we have adopted what we think is a conservative and prudent business strategy which places a focus on sound financial management practices, as outlined below. We have not changed our primary focus on continued investment in product research and development, selective acquisitions and joint ventures.

- *Continue Investment in Product Research and Development* – Past periods of revenue growth were primarily driven through our internal development of new products for the oil and gas industry. In past years, our oil and gas product innovations included the introduction of borehole seismology tools, land and seabed PRM systems and wireless data acquisition systems for both land and marine applications. These innovative technologies are the result of our unceasing investment in research and development initiatives. A majority of our product research and development cost relates to our product engineers. Our engineering staff have been key to our past success, and we intend to continue our tradition of retaining and attracting quality engineering staff by providing appropriate compensation and benefits. Going forward, we intend to continue significant investments in product research and development of new oil and gas technologies as well as products for our other business segments in order to diversify and grow our revenue base.

- *Selectively Pursue Acquisitions of Businesses with Technological and Engineering Overlap* – The oil and gas industry periodically experiences volatile business cycles requiring us to rapidly increase and decrease our business activities to meet the industry's demand for our products. This industry generally offers equipment manufacturers like us limited visibility into new orders creating challenges for us to manage our manufacturing capacity, workforce, inventories and other working capital challenges. While our primary growth initiative is to expand our oil and gas seismic product offerings, as seen with our acquisition of the OptoSeis® fiber optic sensing technology in fiscal year 2019, we may also seek out other business opportunities in adjacent markets and emerging markets which complement our existing oil and gas seismic products, engineering and manufacturing capabilities, and company-wide culture. In order to diversify our revenue base and expose us to different markets with different business cycles, we have directed these efforts toward businesses outside the oil and gas industry, as seen with our acquisition of Quantum in fiscal year 2018 and Aquana in fiscal year 2021.

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- *Financial Management* – Due to the cyclicality of the oil and gas industry, we have historically managed our financial risk by limiting or eliminating debt leverage in our balance sheet. While we are not opposed to moderate amounts of short-term debt during favorable business cycles, we choose to minimize our exposure to long-term debt obligations which, in our view, restrict our ability to operate during periodic difficult business cycles in the oil and gas industry similar to the recent business environment. We believe this strategy has allowed us to continue operations through difficult business cycles without disruption for debt and equity restructuring as has been seen among our peers, many of whom have significant long-term debt burdens. In addition, we have limited our investments in capital assets and have liquidated, and made appropriate reserves for, significant amounts of our inventories and rental fleet assets. We also believe that the value of our common shares outstanding will be best served in the long-term by retaining our cash to fund future cash outflows as they become necessary. In this regard, we do not anticipate paying any cash dividends in the foreseeable future, however, during fiscal years 2021 and 2022 we repurchased 841,992 shares of our common stock in open market transactions completing a $7.5 million stock-buy-back program authorized by our board of directors.

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- *Financial Management* – Industry conditions since fiscal year 2014 have required us to place increased emphasis on cash management and preservation. Due to the cyclicality of the oil and gas industry, we have historically managed our financial risk by limiting or eliminating debt leverage in our balance sheet. While we are not opposed to moderate amounts of short-term debt during favorable business cycles, we choose to minimize our exposure to long-term debt obligations which, in our view, restrict our ability to operate during periodic difficult business cycles in the oil and gas industry similar to the recent business environment. We believe this strategy has allowed us to continue operations through difficult business cycles without disruption for debt and equity restructuring as has been seen among our peers, many of whom have significant long-term debt burdens. In addition, we have limited our investments in capital assets and have liquidated, and made appropriate reserves for, significant amounts of our inventories and rental fleet assets. We also believe that the value of our common shares outstanding will be best served in the long-term by retaining our cash to fund future cash outflows as they become necessary. In this regard, we do not anticipate paying any cash dividends in the foreseeable future, however, during the first quarter of fiscal year 2022 we repurchased 841,992 shares of our common stock in open market transactions completing a $7.5 million stock-buy-back program authorized by our board of directors.

Competition

Competition

Oil and Gas Products

We are one of the world's largest designers and manufacturers of seismic products used in the oil and gas industry. The principal competitors for many of our traditional seismic products are Sercel (a division of CGG) and INOVA. Furthermore, entities in China affiliated with Sercel, as well as other Chinese manufacturers produce low-cost oil and gas seismic products, which compete with our traditional seismic products.

The primary competitors for our land wireless data acquisition systems are SmartSolo, Sercel, INOVA, STRYDE, Geophysical Technologies and numerous smaller entities who have introduced similar versions of wireless data acquisition systems. We believe the primary competitors for our marine nodal data acquisition systems are Magseis Fairfield ASA (a division of TGS), Sercel and Sercel, InApril AS each of whom utilizes their own proprietary nodal technology.

Most oil and gas seismic products are price sensitive, so the ability to manufacture these products at a low cost is essential to maintain market share. While price is an important factor in a customer's decision to purchase a land or marine wireless data acquisition system, we believe customers also place a high value on a product's historical performance and the ongoing engineering and field support provided by the product's manufacturer.

The principal keys for success in the seismic instruments and equipment market are technological superiority, product durability under harsh field conditions, reliability, size, weight and customer support. Product deliverability is always an important consideration for our customers.

In general, most customers prefer to standardize data acquisition systems, geophones and hydrophones, particularly if they are used by seismic companies that have multiple crews which are able to support each other. This standardization makes it difficult for competitive manufacturers to gain market share from other manufacturers with existing customer relationships.

Our primary competitors for the rental of our traditional and land wireless seismic equipment are STRYDE, SmartSolo, INOVA, and Geophysical Technologies and Seismic Equipment Specialists. Technologies.

Our primary competitor for our seabed PRM systems is Alcatel-Lucent. Our primary competitors for high-definition borehole seismic data acquisition systems are Avalon Sciences Ltd and Sercel.

Our primary competitors for the new energy or energy transition market are Microseismic, Inc., Namometrics, ISTI and ESG.

Adjacent Markets Products

Our industrial and imaging products face competition from numerous domestic and international specialty product manufacturers.

Emerging Markets Products

The border and perimeter security marketplace is dominated by large integrated system providers such as Boeing, General Dynamics, Lockheed Martin, Raytheon, Elbit Systems and others. Systems provided by these competitors are generally multifaceted and may include numerous integrated surveillance technologies, including the geophysical sensor and software systems that we have developed. Our sensing technology does not rely on line-of-sight motion detection, which is required by cameras and other visual and radio frequency technologies, and thus enables motion-sensing such devices would miss. Competitive geophysical technologies utilizing fiber

optic sensing techniques are provided by OptaSense, Fibersensys, Future Fiber Technologies and other specialty sensor manufacturing firms.

Suppliers

Suppliers

We purchase raw materials from a variety of suppliers located in various countries. We typically have multiple suppliers for our critical materials. In our oil and gas seismic business segment, certain models of our marine wireless products use a timing device manufactured by a single supplier. We currently do not possess the ability to manufacture this component and have no other reliable source for this device. In our Adjacent Markets business segment, we purchase all of our thermal imaging film from a single supplier. Beyond this film supplier, we know of no other source for thermal film that performs as well in our imaging equipment. For a discussion of the risks related to our reliance on these suppliers, see "Risk Factors – We Rely on Key Suppliers for Certain Components Used in Our Products."

COVID-19 has disrupted the Company's supply chain, resulting in longer lead times in materials available from suppliers and extended the shipping time for these materials to reach the Company's facilities. These disruptions could constrain our ability to provide products to our customers in the time frame they require.

Product Manufacturing and Assembly

Our manufacturing and product assembly operations consist of machining, molding or cabling the necessary component parts, configuring these parts along with components received from various vendors and assembling a final product. We manufacture many of our oil and gas seismic products to the specifications required by our customers. For example, we assemble geophone strings based on a number of customer choices such as length, gauge, tolerance and color of molded parts. Upon completion of our manufacturing and assembly operations, we test our final products to the functional and environmental extremes of product specifications and inspect the products for quality assurance. Consistent with industry practice, we normally manufacture our products based on firm customer orders, anticipated customer orders and historical product demand. As a result of the steep decline in product demand that began in fiscal year 2014, further accentuated by the COVID-19 pandemic creating a global decline in the demand for oil and gas, also aggravated by the decline in crude oil prices, global supply shortages of electronic components, we currently hold more than twelve months supply of inventory.

Markets and Customers

Our principal customers for our traditional and wireless seismic products are seismic contractors and, to a lesser extent, major independent and government-owned oil and gas companies that either operate their own seismic crews or specify seismic instrument and equipment preferences to contractors. For our deepwater PRM products, our customers are generally large international oil and gas companies that operate long-term offshore oil and gas producing properties. Our industrial product customers consist of specialty manufacturers, research institutions and industrial product distributors. Our imaging customers primarily consist of direct users of our equipment as well as specialized resellers that focus on the screen-printing and flexographic printing industries. Our border and perimeter security customers are primarily government agencies. Our smart water connectivity customers include municipalities, water utilities, water meter manufacturing companies as well as asset management firms such as multifamily property owners.

Two customers comprised 26.7% and 11.7% of our revenue during fiscal year 2023. One customer comprised 29.3% of our revenue during fiscal year 2022. Three customers comprised 19.8%, 16.4% and 10.6% of our revenue during fiscal year 2021. The following table describes our revenue by product type (in thousands):

	YEAR ENDED SEPTEMBER 30,		YEAR ENDED SEPTEMBER 30,	
	2022	2021	2023	2022
Traditional seismic exploration product revenue	$ 6,597	$ 4,518	$ 12,183	$ 6,597
Wireless seismic exploration product revenue	40,667	45,751	60,848	40,667
Seismic reservoir product revenue	1,877	1,983	962	1,877
Industrial product revenue	25,640	21,335	36,859	25,640
Imaging product revenue	13,531	11,084	12,180	13,531
Border & perimeter security product revenue	711	10,193	1,234	711
Corporate revenue	230	—	243	230
Total revenue	$ 89,253	$ 94,864	$ 124,509	$ 89,253

Intellectual Property

We seek to protect our intellectual property by means of patents, trademarks, trade secrets and other measures. We hold patents on geophones, micro-geophones, piezo-electric sensors, seismic data acquisition, in-line retrieval devices and water meter connectors, and we have pending applications on related technology. We do not consider any single patent essential to our success. Our patents are scheduled to expire at various dates through 2039. We are not able to predict the effect of any patent expiration. We protect our

proprietary rights to our technology through a variety of methods, including confidentiality agreements and proprietary information agreements with suppliers, employees, consultants and others who may have access to proprietary information.

Research and Development

We expect to incur significant future research and development expenditures aimed at the development of additional products for each of our business segments. We have incurred company-sponsored research and development expenses of $18.1 million $16.0 million and $14.8 million $18.1 million during the fiscal years ended September 30, 2022 September 30, 2023 and 2021, 2022, respectively.

Human Capital, Environmental and Social

In order to continue to produce the most technologically advanced instruments and equipment available for the industrial, border and perimeter security and seismic data acquisition markets, it is crucial that we continue to attract and retain top talent. To attract and retain talented employees, we strive to make Geospace Technologies Corporation a diverse and safe workplace, with opportunities for our employees to receive educational benefits, cross-function skill-development to grow and develop their career, careers, all supported by competitive compensation and benefits.

Workforce Composition - At September 30, 2022 September 30, 2023, we employed 650 681 people predominantly on a full-time basis, of which 415 451 were employed in the United States, 204 209 in the Russian Federation and the remainder in the United Kingdom, Canada, China and Colombia. Our professional staff includes geoscientists, electrical and mechanical engineers, accountants, computer and data scientists, marketing and human resource professionals. 65% of our global workforce is employed in manufacturing, 16% 14% in Engineering engineering and 19% 17% in Sales sales and Administration. administration. The majority of our employees in the Russian Federation belong to a regional union for machine manufacturers. Our remaining employees are not unionized. We have never experienced a work stoppage.

As a global manufacturer of high-tech offerings, we believe that a diverse workforce benefits everyone, from our skilled workforce, to our valued clients, to our trusted shareholders and our society. The Our domestic workforce make up make-up includes 37% 29% white, 32% 34% Asian, 23% 24% Hispanic or Latino, 7% 11% Black or African American, and 1% 2% two or more races. Women in managerial roles represent 30% 3% of our domestic workforce. We proudly employ veterans of the US Armed Forces, who make up 6% 3% of our domestic workforce.

Health, Safety and Wellness - The success of our business is fundamentally connected to the well-being of our people. Accordingly, we are committed to the health and safety of our employees. We provide our full-time employees and their families with access to healthcare programs. In response to the COVID-19 pandemic, we implemented significant changes that we determined were in the best interest of our employees, as well as the communities in which we operate, and which comply with government regulations. This includes having employees work from home, while implementing additional safety measures for employees continuing critical on-site work.

Compensation and Benefits -We provide competitive compensation and benefits programs to help meet the needs of our employees. In addition to salaries, these programs (which vary by country/region and employment classification) include an incentive compensation plan, a 401(k) Plan, healthcare and insurance benefits, health savings and flexible spending accounts, paid time off, family leave, tuition assistance and on-site services, among others. We use targeted equity-based grants with vesting conditions to facilitate retention of personnel, particularly those with critical skills and experience.

Talent Development -We invest resources to develop the talent needed to remain a leading manufacturer and developer of industrial, border and perimeter security and seismic data acquisition products. We provide our employees training opportunities and educational benefits to assist in career and skill development. We focus on continuous learning and provide feedback to assist in the development of talent.

Company Culture – Our Board of Directors established a Code of Business Conduct applicable to all our employees, Directors directors and Officers officers and a Code of Ethics for Senior Financial Officers in accordance with applicable U.S. federal securities laws and the NASDAQ Listed Company Manual. The Code of Business Conduct provides guidance on corporate policies such as anti-harassment, anti-corruption, substance abuse, anti-trust, conflict minerals compliance, international trade restrictions as well as policies against insider trading, conflict of interest and hedging of our common stock. We offer a Whistle Blower program designed to protect any employee who reports valid suspicions related to our financial accounting, internal controls or like matters to management without fear of termination or similar repercussions.

Human Rights – This year, we introduced a Human Rights Policy Statement which demonstrates our commitment to supporting and promoting human rights that benefit all our stakeholders, including our customers, employees, shareholders, investors, and the communities in which we live and operate. Our approach is applied in our business operations, across our supply chain and through ethical business conduct. This policy statement promotes a safe and healthy workplace, diversity and inclusion, non-discrimination and anti-harassment as well as addresses forced labor, human trafficking, and child labor. The Human Rights Policy Statement is posted to our corporate website and is adhered through our Business Code of Conduct and through responsible sourcing practices.

Our values and ethics serve as the guiding force through which we proactively maintain the highest standards of business conduct. Our Core Values guide our corporate policies and practices and promote ethical business conduct and compliance with the law. Our employees understand the importance of applying our Core Values toward their daily best practices. Annually, we hold an internal Core Values survey to inform leadership on the values in action and opportunities to improve.

Governance – We pride ourselves on the highly ethical and transparent standards through the governance under our Board of Directors.

Board Composition - Our Board of Directors is chaired by a highly experienced, independent Director whose position is wholly separate and divided from the role of the Chief Executive Officer. Unlike organizations where the two leadership roles are intertwined, this distinction helps ensure varying viewpoints designed to deliver improved returns for the shareholders we serve and the communities in which we operate.

Board Charter Reviews - Every twelve-months, we conduct a Board and Board Committee assessment review to review and ensure that the highest quality standards are met.

Executive Sessions Without Management - In order to ensure original and independent thought, non-management Board members meet throughout the year.

Audit Policies – Our Audit Committee is comprised of trusted members who ensure the integrity of our financial statements, internal controls, compliance with legal and regulatory requirements, as well as the performance of our independent auditor.

Enterprise Risk Management ("ERM") – Our Board of Directors takes an enterprise-wide approach to reviewing each of our business segments, which encompass Oil & Gas, Adjacent Markets, and Emerging Markets operations which include our Security & Surveillance sector. Board members meet regularly to oversee and ensure that company objectives are met, shareholder concerns are addressed and ERM policies are maintained.

Environmental – We are committed to zero harm to people, property and the environment. We have an ISO 14001 certified environmental management system, employed over many health, safety and environmental programs. We do not exist in isolation. We strive to pursue a strategy of responsibility that not only encompasses all our activities but addresses the needs of our employees, customers, suppliers and our stakeholders. We operate in communities, which have placed their trust in us. In doing this, we aim to better our impact on the environment and society, not only of our business but all businesses and organizations with whom we interact. We integrate responsible and sustainable practices throughout our organization. Our products are designed to not harm individuals, communities or the environment. We pledge to conduct ourselves in a most responsible manner in each community.

As a manufacturer, we have a responsibility to reuse or recycle waste materials from our operations. Waste Over the last three years, we have recycled more than 263 tons of recyclable materials. Year to date 2023, we have recycled over 174 tons of manufacturing waste materials. This includes aluminum, production recyclable materials (aluminum, brass, copper, stainless steel, steel, and titanium as well as armored cable, film, lithium batteries, PCB boards and solder paste. Over the last three years, we have recycled more than 250 tons of recyclable materials. Year to date 2022, we have recycled over 40 tons of manufacturing waste materials.paste) plus paper, plastic, cardboard and e-waste (electronics).

We produce an Environmental, Society and Governance (ESG) report annually which is made public on our website.

Financial Information by Segment and Geographic Area

For a discussion of financial information by segment and geographic area, see Note 20 19 to the consolidated financial statements contained in this Annual Report on Form 10-K. For a description of risks attendant to our foreign operations, please see “Risk Factors - Our Foreign Subsidiaries and Foreign Marketing Efforts Are Subject to Additional Political, Economic, Legal and Other Uncertainties Not Generally Associated with Domestic Operations and The Ongoing Armed Conflict Between Russia and Ukraine Could Adversely Affect Our Business, Financial Condition, and Results of Operations".

Available Information

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission (“SEC”). Our SEC filings are available to the public over the internet at the SEC’s website at www.sec.gov. Our SEC filings are also available to the public free of charge on our website at www.geospace.com. Please note that information contained on our website, whether currently posted or posted in the future, is not a part of this Annual Report on Form 10-K or the documents incorporated by reference in this Annual Report on Form 10-K.

Item 1A. Risk Factors

In evaluating the Company’s Company's business, you should consider the following discussion of risk factors, in addition to other information contained in this report and in the Company’s Company's other public filings with the U.S. Securities and Exchange Commission. Any such risks could materially and adversely affect our business, financial condition, results of operations, cash flow and prospects. However, the risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition, results of operations, cash flow and prospects.

External Factors that Could Adversely Affect Us

The Ongoing COVID-19 Pandemic Has Significantly Impacted Worldwide Economic Conditions and Could Have a Material Adverse Effect on Our Operations and Business.

The ongoing COVID-19 pandemic has spread across the globe and has negatively impacted worldwide economic activity including the global demand for oil and natural gas, and continues to create challenges in our markets. In addition to measures we have taken voluntarily, the government authorities in our markets have taken actions to mitigate the spread of The COVID-19 including travel restrictions, border closings, restrictions on public gatherings, stay-at-home orders and other quarantine and isolation measures. COVID-19 continues to pose the risk that we or our employees, contractors, suppliers and customers may be prevented from conducting business activities for an indefinite period of time. The effort to vaccinate the global population appears to be reducing the effects of COVID-19, but new mutations of the virus and the global unvaccinated population has allowed the continued spread of COVID-19. COVID-19 pandemic and the related mitigation measures have disrupted our supply chain, resulting in longer lead times in materials available from suppliers and extended the shipping time for these materials to reach our facilities. If COVID–19 continues to spread The occurrence or resurgence of global or regional health events such as the response to contain COVID-19 pandemic, and the COVID–19 pandemic is unsuccessful, we related government responses, could experience result in a material adverse effect on our business, financial condition, results of operations and liquidity. As such, we will continue to closely monitor COVID-19 and will continue to reassess our strategy and operational structure on a regular, ongoing basis.

Oil Commodity Price Levels Could Affect Demand for Our Oil and Gas Products, Which Could Materially and Adversely Affect Our Results of Operations and Liquidity.

Demand for many of our products and the profitability of our operations depend primarily on the level of worldwide oil and gas exploration activity. Prevailing oil and gas prices, with an emphasis on crude oil prices, and market expectations regarding potential changes in such prices significantly affect the level of worldwide oil and gas exploration activity. During periods of improved energy commodity prices, the capital spending budgets of oil and natural gas operators tend to expand, which results in increased demand for our customers services leading to increased demand in our products. Conversely, in periods when these energy commodity prices deteriorate, capital spending budgets of oil and natural gas operators tend to contract causing demand for our products to weaken. Historically, the markets for oil and gas have been volatile and are subject to wide fluctuations in response to changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors that are beyond our control. These factors include the level of consumer demand, regional and international economic conditions, weather conditions, domestic and foreign governmental regulations (including those related to climate change), price and availability of alternative fuels, political conditions, the war between Russia and Ukraine, instability and hostilities in the Middle East and other significant oil-producing regions, increases and decreases in the supply of oil and gas, the effect of worldwide energy conservation measures and the ability of the Organization of Petroleum Exporting Countries ("OPEC") to set and maintain production levels and prices of foreign imports.
Sustained low

Crude oil prices or the failure of oil prices to rise in the future held above $65 per barrel throughout 2022 and the resulting downturns or lack of growth in the energy industry and energyrelated business, could have a negative impact on our results of operations and financial condition. In light of the decline in oil prices caused by the COVID-19 pandemic in 2020, oil and gas exploration and production companies experienced a significant reduction in cash flows, through September 2023, which resulted in reductions in their capital spending budgets for oil and gas exploration-focused activities, including seismic data acquisition activities. Demand for the sale of our seismic products targeted at customers in our Oil and Gas Markets segment, which has historically accounted for the majority of our revenue, significantly declined during fiscal year 2020, and both product sales and rental revenue diminished during the first half of fiscal year 2021 as a result of significant uncertainty in the outlook for oil and gas exploration. Recently, crude oil prices have increased, which will likely may result in higher cash flows for exploration and production ("E&P") companies. We believe E&P companies are allocating their increased levels of cash flows toward debt reduction and shareholder reward initiatives, such as stock buy-back programs and dividend payments. We expect low demand for our Oil and Gas Markets products until E&P companies redirect their cash flows toward investments in exploration activities, especially seismic exploration. Any material changes in oil and gas prices or other market trends, like slowing growth of the global economy, could adversely impact seismic exploration activity and would likely affect the demand for our the Company's products and could materially and adversely affect our its results of operations and liquidity.

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Generally, imbalances in the supply and demand for oil and gas will affect oil and gas prices and, in such circumstances, demand for our oil and gas products may be adversely affected when world supplies exceed demand.

The Ongoing Armed Conflict Between Russia and Ukraine Could Adversely Affect Our Business, Financial Condition, and Results of Operations, including our ability to repatriate cash from RussiaRussia.

A portion of our oil and gas product manufacturing is conducted through our wholly-owned subsidiary, Geospace Technologies Eurasia LLC ("GTE"), which is based in the Russian Federation. In February 2022, the Russian Federation launched a full-scale military invasion of Ukraine, and Russia and Ukraine continue to engage in active and armed conflict as of November 2022. Although the length and impact of the ongoing military conflict is highly unpredictable, the conflict in Ukraine could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions in addition to any direct impact on our operations in Russia. As a result of the invasion, the governments of several western nations, including the U.S., Canada, the United Kingdom and the European Union, implemented new and/or expanded economic sanctions and export restrictions against Russia, Russian-backed separatist regions in Ukraine, certain banks, companies, government officials, and other individuals in Russia and Belarus. The implementation of these sanctions and export restrictions, in combination with the withdrawal of numerous private companies from the Russian market, has had, and is likely to continue to have, a negative impact on the company's business in the region. In During fiscal year 2022, 2023, we imported $1.9 million $3.8 million of products from Geospace Technologies Eurasia LLC GTE for resale elsewhere in the world. The rapid changes in rules and implementation of new rules on imports and exports of goods involving Russia has also led to serious delays in getting goods to or from Russia as port authorities struggle to keep up with the changing environment. If imports of these products from the Russian Federation are restricted by government regulation, we may be forced to find other sources for the manufacturing of these products at potentially higher costs. Likewise, restrictions on our ability to send products to our subsidiary in Russia may force our subsidiary to have to find other sources for the manufacturing of these products at potentially higher costs; however, our exports to Geospace Technologies Eurasia LLC GTE have historically been limited. Boycotts, protests, unfavorable regulations, additional governmental sanctions and other actions in the region could also adversely affect our ability to operate profitably. Delays in obtaining governmental approvals can affect our ability to timely deliver our products pursuant to contractual obligations, which could result in us being liable to our customers for damages. The risk of doing business in the Russian Federation and other economically or politically volatile areas could adversely affect our operations and earnings. It is possible that increasing sanctions, export controls, restrictions on access to financial institutions, supply and transportation challenges, or other circumstances or considerations could necessitate a reduction, or even discontinuation, of operations by Geospace Technologies Eurasia LLC GTE or other business in Russia.

We are actively monitoring the situation in Ukraine and Russia and assessing its impact on our business, including our wholly-owned subsidiary Geospace Technologies Eurasia LLC. GTE. The net carrying value of this subsidiary GTE on our consolidated balance sheet at September 30, 2022 September 30, 2023 was $6.0 million $5.8 million, including cash of $1.8 million $2.5 million. In response to sanctions imposed by the U.S. and others on Russia, the Russian government has imposed restrictions on companies' abilities to repatriate or otherwise remit cash from their Russian-based operations to locations outside of Russia. As a result, this cash can be used in our Russian operations, but we may be unable to transfer it out of Russia without incurring substantial costs, if at all. In addition to the $1.9 million $3.8 million of products we imported from Geospace Technologies Eurasia LLC GTE in fiscal year 2022, 2023, the subsidiary also generated $1.9 million $1.8 million in revenue from domestic sales in fiscal year 2022. 2023. We have no way to predict the duration, progress or outcome of the military conflict in Ukraine. The extent and duration of the military action, sanctions, and resulting market disruptions could be significant and could potentially have substantial impact on the global economy and our business for an unknown period of time.

Our Foreign Subsidiaries and Foreign Marketing Efforts Are Subject to Additional Political, Economic, Legal and Other Uncertainties Not Generally Associated with Domestic OperationsOperations.

Based on customer billing data, revenue to customers outside the United States accounted for approximately 60% 50% of our revenue during fiscal year 2022; 2023; however, we believe the percentage of revenue outside the United States is likely higher since many of our products are first delivered to a domestic location and ultimately shipped to a foreign location. We again expect revenue outside of the United States to represent a substantial portion of our revenue for fiscal year 2023 2024 and subsequent years.

Foreign revenue is subject to special risks inherent in doing business outside of the United States, including the risk of war, terrorist activities, civil disturbances, embargo and government activities, shifting foreign attitudes about conducting business activities with the United States, restrictions of the movement and exchange of funds, inhibitions of our ability to collect accounts receivable or repossess our rental equipment, international sanctions, expropriation and nationalization of our assets or those of our customers, currency fluctuations, devaluations and conversion restrictions, confiscatory taxation or other adverse tax policies and governmental actions that may result in the deprivation of our contractual rights, all of which may disrupt markets or our operations.

Foreign revenue is also generally subject to the risk of compliance with additional laws, including tariff regulations and import and export restrictions. International revenue transactions for our products containing hydrophones require prior U.S. government approval in the form of an export license, which may be withheld by the U.S. government based upon factors which we cannot predict.

We may experience difficulties in connection with future foreign revenue. Additionally, due to foreign laws and restrictions, should we experience substantial growth in certain foreign markets, for example in the Russian Federation, we may not be able to transfer cash balances to the United States to assist with debt servicing or other obligations.

Increases in Tariffs, Trade Restrictions or Taxes on our Products Could Have an Adverse Impact on our Operations.

In fiscal year 2022, 2023, customers outside the United States accounted for approximately 60% 50% of our revenues. We also purchase a portion of our raw materials from suppliers in China and other foreign countries. The commerce we conduct in the international marketplace makes us subject to tariffs, trade restrictions and other taxes when the raw materials we purchase, and the products we ship, cross international borders. Trade tensions between the United States and China, as well as those between the U.S. and Canada, Mexico and other countries have been escalating in recent years. Trade tensions have led to a series of tariffs imposed by the U.S. on imports from China, as well as retaliatory tariffs imposed by China on imports from the U.S. If the U.S. and China are able to negotiate the issues to restore a mutually advantageous and fair trading regime, the increased tariffs could be eliminated. Certain raw materials we purchase from China are subject to these tariffs which has increased our manufacturing costs. Products we sell into certain foreign markets could also become subject to similar retaliatory tariffs, making the products we sell uncompetitive to similar products not subjected to such import tariffs. Further changes in U.S. trade policies, tariffs, taxes, export restrictions or other trade barriers, or restrictions on raw materials including rare earth minerals, may limit our ability to produce products, increase our manufacturing costs, decrease our profit margins, reduce the competitiveness of our products, or inhibit our ability to sell products or purchase raw materials, which could have a material adverse effect on our business, results of operations or financial conditions.

Climate Change and Legislation Designed to Reduce Climate Change

The physical and regulatory effects of climate change could have a negative impact on our operations, our customers' operations and the overall demand for our customers' products and, accordingly, our services. There is an increasing focus of local, state, regional, national and international regulatory bodies on Greenhouse Gas ("GHG") emissions and climate change issues. Legislation to regulate GHG emissions has periodically been introduced in the U.S. Congress, and there has been a wide-ranging policy debate, both in the United States and internationally, regarding the impact of these gases and possible means for their regulation. These efforts have included consideration of cap-and-trade programs, carbon taxes, GHG reporting and tracking programs and regulations that directly limit GHG emissions from certain sources. Some of the proposals would require industries to meet stringent new standards that would require substantial reductions in carbon emissions. Those reductions could be costly and difficult to implement. In the absence of federal GHG-limiting legislation, the EPA has determined that GHG emissions present a danger to public health and the environment and has adopted regulations that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain oil and natural gas system sources, implement Clean Air Act emission standards directing the reduction of methane emissions from certain new, modified, or reconstructed facilities in the oil and natural gas sector, and together with the DOT, implement GHG emissions limits on vehicles manufactured for operation in the United States.

In April 2016, the United States signed the Paris Agreement, which requires countries to review and "represent a progression" in their nationally determined contributions, which set emissions reduction goals, every five years. Under the Paris Agreement, the Biden Administration has committed the United States to reducing its greenhouse gas emissions by 50-52% from 2005 levels by 2030. In November 2021, the Unites States and other countries entered into the Glasgow Climate Pact, which includes a range of measures designed to address climate change, including, but not limited to the phase-out of fossil fuel subsidies, reducing methane emissions 30% by 2030, and cooperating toward the advancement of the development of clean energy. Several states and geographic regions in the United States have also adopted legislation and regulations to reduce emissions of GHGs, including cap and trade regimes and commitments to contribute to meeting the goals of the Paris Agreement.

Governmental, scientific, and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States. President Biden and Congress have identified climate change as a priority, and it is likely that additional executive orders, regulatory action, and/or legislation targeting greenhouse gas emissions, or prohibiting or restricting oil and gas development activities in certain areas, will be proposed and/or promulgated during the Biden Administration. President Biden issued an executive order imposing a moratorium on new oil and gas leasing on federal lands and offshore waters pending completion of a comprehensive review and reconsideration of federal oil and gas permitting and leasing practices. President Biden's order also establishes climate change as a primary foreign policy and national security consideration, affirms that achieving net-zero greenhouse gas emissions by or before midcentury is a critical priority, affirms the Biden Administration's desire to establish the United States as a leader in addressing climate change, generally further integrates climate change and environmental justice considerations into government agencies' decision-making, and eliminates fossil fuel subsidies, among other measures. Other actions impacting oil and natural gas production activities that could be pursued by the Biden administration may include more restrictive requirements for the establishment of pipeline infrastructure or the permitting of liquified natural gas export facilities.

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It is not possible at this time to predict the timing and effects of climate change or whether additional climate-related legislation, regulations or other measures will be adopted at the local, state, regional, national and international levels. However, continued efforts by governments and non-governmental organizations to reduce GHG emissions appear likely, and additional legislation, regulation or other measures that control or limit GHG emissions or otherwise seek to address climate change could adversely affect our customers and our business. Because our business depends on the level of oil exploration, existing or future laws or regulations related to GHGs and climate change, including incentives to conserve energy or use alternative energy sources, could have a negative impact on our business could be negatively impacted if such laws or regulations reduce demand for our customers' products and, accordingly, our services.

These political, litigation, and financial risks may result in our customers restricting or cancelling exploration or production activities which also could reduce demand for our products and services. In addition to regulatory impacts, the occurrence of weather events caused or exacerbated by climate change could impact local, national or global commodity demand or availability in ways that could be material to our business and/or the business of our customers.

We Operate in Highly Competitive Markets and Our Competitors May Be Able to Provide Newer or Better Products Than We Are Able to Provide

The markets for most of our products are highly competitive. Many of our existing and potential competitors have substantially greater marketing, financial and technical resources than we do. Some competitors currently offer a broader range of instruments and equipment for sale than we do and may offer financing arrangements to customers on terms that we may not be able to match. In addition, new competitors may enter the market and competition could intensify.

Revenue from our products may not continue at current volumes or prices if current competitors or new market entrants introduce new products with better features, performance, price or other characteristics than our products. Competitive pressures or other factors may also result in significant price competition that could have a material adverse effect on our results of operations.

A Continued General Downturn in the Economy in Future Periods May Adversely Affect Our BusinessBusiness.

Economic slowdowns, currently or in the future, in the United States, China or India, could adversely affect our business in ways that we cannot predict. During times of economic slowdown, our customers may reduce their capital expenditures and defer or cancel pending projects and product orders. Such developments occur even among customers that are not experiencing financial difficulties. During times of economic slowdowns, some of our customers have (and other customers may have) undergone restructuring or bankruptcy that has or could adversely impact our revenues and profitability. Any economic downturn may adversely affect the demand for oil and gas generally or cause volatility in oil and gas commodity prices and, therefore, adversely affect the demand for delivery of our oil and gas products. It could also adversely affect the demand for consumer and industrial products, which could in turn adversely affect our Adjacent Markets business segment. To the extent these factors adversely affect other companies in the industries we serve, there could be an oversupply of products and services and downward pressure on pricing for our products and services, which could adversely affect us. Additionally, bankruptcies or financial difficulties among our oil and gas customers could reduce our cash flows and adversely impact our liquidity and profitability. For a discussion of the customers of our oil and gas products, see "The Limited Market for Our Oil and Gas Products Can Affect Our Revenue," below.

Risks Associated with Our Business Strategy and Operations

Our New Products Require a Substantial Investment by Us in Research and Development Expense and May Not Achieve Market AcceptanceAcceptance.

Our outlook and assumptions are based on various macro-economic factors and internal assessments, and actual market conditions could vary materially from those assumed. In recent years, we have incurred significant expenditures to fund our research and development efforts, and we intend to continue those expenditures in the future. However, research and development is by its nature speculative, and we cannot assure that these expenditures will result in the development of new products or services or that any new products and services we have developed recently or may develop in the future will be commercially marketable or profitable to us. In particular, we have incurred substantial expenditures to develop our oil and gas nodal seismic data acquisition systems, as well as other products for PRM applications. In addition, we try to use some of our capabilities to supply products to new adjacent and emerging markets. We cannot assure that we will realize our expectations regarding acceptance of and revenue generated by our new products and services in existing or new markets.

The Short-Term Nature of Our Order Backlog for Sales of Our Oil and Gas Products and Delayed or Canceled Customer Orders May Cause Us to Experience Fluctuations in Quarterly Results of OperationsOperations.

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Historically, the rate of new orders for the sale of our oil and gas products has varied substantially from quarter to quarter. Moreover, we typically operate, and expect to continue operating, on the basis of orders in-hand for our products before we commence substantial manufacturing "runs." The short-term nature of our order backlog for most of our oil and gas products generally does not allow us to predict with any accuracy demand for our products more than approximately three months in advance. Thus, our ability to replenish orders and the completion of orders, particularly large orders for deep water PRM projects, can significantly impact our operating results and cash flow for any quarter, and results of operations for any one quarter may not be indicative of results of operations for future quarters.

Additionally, customers can delay or even cancel orders and rental contracts before product delivery occurs. For larger orders which generally require us to make a substantial capital investment in our inventories or rental fleet, we attempt to negotiate for a non-refundable deposit or cancellation penalties depending on our relationship with the customer. However, such deposits or penalties, even when obtained, may not fully compensate us for our inventory investment and forgone profits if the order is ultimately cancelled.

These periodic fluctuations in our operating results and the impact of any order delays/cancellations could adversely affect our stock price.

Our Credit Risk Could Increase and We May Incur Bad Debt Write-Offs If Our Customers Continue to Face Difficult Economic CircumstancesCircumstances.

While we believe that our allowance for bad debts is adequate in light of known circumstances, additional amounts attributable to uncollectible accounts and notes receivable and bad debt write-offs may have a material adverse effect on our future results of operations. Many of our oil and gas customers are not well capitalized and as a result cannot always pay our invoices when due. We have in the past incurred write-offs in our accounts and notes receivable due to customer credit problems. We have found it necessary from time to time to extend trade credit, including promissory notes, to long-term customers and others where some risks of non-payment exist. Many of our oil and gas customers continue to experience significant liquidity difficulties, which increase those credit risks, due to prolonged periods of low crude oil prices. An increase in the level of bad debts and any deterioration in our credit risk could adversely affect the price of our stock. In addition, we rent equipment to our oil and gas customers who utilize such equipment in various countries around the world. If these customers experience financial difficulties, it could be difficult or impossible to retrieve our rental equipment from foreign countries.

The Industries in Which We Operate are Characterized by Rapid Technological Development and Product Obsolescence, Which May Affect Our Ability to Provide Product Enhancements or New Products on a Timely and Cost-Effective BasisBasis.

Our instruments and equipment are constantly undergoing rapid technological improvement. Our future success depends on our ability to continue to:

- improve our existing product lines,
- address the increasingly sophisticated needs of our customers,
- maintain a reputation for technological leadership,
- maintain market acceptance of our products,
- anticipate changes in technology and industry standards,
- respond to technological developments on a timely basis and
- develop new markets for our products and capabilities.

Current competitors or new market entrants may develop new technologies, products or standards that could render our products obsolete. We cannot assure you that we will be successful in developing and marketing, on a timely and cost effective cost-effective basis, product enhancements or new products that respond to technological developments, that are accepted in the marketplace or that comply with new industry standards. Additionally, in anticipation of customer product orders, from time to time we acquire substantial quantities of inventories, which if not sold or integrated into products within a reasonable period of time, could become obsolete. In such case, we would be required to impair the value of such inventories on our balance sheet.

The Limited Market for Our Oil and Gas Markets and Emerging Markets Markets' Products Can Affect Our Revenue Revenue.

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In our Oil and Gas Markets segment, we generally market many of our products to seismic service contractors. We estimate that fewer than 30 oil and gas seismic contracting companies are currently operating in countries other than those operating in the Russian Federation and the former Soviet Union, India, the People's Republic of China and certain Eastern European countries, where such information is difficult to verify. We estimate that fewer than 15 seismic contractors are engaged in marine seismic exploration activities. Due to these market factors, a relatively small number of customers, some of whom are experiencing financial difficulties, account for most of our oil and gas product revenue. From time to time, these contractors have sought to vertically integrate and acquire our competitors, which has influenced their supplier decisions before and after such transactions. In addition, consolidation among our customers may further concentrate our business to a limited number of customers and expose us to increased risks related to dependence on a small number of customers. We market our seabed PRM systems systems' products to large oil and gas companies. Since this product's introduction in 2002, we have received system orders from three offshore oil and gas operators: BP, Shell and Equinor, which have accounted for a significant portion of our revenue in fiscal year 2014 and prior fiscal years. We have not received any orders for large-scale seabed PRM systems since November 2012. Our emerging markets segment primarily sells its products to a small number of agencies within the U.S. government. The loss of a small number of these customers, and particularly our oil and gas customers, could materially and adversely impact our future revenues.

We Cannot Be Certain of the Effectiveness of Patent Protection on Our ProductsProducts.

We hold and from time to time apply for certain patents relating to some of our products. We cannot assure you that our patents will prove enforceable or free of challenge, that any patents will be issued for which we have applied or that competitors will not develop functionally similar technology outside the protection of any patents we have or may obtain.

Our Strategy of Renting Our Oil and Gas Seismic Products Exposes Us to Additional Risks Relating to Equipment Recovery, Rental Renewals, Technological Obsolescence and Impairment of AssetsAssets.

Our rental fleet of oil and gas seismic equipment represents a significant portion of our assets and accounts for a significant portion of our revenue. Equipment we rent to our customers is frequently located in foreign countries where retrieval of the equipment after the termination of the rental agreement is difficult or impossible if the customer does not return the equipment. The costs associated with retrieving this equipment or the loss of equipment that is not retrieved could be significant and could adversely affect our operations and earnings.

The advancement of seismic technology having a significant competitive advantage over the equipment in our rental fleet could have an adverse effect on our ability to profitably rent and/or sell this equipment. Significant improvements in technology may also require us to record asset impairment charges to write-down the value of our rental fleet investment and to invest significant sums to upgrade or replace our rental fleet with newer equipment demanded by our customers. In addition, rental contracts may not be renewed for equipment in our rental fleet. Significant technology improvements by our competitors could have an adverse effect on our results of operations and earnings.

Our equipment rental business has high fixed costs, which primarily consist of depreciation expenses. In periods of declining rental revenue, these fixed costs generally do not decline. As a result, any significant decline in rental revenue caused by reduced demand could adversely affect our results of operations.

Our Expansion into the Border and Perimeter Security Market May Not Be SuccessfulSuccessful.

We have not previously operated in the border and perimeter security marketplace prior to our 2018 acquisition of Quantum. Quantum is also a relatively recent entrant into this marketplace, and Quantum was not cash-flow positive when we acquired it. In fiscal year 2021, we completed our first contract with the U.S. Customs and Border Protection ("CBP"), except for on-going service and maintenance. While we will continue to devote management time and resources, financial and otherwise, to develop our business in this marketplace, our lack of experience in this market makes it difficult to estimate our financial returns from this business. In addition, some of the customers for this business will be governmental entities and contracting with those entities can be difficult, costly, and unpredictable. We do not have extensive experience in government contracting, and so we may not win, retain, or perform under such future contracts in a manner that is profitable. If we are not successful in this emerging market segment, it will negatively impact our financial performance and could negatively impact our reputation and harm our other business segments.

Cybersecurity Breaches and Other Disruptions of Our Information Technology Network and Systems Could Adversely Affect Our Business Business.

We rely on information technology networks and systems, some of which are owned and operated by third parties, to process, transmit and store electronic information. In particular, we depend on our information technology infrastructure for a variety of functions, including worldwide financial reporting, inventory management, procurement, invoicing and email communications. Any of these systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, terrorist attacks and similar events. Despite the implementation of network security measures, our systems and those of third parties on which we rely may also be vulnerable to computer viruses, break-ins, malware and similar disruptions. Malware, if surreptitiously installed on our systems and not timely detected and removed, could collect and disclose sensitive information relating to our customers, employees or others, exposing us to legal liability and causing us to suffer reputational damage.

It could also lead to disruptions in critical systems or the corruption or destruction of critical data. If we are unable to prevent such outages and breaches, these events could damage our reputation and lead to financial losses from remedial actions, loss of business or potential liability.

We Rely on Key Suppliers for Certain Components Used in Our ProductsProducts.

Certain models of our oil and gas marine wireless products require a timing device we purchase from a United States manufacturer. We currently do not possess the ability to manufacture this component and have no other reliable source for this device. If this manufacturer were to discontinue its production of this timing device, were to become unwilling to contract with us on competitive terms or were unable to supply the component in sufficient quantities to meet our requirements, our ability to compete in the marine wireless marketplace could be impaired, which could adversely affect our financial performance.

For our imaging products, we purchase all of our thermal film from one manufacturer. Except for the film sold to us by this manufacturer, we know of no other source for thermal film that performs as well in our imaging equipment. If the manufacturer were to discontinue producing thermal film, were to become unwilling to contract with us on competitive terms or were unable to supply thermal film in sufficient quantities to meet our requirements, our ability to compete in the direct thermal imaging marketplace could be impaired, which could adversely affect our financial performance.

Our Success Depends Upon a Limited Number of Key PersonnelPersonnel.

Our success depends on attracting and retaining highly skilled professionals. A number of our employees are highly-skilled engineers and other professionals. In addition, our success depends to a significant extent upon the abilities and efforts of the members of our senior management team. If we fail to continue to attract and retain such professionals, our ability to compete in the industry could be adversely affected.

We Have a Minimal Disaster Recovery Program at Our Houston FacilitiesFacilities.

Due to its proximity to the Texas Gulf Coast, our facilities in Houston, Texas are annually subject to the threat of hurricanes, and the aftermath that follows. Hurricanes may cause, among other types of damage, the loss of electrical power for extended periods of time. If we lost electrical power at our Pinemont facility, or if a fire or other natural disaster occurred, we would be unable to continue our manufacturing operations during the power outage because we do not own a generator or any other back-up power source large enough to provide for our manufacturing power consumption needs. Additionally, we do not have an alternative manufacturing or operating location in the United States. Therefore, a significant disruption in our manufacturing operations could materially and adversely affect our business operations during an extended period of a power outage, fire or other natural disaster. We have a back-up generator to provide power for our information technology operations. We store our back-up data offsite and we replicate our mission critical data to an alternative cloud-based data center on a real-time basis. In the event of a major service interruption in our data center, we believe we would be able to activate our mission critical applications within less than 24 hours.

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Our Credit Agreement Imposes Restrictions on Our BusinessBusiness.

We and several of our subsidiaries domiciled in the United States are parties to a credit agreement. Amounts available for borrowing under the credit agreement are determined by a borrowing base, which is determined based upon certain of our domestic assets. Borrowings under the credit agreement will be principally secured by certain domestic assets. In addition, certain substantially all of our domestic subsidiaries have guaranteed our obligations under the credit agreement and such subsidiaries have secured the obligations by pledging assets, except for certain assets. excluded property. The credit agreement limits the incurrence of additional indebtedness, contains a covenant that requires us to maintain a certain amount of consolidated tangible net worth and liquidity, and contains other covenants customary in agreements of this type. Our ability to comply with these restrictions may be affected by events beyond our control, including, but not limited to, prevailing economic, financial and industry conditions and continuing declines in our product revenue. The breach of any of these covenants or restrictions, as well as any failure to make a payment of interest or principal when due, could result in a default under the credit agreement. Such a default would permit our lender to declare any amounts borrowed from it to be due and payable, together with accrued and unpaid interest, and our ability to borrow under the credit agreement could be terminated. If we are unable to repay any debts owed to our lender, the lender could proceed against the collateral securing such debt. While we intend to seek alternative sources of cash in such a situation, there is no guarantee that any alternative cash source would be available or would be available on terms favorable to us.

Reliance on Third Party Subcontractors Could Adversely Affect Our Results of Operations and ReputationReputation.

We may rely on subcontractors to complete certain projects. The quality and timing of production and services by our subcontractors is not totally under our control. Reliance on subcontractors gives us less control over a project and exposes us to significant risks, including late delivery, substandard quality and high costs. The failure of our subcontractors to deliver quality products or services in a timely manner could adversely affect our profitability and reputation.

The High Fixed Costs of Our Operations Could Adversely Affect Our Results of OperationsOperations.

We have a high fixed cost structure primarily consisting of (i) depreciation expenses associated with our rental equipment and (ii) fixed manufacturing costs including salaries and benefits, taxes, insurance, maintenance, depreciation and other fixed manufacturing costs. In regards to our rental equipment, large declines in the demand for rental equipment could result in substantial operating losses due to the on-going fixed nature of rental equipment depreciation expense. Concerning our product manufacturing costs, in periods of low product demand our fixed costs generally do not decline or may decline only in modest increments. Therefore, lower demand for our rental equipment and manufactured products could adversely affect our results of operations.

Legal and Compliance Risks

Our Global Operations Expose Us to Risks Associated with Conducting Business Internationally, Including Failure to Comply with U.S. Laws Which Apply to International Operations, Such as the Foreign Corrupt Practices Act and U.S. Export Control Laws, as Well as the Laws of Other Countries

We have offices in Brazil, Colombia, Canada, China, the Russian Federation, Kazakhstan and the United Kingdom, in addition to our offices in the United States. In addition to the risks that are inherent in conducting business internationally, we are also liable for compliance with international and U.S. laws and regulations that apply to our international operations. These laws and regulations include data privacy requirements, labor relations laws, tax laws, anti-competition regulations, import and trade restrictions, export control laws, U.S. laws such as the Foreign Corrupt Practices Act and similar laws in other countries which also prohibit certain payments to governmental officials or certain payments or remunerations to customers. Many of our products are subject to U.S. export law restrictions that limit the destinations and types of customers to which our products may be sold, or require an export license in connection with revenue transactions outside the United States. Given the high level of complexity of these laws, there is a risk that some provisions may be inadvertently breached, for example through the negligent or the unauthorized intentional behavior of individual employees, our failure to comply with certain formal documentation requirements or otherwise. Additionally, we may be held liable for actions taken by our local dealers and partners. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, our brands, our international expansion efforts, our ability to attract and retain employees, our business and our operating results.

Because We Have No Plans to Pay Any Dividends for the Foreseeable Future, Investors Must Look Solely to Stock Appreciation for a Return on Their Investment in UsUs.

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We have not paid cash dividends on our common stock since our incorporation and do not anticipate paying any cash dividends in the foreseeable future. Any payment of cash dividends in the future will be dependent on the amount of funds legally available, our financial condition, capital requirements, loan covenants and other factors that our Board of Directors may deem relevant. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

We Have a Relatively Small Public Float, and Our Stock Price May be VolatileVolatile.

At September 30, 2022 September 30, 2023, we have approximately 12.2 million shares outstanding held by non-affiliates. This limited number of shares outstanding results in a relatively limited market for our common stock. Our daily trading volume for the year ended September 30, 2022 September 30, 2023 averaged approximately 48,000 41,000 shares. Our small float and daily trading volumes have in the past caused, and may in the future result in, significant volatility in our stock price.

Financial and Accounting Risks

Unfavorable Currency Exchange Rate Fluctuations Could Adversely Affect Our Results of OperationsOperations.

Substantially all of our third-party revenue from the United States is invoiced in U.S. dollars, though from time to time we may invoice revenue transactions in foreign currencies including intercompany sales. As a result, we may be subject to foreign currency fluctuations on our revenue. The reporting currency for our financial statements is the U.S. dollar. However, the assets, liabilities, revenue and costs of our Russian, Canadian and United Kingdom subsidiaries and our Brazilian, Chinese Colombian, and Colombian Kazakhstan branch offices are denominated in currencies other than U.S. dollars. To prepare our consolidated financial statements, we must translate those assets, liabilities, revenue and expenses into U.S. dollars at then-applicable exchange rates. Consequently, increases and decreases in the value of the

U.S. dollar versus these other currencies will affect the amount of these items in our consolidated financial statements, even if their value has not changed in their original currency. These translations could result in significant changes to our results of operations from period to period. For the fiscal year ended September 30, 2022 September 30, 2023, approximately 8% 5% of our consolidated revenue was related to the operations of our foreign subsidiaries and branches.

Our Long-Lived Assets May be Subject to ImpairmentImpairment.

We periodically assess our long-lived assets for impairment. Significant sustained future decreases in crude oil and natural gas prices may require us to write down the value of our long-lived assets in our Oil and Gas Markets business segment, including our manufacturing facilities, manufacturing equipment and rental equipment if future cash flows anticipated to be generated from these assets fall below the asset's net book value. Furthermore, we may be required to write down the value of other intangible assets related to our acquisitions of Quantum, the OptoSeis®OptoSeis® fiber optic sensing technology or the goodwill and other intangible assets related to our Aquana acquisition if sufficient cash flows are not generated to recover the carrying value of such assets. If we are forced to write down the value of our long-lived assets, these noncash asset impairments could adversely affect our results of operations.

Should We Fail to Maintain an Effective System of Internal Control Over Financial Reporting, We May Not Be Able to Accurately Report Our Financial Results and Prevent Material Fraud, Which Could Adversely Affect the Value of Our Common StockStock.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports and effectively prevent and detect material fraud. If we cannot provide reliable financial reports or prevent or detect material fraud, our operating results could be misstated. There can be no assurances that we will be able to prevent control deficiencies from occurring which could cause us to incur unforeseen costs, negatively impact our results of operations, cause the market price of our common stock to decline, or have other potential adverse consequences.

Item 1B. Unresolved Staff Comments

None.

None.

Item 2. Properties

As of September 30, 2022 September 30, 2023, our operations included the following locations:

Location	Owned/Leased	Approximate Square Footage/Acreage	Use	Segment (see notes below)	Owned/Leased	Approximate Square Footage/Acreage	Use	Segment (see notes below)
Houston, Texas	Owned	387,000	See Note 1 below	6 and 7				
Houston, Texas	Owned	30,000	See Note 2 below	6	Owned	387,000	See Note 1 below	6 and 7
Houston, Texas	Owned	17.3 acres	See Note 3 below	6	Owned	17.3 acres	See Note 2 below	6
Austin, Texas	Leased	9,000	See Note 4 below	6	Leased	9,000	See Note 3 below	6
Melbourne, Florida	Leased	7,000	See Note 5 below	8	Leased	7,000	See Note 4 below	8
Ufa, Bashkortostan, Russia	Owned	120,000	Manufacturing, sales and service	6	Owned	120,000	Manufacturing, sales and service	6

Calgary, Alberta, Canada	Owned	45,000	Manufacturing, sales and service	6 and 7	Owned	45,000	Manufacturing, sales and service	6 and 7
Luton, Bedfordshire, England	Owned	8,000	Sales and service	7	Owned	8,000	Sales and service	7
Beijing, China	Leased	1,000	Sales and service	6				
Bogotá, Colombia	Owned	19,000	Sales and service	6	Owned	19,000	Sales and service	6

(1) This property is located at 7007 Pinemont Drive in Houston, Texas (the "Pinemont Facility"). The Pinemont Facility contains substantially all manufacturing activities an engineering, selling, marketing and administrative activities for us in the United States. The Pinemont Facility also serves as our international corporate headquarters.
(2) This property is located at 6410 Langfield Road in Houston, Texas. This facility provides additional warehousing and maintenance and repair capacity for our marine re equipment operations.
(3) This property is located adjacent to the Pinemont Facility. It is currently being used as additional parking for the Pinemont Facility and legacy structures are being use support our manufacturing and warehousing operations.
(4) This property is located at 8701 Cross Park Drive, Suite 100, in Austin, Texas. This facility supports the majority of our OptoSeis® research and development and engineering operations.
(5) This property is located at 5700 N. Harbor City Blvd., Suite 100, in Melbourne, Florida. This facility contains all the operations of Quantum.
(6) Oil and Gas Markets.
(7) Adjacent Markets
(8) Emerging Markets

(1) This property is located at 7007 Pinemont Drive in Houston, Texas (the "Pinemont Facility"). The Pinemont Facility contains substantially all manufacturing activities and all engineering, selling, marketing and administrative activities for us in the United States. The Pinemont Facility also serves as our international corporate headquarters.

(2) This property is located adjacent to the Pinemont Facility. It is currently being used as additional parking for the Pinemont Facility and legacy structures are being used to support our manufacturing and warehousing operations.

(3) This property is located at 8701 Cross Park Drive, Suite 100, in Austin, Texas. This facility supports the majority of our OptoSeis®research and development and engineering operations.

(4) This property is located at 5700 N. Harbor City Blvd., Suite 100, in Melbourne, Florida. This facility contains all the operations of Quantum.

(5) Oil and Gas Markets.

(6) Adjacent Markets

(7) Emerging Markets

Item 3. Legal Proceedings

We are involved in various pending legal actions in the ordinary course of our business. Management is unable to predict the ultimate outcome of these actions, because of the inherent uncertainty of litigation. However, management believes that the most probable, ultimate resolution of currently pending matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Item 4. Mine Safety Disclosures

None.

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None.

PART II

Item 5. Market for Registrant's Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Holders of Record

Our common stock is traded on The NASDAQ Global Select Market under the symbol “GEOS”. On October 31, 2022 October 31, 2023, there were approximately 139 143 holders of record of our common stock, and the closing price per share on such date was $4.04 $11.99 as quoted by The NASDAQ Global Select Market.

Market Information for Common Stock

The following table shows the high and low per share sales prices for our common stock reported on The NASDAQ Global Select Market.

Year Ended September 30, 2023:			Low	High
Fourth Quarter			$ 7.22	$ 14.59
Third Quarter			6.60	9.16
Second Quarter			3.96	7.55
First Quarter			3.76	4.88
Year Ended September 30, 2022:	**Low**	**High**		
Fourth Quarter	$ 4.10	$ 5.45	$4.10	$ 5.45
Third Quarter	4.64	6.72	4.64	6.72
Second Quarter	4.97	8.88	4.97	8.88
First Quarter	6.41	10.27	6.41	10.27
Year Ended September 30, 2021:				
Fourth Quarter	$ 7.78	$ 10.94		
Third Quarter	7.30	9.36		
Second Quarter	8.15	12.40		
First Quarter	5.02	10.29		

Dividends

Dividends

Since our initial public offering in 1997, we have not paid dividends, and we do not intend to pay cash dividends on our common stock in the foreseeable future. We presently intend to retain our earnings for use in our business, with any future decision to pay cash dividends dependent upon our growth, profitability, financial condition and other factors our Board of Directors may deem relevant.

Securities Authorized for Issuance under Equity Compensation Plans

The following equity plan information is provided as of September 30, 2022 September 30, 2023:

Equity Compensation Plan Information

Plan Category	**Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)**	**Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (b)**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)**	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
	(In shares)	**(In dollars per share)**	**(In shares)**	(In shares)	(In dollars per share)	(In shares)
Equity Compensation Plans Approved by Security Holders (1)	367,859	N/A	1,402,916	377,549	N/A	1,137,509

Equity Compensation Plans Not Approved by Security Holders	—	—	—	—	—	—
Total	367,859	N/A	1,402,916	377,549	N/A	1,137,509

(1) The number of securities shown in column (c) represents number of securities remaining available for issuance under the Company's 2014 Long T Incentive Plan, as amended (the "2014 Plan"). The 2014 Plan allows for the issuance of restricted stock awards, performance stock awards, performance st unit awards, restricted stock unit awards (the foregoing, "Full Value Awards"), stock options and stock appreciation rights. For purposes of calculating number of securities remaining under the 2014 Plan in column (c), Full Value Awards are counted as 1.5 shares for each share awarded. The numbe securities shown in column (a) of the table above represents restricted stock unit awards outstanding under the 2014 Plan. Column (b) excludes restric stock unit awards.

(1)

in column (a) of the table above represents restricted stock unit awards outstanding under the 2014 Plan. Column (b) excludes restricted stock unit awards.

Recent Sales of Unregistered Securities and Use of Proceeds

None.

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 7. Management's Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is management's discussion and analysis of the major elements of our consolidated financial statements. You should read this discussion and ana together with our consolidated financial statements, including the accompanying notes, and other detailed information appearing elsewhere in this Annual Repor Form 10-K, including under the heading "Risk Factors." The discussion of our financial condition and results of operations includes various forward-looking statem about our markets, the demand for our products and services and our future plans and results. These statements are based on assumptions that we consider t reasonable, but that could prove to be incorrect. For more information regarding our assumptions, you should refer to the section entitled "Cautionary Note Regar Forward-Looking Statements and Assumptions" below.

Cautionary Note Regarding Forward-Looking Statements and Assumptions

This Annual Report on Form 10-K and the documents incorporated by reference herein, if any, contain "forward-looking" statements within the meaning of Sec 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements can be ident by terminology such as "may", "will", "should", "intend", "expect", "plan", "budget", "forecast", "anticipate", "believe", "estimate", "predict", "potential", "contir "evaluating" or similar words. Statements that contain these words should be read carefully because they discuss our future expectations, contain projections of future results of operations or of our financial position or state other forward-looking information. Examples of forward-looking statements include, among otl statements that we make regarding our expected operating results, the adoption, results and success of our rollout of our Aquana smart water valves and cloud-ba control platform, future demand for our Quantum security solutions, the adoption and sale of our products in various geographic regions, potential tenders for I systems, future demand for OBX systems, rental equipment, the adoption of Quantum's SADAR® product monitoring of subsurface reservoirs, the completion of orders for our channels of our GCL system, the fulfillment of customer payment obligations, the impact of and the recovery from the impact of the coronaviru COVID-19) pandemic, the impact of the current armed conflict between Russia and Ukraine, our ability to manage changes and the continued health or availabilit management personnel, volatility and direction of oil prices, anticipated levels of capital expenditures and the sources of funding therefor, and our strategy for gro product development, market position, financial results and the provision of accounting reserves. These forward-looking statements reflect our current judgn 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 predi control. The factors listed under the caption "Risk Factors", as well as cautionary language in this Annual Report on Form 10-K, provide examples of risks, uncertair 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 not limited to, the failure of the Quantum or OptoSeis®OptoSeis® or Aquana technology transactions to yield positive operating results, decreases in commodity p levels and continued adverse impact of COVID-19 which could reduce demand for our products, the failure of our products to achieve market acceptance (des substantial investment by us) our sensitivity to short term backlog, delayed or cancelled customer orders, product obsolescence resulting from poor indu conditions or new technologies, bad debt write-offs associated with customer accounts, inability to collect on promissory notes, lack of further orders for our systems, rental equipment, failure of our Quantum products to be adopted by the border and perimeter security market, or a decrease in such market du governmental changes, and infringement or failure to protect intellectual property. The occurrence of the events described in these risk factors and elsewhere in Annual Report on Form 10-K could have a material adverse effect on our business, results of operations and financial position, and actual events and result operations may vary materially from our current expectations. We assume no obligation to revise or update any forward-looking statement, whether written or that we may make from time to time, whether as a result of new information, future developments or otherwise, except as required by applicable securities laws regulations.otherwise.

Background

Background

We design and manufacture seismic instruments and equipment and primarily market these products to the oil and gas industry to locate, characterize and mor hydrocarbon producing reservoirs. We also market our seismic products to other industries for vibration monitoring, border and perimeter security and var geotechnical applications. We design and manufacture other products of a non-seismic nature, including water meter products, imaging equipment and pro contract manufacturing services. For further informtion information on the nature of our operations, see the information under the heading “Business” in this An Report on Form 10-K.

Consolidated Results of Operations

As we have reported in the past, our revenue and operating profits have varied significantly from quarter-to-quarter, and even year-to-year, and are expecte continue that trend in the future, especially when our quarterly or annual financial results are impacted by the presence or absence of relatively large, but somev erratic, sales of our oil and gas PRM systems and/or wireless seismic data acquisition systems for land and marine applications.

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We report and evaluate financial information for three segments: Oil and Gas Markets, Adjacent Markets and Emerging Markets. Summary financial data business segment follows (in thousands):

	YEAR ENDED SEPTEMBER 30,		YEAR ENDED SEPTEMBER 30,	
	2022	2021	2023	2022
Oil and Gas Markets				
Traditional exploration product revenue	$ 6,597	$ 4,518	$ 12,183	$ 6,59
Wireless exploration product revenue	40,667	45,751	60,848	40,66
Reservoir product revenue	1,877	1,983	962	1,87
Total revenue	49,141	52,252	73,993	49,14
Operating loss	(7,539)	(16,229)		
Operating income (loss)			15,759	(7,53
Adjacent Markets				
Industrial product revenue	25,640	21,335	36,859	25,64
Imaging product revenue	13,531	11,084	12,180	13,53
Total revenue	39,171	32,419	49,039	39,17
Operating income	6,021	6,423	11,490	6,02
Emerging Markets				
Revenue	711	10,193	1,234	71
Operating income (loss)	(9,128)	5,033		
Operating loss			(4,003)	(9,12
Corporate				
Revenue	230	—	243	23
Operating loss	(12,490)	(12,098)	(11,918)	(12,49
Consolidated Totals				
Revenue	89,253	94,864	124,509	89,25
Operating loss	(23,136)	(16,871)		
Operating income (loss)			11,328	(23,13

Overview

Overview

Although in an already depressed oil and gas industry, demand further decreased in February 2020 because of the oversupply of crude oil due to failed C negotiations that led to a dramatic drop in crude oil prices when combined with the impact of the COVID-19 pandemic. These declines in the demand for oil and have caused oil and gas exploration and production companies to experience a significant reduction in cash flows, which have resulted in reductions in their ca spending budgets for oil and gas exploration-focused activities, including seismic data acquisition activities. Recently, crude Crude oil prices have rebounded and above February 2020 levels; $65 per barrel throughout 2022 and through September 2023; however, a lag in time typically occurs between higher oil prices and gre demand for our Oil and Gas Markets segment products. We believe this lag is the result of exploration and production ("E&P") companies allocating their cash towards shareholder reward initiatives, such as stock buy-back programs and dividend payments, or in debt reduction. We believe this lag is a short-term trend tha continue until E&P companies decide to reinvest capital into exploration activities. As this lag persists, we expect the reduced levels of demand for our Oil and Markets segment products and our rental marine wireless nodal products to continue. products. We also expect our land-based traditional and wireless products continue to experience low levels of product demand until our customers consume their excess levels of underutilized equipment. During the third quarter of f year 2022, we experienced increased began to experience an increase in rental demand for our marine nodal products in the form of additional rental contracts requests for quotes from existing and new customers. The increase in demand has led to near full utilization of our marine wireless rental fleet, yet we continu experience low levels of demand for our land-based wireless products.

During the first quarter of fiscal year 2023, we implemented a plan to discontinue the manufacture of certain low margin, low revenue products and reconfigure production facilities to lower our costs and raise efficiencies. As part of the plan, reductions were made to our workforce which are expected to yield an annual sav of more than $2 million. In connection with the plan, we incurred costs of $0.6 million in the first quarter of fiscal year 2023, primarily termination costs related to workforce reduction. The costs were recorded both to cost of revenue and operating expenses in the consolidated statement of operations. No significant future c are expected.

In light of current market conditions, the inventory balances in our Oil and Gas Markets business segment at September 30, 2022 September 30, 2023 continue exceed levels we consider appropriate for the current level of product demand. We are continuing to work aggressively to reduce these legacy inventory balar however, we are also adding new inventories for new wireless product developments and for other product demand in our Adjacent Markets segment. During per of excessive inventory levels, our policy has been, and will continue to be, to record obsolescence expense as we experience reduced product demand and as inventories continue to age. As difficult market conditions continue for Although the products in our Oil and Gas Markets segment is seeing a recovery a experiencing difficult market conditions, we are have been recording additional expenses for inventory obsolescence and will continue to do so in the future u product demand and/or resulting inventory turnover return to acceptable levels.

Armed Conflict Between Russia and Ukraine

A portion of our oil and gas product manufacturing is conducted through our wholly-owned subsidiary, Geospace Technologies Eurasia LLC, GTE, which is base the Russian Federation. Consequently, our oil and gas business could be directly affected by the current war between Russia and Ukraine. Please see "Part I—Item 1 Risk Factors" for more information.

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Coronavirus (COVID-19)

The ongoing COVID-19 pandemic has negatively impacted worldwide economic activity and continues to create challenges in our markets, markets. The COVI pandemic and the related mitigation measures have disrupted our supply chain, resulting in longer lead times in materials available from suppliers and exter shipping time for these materials to reach our facilities. The occurrence or resurgence of global or regional health events such as uncertainties regarding the dura and extent to which the COVID-19 pandemic, will ultimately have and the related government responses, could result in a negative impact on the demand for products and services or material adverse effect on our supply chain. We business, financial condition, results of operations and liquidity. As such, we will continu closely monitor the situation as information becomes readily available.

During the fiscal year ended September 30, 2022, our operations have, for the most part, remained open globally COVID-19 and the impact of the effects of CO 19 to our personnel and operations has been limited. Our supply chain has become increasingly strained due to increased pricing for raw material and supplies cou with longer than expected lead times. We initially experienced a reduction in demand for the rental of our OBX marine nodal products, which we believed was prim the result of the pandemic; however, demand has increased in fiscal year 2022. We also believe our Adjacent Markets business segment has entered into a perio recovery from the initial effects of the COVID-19 pandemic, but we will continue to be cautious about the pandemic's effect reassess our strategy and operati structure on our other business segments and our supply chain. As a result, we continually communicate with our suppliers and customers as information is avail to best manage this difficult situation. regular, ongoing basis.

Fiscal Year 2022 2023 Compared to Fiscal Year 2021 2022

Consolidated revenue for fiscal year 2022 2023 was $89.3 million $124.5 million, a decrease an increase of $5.6 million $35.3 million, or 5.9% 39.5%, from fiscal y 2021. 2022. The decrease increase in revenue was primarily largely due to a reduction in higher rental revenue from our Emerging Oil and Gas Markets segn related due to our contract with the CBP and a decrease in revenue from sales increased utilization of our wireless seismic products. The decrease in revenue partially offset by increased rental revenue from our OBX rental fleet and higher an increase in demand for our industrial products from our Adjacent Markets segm The increase was partially offset by a decrease in sales of our industrial and imaging wireless exploration products. Wireless exploration product revenue for fiscal 2023 also included $4.0 million from a rental customer as compensation for lost OBX nodes.

Consolidated gross profit for fiscal year 2022 2023 was $18.0 million $51.7 million, an increase of $1.7 million $33.6 million, or 10.7% 186.5%, from fiscal year 2021. 2 The increase in gross profit was primarily resulted from (i) due to higher gross profit attributable to profits from the increased utilization of our OBX rental fleet an the higher profit margins generated on wireless exploration increase in industrial product sales. revenue and related gross profits. The increase was partially offse the reduction decrease in wireless exploration product revenue and related gross profit from our contract with the CBP discussed above. profits.

Consolidated operating expenses for fiscal year 2022 2023 were $41.2 million $41.7 million, an increase of $8.0 million $0.5 million, or 24.2% 1.2%, from fiscal 2021. 2022. The increase was primarily due to a (i) a $4.3 million goodwill impairment charge related to our Quantum acquisition, (ii) a $1.8 million increase in rese and development project costs, (iii) a $1.4 million increase in personnel costs, (iv) $1.1 million in incremental operating costs associated with our acquisition of Aqu and (v) a $0.9 million increase in sales, marketing and other general business expenses. The increase was partially offset by a $1.5 million increase in a $5.0 mi favorable non-cash adjustment to reported in the prior year period resulting from a change in the estimated fair value of contingent consideration related to Quantum and OptoSeis® OptoSeis® acquisitions when compared and (ii) an increase in incentive compensation attributable to the increase in revenue. The increa operating expenses were partially offset by a (i) $4.3 million non-cash goodwill impairment charge reported in the prior fiscal year. year related to our Quan acquisition, (ii) reduction in personnel costs attributable to our workforce reduction, (iii) lower research and development project expenditures and (iv) decrease in debt expense resulting from collections of previously reserved past due receivables.

In February 2023, we sold our real property located at 7310 Langfield Road in Houston, Texas for a cash sales price of $3.7 million, net of closing costs of $0.3 mill We recognized a gain of $1.3 million from the sale of this property in the second quarter of fiscal year 2023. The sale was part of our plan to streamline operations reduce costs.

Consolidated other income for fiscal year 2022 2023 was $0.5 million $1.2 million compared to $3.4 million $0.5 million from fiscal year 2021. 2022. decrease increase in other income was primarily due to (i) a gain recognized on the sale of our investment in a debt security in fiscal year 2021, (ii) an increase in foreign exchanges losses and (iii) currency transaction gains. The increase was partially offset by a decrease in interest income. income attributable to lower receivable balances between periods.

Consolidated income tax expense for fiscal year 2022 was $0.2 million compared to $0.6 million from fiscal year 2021. This decrease in income tax expense was prim the result of a decrease in rental revenue earned in foreign jurisdictions requiring tax withholding. We are currently unable to record any tax benefits from the losses we incur in the U.S., Canada and Russian Federation due to the uncertainty surrounding our ability to utilize such losses in the future to offset taxable income

Segment Results of Operations

Fiscal Year 2022 2023 Compared to Fiscal Year 2021 2022

Oil and Gas Markets

Revenue

Revenue

Revenue from our Oil and Gas Markets products for fiscal year 2022 decreased $3.1 million 2023 increased $24.9 million, or 6.0% 50.6%, from fiscal year 2021. product and rental revenue in this segment continues to be negatively impacted by a lack of spending by oil and gas exploration companies despite higher crud prices. 2022. The components of this decrease increase were as follows:

- *Traditional Exploration Product Revenue*– Revenue from our traditional products increased $5.6 million, or 84.7% from the prior fiscal year. The incre primarily reflects higher demand for our sensor and marine products.
- *Wireless Exploration Product Revenue* – Revenue from our wireless exploration products increased $20.2 million, or 49.6%, from the prior fiscal year. increase was primarily due to increased rental revenue attributable to higher utilization of our OBX rental fleet. The increase was partially offset b decrease in wireless product sales. Wireless product revenue for fiscal year 2023 also included the $4.0 million from a rental equipment custome compensation for lost OBX nodes.

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Traditional Exploration Product Revenue– Revenue from our traditional products increased $2.1 million, or 46.0% from the prior fiscal year. The increase primarily refl higher demand for our sensor and marine products.

- *Wireless Exploration Product Revenue* – Revenue from our wireless exploration products decreased $5.1 million, or 11.1%, from the prior fiscal year. decrease was primarily due to the recognition of $12.5 million of revenue related to a land-based wireless system in the second quarter of fiscal 2021 and a $9.9 million sale of used OBX rental

equipment in the first quarter of fiscal year 2021. The decrease was partially offset by a $10.0 million sale of used OBX rental equipment in the sec quarter of fiscal year 2022 and increased OBX rental revenue during fiscal year 2022.

- Reservoir Product Revenue – Revenue from our reservoir products decreased $0.1 million, or 5.3%, from the prior fiscal year. The decrease in reve was primarily due to lower reservoir monitoring service revenue. The decrease was largely offset by higher demand for our borehole products.

Operating LossIncome (Loss)

Operating loss fromincome associated with our Oil and Gas Markets products for fiscal year 20222023 was $15.8 million, compared to an operating loss of $ million a decrease of $(8.7) million, or 53.5%, from the prior fiscal year. The decreaseincrease in operating lossincome was primarily due to (i) higher wireless re revenue and related gross profits due to improved utilization of our OBX rental fleetfleet. The improvement in operating income was partially offset by a (i) decrea wireless product revenue and related gross profits and (ii) a $3.6 million increase to a $4.4 million favorable non-cash adjustment reported in the prior fiscal year rel to the estimated fair value of contingent consideration related to our OptoSeis® acquisition when compared to the same period of the prior fiscal year. The decrea operating loss was partially offset by an increase in research and development costs.OptoSeis®acquisition.

Adjacent Markets

Revenue

Revenue

Revenue from our Adjacent Markets products for fiscal year 20222023 increased $6.8 million$9.9 million, or 20.8%, from the prior fiscal year. While we experien an increase in the demand for our Adjacent Markets products and services during fiscal year 2022 despite the global supply chain shortages, we cannot reason determine the lasting effects of the supply chain shortage on this operating segment. The components of this increases were as follows:

- *Industrial Product Revenue and Services* – Revenue from our industrial products increased $4.3 million, or 20.2% 25.2%, from the prior fiscal year. components of this increase was primarily due to higher demand for water meter products and contract manufacturing services.

- *Imaging Product Revenue* – Revenue from our imaging products increased $2.4 million, or 22.1%, from the prior fiscal year. The increase was prim due to higher demand for our imaging equipment.

were as follows:

- *Industrial Product Revenue and Services* – Revenue from our industrial products increased $11.2 million, or 43.8%, from the prior fiscal year. The incre was primarily due to higher demand for our water meter products.

- *Imaging Product Revenue* – Revenue from our imaging products decreased $1.4 million, or 10.0%, from the prior fiscal year. The decrease was primarily to lower demand for our imaging equipment.

Operating Income

Operating income from our Adjacent Markets products for fiscal year 20222023 was $6.0 million$11.5 million, a decreasean increase of $0.4 million$5.5 mil or 6.3%90.8% from the prior fiscal year. The increase in operating income was primarily due to the increase in revenue and related gross profits. The increase partially offset by (i) an increase in operating expenses resulting from the increased revenue and (ii) higher research and development expense. Operating incom the prior fiscal year included a $0.4 million impairment charge on our manufacturing equipment.

Emerging Markets

Revenue

Revenue from our Emerging Markets products for fiscal year 2023 was $1.2 million, compared to $0.7 million from the prior fiscal year. The increase in revenue primarily due to revenue of $0.7 million recognized on a security related contract completed with a commercial customer.

Operating Loss

Operating loss from our Emerging Markets products for fiscal year 2023 was $4.0 million, compared to $9.1 million from the prior fiscal year. The decreas operating incomeloss for fiscal year 2023 was primarily due (i) a $1.3 million increase in research and development expense, (ii) $1.0 million in incremental opera costs attributable to our acquisition of Aquana and (iii) a $0.4 million impairment charge on our manufacturing equipment. The decrease was largely offset by increase in revenue and related gross profits for fiscal year 2022.

Emerging Markets

Revenue

Revenue from our Emerging Markets products for fiscal year 2022 was $0.7 million, compared to $10.2 million from the prior fiscal year. The decrease was du $10.1 million of revenue recognized on our contract with the CBP during the prior fiscal year. We were awarded this contract during fiscal year 2020 to provi technology solution to the Department of Homeland Security. The majority of the revenue related to this contract was recognized in fiscal year 2021. The contract completed in the second quarter of fiscal year 2022.

Operating Income (Loss)

Operating income (loss) from our Emerging Markets products for fiscal year 2022 was $(9.1) million, compared to $5.0 million from the prior fiscal year. decrease for fiscal year 2022 was primarily due to the revenue and related gross profit recognized on our contract with the CBP in the prior fiscal year. The decrea operating income (loss) was also due (i) a non-cash goodwill impairment charge of $4.3 million reported in the prior fiscal year and (ii) lower personnel costs attribut to our workforce reduction. The decrease in operating loss was partially offset by a $2.0 million$0.7 million decrease to a favorable non-cash adjustment to estimated fair value of contingent consideration related to our Quantum acquisition when compared to the same period of the prior fiscal year.

Liquidity and Capital Resources

Fiscal Year 2022 2023

At September 30, 2022 September 30, 2023, we had approximately $17.0 million $33.7 million in cash, and cash equivalents and short-term investments. For fiscal year ended September 30, 2022 September 30, 2023, we used $10.0 million generated $15.6 million of cash from operating activities. Our Sources of cash inclu our net loss income of $22.9 million was offset by

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$12.2 million and net non-cash charges of $24.6 million $19.6 million resulting from deferred income taxes, depreciation, amortization, asset impairments, accret inventory obsolescence, stock-based compensation and bad debt expense and changes in the estimated fair value of contingent consideration. recovery. O uses sources of cash included a (i) $5.4 million increase in our operations primarily included (i) the removal of $11.1 million gross profit from the sale of used o liabilities due to an increase in customer deposits on rental equipment as it is included in investing activities, contracts and accrued employee compensation costs (ii) a $0.8 million $1.3 million decrease in other assets. These sources of cash were partially offset by (i) a $5.6 million increase in trade accounts payable and n receivable primarily due to our increase in revenue and the timing of payments to suppliers, (iii) collections from customers, (ii) a $2.4 million $11.0 million increas inventories to meet an increase in demand for our Adjacent Markets products, and (iv) a $0.7 million decrease in other liabilities primarily due to a decrease in custo deposits on rental equipment and a decrease in accrued compensation costs. Offsetting these uses (iii) the removal of cash primarily included (i) a $1.8 million decr in trade accounts and notes receivable primarily due to the timing of collections from customers and (ii) a $1.1 million decrease in unbilled receivables resulting from collection of billings to the CBP.

For the fiscal year ended September 30, 2022, we generated cash of $14.1 million in investing activities. Sources of cash included (i) net proceeds of $8.5 million f the sale of short-term investments and (ii) proceeds of $11.6 million $4.4 million gross profit from the sale of used rental equipment. Offsetting these sou were equipment and (iv) a $1.1 million of gain from the sale of property and equipment since they are included in investing activities.

For the fiscal year ended September 30, 2023, we used cash of $11.9 million in investing activities. Uses of cash included (i) $1.1 million $4.0 million for addition our property, plant and equipment, and (ii) $4.8 million $9.9 million for additions to our equipment rental fleet. fleet and (iii) net disbursements of $13.9 million purchases of short-term investments. These uses of cash were partially offset by proceeds of (i) $11.5 million from the sale of used rental equipment and (ii) $4.4 mi from the sale of property and equipment. We expect fiscal year 2024 cash investments into our rental fleet will be approximately $9 million. We expect fiscal year 2 cash investments in our rental fleet to be approximately $6 million in fiscal year 2023. We expect fiscal year 2023 cash investments in property, plant and equipment be approximately $1 million during fiscal year 2023. $4 million. Our capital expenditures are expected to be funded from our cash on hand, internal cash flows, flows from our rental contracts or, if necessary, borrowings under our new credit agreement.

For the fiscal year ended September 30, 2022 September 30, 2023, we used $1.7 million cash of $0.5 million from financing activities. Uses activities consisting of included (i) $0.8 million $0.4 million for debt issuance costs related to our new credit agreement and (ii) $0.2 million for final contingent consideration payments to former shareholders of Quantum, (ii) debt issuance costs of $0.2 million incurred in connection with our new credit agreement and (iii) $0.7 million for the purchas treasury stock pursuant to a stock buy-back program authorized by our board of directors in November 2020. The stock buy-back program authorized u repurchase up to $7.5 million of our common stock in open market transactions. The program was completed in November 2021. Quantum.

Our available cash, and cash equivalents and short-term investments totaled $17.0 million was $33.7 million at September 30, 2022 September 30, 2023, w included $2.6 million $3.8 million of cash and cash equivalents held by our foreign subsidiaries and branch offices, of which $1.8 million $2.5 million was held by subsidiary in the Russian Federation. . In response to sanctions imposed by the U.S. and others other countries on Russia, the Russian Federation, the Rus government has imposed restrictions on companies' companies' abilities to repatriate or otherwise remit cash from their Russian-based operations to locations out of Russia. As a result, this cash can be used in our Russian operations, but we may be unable to transfer it out of Russia without incurring substantial costs, if at al addition, if we were to repatriate the cash held by our Russian subsidiary, we would be required to accrue and pay taxes on any amount repatriated. During fiscal 2023, in light of recent volatility in the financial markets, we entered into an IntraFi Cash Service ("ICS") Deposit Placement Agreement with IntraFi Network LLC thro our primary bank, Woodforest National Bank. The ICS program offers us access to unlimited Federal Deposit Insurance Corporation ("FDIC") insurance on domesti held cash in excess of $5.0 million, thereby mitigating our risk of falling outside of FDIC coverage limits.

In May 2022, July 2023, we entered into a credit agreement (the "Agreement" ("the Agreement") with Woodforest National Bank, as sole lender. The Agreem refinanced our credit agreement dated May 6, 2022, with Amerisource Funding, Inc., as administrative agent and as a lender, and Woodforest National Bank, lender. Available borrowings under the The Agreement are determined by provides a borrowing base revolving credit facility with a maximum availability of million $15 million. The borrowing base Availability under the Agreement is determined based upon a borrowing base comprised of certain of our domestic as which include (i) 70% loan to value 80% of our property located at 6410 Langfield Road in Houston, Texas (the "Property"), eligible accounts receivable, plus (ii) 90 eligible foreign insured accounts, plus (iii) 25% of eligible inventory plus (iv) 50% of forced the orderly liquidation value of eligible equipment, (iii) 80% of in each subject to certain accounts receivable limitations and (iv) 50% of forced liquidation value of certain inventory (inventory borrowing base limited adjustments. Inte shall accrue on outstanding borrowings at a rate equal to 100% of borrowing base credit given toward accounts receivable). The Agreement is for Term SOFR (Secu Overnight Financing Rate) plus a two-year term with all funds borrowed due at the expiration of the term. The interest rate on borrowed funds is the Wall Street p rate (with a minimum of margin equal to 3.25%) plus 4.00%. per annum. We are required to make monthly interest payments on borrowed funds. Borrowings u the The Agreement will be principally is secured by the Property and our domestic equipment, inventory and accounts receivables. In addition, certain substantiall of our domestic subsidiaries have guaranteed our obligations under the Agreement and such subsidiaries have secured the obligations by pledging assets, excep certain assets. excluded property. The Agreement requires us to maintain a minimum (i) consolidated tangible net worth of $100 million. We expect , (ii) liquidity c million, and (iii) current ratio no less than 2.00 to remain 1.00, in compliance with this requirement each case tested quarterly. The Agreement also requires u maintain a springing minimum interest coverage ratio of 1.50 to 1.00, tested quarterly whenever there is an outstanding balance. The Agreement expires in fiscal 2023. July 2025.

At September 30, 2022 September 30, 2023, we had no outstanding borrowings under the Agreement and our borrowing base availability under the Agreement $13.1 million after consideration of a $0.1 million outstanding and letter of credit. We were compliant in compliance with all covenants under the Agreement. borrowing availability at September 30, 2022 was $8.5 million. We do not currently anticipate the need to borrow under the Agreement, Agreement; however, we decide to do so in the future, if needed.

Our available cash, and cash equivalent equivalents and short-term investments decreased $6.6 million increased $17.0 million during fiscal year 2022. 2023. In absence of future profitable results of operations, we may need to rely on other sources of liquidity to fund our future operations, including executed rental contr available borrowings under our the Agreement through its expiration in May 2024, July 2025, leveraging or sales of real estate assets, sales of rental assets and o liquidity sources which may be available to us. We currently believe that our cash and cash equivalents and short-term investments will be sufficient to finance future operating losses and planned capital expenditures through the next twelve months.

We do not have any obligations which meet the definition of an off-balance sheet arrangement and which have or are reasonably likely to have a current or fu effect on our financial statements or the items contained therein that are material to investors.

Contractual Obligations

Contingent Consideration

We recorded an initial contingent consideration liability of $7.7 million in connection with our July 2018 acquisition of Quantum. Subsequent to the acquisition reduced the liability to $0.2 million as of September 30, 2022 as a result of $2.3 million of earn-out payments made through June 2022 and $5.2 million in adjustment reduce the value of expected future payments. Contingent payments derived from eligible revenue generated during the four-year post-acquisition period ended 2022 can be paid in the form of cash or Company stock. In November 2022, the Company paid in cash the remaining $0.2 million liability to the former shareholde Quantum. Subsequent to this payment, there are no further contingent payment obligations related to this acquisition.

We recorded an initial contingent consideration liability of $4.3 million in connection with our November 2018 acquisition of all the intellectual property and rel assets of the OptoSeis® fiber optic sensing technology. We decreased the estimated liability to zero as of September 30, 2022 as a result of the unlikelihood any elig revenue will be generated during the earn-out period. Contingent cash payments were to be derived from eligible revenue generated during a five-and-a-half year p acquisition earn-out period ending in May 2024. In order for revenue to be considered eligible, sales contracts must be entered into during the first four years o earn-out period, which ended November 13, 2022. No sales contracts were entered into during this period and we have no contingent payment obligations relate this acquisition.

Contingent Compensation Costs

In connection with the acquisition of Aquana in July 2021, we are subject to additional contingent cash payments to the former members of Aquana over a six- earn-out period. The contingent payments, if any, will be derived from certain eligible revenue generated during the earn-out period from products and services sol Aquana. There is no maximum limit to the contingent cash payments that could be made. The merger agreement with Aquana requires the continued employment certain key employee and former member of Aquana for the first four years of the six year earn-out period in order for any of Aquana's former members to be elig to receive any earn-out payments. In accordance with ASC 805, *Business Combinations*, due to the continued employment requirement, no liability has been reco for the estimated fair value of contingent earn-out payments for this transaction. Earn-outs achieved, if any, will be recorded as compensation expense when incurr

See Note 18 17 to our consolidated financial statements in this Annual Report on Form 10-K for more information on our contractual contingencies.

Critical Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estim and assumptions that affect the amounts reported in the financial statements and accompanying notes. We consider many factors in selecting appropriate operati and financial accounting policies and controls and in developing the estimates and assumptions that are used in the preparation of these financial statements continually evaluate our estimates, including those related to revenue recognition, bad debt reserves, inventory obsolescence reserves, goodwill and long-lived a impairment. We base our estimates on historical experience and various other factors, including the impact from the current economic conditions that we believe t reasonable under the circumstances. Actual results may differ from these estimates under different conditions or assumptions.

Our normal credit terms for trade receivables are 30 days. In certain situations, credit terms for trade receivables may be extended to 60 days or longer and s receivables generally do not require collateral. Additionally, we provide long-term financing in the form of promissory notes and sales-type leases when compet conditions require such financing and, in such cases, we may require collateral. We perform ongoing credit evaluations of our accounts and financing receivables, allowances are recognized for potential credit losses.

Our long-lived assets are reviewed for impairment whenever an event or change in circumstances indicates the carrying amount of an asset or group of assets not be recoverable. The impairment review, if necessary, includes a comparison of expected future cash flows (undiscounted and without interest charges) to generated by an asset group with the associated carrying value of the related assets. If the carrying value of the asset group exceeds the expected future cash flows impairment loss is recognized to the extent that the carrying value of the asset group exceeds its fair value.

We conduct our evaluation of goodwill at the reporting unit level on an annual basis as of September 30 and more frequently if events or circumstances indi that the carrying value of a reporting unit exceeds its fair value. The guidance on the testing of goodwill for impairment provides the option to first assess qualita factors to determine if the fair value of a reporting unit exceeds its carrying amount. If, based on the qualitative assessment of events or circumstances, an en determines it is more likely than not that the fair value of a reporting unit is more than its carrying amount, then it is not necessary to perform a quantita assessment. However, if an entity concludes otherwise, then a quantitative assessment must be performed. If, based on the quantitative assessment, we deterr that the fair value of a reporting unit is less that its carrying amount, a goodwill impairment is recognized equal to the difference between the carrying amount of reporting unit and its fair value, not to exceed the carrying amount of the goodwill.

We record a write-down of our inventories when the cost basis of any manufactured product, including any estimated future costs to complete the manufactu process, exceeds its net realizable value. Inventories are stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out method, except our subsidiaries in the Russian Federation and the United Kingdom use an average cost method to value their inventories.

We periodically review the composition of our inventories to determine if market demand, product modifications, technology changes, excessive quantities hand and other factors hinder our ability to recover our investment in such inventories. Management's assessment is based upon historical product dem estimated future product demand and various other judgments and estimates. Inventory obsolescence reserves are recorded when such assessments reveal portions or components of our inventory investment will not be realized in our operating activities.

The value of our inventories not expected to be realized in cash, sold or consumed during our next operating cycle are classified as non-current assets in consolidated balance sheets.

We recognize revenue from product sales and services in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. This standard applies to contr for the sale of products and services and does not apply to contracts for the rental or lease of products. Under this standard, we recognize revenue when performa of contractual obligations are satisfied, generally when control of the promised goods or services is transferred to our customers, in an amount that reflects consideration we expect to be entitled in exchange for those goods or services. Revenue from product sales is recognized when obligations under the terms contract are satisfied, control is transferred and collectability of the sales price is reasonably assured. Transfer of control generally occurs with shipment or deliv depending on the terms of the underlying contract. Our products are generally sold without any customer acceptance provisions, and our standard terms of sal not allow customers to return products for credit. Most of our products do not require installation assistance or sophisticated instruction. We offer a standard pro warranty, which obligates us to repair or replace our products having manufacturing defects. We maintain a reserve for future warranty costs based on histo experience or, in the absence of historical experience, management estimates. Revenue from engineering services is recognized as services are rendered over duration of a project or as billed on a per hour basis. Field service revenue is recognized when services are rendered and is generally priced on a per day rate recognize rental revenue as earned over the rental period. Rentals of our equipment generally range from daily rentals to rental periods of up to six months or longe

We recognize rental revenue in accordance with ASC Topic 842, *Leases*. In the event collectability of lease payments is not probable at the lease commencen date, we recognize revenue when payments are received. We regularly evaluate the collectability of our lease receivables on a lease by lease lease-by-lease basis. evaluation primarily consists of reviewing past due account balances and other factors such as the credit quality of the customer, historical trends of the customer current economic conditions. We suspend the recognition of rental revenue when the collectability of amounts due are no longer probable and record a direct write of the lease receivable to rental revenue.

Recent Accounting Pronouncements

Please refer to Note 1 to our consolidated financial statements contained in this Annual Report for a discussion of recent accounting pronouncements.

Management's

Management's Current Outlook and Assumptions

As further discussed above, there remains uncertainties regarding the duration and to what extent the COVID-19 pandemic will ultimately impact the demand our products and services or with our supply chain.

Regarding our Oil and Gas Markets business segment, demand for our products are subject to volatile fluctuations in crude oil prices. As a result of substa declines in crude oil prices in recent years combined with the recent reduced global demand for oil and gas as a result of the COVID-19 pandemic, oil and gas explora and production companies experienced a significant reduction in cash flows resulting in sharp reductions in their capital spending budgets for oil and gas explorat focused activities including seismic data acquisition activities. While we have experienced stronger marine nodal rental activity in fiscal year 2022, 2023, the need for seismic equipment, particularly land-based equipment, remains restrained due to our customers' (i) limited capital resources, (ii) lack of visibility into future demand their seismic services and (iii) in some cases, under-utilized legacy equipment. Crude oil prices have recently rebounded; however, lasting higher levels of oil and commodity pricing may not stabilize in the long term, thus continuing the challenging industry conditions we have experienced in previous fiscal years.

Many of our land-based traditional seismic products can be damaged, destroyed or otherwise consumed during our customer's field operations. We expect f year 2023 2024 demand for our land-based traditional seismic products may increase slightly over fiscal year 2022 2023 levels.

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It is uncertain what revenue impact our land-based wireless data recorder will have during fiscal year 2023 in light of the tepid market demand for oil and gas sei services and equipment, but we are optimistic demand during fiscal year 2023 will exceed fiscal year 2022 levels.

The vast majority of our oil and gas rental revenue in fiscal year 2022 2023 was derived from short-term rentals of our OBX ocean-bottom recorder. We believe OBX rental revenue will increase substantially in fiscal year 2023 2024 as a result of rental contracts executed during fiscal year 2022 2023 and anticipated new re contracts, but we can make no assurance in this regard.

We expect that fiscal year 2023 2024 revenue from our oil and gas reservoir products, and principally our borehole tools and services, will increase slightly over f year 2022 2023 levels. We have not received any orders for a large-scale seabed PRM system since November 2012, although we do believe opportunities for l orders do exist in today's market. If a large scale PRM order were received in fiscal year 2023, it could significantly impact our 2024, revenue would likely no recognized until fiscal year 2023 or fiscal year 2024 revenue 2025 and profits.2026.

We expect fiscal year 2023 2024 revenue from our Adjacent Markets products to increase over fiscal year 2022 2023 levels due to our acquisition of Aquana intergration of Aquana's products into our business and optimisim optimism that demand for our industrial, imaging products and contract manufacturing services continue to increase in fiscal year 2023. 2024.

We expect fiscal year 2023 2024 revenue from our Emerging Markets products to increase over 2022 2023 levels largely due to optimism of obtaining new secu related contracts and opportunities with oil and gas industry customers.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Not required.

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements, including the reports thereon, the notes thereto and supplementary data begin at page F-1 of this Annual Report on F 10-K and are incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining a system of disclosure controls and procedures that are designed to ensure that informa required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified under S rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Finan Officer ("CFO"). Notwithstanding the foregoing, there can be no assurance that our disclosure controls and procedures will detect or uncover all failures of pers within the Company and its consolidated subsidiaries to report material information otherwise required to be set forth in our reports.

In connection with the preparation of this Annual Report on Form 10-K, we carried out an evaluation under the supervision and with the participation of management, including the CEO and CFO, as of September 30, 2022 September 30, 2023 of the effectiveness of the Company's disclosure controls and procedure such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on that evaluation, the CEO and CFO concluded that our disclosure controls procedures are effective as of September 30, 2022 September 30, 2023.

Management's

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) u the Exchange Act). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degre compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of September 30, 2022 September 30, 2023. In making assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control Integr Framework (2013)*. Based on this assessment, our management concluded that, as of September 30, 2022 September 30, 2023, our internal control over finai reporting is effective based on those criteria.

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Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) during the f quarter ended September 30, 2022 September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over finai reporting.

Item 9B. Other Information

None.

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item is contained in our definitive Proxy Statement to be distributed within 120 days of September 30, 2022 September 30, 20: connection with our 2023 2024 Annual Meeting of Stockholders under the captions "Election of Directors," "Executive Officers and Compensation," "Section Beneficial Ownership Reporting Compliance" and "Code of Ethics" and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this Item is contained in our definitive Proxy Statement to be distributed within 120 days of September 30, 2022 September 30, 20: connection with our 2023 2024 Annual Meeting of Stockholders under the caption "Executive Officers and Compensation" and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is contained in our definitive Proxy Statement to be distributed within 120 days of September 30, 2022 September 30, 20: connection with our 2023 2024 Annual Meeting of Stockholders under the caption "Security Ownership of Certain Beneficial Owners and Management" ar incorporated herein by reference, and in Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securit contained in Part II hereof.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required by this Item is contained in our definitive Proxy Statement to be distributed within 120 days of September 30, 2022 September 30, 20: connection with our 2023 2024 Annual Meeting of Stockholders under the caption "Certain Relationships and Related Transactions" and is incorporated herei reference.

Item 14. Principal Accountant Fees and Services

The information required by this Item is contained in our definitive Proxy Statement to be distributed within 120 days of September 30, 2022 September 30, 20: connection with our 2023 2024 Annual Meeting of Stockholders under the caption "Independent Public Accountants" and is incorporated herein by reference.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

Financial Statements and Financial Statement Schedules

The financial statements and financial statement schedules listed on the accompanying Index to Financial Statements (see page F-1) are filed as part of this An Report on Form 10-K.

Exhibits

Exhibits

Exhibit Number	Description of Documents
Exhibit Number 3.1	**Description of Documents**
3.1	Amended and Restated Certificate of Formation of Geospace Technologies Corporation (incorporated by reference to Exhibit 3.1 to the Registra Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, filed May 8, 2015).
3.2	Amended and Restated Bylaws of Geospace Technologies Corporation (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report Form 8-K filed August 8, 2019).
10.1	Employment Agreement dated as of August 1, 1997, between the Company and Michael J. Sheen (incorporated by reference to the Registra Registration Statement on Form S-1 filed September 30, 1997 (Registration No. 333-36727)).*
10.2	Employment Agreement effective as of January 1, 2012, by and between OYO Geospace Corporation and Walter R. Wheeler (incorporated by referenc Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed December 9, 2011).*
10.3	Employment Agreement effective as of January 1, 2012, by and between OYO Geospace Corporation and Robbin B. Adams (incorporated by referenc Exhibit 99.2 to the Registrant's Current Report on Form 8-K filed December 9, 2011).*
10.4	Employment Agreement effective as of January 1, 2012, by and between OYO Geospace Corporation and Thomas T. McEntire (incorporated by refere to Exhibit 99.3 to the Registrant's Current Report on Form 8-K filed December 9, 2011).*
10.5	Geospace Technologies Corporation 2014 Long-Term Incentive Plan (incorporated by reference to Appendix A to the Company's Proxy Statement Schedule 14A filed December 11, 2013).*
10.610.5	First Amendment to the Geospace Technologies Corporation 2014 Long-Term Incentive Plan (incorporated by reference to Appendix A to the Compa Proxy Statement on Schedule 14A filed December 30, 2020).*
10.710.6	Form of Employee Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Form S-8 filed May 21, 2014).*
10.810.7	Form of Employee Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K f November 26, 2018).*
10.910.8	Form of Employee Incentive Stock Option Award Agreement (incorporated by reference to Exhibit 10.2 to the Registrant's Form S-8 filed May 21, 2014
10.1010.9	Form of Employee Non-Qualified Stock Option Award Agreement (incorporated by reference to Exhibit 10.3 to the Registrant's Form S-8 filed May 2014).*
10.1110.10	Form of Performance Option Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed November 2015).*
10.1210.11	Form of Consultant Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.4 to the Registrant's Form S-8 filed May 21, 2014).*
10.1310.12	Form of Consultant Stock Option Award Agreement (incorporated by reference to Exhibit 10.5 to the Registrant's Form S-8 filed May 21, 2014).*
10.1410.13	Form of Director Stock Option Award Agreement (incorporated by reference to Exhibit 10.6 to the Registrant's Form S-8 filed May 21, 2014).*
10.1510.14	Form of Director Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.7 to the Registrant's Form S-8 filed May 21, 2014).*
10.15	Form of Director Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.7 to the Registrant's Form S-8 filed May 21, 2014).*

10.16	Form of Director Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-Q filed May 3, 2019).*
10.1710.16	Form of Employee Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K November 26, 2018).*

10.1810.17	Form of Amended and Restated Indemnity Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K f May 26, 2015).*
10.1910.18	Geospace Technologies Corporation Annual Bonus Program (incorporated by reference to Exhibit 10.23 to the Registrant's Annual Report on Form K for the year ended September 30, 2017 filed December 1, 2017).*
10.20 10.19	First Amendment effective October 1, 2008 to Employment Credit Agreement dated as of August 1, 1997, between July 26, 2023 among the Comp and Michael J. Sheen (incorporated by reference each other person from time to the Registrant's Quarterly Report on Form 10-Q for the quarter en December 31, 2009, filed February 5, 2010).*
10.21	Second Amendment effective November 17, 2020 to Employment Agreement dated time party thereto as of August 1, 1997, between the Comp and Michael J. Sheen (incorporated by reference to the Registrant's Current Report on Form 8-K filed November 23, 2020, File No.: 001-13601).*
10.22	Revolving Loan and Security Agreement dated May 6, 2022 among Geospace Technologies Corporation and GTC, Inc., as borrowers, Ameriso Funding, Inc. a borrower, and Woodforest National Bank, as lenders, and Amerisource Funding, Inc., as administrative agent for lenders ler (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed May 10, 2022 August 1, 2023).
10.20	
10.23	Commercial Contract – Improved Property, dated June 3, 2019 by and between GTC, Inc. and Harmony Public Schools (incorporated by referenc Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed June 3, 2019).
10.24 10.21	Employment Termination and Consulting Agreement dated November 21, 2019 June 30, 2023 between Geospace Technologies Corporation Company and Thomas T. McEntire (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed November 22, 2 File No.: 001-13601).Michael J. Sheen. **
14.1	
14.1	General Code of Business Conduct and Supplemental Code of Ethics for CEO and Senior Financial Officers (incorporated by reference to Exhibit 14. the Registrant's Current Report on Form 8-K filed February 6, 2019).
21.1	Subsidiaries of the Registrant.**
23.1	Consent of RSM US LLP.**
31.1	Certification of the Company's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
31.2	Certification of the Company's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
32.1	Certification of the Company's Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
32.2	Certification of the Company's Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
101	The following financial information from the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2022 September 30, 2 formatted in Inline Extensible Business Reporting Language (iXBRL): (i) the Consolidated Balance Sheets as of September 30, 2022 September 30, 2 and September 30, 2021 September 30, 2022, (ii) the Consolidated Statements of Operations for the years ended September 30, 2022 Septembe 2023 and 2021, 2022, (iii) the Consolidated Statements of Comprehensive Loss for the years ended September 30, 2022 September 30, 2023 2021, 2022, (iv) the Consolidated Statements of Stockholders' Equity for the years ended September 30, 2022 September 30, 2023 and 2021, 2022 the Consolidated Statements of Cash Flows for the years ended September 30, 2022 September 30, 2023 and 2021 2022 and (vi) Notes to Consolid Financial Statements.**
104	The cover page from the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2022 September 30, 2023 formatted in iX **

* This exhibit is a management contract or a compensatory plan or arrangement.

** Filed herewith.

Item 16. Form 10-K Summary

None.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its beha the undersigned, thereunto duly authorized.

GEOSPACE TECHNOLOGIES CORPORATION

By: ______________________ /s/ WALTE R. WHEEL

By: /s/ WALTE R. WHEEL

Walter R. Wheeler, Director, President and Chief Executive Officer

November 17, 2023 Novem 18, 202

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on beha the Registrant and in the capacities and on the dates indicated.

Signature	Title		Date	
Signature	**Title**		**Date**	
/s/ WALTER R. WHEELER Walter R. Wheeler	Director, President and Chief Executive Officer (Principal Executive Officer)		November 18, 202217, 2023	
/s/ ROBERT L. CURDA Robert L. Curda	Vice President, Chief Financial Officer and Secretary (Principal Financial Officer and Principal Accounting Officer)		November 18, 2022 17, 2023	
/s/ GARY D. OWENS Gary D. Owens	Chairman of the Board		November 18, 2022 17, 2023	
/s/ MARGARET S. ASHWORTH Margaret S. Ashworth	Director	Director	17, 2023	November 18, 2022
/s/ THOMAS L. DAVIS Thomas L. Davis	Director	Director	17, 2023	November 18, 2022
/s/ EDGAR R. GIESINGER, JR. Edgar R. Giesinger, Jr.	Director	Director	17, 2023	November 18, 2022
/s/ TINA M. LANGTRY Tina M. Langtry	Director		November 18, 2022	
/s/ RICHARD F. MILES Richard F. Miles	Director	Director	17, 2023	November 18, 2022

GEOSPACE TECHNOLOGIES CORPORATION AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

Report of Independent Registered Public Accounting Firm

To the Shareholders Stockholders and the Board of Directors of Geospace Technologies Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Geospace Technologies Corporation and its subsidiaries (the Company) as of Septembe 2022 September 30, 2023 and 2021, 2022, the related consolidated statements of operations, comprehensive loss, income, stockholders' equity and cash flows fo years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statem present fairly, in all material respects, the financial position of the Company as of September 30, 2022 September 30, 2023 and 2021, 2022, and the results c operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statem based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required t independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Excha Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reason assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor w we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal cor over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordi we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and perforr procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the fina statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the ov presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or require be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our espec

challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, take
a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the account
disclosures to which they relate.

Inventory Valuation

As described in Note 1 to the consolidated financial statements, the Company's consolidated inventories balance, which is stated at lower of cost or net realiz value, was $32.5 million $43.3 million as of September 30, 2022 September 30, 2023. The valuation of inventories is based on the Company's periodic review of composition of its inventories to determine if market demand, product modifications, technology changes, excessive quantities on-hand and other factors hinde ability to recover its investment in such inventories. The Company's assessment is based upon historical product demand, estimated future product demand various other judgments and estimates. Inventory obsolescence reserves are recorded when such assessments reveal that portions or components of the Compa investment will not be realized in its operating activities.

We identified the valuation of inventories at the lower of cost or net realizable value as a critical audit matter due to the significant judgment and estimates requ by management. Determining whether a decline in value has occurred requires management to make complex judgments related to (i) historical and estima future product demand in relation to quantities on hand and (ii) obsolescence of certain products based on changes in technology and demand. Auditing tl judgments is especially challenging and involved significant auditor judgment due to fluctuations in sales trends and evolving customer demands.

Our audit procedures related to the Company's valuation of inventory included the following, among others:

- We evaluated management's calculation of the inventory valuation reserve by testing the mathematical accuracy of the calculation.
- We tested the completeness, accuracy, and relevance of the reports and inputs used in the Company's analysis.
- We evaluated the appropriateness and consistency of management's methods and assumptions used in developing their estin inventory valuation reserve, which included consideration of recent changes in historical usage information.
- We evaluated management's process for subsequent adjustments to net realizable value by performing a retrospective review on ar item basis to test for subsequent changes in the inventory values after the net realizable value had been established.
- We compared actual purchases and sales data on an individual item basis for all inventory items and aggregated to perform an in assessment of the net realizable value of inventory.

Valuation of Long-lived Assets for impairment – Emerging Markets Asset Group

As discussed in Note 10 to the consolidated financial statements, the Company assessed $3.3 million of long-lived assets associated with its Emerg asset group for recoverability. As part of their quantitative assessment, the Company performed a recoverability assessment in which its carryin compared to estimated undiscounted cash flows over the remaining useful life of the inventory valuation reserve by testing asset group's prima developed technology. Key assumptions in the mathematical accuracy analyses include revenue projections, including the probability of obt contracts, and cash flow projections. Estimated future cash flows of the calculation.

- Company's Emerging Markets asset group include the Company's ability to obtain an additional contract with its significant customer.

We tested identified the completeness, accuracy, and relevance valuation of long-lived assets for the Emerging Market's asset group as a critical a because of the reports significant assumptions management makes in determining the estimate, including revenue and inputs used cash flow Auditing management's assumptions of revenue and cash flow projections involved a high degree of auditor judgment and increased audit changes in these assumptions could have a significant impact on the fair value of the Emerging Market's asset group and potential impairment cha Our audit procedures related to the Company's analysis

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- We evaluated valuation of long-lived assets for the appropriateness and consistency of management's methods and assumptions used in deve estimate of the inventory valuation reserve, which included consideration of recent changes in historical usage information.
- We evaluated management's process for subsequent adjustments to net realizable value by performing a retrospective review on an individual it test for subsequent changes in the inventory values after the net realizable value had been established.
- We compared actual purchases and sales data on an individual item basis for all inventory items and aggregated to perform an independent assessn of the net realizable value of inventory.

Valuation of Goodwill—Emerging Markets Reporting Unit asset group included the following, among others:

As discussed in Note 11 to the consolidated We identified the valuation of goodwill and long-lived assets for the Emerging Market's reporting unit as a critical audit matter because of the signific assumptions management makes in determining the estimate, including revenue and cash flow projections and the discount rate utilized. Audi management's assumptions of revenue and cash flow projections and the discount rate involved a high degree of auditor judgment and increased a financial statements, the Company assessed $4.3 million of goodwill and $3.5 million of other intangible assets associated with its Emerging Markets reporting unit, which was also determined to be an asset group for purposes of its long-lived asset recoverability assessment, for impairment. The Company performed a quantitative assessment on the goodwill at its Emerging Markets reporting unit. As part of this quantitative assessment, the Company determines the fair value of the reporting unit using a discounted cash flow model. The Company also performed a recoverability

effort, including the use of valuation specialists, as management's assumptions are subjective, and changes in these assumptions could hav significant impact on the fair value of the Emerging Market's reporting unit and potential impairment charges.

Our audit procedures related to the Company's valuation of goodwill and long-lived assets for the Emerging Markets reporting unit included following, among others:

- We evaluated the reasonableness of management's revenue and cash flow projections by comparing management's prior forecasts to results for the Company.
- We evaluated management's cash flow projections by comparing to historical results, inquiry of management of the reporting unit as regarding additional contracts with its significant customer, review of publicly available industry information, and testing the complet accuracy of the data used in the projections.
- With the assistance of our valuation specialists, we evaluated the reasonableness of the Company's valuation methodology and discount rates utilized by comparing them to comparable companies and market data.

assessment on the long-lived assets of the Emerging Markets asset group in which its carrying value was compared to estimated undiscounted cash flows over the remaining useful life of the asset group's primary asset, its developed technology. Key assumptions in the analyses include revenue and cash flow projections. Discount rates, long-term growth rates, and the effective tax rate are also key assumptions for the goodwill impairment assessment. Estimated future cash flows of the Company's Emerging Markets reporting unit include the Company's ability to obtain an

additional
contract with
its significant
customer.

We have served as the Company’s auditor since 2018.

Houston, Texas
November 18, 202217, 2023

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Geospace Technologies Corporation

Our audits of the consolidated financial statements referred to in our report dated November 18, 2022November 17, 2023, (included elsewhere in this Annual Re on Form 10-K) also included the financial statement schedule of Geospace Technologies Corporation and its subsidiaries, listed in Item 15(a) of this Form 10-K. schedule is the responsibility of Geospace Technologies Corporation's management. Our responsibility is to express an opinion based on our audits of the consolid financial statements.

In our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, i material respects, the information set forth therein.

Houston, Texas
November 18, 202217, 2023

Geospace Technologies Corporation and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share amounts)

	AS OF SEPTEMBER 30,		AS OF SEPTEMBER 30,	
	2022	2021	2023	2022
ASSETS				
Current assets:				

Cash and cash equivalents	$ 16,109	$ 14,066	$ 18,803	$ 16,10
Short-term investments	894	9,496	14,921	89
Trade accounts and financing receivables, net	20,886	17,159		
Unbilled receivables	—	1,051		
Trade accounts and notes receivable, net			21,373	20,88
Inventories, net	19,995	16,196	18,430	19,99
Prepaid expenses and other current assets	2,077	2,062	2,251	2,07
Total current assets	59,961	60,030	75,778	59,96
Non-current financing receivables	—	2,938		
Non-current inventories, net	12,526	18,103	24,888	12,52
Rental equipment, net	28,199	38,905	21,587	28,19
Property, plant and equipment, net	26,598	29,983	24,048	26,59
Operating right-of-use assets	957	1,191	714	95
Goodwill	736	5,072	736	73
Other intangible assets, net	5,573	7,250	4,805	5,57
Other non-current assets	506	457	486	50
Total assets	$ 135,056	$ 163,929	$ 153,042	$ 135,05
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable trade	$ 5,595	$ 6,391	$ 6,659	$ 5,59
Contingent consideration	175	807	—	17
Operating lease liabilities	241	225	257	24

Other current liabilities	6,616	7,799	12,882	6,61
Total current liabilities	12,627	15,222	19,798	12,62
Non-current contingent consideration	—	5,210		
Non-current operating lease liabilities	769	1,009	512	76
Deferred tax liabilities, net	13	31	16	1
Total liabilities	13,409	21,472	20,326	13,40
Commitments and contingencies (Note 18)				
Commitments and contingencies (Note 17)				
Stockholders' equity:				
Preferred stock, 1,000,000 shares authorized, no shares issued and outstanding	—	—	—	—
Common stock, $.01 par value, 20,000,000 shares authorized, 13,863,233 and 13,738,971 shares issued, respectively; and 13,021,241 and 12,969,542 shares outstanding, respectively	139	137		
Common stock, $.01 par value, 20,000,000 shares authorized, 14,030,481 and 13,863,233 shares issued, respectively; and 13,188,489 and 13,021,241 shares outstanding, respectively			140	13
Additional paid-in capital	94,667	92,935	96,040	94,66
Retained earnings	49,654	72,510	61,860	49,65
Accumulated other comprehensive loss	(15,313)	(16,320)	(17,824)	(15,31
Treasury stock, at cost, 841,992 and 769,429 shares, respectively	(7,500)	(6,805)		
Treasury stock, at cost, 841,992 shares			(7,500)	(7,50
Total stockholders' equity	121,647	142,457	132,716	121,64
Total liabilities and stockholders' equity	$ 135,056	$ 163,929	$ 153,042	$ 135,05

The accompanying notes are an integral part of the consolidated financial statements.

Geospace Technologies Corporation and Subsidiaries
Consolidated Statements of Operations
(In thousands, except share and per share amounts)

	YEAR ENDED SEPTEMBER 30,		YEAR ENDED SEPTEMBER 30,	
	2022	2021	2023	2022
Revenue:				
Products	$ 64,109	$ 75,864	$ 73,333	$ 64,10
Rental equipment	25,144	19,000	51,176	25,14
Total revenue	89,253	94,864	124,509	89,25
Cost of revenue:				
Products	51,649	58,884	55,136	51,64
Rental equipment	19,561	19,686	17,683	19,56
Total cost of revenue	71,210	78,570	72,819	71,21
Gross profit	18,043	16,294	51,690	18,04
Operating expenses:				
Selling, general and administrative	23,482	21,926	25,952	23,48
Research and development	18,104	14,839	15,863	18,10
Goodwill impairment	4,336	—	—	4,33
Change in estimated fair value of contingent consideration	(5,035)	(3,524)	—	(5,03
Bad debt expense (recovery)	292	(76)	(138)	29
Total operating expenses	41,179	33,165	41,677	41,17
Loss from operations	(23,136)	(16,871)		
Gain on disposal of property			1,315	-
Income (loss) from operations			11,328	(23,13
Other income (expense):				
Interest expense	(65)	—	(134)	(6
Interest income	976	1,441	539	97
Gain (loss) on investments, net	(22)	1,993		
Foreign exchange losses, net	(397)	(41)		
Foreign currency transaction gains (losses), net			994	(39
Other, net	(39)	—	(158)	(6
Total other income, net	453	3,393	1,241	45
Loss before income taxes	(22,683)	(13,478)		
Income (loss) before income taxes			12,569	(22,68
Income tax expense	173	578	363	17
Net loss	$ (22,856)	$ (14,056)		
Net income (loss)			$ 12,206	$ (22,85
Loss per common share:				
Income (loss) per common share:				
Basic	$ (1.76)	$ (1.05)	$ 0.93	$ (1.7

Diluted	$ (1.76)	$ (1.05)	$ 0.92	$ (1.7
Weighted average common shares outstanding:				
Basic	12,987,996	13,358,930	13,146,085	12,987,9
Diluted	12,987,996	13,358,930	13,215,066	12,987,9

The accompanying notes are an integral part of the consolidated financial statements.

Geospace Technologies Corporation and Subsidiaries

Consolidated Statements of Comprehensive Loss Income (Loss)

(In thousands)

	YEAR ENDED SEPTEMBER 30,	
	2022	2021
Net loss	$ (22,856)	$ (14,0
Other comprehensive income (loss):		
Change in unrealized losses on available-for-sale securities, net of tax	—	(
Foreign currency translation adjustments	1,007	3
Total other comprehensive income, net	1,007	3
Total comprehensive loss	$ (21,849)	$ (13,6

	YEAR ENDED SEPTEMBER 30,	
	2023	2022
Net income (loss)	$ 12,206	$ (22,8
Other comprehensive income (loss):		
Change in unrealized gains on available-for-sale securities, net of tax	4	
Foreign currency translation adjustments	(2,515)	1,0
Total other comprehensive income (loss), net	(2,511)	1,0
Total comprehensive income (loss)	$ 9,695	$ (21,8

The accompanying notes are an integral part of the consolidated financial statements.

Geospace Technologies Corporation and Subsidiaries

Consolidated Statements of Stockholders' Stockholders' Equity

For the years ended September 30, 2022 September 30, 2023 and 20212022

(In thousands, except share amounts)

Common Stock	Accu mulat ed	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Tota

	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Other Comprehensive Loss	Treasury Stock	Total							
Balance at October 1, 2020	13,670,639	$ 137	$ 905	$ 86,566	$ (16,698)	$ —	$ 160,970							
Net loss	—	—	—	(14,056)	—	—	(14,056)							
Other comprehensive income	—	—	—	—	378	—	378							
Issuance of common stock pursuant to the vesting of restricted stock units	70,832	—	—	—	—	—	—							
Forfeiture of restricted stock	(2,500)	—	—	—	—	—	—							
Purchase of treasury stock	(769,429)					(6,805)	(6,805)							
Stock-based compensation	—	—	1,970	—	—	—	1,970							
Balance at September 30, 2021	12,969,542	137	92,935	72,510	(16,320)	(6,805)	142,457							
Balance at October 1, 2021								12,969,542	$ 137	$ 92,935	$ 72,510	$ (16,320)	$ (6,805)	$ 142,4
Net loss	—	—	—	(22,856)	—	—	(22,856)	—	—	—	(22,856)	—	—	(22,8
Other comprehensive income	—	—	—	—	1,007	—	1,007	—	—	—	—	1,007	—	1,0
Issuance of common stock pursuant to the vesting of restricted stock units	124,262	2	(2)	—	—	—	—	124,262	2	(2)	—	—	—	
Purchase of treasury stock	(72,563)	—	—	—	—	(695)	(695)	(72,563)					(695)	(6
Stock-based compensation	—	—	1,734	—	—	—	1,734	—	—	1,734	—	—	—	1,7

Balance at September 30, 2022	13,021,241 $ 139 $ 94,667 $ 49,654 $ (15,313) $ (7,500) $ 121,647	13,021,241	139	94,667	49,654	(15,313)	(7,500)	121,6
Net income		—	—	—	12,206	—	—	12,2
Other comprehensive loss		—	—	—	—	(2,511)	—	(2,5
Issuance of common stock pursuant to the vesting of restricted stock units		167,248	1	(1)	—	—	—	
Stock-based compensation		—	—	1,374	—	—	—	1,3
Balance at September 30, 2023		13,188,489	$ 140	$ 96,040	$ 61,860	$ (17,824)	$ (7,500)	$ 132,7

The accompanying notes are an integral part of the consolidated financial statements.

Geospace Technologies Corporation and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	YEAR ENDED SEPTEMBER 30,		YEAR ENDED SEPTEMBER 30,	
	2022	2021	2023	2022
Cash flows from operating activities:				
Net loss	$ (22,856)	$ (14,056)		
Adjustments to reconcile net loss to net cash used in operating activities:				
Net income (loss)			$ 12,206	$ (22,85
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Deferred income tax expense (benefit)	(17)	3	3	(
Rental equipment depreciation	13,740	15,075	11,766	13,74
Property, plant and equipment depreciation	4,143	3,956	3,704	4,14
Amortization of intangible assets	1,677	1,746	768	1,67
Goodwill impairment expense	4,336	—	—	4,33
Property, plant and equipment impairment expense	401	—	—	40
Accretion of discounts on short-term investments	96	96		
Amortization of premiums (accretion of discounts) on short-term investments			(144)	9
Stock-based compensation expense	1,734	1,970	1,374	1,73
Bad debt expense (recovery)	292	(76)	(138)	29
Inventory obsolescence expense	3,222	3,001	2,229	3,22
Change in estimated fair value of contingent consideration	(5,035)	(3,524)	—	(5,03

Gross profit from sale of used rental equipment	(11,061)	(6,678)	(4,424)	(11,06
Gain on disposal of property, plant and equipment	(54)	—		
Realized loss (gain) on sale of investments, net	22	(1,993)		
Loss (gain) on disposal of equipment			244	(5
Gain on disposal of property			(1,315)	-
Realized loss on short-term investments			—	2
Realized foreign currency translation loss from dissolution of foreign subsidiary			38	-
Effects of changes in operating assets and liabilities:				
Trade accounts and notes receivables	1,751	(2,973)		
Trade accounts and notes receivable			(5,561)	1,75
Unbilled receivables	1,051	(1,051)	—	1,05
Inventories	(2,357)	(7,674)	(11,026)	(2,35
Other assets	349	5,368	442	34
Accounts payable trade	(786)	4,712	41	(78
Other liabilities	(683)	(5,074)	5,351	(68
Net cash used in operating activities	(10,035)	(7,172)		
Net cash used provided by (used in) operating activities			15,558	(10,03
Cash flows from investing activities:				
Purchase of property, plant and equipment	(1,130)	(3,188)	(3,964)	(1,13
Investment in rental equipment	(4,832)	(2,121)	(9,920)	(4,83
Proceeds from the sale of property, plant and equipment	54	16		
Proceeds from the sale of equipment			724	5
Proceeds from the sale of property			3,682	-
Proceeds from the sale of used rental equipment	11,583	10,626	11,478	11,58
Purchase of short-term investments	(450)	(12,544)	(24,782)	(45
Proceeds from the sale of short-term investments	8,924	3,170	10,900	8,92
Business acquisition, net of acquired cash	—	(1,346)		
Proceeds from sale of investment in debt security	—	2,069		
Net cash provided by (used in) investing activities	14,149	(3,318)	(11,882)	14,14
Cash flows from financing activities:				
Payments of contingent consideration	(807)	(1,421)	(175)	(80
Debt issuance costs	(211)	—	(350)	(21
Purchase of treasury stock	(695)	(6,805)	—	(69
Net cash used in financing activities	(1,713)	(8,226)	(525)	(1,71
Effect of exchange rate changes on cash	(358)	96	(457)	(35
Increase (decrease) in cash and cash equivalents	2,043	(18,620)		
Increase in cash and cash equivalents			2,694	2,04
Cash and cash equivalents, beginning of fiscal year	14,066	32,686	16,109	14,06
Cash and cash equivalents, end of fiscal year	$ 16,109	$ 14,066	$ 18,803	$ 16,10

The accompanying notes are an integral part of the consolidated financial statements.

Geospace Technologies Corporation and Subsidiaries
Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies:

The Company

Geospace Technologies Corporation (“Geospace”) designs and manufactures instruments and equipment used by the oil and gas industry to acquire seismic da order to locate, characterize and monitor hydrocarbon producing reservoirs. Geospace also designs and manufactures Adjacent Markets products including indus products, imaging equipment, and provides contract manufacturing services, and Emerging Market products consisting of border and perimeter security produ Geospace and its subsidiaries are referred to collectively as the “Company”.

Basis of Presentation

The accompanying financial statements present the consolidated financial position, results of operations and cash flows of the Company in accordance U.S. accounting principles generally accepted accounting principles in the United States of America ("GAAP' U.S. GAAP"). All significant intercompany balances transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America U.S. GAAP requires the us estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company considers many factors in selec appropriate operational and financial accounting policies and controls and in developing the estimates and assumptions that are used in the preparation of tl financial statements. The Company continually evaluates its estimates, including those related to revenue recognition, bad debt reserves, collectability of re revenue, inventory obsolescence reserves, self-insurance reserves, product warranty reserves, useful lives of long-lived assets, impairment of long-lived as: impairment of goodwill and other intangible assets, contingent consideration and deferred income tax assets. The Company bases its estimates on histo experience and various other factors that are believed to be reasonable under the circumstances. While management believes current estimates are reasonable appropriate, actual results may differ from these estimates under different conditions or assumptions.

Cash and Cash Equivalents

The Company considers all highly-liquid highly liquid investments purchased with an original or remaining maturity at the time of purchase of three months or to be cash equivalents. At September 30, 2022,September 30, 2023 and 2022, the Company had restricted cash of $0.2 million $0.2 million on deposit with a bank, w serves as collateral on employee issued credit cards. The Company had no restricted cash at September 30, 2021. At September 30, 2022, September 30, 2023, cash cash equivalents included $2.6 million $3.8 million held by the Company’s foreign subsidiaries and branch offices, including $1.8 million $2.5 million held by its subsic in the Russian Federation. In response to sanctions imposed by the U.S. United States and others on Russia, the Russian government has imposed restriction: companies’ companies' abilities to repatriate or otherwise remit cash from their Russian-based operations to locations outside of Russia. As a result, this cash ca used in our Russian operations, but the Company may be unable to transfer it out of Russia without incurring substantial costs, if at all. In addition, if the Comp were to repatriate the cash held by its Russian subsidiary, it would be required to accrue and pay taxes on any amount repatriated. During fiscal year 2023, in ligl recent volatility in the financial markets, the Company entered into an IntraFi Cash Service ("ICS") Deposit Placement Agreement with IntraFi Network LLC throug primary bank, Woodforest National Bank. The ICS program offers access to unlimited Federal Deposit Insurance Corporation ("FDIC') insurance on the Compa domestically held cash in excess of $5.0 million, thereby mitigating its risk of falling outside of FDIC coverage limits.

Concentrations of Risk

<u>Credit</u>

The Company maintains its cash in bank deposit accounts that, at times, exceed federally insured limits. Management of the Company believes that the fina strength of the financial institutions holding such deposits minimizes the credit risk of such deposits.

The Company sells products to customers throughout the United States and various foreign countries. The Company’s normal credit terms for trade receivables 30 days. In certain situations, credit terms may be extended to 60 days or longer. The Company performs ongoing credit evaluations of its customers and gene does not require collateral for its trade receivables. Additionally, the Company provides long-term financing in the form of promissory notes and sales-type leases w competitive conditions require such financing. In such cases, the Company may require collateral. Allowances are recognized for potential credit losses. customer Two customers comprised 29.3% 26.7% and 11.7% of the Company’s revenue during fiscal year 2022.2023. At September 30, 2022September 30, 2023, Company had trade accounts and financing receivables from these customers of $3.5 million and $4.8 million, respectively. One customer comprised 29.3% of Company’s revenue during fiscal year 2022. At September 30, 2022, the Company had trade accounts and financing receivables from this customer of $5.5 million. Tl customers comprised 19.8%, 16.4% and 10.6%, of the Company’s revenue during fiscal year 2021. At September 30, 2021, the Company had trade accounts financing receivables from these customers of $4.9 million, $7.4 million and $1.1 million, respectively.$5.5 million.

Supplier

Geospace Technologies Corporation and Subsidiaries

Notes to Consolidated Financial Statements—(Continued)

Supplier

Certain models of the Company's oil and gas marine wireless products require a timing device it purchases from a United States manufacturer. The Comp currently does not possess the ability to manufacture this component and has no other reliable source for this device. If this manufacturer were to discontinu production of this timing device, were to become unwilling to contract with the Company on competitive terms or were unable to supply the component in suffic quantities to meet its requirements, the Company's ability to compete in the marine wireless marketplace could be impaired, which could adversely affect its finai performance. The device is used in certain models of the Company's rental equipment. Product sales requiring this device represented approximately 11% 4% and of the Company's revenue in fiscal year 2022. There were no product sales requiring this device in fiscal year 2021.2023 and 2022, respectively.

The Company purchases all of its thermal film from one manufacturer for its imaging products. Except for the film sold to the Company by this manufacturer, Company knows of no other source for thermal film that performs as well in its imaging equipment. If the manufacturer were to discontinue producing thermal were to become unwilling to contract with the Company on competitive terms or were unable to supply thermal film in sufficient quantities to meet its requireme the Company's ability to compete in the direct thermal imaging marketplace could be impaired, which could adversely affect its financial performance. Thermal sales represented approximately 8% 5% and 7% 8% of the Company's revenue in fiscal year 20222023 and 2021,2022, respectively.

Armed Conflict Between Russia and Ukraine

A portion of the Company's oil and gas product manufacturing is conducted through its wholly-owned subsidiary Geospace Technologies Eurasia LLC, ("GTE") w is based in the Russian Federation. In February 2022, the Russian Federation launched a full-scale military invasion of Ukraine. Although the length and impact of ongoing military conflict is highly unpredictable, the conflict in Ukraine could lead to market disruptions, including significant volatility in commodity prices, credit capital markets, as well as supply chain interruptions in addition to any direct impact on the Company's operations in Russia. The As a result of the invasion, governments of several western nations, including the United States, Canada, the United Kingdom, the EU European Union, implemented new and/or expar economic sanctions and export restrictions against Russia, Russian-backed separatist regions in Ukraine, certain banks, companies, government officials, and o countries have each imposed export controls on certain products and financial and economic sanctions on certain industry sectors and parties individuals in associated with Russia and additional sanction packages Belarus. The implementation of theses sanctions and exports restrictions, in combinations with withdrawal of numerous private companies from the Russian market, which has had, and is likely to constrain Russia have been and continue to be proposed adopted. United States sanctions against Russia have, been expanded to preclude a negative impact on the export of oil and gas equipment anywhere Compa business in the world that involve persons designated under the sanctions and to include projects in which persons subject to the sanctions have a 33% owner interest or a majority of voting interests. region. The rapid changes in rules and implementation of new rules on imports and exports of goods involving Russia has led to serious delays in getting goods to or from Russia as port authorities struggle to keep up with the changing environment. If imports of these products from Russian Federation are restricted by government regulation, the Company may be forced to find other sources for the manufacturing of these products at potent higher costs. Likewise, restrictions on the Company's ability to send products to our subsidiary in Russia, GTE, may force our subsidiary to have to find other sou for the manufacturing of these products at potentially higher costs; however, costs. However, the Company's exports to Geospace Technologies Eurasia LLC GTE h historically been limited. The risk of doing business in the Russian Federation and other economically or politically volatile areas could adversely affect the Compa operations and earnings.

The Company is actively monitoring the situation in Ukraine and Russia and assessing its impact on its business, including its wholly-owned subsidiary Geosp Technologies Eurasia LLC. GTE. The net carrying value of this subsidiary GTE on the Company's consolidated balance sheet at September 30, 2022September 30, 2 was $6.0 million. The subsidiary $5.8 million. GTE generated $1.9 million $1.8 million in revenue from domestic sales and the Company imported $1.9 million $3.8 mi of products from the subsidiary GTE in fiscal year 2022.2023. The Company has no way to predict the duration, progress or outcome of the military conflict in Ukra The extent and duration of the military action, sanctions, and resulting market disruptions could be significant and could potentially have substantial impact on global economy and the Company's business for an unknown period of time.

Inventories

Inventories

The Company records a write-down of its inventories when the cost basis of any manufactured product, including any estimated future costs to complete manufacturing process, exceeds its net realizable value. Inventories are stated at the lower of cost or net realizable value. Cost is determined on the first-in, f outfirst-in, first-out method, except that certain of the Company's foreign subsidiaries use an average cost method to value their inventories.

The Company periodically reviews the composition of its inventories to determine if market demand, product modifications, technology changes, exces quantities on-hand and other factors hinder our ability to recover its investment in such inventories. The Company's assessment is based upon historical pro demand, estimated future product demand and various other judgments and estimates. Inventory obsolescence reserves are recorded when such assessments re that portions or components of the Company's inventory investment will not be realized in its operating activities.

The Company reviews it inventories for classification purposes. The value of inventories not expected to be realized in cash, sold or consumed during its operating cycle are classified as noncurrent non-current assets.

Property, Plant and Equipment and Rental Equipment

Property, plant and equipment and rental equipment are stated at cost. Depreciation expense is calculated using the straight-line method over the follo estimated useful lives:

		Years
Rental equipment	Years	2 - 5
Rental equipment	2-5	
Property, plant and equipment:		
Machinery and equipment		3-15
Buildings and building improvements		10-50
Other		5 - 10

5-10

Expenditures for renewals and betterments are capitalized. Repairs and maintenance expenditures are charged to expense as incurred. The cost and accumul depreciation of assets sold or otherwise disposed of are removed from the accounts and any gain or loss thereon is reflected in the statements of operations.

Impairment of Long-lived Assets

The Company's long-lived assets are reviewed for impairment whenever an event or change in circumstances indicates the carrying amount of an asset or grou assets may not be recoverable. The impairment review, if necessary, includes a comparison of expected future cash flows (undiscounted and without interest char to be generated by an asset group with the associated carrying value of the related assets. If the carrying value of the asset group exceeds the expected future flows, an impairment loss is recognized to the extent that the carrying value of the asset group exceeds its fair value.

At March 31, 2022, in light of the Company's losses from operations for the six months ended March 31, 2022 and for fiscal year 2021 and the current war betw Russia and Ukraine, management reviewed the recoverability of the carrying value of certain asset groups based on future undiscounted cash flows and determ that their expected future cash flows exceeded their carrying value. No additional indicators of impairment related to this asset group were observed at Septembe 2022.

At September 30, 2022September 30, 2023, in light of the Company's impairment of its goodwill associated with historical operating losses on its Emerging Mar reporting unit, the Company reviewed the recoverability of assessed the carrying value of the long-lived assets of this reporting unit its Emerging Markets asset gr and determined that their the undiscounted cash flows exceeded their the carrying value. As a result, no impairment charges were necessary to the Company's l lived assets associated with its Emerging Markets reporting unit. of this asset group.

At September 30, 2022, in light of the Company's decision to dispose of certain manufacturing cabling equipment, the Company reviewed the recoverability o carrying value of these assets and determined that their carrying value exceeded their fair value. As a result of the fair value analysis, an impairment charge of million was recorded in the fourth quarter of fiscal year 2022 related to the equipment. The impairment charge is included as a component of cost of revenue in Company's consolidated statements of operations.

Goodwill

Goodwill

The Company conducts its evaluation of goodwill at the reporting unit level on an annual basis as of September 30 and more frequently if events or circumsta indicate that the carrying value of a reporting unit exceeds its fair value. The guidance on the testing of goodwill for impairment provides the option to first as qualitative factors to determine if the fair value of a reporting unit exceeds its carrying amount. If, based on the qualitative assessment of events or circumstances entity determines it is more likely than not that the fair value of a reporting unit is more than its carrying amount then it is not necessary to perform a quantita assessment. However, if an entity concludes otherwise, then a quantitative assessment must be performed. If, based on the quantitative assessment, the Comp determines that the fair value of a reporting unit is less that its carrying amount, a goodwill impairment is recognized equal to the difference between the carr amount of the reporting unit and its fair value, not to exceed the carrying amount of the goodwill. At September 30, 2022, the Company impaired its goodwill associ with its Emerging Markets reporting unit. See Note 11 for more information.

Other Intangible Assets

Intangible assets are carried at cost, net of accumulated amortization. The estimated useful life of the Company's other intangible assets are evaluated e reporting period to determine whether events or circumstances warrant a revision to the remaining amortization

Geospace Technologies Corporation and Subsidiaries
Notes to Consolidated Financial Statements—(Continued)

period. If the estimate of an intangible asset's remaining useful life is changed, the amortization period should be changed prospectively. Amortization expens calculated using the straight-line method over the following estimated useful lives:

		Years
Developed technology	Years	18
		18
Developed technologyTrade names		5
		5
Trade namesCustomer relationships		4
Customer relationshipsNon-compete agreements		4
Non-compete agreements		4

Revenue Recognition

See Note 2 to these consolidated financial statements.

Contingent Consideration

The Company established earn-out liabilities in connection with its business acquisitions in fiscal year 2018 and 2019. The Company engaged the services of a valua firm to measure the initial fair value of the earn-out liabilities as of the acquisition date for each business. The valuation technique used to measure the fair value of liability was derived from models utilizing market observable inputs, internal estimates and the use of internal projections of future revenue and/or gross profits. Company reviews the fair value of its contingent earn-out liabilities on a quarterly basis. Adjustments to the liabilities are included as a component of earnings in consolidated statements of operations. See Note 18 to these consolidated financial statements for additional information.

Research and Development Costs

The Company expenses research and development costs as incurred. Research and development costs include salaries, employee benefit costs, departm supplies, direct project costs and other related costs.

Product Warranties

Most of the Company's products do not require installation assistance or sophisticated instructions. The Company offers a standard product warranty obligati to repair or replace equipment with manufacturing defects. The Company maintains a reserve for future warranty costs based on historical experience or, in absence of historical product experience, management's estimates. Reserves for future warranty costs are included within other current liabilities on the consolida balance sheets.

Changes in the product warranty reserve are reflected in the following table (in thousands):

Balance at October 1, 2020	$	258
Accruals for warranties issued during the year		814
Settlements made (in cash or in kind) during the year		(693)
Balance at September 30, 2021		379

Accruals for warranties issued during the year		1,431
Settlements made (in cash or in kind) during the year		(1,286)
Balance at September 30, 2022	$	524

Balance at October 1, 2021	$	
Accruals for warranties issued during the year		1
Settlements made (in cash or in kind) during the year		(1
Balance at September 30, 2022		
Accruals for warranties issued during the year		1
Settlements made (in cash or in kind) during the year		(1
Balance at September 30, 2023	$	

Stock-Based Compensation

The Company accounts for stock-based compensation, including grants of restricted awards and unqualified stock options in accordance with Accour Standards Codification Topic 718, which requires that all share-based payments (to the extent that they are compensatory) be recognized as an expense in Company's consolidated statements of operations based on their fair values on the award date and the estimated number of shares it ultimately expects to vest.

The Company recognizes stock-based compensation expense on a straight-line basis over the requisite service period of the award. The Company's stock-ba compensation plan and awards are more fully described in Note 1514 to these consolidated financial statements.

Foreign Currency Gains and Losses

The assets and liabilities of the Company's foreign subsidiaries and branch offices that have a foreign currency as their functional currency have been translated U.S. dollars using the exchange rates in effect at the balance sheet date. Results of operations have been translated using the average exchange rates during the y Resulting translation adjustments have been recorded as a component of accumulated other comprehensive loss in stockholders' equity. Foreign currency transac gains and losses are included in the statements of operations as they occur. Transaction gains and losses on intra-entity foreign currency transactions and balar including advances and demand notes payable on which settlement is not planned or anticipated in the foreseeable future, are recorded in "accumulated o comprehensive loss" on our consolidated balance sheets.

Fair Value

Fair value is the price that would be received to sell an asset or the amount paid to transfer a liability in an orderly transaction between market participants (an price) at the measurement date. U.S. GAAP has established a fair value hierarchy which prioritizes the inputs to the valuation techniques used to measure fair value three levels. These levels are determined based on the lowest level input that is significant to the fair value measurement. Level 1 represents unadjusted quoted pr in active markets for identical assets and liabilities. Level 2 represents quoted prices for similar assets and liabilities in active markets (other than those included in L 1)1) which are observable, either directly or indirectly. Level 3 represents valuations derived from valuation techniques in which one or more significant input significant value drivers are unobservable. Also see Note 54 to these consolidated financial statements.

Income Taxes

Income taxes are presented in accordance with the Accounting Standards Codification Topic 740 ("Topic 740") guidance for accounting for income taxes. estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts reported in the accompanying consolidated bala sheets, as well as operating loss and tax credit carrybacks and carryforwards are recorded. Deferred tax assets and liabilities are determined based on differer between financial reporting and tax basis of assets and liabilities (temporary differences) and are measured using the enacted tax rates and laws that will be in ef when the differences are expected to reverse. The Company periodically reviews the recoverability of tax assets recorded on the balance sheet and provides valua allowances if it is more likely than not that such assets will not be realized.

The Company follows the guidance of Topic 740 to analyze all tax positions that are less than certain. Topic 740 prescribes a recognition threshold and measurem attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In accordance with Topic 740, Company recognizes in its financial statements the impact of a tax position if that position is "more likely than not" to be sustained on audit, based on the techr merits of the position. The Company's estimate of the potential outcome of any uncertain tax issue is subject to management's assessment of relevant risks, facts, circumstances existing at that time.

The Company classifies interest and penalties associated with the payment of income taxes, if any, in the Other Income (Expense) section of its consolid statements of operations. The Company incurred no interest or penalties for the fiscal years ended September 30, 2022 and 2021.

Recently Adopted Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board (the "FASB") issued guidance on simplifying the accounting for income taxes. The guidance elimin certain exceptions to the general principles in Topic 740 and clarifies and amends existing guidance to improve consistent application. This guidance is effective for f years and interim periods within those fiscal years, beginning after December 15, 2020. The Company adopted this standard during the first quarter of fiscal year 2 The adoption of this guidance did not have any impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued guidance surrounding credit losses for financial instruments that replaces the incurred loss impairment methodology in gene accepted accounting principles. U.S. GAAP. The new impairment model requires immediate recognition of estimated credit losses expected to occur for most fina assets and certain other financial instruments. For available-for-sale debt securities with unrealized losses, credit losses will be recognized as allowances rather t reductions in the amortized cost of the securities. As a smaller reporting company, the Company must adopt this standard no later than the first quarter of its f year ending September 30, 2024, although early adoption is permitted. on October 1, 2023. The standard's provisions will be applied as a cumulative-effect adjustn to retained earnings as of the beginning of the first effective reporting period. The Company intends to will adopt this standard during on October 1, 2023 and does expect the adoption of this standard to have a material impact on the Company's consolidated financial statements.

first quarter of its fiscal year ending September 30, 2024 and is continuing to evaluate the impact of this new guidance on its consolidated financial statements.

2. Revenue Recognition

In accordance with ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the Company recognizes revenue when performance of contractual obligat are satisfied, generally when control of the promised goods or services is transferred to its customers, in an amount that reflects the consideration it expects t entitled to in exchange for those goods or services.

The Company primarily derives product revenue from the sale of its manufactured products. Revenue from these product sales, including the sale of used re equipment, is recognized when obligations under the terms of a contract are satisfied, control is transferred and collectability of the sales price is probable. Company records deferred revenue when customer funds are received prior to shipment or delivery or performance has not yet occurred. The Company asse collectability during the contract assessment phase. In situations where collectability of the sales price is not probable, the Company recognizes revenue wh determines that collectability is probable or when non-refundable cash is received from its customers and there is not a significant right of return. Transfer of co generally occurs with shipment or delivery, depending on the terms of the underlying contract. The Company's products are generally sold without any custo acceptance provisions, and the Company's standard terms of sale do not allow customers to return products for credit.

Revenue from engineering services is recognized as services are rendered over the duration of a project, or as billed on a per hour basis. Field service revenu recognized when services are rendered and is generally priced on a per day rate.

The Company also generates revenue from short-term rentals under operating leases of its manufactured products. Rental revenue is recognized as earned over rental period if collectability of the rent is reasonably assured. Rentals of the Company's equipment generally range from daily rentals to minimum rental periods c to one year. The Company has determined that ASC 606 does not apply to rental contracts, which are within the scope of ASC Topic 842, *Leases*.

As permissible under ASC 606, sales taxes and transaction-based taxes are excluded from revenue. The Company does not disclose the value of unsatis performance obligations for contracts with an original expected duration of one year or less. Additionally, the Company expenses costs incurred to obtain contr when incurred because the amortization period would have been one year or less. These costs are recorded in selling, general and administrative expenses.

The Company has elected to treat shipping and handling activities in a sales transaction after the customer obtains control of the goods as a fulfillment cost and as a promised service. Accordingly, fulfillment costs related to the shipping and handling of goods are accrued at the time of shipment. Amounts billed to a custom a sales transaction related to reimbursable shipping and handling costs are included in revenue, and the associated costs incurred by the Company for reimburs shipping and handling expenses are reported in cost of revenue. The Company incurred shipping and handling expenses of $0.6 million $0.5 million and $0.4 million, million, respectively, for the fiscal years ended September 30, 2022 September 30, 2023 and 2021, 2022, respectively.

During the third quarter of fiscal year 2020, the Company was awarded an approximate $10.5 million contract (inclusive of a subsequent contract amendment of million) with the U.S. Customs and Border Protection (the "CBP") to provide a technology solution to the Department of Homeland Security. Revenue recognized u the contract for the fiscal years ended September 30, 2022 and 2021 was $0.3 million and $9.9 million, respectively. The Company has recognized revenue on the e amount of the contract and no performance obligations remain under the contract except for on-going service and maintenance. Unsatisfied performance obligat on all other contracts held by the Company at September 30, 2022 had an original duration of one year or less.

At September 30, 2022 and September 30, 2021September 30, 2023, the Company had nodeferred contract costsliabilities of $0.7 million and no deferred cont costs. At September 30, 2022, the Company had no deferred contract liabilities or deferred contract liabilities. cost. During the fiscal years ended September 30, September 30, 2023 and 2021,2022, no revenue was recognized from deferred contract liabilities and no cost of revenue was recognized from deferred contract co At September 30, 2023, all contracts had an original duration of one year or less.

During the second quarter of fiscal year 2020, the Company partially financed a $12.5 million product sale by entering into a $10.0 million promissory note with customer. The note has a three-year term with monthly principal and interest payments of $0.3 million. Due to the financial condition of the customer, the Comp had concerns over the probable collectability of the promissory note. As a result, the Company did not recognize any revenue or cost of revenue on the product through its first quarter of fiscal year 2021. During the second quarter of fiscal year 2021, as a result of new information received from the customer, managen determined that it was probable that the customer would satisfy its remaining payment obligations on the promissory note with the Company and recognized reve of $12.5 million on the product sale. During the fourth quarter of fiscal year 2021, the Company granted the customer a six-month principal payment forbearance. customer recommenced its monthly payments to the Company in the second quarter of fiscal year 2022. In October 2022, the Company granted the custome additional six-month payment forbearance. The customer has made payments totaling $9.5 million (exclusive of interest) as of September 30, 2022 related to product sale, and the

balance outstanding on the promissory note at September 30, 2022 was $3.0 million. Deferred contract costs associated with this sale were recognized in the sec quarter of fiscal year 2021.

For each of the Company's operating segments, the following table presents revenue only from the sale of products and the performance of services un contracts with customers (in thousands). Therefore, the table excludes all revenue earned from rental contracts.

	YEAR ENDED SEPTEMBER 30,	
	2022	2021
Oil and Gas Markets		
Traditional exploration product revenue	$ 6,558	$ 4,5
Wireless exploration product revenue	15,822	27,0
Reservoir product revenue	1,968	1,8
Total revenue	24,348	33,4
Adjacent Markets		
Industrial product revenue	25,640	21,3
Imaging product revenue	13,360	10,9
Total revenue	39,000	32,2
Emerging Markets		
Revenue	711	10,1
Corporate		
Revenue	50	
Total	$ 64,109	$ 75,8

	YEAR ENDED SEPTEMBER 30	
	2023	2
Oil and Gas Markets		
Traditional exploration product revenue	$ 12,081	$
Wireless exploration product revenue	10,168	

Reservoir product revenue		962
Total revenue		23,211
Adjacent Markets		
Industrial product revenue		36,859
Imaging product revenue		12,029
Total revenue		48,888
Emerging Markets		
Revenue		1,234
Corporate		
Revenue		—
Total	$	73,333

See Note 2019 for more information on the Company's operating segments.

For each of the geographic areas where the Company operates, the following table presents revenue from the sale of products and performance of services ui contracts with customers (in thousands). Therefore, the table excludes all revenue earned from rental contracts.

	YEAR ENDED SEPTEMBER 30,			
	2022		2021	
Asia	$	10,978	$	17,2
Canada		890		1,5
Europe		15,705		7,6
South America		719		2
United States		33,778		47,1
Other		2,039		1,9
	$	64,109	$	75,8

	YEAR ENDED SEPTEMBER 30		
	2023		2
Asia (including Russian Federation)	$	13,006	$
Canada		1,032	
Europe		5,976	
South America		448	
United States		49,828	
Other		3,043	
	$	73,333	$

Revenue is attributable to countries based on the ultimate destination of the product sold, if known. If the ultimate destination is not known, revenue is attribut to countries based on the geographic location of the initial shipment.

3. Business Acquisition

3. Investments

On July 2, 2021, we acquired 100 percent of the outstanding membership interest in Aquana, LLC ("Aquana") a comprehensive wireless water monitoring and cor system provider. Aquana operates as a wholly-owned subsidiary of the Company and resides in the Company's Adjacent Markets business segment. The acquisi purchase price consisted of an initial cash down payment at closing of approximately $1.4 million and additional contingent cash payments over a six year earn period. The contingent earn-out payments, if any, will be derived from certain eligible revenue generated during the earn-out period from products and services sol Aquana. There is no maximum limit to the contingent cash payments that could be made. The merger agreement with Aquana requires the continued employment certain key employee and former member of Aquana for the first four years of the six year earn-out period in order for any of Aquana's former members to be elig to any earn-out payments. In accordance with ASC 805, *Business Combinations*, due to the continued employment requirement, no liability has been recorded for estimated fair value of contingent earn-out payments for this transaction. Earn-outs achieved, if any, will be recorded as compensation expense when incurred.

In connection with the Aquana acquisition, the Company recorded goodwill of $0.7 million, and other intangible assets of $0.7 million. Current assets and cur liabilities acquired in the transaction were nominal.

Legal and professional costs of $0.2 million related to the Aquana acquisition are included in selling, general and administrative expenses for the fiscal year er September 30, 2021.

The Aquana acquisition represents the Company's strategy to expand its product revenues, as well as its engineering and manufacturing competencies, to mar outside the oil and gas industry.

4. Investments

Short-term Investments

The Company classifies its short-term investments as available-for-sale securities. Available-for-sale securities are carried at fair market value with net unreal gains and losses reported as a component of accumulated other comprehensive loss in stockholders' equity. For the fiscal years ended September 30, 2022 and 2 the Company No gains or losses were realized losses of $22,000 and $4,000, respectively, from the sale of short-term investments.investments for the fiscal year er September 30, 2023. The Company realized losses of $22,000 from the sale of short-term investments for the fiscal year ended September 30, 2022.

The Company's short-term investments were composed of the following (in thousands):

	AS OF SEPTEMBER 30, 2022				AS OF SEPTEMBER 30, 2023			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Short-term investments:								
Corporate bonds	$ 909	$ —	$ (15)	$ 894	$ 11,310	$ —	$ (15)	$ 11,2
U.S. treasury securities and securities of U.S. government-sponsored agency					3,622	4	—	3,6
Total	$ 909	$ —	$ (15)	$ 894	$ 14,932	$ 4	$ (15)	$ 14,9

	AS OF SEPTEMBER 30, 2021			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Short-term investments:				
Corporate bonds	$ 9,511	$ —	$ (15)	$ 9,4

Total	$	9,511	$	—	$	(15)	$	9,4

	AS OF SEPTEMBER 30, 2022			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Esti
Short-term investments:				
Corporate bonds	$ 909	$ —	$ (15)	$
Total	$ 909	$ —	$ (15)	$

The Company's short-term investments have contractual maturities ranging from February 2023 January 2024 to March 2023.September 2024.

Investment in Debt Security

During the fiscal year ended September 30, 2021, the Company recognized a gain of $2.0 million in connection with the sale of its interest in a senior secured b originally issued from an international seismic marine customer.

5.4. Fair Value of Financial Instruments

The Company's financial instruments generally include cash and cash equivalents, short-term investments, trade accounts, financing receivables and acco payable. Due to the short-term maturities of cash and cash equivalents, trade accounts receivable, financing receivables and accounts payable, the carrying amo approximate fair value on the respective balance sheet dates. The valuation technique used to measure the fair value of the contingent consideration was derived f models utilizing market observable inputs.

Geospace Technologies Corporation and Subsidiaries
Notes to Consolidated Financial Statements—(Continued)

The Company measures its short-term investments and contingent consideration at fair value on a recurring basis.

The following tables present the fair value of the Company's short-term investments and contingent consideration by valuation hierarchy and input (in thousan

	AS OF SEPTEMBER 30, 2022				AS OF SEPTEMBER 30, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Unobservable (Level 2)	Significant Unobservable (Level 3)	Totals	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Unobservable (Level 2)	Significant Unobservable (Level 3)	Totals
Short-term investments:								
Corporate bonds	$ —	$ 894	$ —	$ 894	$ —	$ 11,295	$ —	$ 11,2
U.S. treasury securities and securities of U.S. government-sponsored agency						3,626		3,6
Total assets	$ —	$ 894	$ —	$ 894	$ —	$ 14,921	$ —	$ 14,9

Contingent consideration liabilities	$ —	$ —	$ 175	$175
Total liabilities	$ —	$ —	$ 175	$175

	AS OF SEPTEMBER 30, 2021				AS OF SEPTEMBER 30, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable (Level 2)	Significant Unobservable (Level 3)	Totals	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Unobservable (Level 2)	Significant Unobservable (Level 3)	Totals
Short-term investments:								
Corporate bonds	$ —	$ 9,496	$ —	$ 9,496	$ —	$ 894	$ —	$ 8
Total assets	$ —	$ 9,496	$ —	$ 9,496	$ —	$ 894	$ —	$ 8
Contingent consideration liabilities:								
Current portion	$ —	$ —	$ 807	$ 807				
Non-current portion	—	—	5,210	5,210				
Contingent consideration liabilities					—	—	175	1
Total liabilities	$ —	$ —	$ 6,017	$ 6,017	$ —	$ —	$ 175	$ 1

Assets and Liabilities Measured on a Nonrecurring Basis

The measurements utilized to determine the implied fair value of the Company's Emerging Markets reporting unit as of September 30, 2022 September 30, 2 represented significant unobservable inputs (Level 3)3). See Note 1110 for discussion of these inputs.

The following table summarizes changes in the fair value of the Company's Level 3 financial instruments for the fiscal years ended September 30, 2022 Septembe 2023 and 2021:2022:

Contingent Consideration balance at October 1, 2020	1 0 , 9 6 $2
Fair value adjustments	(3,524)

Payment of contingent consideration	(1,421)		
Balance at September 30, 2021	6,017		
Contingent Consideration balance at October 1, 2021		$	6,0
Fair value adjustments	(5,035)		(5,0
Payment of contingent consideration	(807)		(8
Balance at September 30, 2022	$ 175		1
Fair value adjustments			
Payment of contingent consideration			(1
Balance at September 30, 2023		$	

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Adjustments to the fair value of the contingent consideration are based on internal estimates and management assessments regarding potential future scena
The Company believes its estimates and assumptions are reasonable; however, there is significant judgment involved. Also see Note 18.17.

6.5. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss consisted of the following (in thousands):

	Unrealized Losses on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total
Balance at October 1, 2020	$ —	$ (16,698)	$ (16,6
Other comprehensive income (loss)	(15)	393	3
Balance at September 30, 2021	$ (15)	(16,305)	(16,3
Other comprehensive income	—	1,007	1,0
Balance at September 30, 2022	$ (15)	$ (15,298)	$ (15,3

	Unrealized Losses on Available-for-Sale Securities	Foreign Currency Translation Adjustments	T
Balance at October 1, 2021	$ (15)	$ (16,305)	$
Other comprehensive income	—	1,007	
Balance at September 30, 2022	$ (15)	(15,298)	
Other comprehensive income (loss)	4	(2,515)	
Balance at September 30, 2023	$ (11)	$ (17,813)	$

7.6. Trade Accounts and Financing Receivables

Trade accounts receivable, net (excluding financing receivables) are reflected in the following table (in thousands):

	AS OF SEPTEMBER 30,		AS OF SEPTEMBER 30,	
	2022	2021	2023	2022
Trade accounts receivable	$ 13,252	$ 12,635	$ 20,282	$ 13,25
Allowance for doubtful accounts	(591)	(428)	(125)	(59
	$ 12,661	$ 12,207	$ 20,157	$ 12,66

The allowance for doubtful accounts represents the Company's best estimate of probable credit losses. The Company determines the allowance based u historical experience and a current review of its accounts receivable balances. Accounts receivable balances are charged off against the allowance whenever probable that the receivable balance will not be recoverable.

Financing receivables are reflected in the following table (in thousands):

	AS OF SEPTEMBER 30,	
	2022	2021
Promissory notes	$ 8,225	$ 5,4
Sales-type lease	—	2,4
Total financing receivables	8,225	7,8
Unearned income:		
Sales-type lease	—	
Total unearned income	—	
Total financing receivables, net of unearned income	8,225	7,8
Less current portion	(8,225)	(4,9
Non-current notes receivable	$ —	$ 2,9

	AS OF SEPTEMBER 30,	
	2023	
Notes receivable	$ 1,216	$
Less current portion	(1,216)	
Non-current notes receivable	$ —	$

Promissory notes receivable are generally collateralized by the products sold, and bear interest at rates rangingsold. At September 30, 2023, the Company had promissory note outstanding from 7.0% to 9.5% per year. After considerationa customer with a face amount of the forbearance discussed in Note 2, the promis notes receivable mature at various times through January 2024$10.0 million. The Company has, on occasion, extended or renewed notes receivable as they mature, there is no obligation to do so.

During note originated during the firstsecond quarter of fiscal year 2022, the Company financed a sale of rental equipment by entering into a $3.7 mi promissory note2020 in connection with a customer. The note has a term of nine months, with principal and interest payments due monthly until maturity.

During the second quarter of fiscal year 2022, the Company partially financed a $10.0 million sale of rental equipment by entering into an $8.0 million promis note with a customer. The note has a one-year term, with principal and interest payments due quarterly until maturity.

During the third quarter of fiscal year 2021, the Company entered into a sales-type lease with a customer for rental equipment. The lease, which had a term o months, was paid during the second quarter of fiscal year 2022.

During the second quarter of fiscal year 2020, the Company partially financed a $12.5 million$12.5 million product sale by entering into a $10.0 million promis note with the customer. The note bears interest at 7.0% per year and has a threethree-year-year term with monthly principal and interest payments of $0.3 million. to $0.3 million. During the financial condition of the customer, the Company had concerns over the probable collectability of the promissory note. As a result, promissory note was not reflected on the Company's consolidated balance sheet through its firstfourth quarter of fiscal year 2021. During2021, the Company grai the customer a six-month principal payment forbearance. The customer recommenced its monthly payments to the Company in the second quarter of fiscal year 2 as a result of new information received from2022. In October 2022, the Company granted the customer management determined that it was probable that th additional six-month principal payment forbearance. The customer would satisfy recommenced its remaining payment obligations monthly payments to the Comp in the third quarter of fiscal year 2023. The customer has made payments totaling $11.3 million (exclusive of interest) as of September 30, 2023 related to the pro sale, and therefore, the Company recognized balance outstanding on the promissory note on its consolidated balance sheet as of March 31, 2021 at September 30, was $1.2 million. See Note 2 for more information on this matter.The note matures in January 2024.

7. Inventories

8. Inventories

Inventories consisted of the following (in thousands):

	AS OF SEPTEMBER 30, 2022	AS OF SEPTEMBER 30, 2021
Finished goods	$ 14,653	$ 14,968
Work in process	6,230	8,247
Raw materials	25,609	24,720
Obsolescence reserve (net realizable value adjustment)	(13,971)	(13,636)
	32,521	34,299
Less current portion	19,995	16,196
Non-current portion	$ 12,526	$ 18,103

	AS OF SEPTEMBER 30, 2023	
Finished goods	$ 18,555	$
Work in process	11,992	
Raw materials	26,832	
Obsolescence reserve (net realizable value adjustment)	(14,061)	
	43,318	
Less current portion	18,430	
Non-current portion	$ 24,888	$

Inventory obsolescence expense totaled approximately $3.2 million $2.2 million and $3.0 million $3.2 million during fiscal years 20222023 and 2021,2022, respecti Raw materials include semi-finished goods and component parts that totaled approximately $20.7 million $10.6 million and $22.7 million $9.4 million at Septembe 2022 September 30, 2023 and 2021,2022, respectively. At September 30, 2023, non-current inventories included raw materials and work in process totaling $3.2 mi that will be transferred to rental equipment during the first quarter of fiscal year 2024.

8. Leases

9. Leases

As Lessee

The Company has elected not to record operating right-of-use assets or operating lease liabilities on its consolidated balance sheet for leases having a minin term of 12 months or less. Such leases are expensed on a straight-line basis over the lease term. Variable lease payments are excluded from the measuremer operating right-of-use assets and operating liabilities and recognized in the period in which the obligation for those payments is incurred. As of Septembe 2022September 30, 2023, the Company has two operating right-of use assets related to leased facilities in Austin, Texas and Melbourne, Florida.

Maturities of the operating lease liabilities as of September 30, 2022September 30, 2023 were as follows (in thousands):

For fiscal years ending September 30,		
2023	$	270
2024		278
2025		186
2026		130
2027		134
2028		91
Future minimum lease payments	$	1,089
Less interest		(79)
Present value of minimum lease payments	$	1,010
Less current portion		(241)
Long-term portion	$	769

For fiscal years ending September 30,		
2024		278
2025		186
2026		130
2027		134
2028		91
Future minimum lease payments	$	819
Less interest		(50
Present value of minimum lease payments	$	769
Less current portion		(257
Long-term portion	$	512

Lease costs recognized in the consolidated statements of operations for the fiscal years ended September 30, 2022 September 30, 2023 and 20212022 is as foll (in thousands):

	YEAR ENDED SEPTEMBER 30,			
	2022		2021	
Right-of-use operating lease costs	$	272	$	2
Short-term lease costs		190		2
Total	$	462	$	4

	YEAR ENDED SEPTEMBER 30			
	2023		2	
Right-of-use operating lease costs	$	272	$	

Short-term lease costs	220	
Total	$ 492	$

Right-of-use operating lease costs and short-term lease costs are included as a component of total operating expenses.

Other information related to operating leases is as follows (in thousands):

	YEAR ENDED SEPTEMBER 30,		YEAR ENDED SEPTEMBER 30,	
	2022	2021	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$ 262	$ 211	$ 270	$ 26
Operating lease assets obtained in exchange for new lease liabilities	—	1,336		
Weighted average remaining lease term	4.7 years	5.6 years	3.9 years	4.7 year
Weighted average discount rate	3.25 %	3.25 %	3.25 %	3.2

The discount rate used on the operating right-of-use assets represented the Company's incremental borrowing rate at lease inception.

As Lessor

Equipment

Equipment

The Company leases equipment to customers which generally range from daily rentals to minimum rental periods of up to one year. year. All of the Compa current leasing arrangements, with the Company acting as lessor, are classified as operating leases. The majority of the Company's rental revenue is generated fror marine-based wireless seismic data acquisition system.

The Company regularly evaluates the collectability of its lease receivables on a lease-by-lease basis. The evaluation primarily consists of reviewing past due acco balances and other factors such as the credit quality of the customer, historical trends of the customer and current economic conditions. The Company suspe revenue recognition when the collectability of amounts due are no longer probable and concurrently records a direct write-off of the lease receivable to rental reve to limit rental revenue recognized to the cash collections received. As of September 30, 2022September 30, 2023, the Company's trade accounts receivables inclu lease receivables of $3.2 million.$9.0 million.

Rental revenue related to leased equipment for fiscal years 20222023 and 20212022 was $24.9 million $51.0 million and $19.0 million, $24.9 million, respectively.

Future minimum lease obligations due from the Company's leasing customers as of September 30, 2022September 30, 2023 were $24.6 million, all $29.6 million, majority of which is expected to be due within the next 12 months.

Rental equipment consisted of the following (in thousands):

	AS OF SEPTEMBER 30,	
	2022	2021
Rental equipment, primarily wireless recording equipment	$ 83,887	$ 95,827
Accumulated depreciation and impairment	(55,688)	(56,922)
	$ 28,199	$ 38,905

	AS OF SEPTEMBER 30,	
	2023	

Rental equipment, primarily wireless recording equipment	$ 82,926	$
Accumulated depreciation and impairment	(61,339)	
	$ 21,587	$

Rental equipment depreciation expense was $13.7 million $11.8 million and $15.1 million $13.7 million in fiscal years 20222023 and 2021,2022, respectively.

Property

Property

During the first quarter of fiscal year 2022, the Company leased a portion of its property located in Calgary, Alberta, Canada and fully leased its warehouse in Bog Colombia. The lease in Canada commenced in November 2021and is for a fivefive-year-year term. The lease on the warehouse in Bogotá commenced in Decen 2021and is for currently on a one-year term.month-to-month basis.

Rental revenue related to these two properties was $0.2 million for each of fiscal year years 2023 and 2022 was $0.2 million..

Future minimum lease payments due to the Company as of September 30, 2022September 30, 2023 were as follows (in thousands):

For fiscal years ending September 30,	
2024	
2025	
2026	
2027	
	$

For fiscal years ending September 30,		
2023	$	136
2024		128
2025		131
2026		132
2027		11
	$	538

10.9. Property, Plant and Equipment

In February 2023, the Company sold its satellite property located at 6410 Langfield Road in Houston, Texas for a cash price of $3.7 million, net of closing costs of million, and realized a gain on disposal of $1.3 million. The satellite property provided additional warehousing and maintenance and repair capacity for the Compa marine rental equipment operations. The Company has relocated the operations of this facility to its main campus at 7007 Pinemont Drive in Houston, Texas. The was part of the Company's plan to streamline operations and reduce costs.

Property, plant and equipment consisted of the following (in thousands):

	AS OF SEPTEMBER 30,	
	2022	2021
Land and land improvements	$ 7,855	$ 7,932
Building and building improvements	24,588	24,646
Machinery and equipment	59,393	56,828
Furniture and fixtures	1,434	1,417
Tools and molds	3,243	3,036
Construction in progress	341	2,288
Transportation equipment	74	75
	96,928	96,222

Accumulated depreciation and impairment		(70,330)		(66,239)
	$	26,598	$	29,983

	AS OF SEPTEMBER 30			
	2023			
Land and land improvements	$	7,069	$	
Building and building improvements		21,931		
Machinery and equipment		48,877		
Furniture and fixtures		1,487		
Tools and molds		3,287		
Construction in progress		3,343		
Transportation equipment		74		
		86,068		
Accumulated depreciation and impairment		(62,020)		
	$	24,048	$	

Property, plant and equipment depreciation expense was $4.1$3.7 and $4.0 million$4.1 million for the fiscal years ended September 30, 2022 September 30, 2 and 2021.2022. Impairment expense of $0.4 million $0.4 million was incurred on certain manufacturing equipment in fiscal year 2022.2022. The impairment expen included as a component of cost of revenue in the consolidated statement of operations.

11.10. Goodwill and Other Intangible Assets

At September 30, 2022September 30, 2023, the Company had goodwill of $0.7 million $0.7 million and other intangible assets, net of $0.6 million $0.5 mi attributable to its Adjacent Markets reporting unit; other intangible assets, net of $3.5 million $3.0 million attributable to its Emerging Markets reporting unit; and o intangible assets, net of $1.5 million $1.3 million attributable to its Oil and Gas Markets reporting unit. Goodwill represents the excess cost of a business acquired the fair market value of identifiable net assets at the date of acquisition.

At September 30, 2022September 30, 2023, the Company assessed the goodwill associated with both its Adjacent Markets and Emerging Markets reporting unit impairment. The fair value in light of the reporting units were estimated using the expected present value of future cash flows, market data and using estima judgments and other assumptions that management believes were appropriate under the circumstances. The estimates and judgments used in the assessn included consideration of market participant rates of return and the terminal value of the reporting units. The Company determined future cash flows provided best estimate of the fair value of its reporting units. Key assumptions in determining the fair value in the impairment analysis include revenue and cash flow projecti discount rates, long-term growth rates, and the effective tax rate the Company determined to be appropriate. In determining fair value for the Company's Emer Markets reporting unit, cash flow projections included obtaining additional contracts from the CBP and considered competition in the marketplace. These estim and projections can be unpredictable, particularly for Quantum Technology Sciences, Inc. ("Quantum") as an emerging business. The total Company's estimat reporting unit fair values was reconciled to its then market capitalization (based upon the stock market price) plus an implied control premium.

As a result of the assessment, the Company determined that the fair value historical losses on its Emerging Markets reporting unit, was less than the Comp preformed a recoverability assessment on the long-lived assets of its carrying amount and recorded an impairment charge of $4.3 million for the entire goo associated with this reporting unit for the fiscal year ended September 30, 2022. The primary factors impacting the decrease in the fair value of the Emerging Mar reporting unit was historical operating losses and the current outlook for sales and operating performance. The carrying value of the reporting unit exceeded the value by approximately $8 million as a result of the assessment. In measuring sensitivity, changes to key assumptions, each of which would cause an approximate million change in the fair value of the reporting unit include (i) a 3% change in the discount rate, (ii) a 4% change in revenue, (iii) a 10% change in cost of revenue or (13% change in research and development expense. No impairment charge to the Emerging Markets asset group in which its carrying value was compared to estim undiscounted cash flows over the remaining useful life of the asset group's primary asset, its developed technology. The Company determined that no impairment necessary as its the future undiscounted cash flows exceeded the carrying value. Key assumptions used in the analysis include revenue, gross margin and cash projections. The estimated cash flows include obtaining additional contracts with CBP and other current customers. The Emerging Markets asset group could i future impairment charges in the future to its other intangible assets if it is unable to obtain additional contracts from the CBP or other customers.No impairn charge was necessary on

At September 30, 2022, the Company's Company assessed the goodwill associated with both its Adjacent Markets and Emerging Markets reporting unit as units impairment. As a result of the assessment. assessment, the Company determined that the fair value of its Emerging Markets reporting unit was less than its carr amount and recorded an impairment charge of $4.3 million for the entire goodwill associated with this reporting unit for the fiscal year ended September 30, 2022. impairment charge to the Adjacent Markets asset group was necessary for the fiscal year ended September 30, 2022 as its future undiscounted cash flows exceedec carrying value.

Also see Note 1 to these consolidated financial statements.

The Company’s consolidated goodwill and other intangible assets consisted of the following (in thousands):

	Weighted-Average Remaining Useful Lives (in years)	AS OF SEPTEMBER 30,			
		2022		2021	
Goodwill:					
Emerging Markets reporting unit		$	4,336	$	4,3
Adjacent Markets reporting unit			736		7
Total goodwill			5,072		5,0
Accumulated impairment losses			(4,336)		
		$	736	$	5,0
Other intangible assets:					
Developed technology	14.2	$	6,475	$	6,4
Customer relationships	0.5		3,900		3,9
Trade names	1.0		2,022		2,0
Non-compete agreements	0.3		186		1
Total other intangible assets	7.5		12,583		12,5
Accumulated amortization			(7,010)		(5,3
		$	5,573	$	7,2

	Weighted-Average Remaining Useful Lives (in years)	AS OF SEPTEMBER 30,			
		2023		20	
Goodwill:					
Emerging Markets reporting unit		$	4,336	$	
Adjacent Markets reporting unit			736		
Total goodwill			5,072		
Accumulated impairment losses			(4,336)		
		$	736	$	
Other intangible assets:					
Developed technology	13.2	$	6,475	$	
Customer relationships	—		3,900		
Trade names	0.2		2,022		
Non-compete agreements	0.2		186		
Total other intangible assets	6.8		12,583		
Accumulated amortization			(7,778)		
		$	4,805	$	

Other intangible assets amortization expense was $1.7 million for each of the fiscal years ended September 30, 20222023 and 2021.2022 was $0.8 million and million, respectively.

Geospace Technologies Corporation and Subsidiaries

Notes to Consolidated Financial Statements—(Continued)

As of September 30, 2022September 30, 2023, future estimated amortization expense of other intangible assets is as follows (in thousands):

For fiscal years ending September 30,		
2023	$	768
2024		395
2025		381
2026		374
2027		360
Thereafter		3,295
	$	5,573

For fiscal years ending September 30,		
2024		395
2025		381
2026		374
2027		360
2028		360
Thereafter		2,935
	$	4,805

12.11. Long-Term Debt

The Company had no long-term debt outstanding at September 30, 2022September 30, 2023 or 2021.2022.

In May 2022,

On July 26, 2023, the Company entered into a credit agreement (the "Agreement" ("the Agreement") with Woodforest National Bank, as sole lender. The Agreen refinanced the Company's credit agreement dated May 6, 2022, with Amerisource Funding, Inc, Inc., as administrative agent and as a lender, and Woodforest Nati Bank, as a lender. Available borrowings under the The Agreement are determined by provides a borrowing base revolving credit facility with a maximum availabilit $10 million. The borrowing base $15 million. Availability under the Agreement is determined based upon a borrowing base comprised of certain of Company's Company's domestic assets which include (i) 70% loan to value 80% of eligible accounts, plus (ii) 90% of eligible foreign insured accounts, plus (iii) 25' eligible inventory plus (iv) 50% of the Company's property located at 6410 Langfield Road in Houston, Texas (the "Property"), (ii) 50% of forced orderly liquidation v of eligible equipment, (iii) 80% of in each case subject to certain accounts receivable limitations and (iv) 50% of forced liquidation value of certain inventory (inven borrowing base limited adjustments. Interest shall accrue on outstanding borrowings at a rate equal to 100% of borrowing base credit given toward acco receivable). The Agreement is for Term SOFR (Secured Overnight Financing Rate) plus a two-year term with all funds borrowed due at the expiration of the term. interest rate on borrowed funds is the Wall Street prime rate (with a minimum of 3.25%) plus 4.00%. margin equal to 3.25% per annum. The Company is require make monthly interest payments on borrowed funds. Borrowings under the The Agreement will be principally is secured by the Property and substantially all of Company's domestic equipment, inventory and accounts receivables. In addition, assets, except for certain domestic subsidiaries of the Company have guaranteec obligations of the Company under the Agreement and such subsidiaries have secured the obligations by pledging certain assets. excluded property. The Agreen requires the Company to maintain a minimum (i) consolidated tangible net worth of $100 million. $100 million, (ii) liquidity of $5 million, and (iii) current ratio no than 2.00 to 1.00, in each case tested quarterly. The Agreement also requires the Company to maintain a springing minimum interest coverage ratio of 1.50 to tested quarterly whenever there is an outstanding balance. The Agreement expires in July 2025. At September 30, 2022September 30, 2023, the Company's borro availability under the Agreement was $13.1 million after consideration of a $0.1 million outstanding letter of credit. At September 30, 2023, the Company compliant in compliance with all covenants under the Agreement and its borrowing availability was $8.5 million.Agreement.

Debt issuance costs of $0.2 million $0.4 million were incurred in connection with the Agreement. These costs were capitalized in other non-current assets on consolidated balance sheet and are being amortized to interest expense over the term of the Agreement.

13.12. Other Current Liabilities

Other current liabilities consisted of the following (in thousands):

	AS OF SEPTEMBER 30,	
	2022	2021
Deferred revenue	$ 629	$ 1,3
Compensated absences	1,849	1,7
Payroll	804	1,5
Property and sales taxes	991	1,0
Legal and professional fees	346	3
Medical claims	590	5
Product warranty	524	3
Income taxes	56	
Other	827	7
	$ 6,616	$ 7,7

	AS OF SEPTEMBER 30,	
	2023	2
Deferred revenue	$ 4,368	$
Employee bonuses	1,665	
Compensated absences	1,746	
Payroll	940	
Property and sales taxes	974	
Legal and professional fees	616	
Medical claims	641	
Agent commissions	211	
Product warranty	658	
Income taxes	117	
Other	946	
	$ 12,882	$

The Company is self-insured for certain losses related to employee medical claims. The Company has purchased stop-loss coverage for individual claims in exce $175,000$175,000 per claimant per year in order to limit its exposure to any significant levels of employee medical claims. Self-insured losses are accrued based on Company's historical experience and on estimates of aggregate liability for uninsured claims incurred using certain actuarial assumptions followed in the insura industry.

14.13. Employee Benefits

The Company's U.S. United States employees are participants in the Geospace Technologies Corporation's Employee's 401(k)401(k) Retirement Plan (the "Pl which covers substantially all eligible employees in the United States. The Plan is a qualified salary reduction plan in which all eligible participants may elect to ha percentage of their compensation contributed to the Plan, subject to certain guidelines issued by the Internal Revenue Service. The Company's share of discretio matching contributions was approximately $1.0 million $1.3 million and $0.9 million $1.0 million in fiscal years 20222023 and 2021,2022, respectively.

The Company's stock incentive plans in which key employees may participate are discussed in Note 1514 to these consolidated financial statements.

15. Stockholders'14. Stockholders' Equity

In February 2014, the board of directors and stockholders approved the 2014 Long Term Incentive Plan, as amended (the "2014"2014 Plan"). Under the 2014 Plar aggregate of 3,000,000 shares of common stock may be issued. The Company is authorized to issue nonqualified and incentive stock options to purchase comı stock, restricted stock awards ("RSAs") and restricted stock units ("RSUs") to key employees, directors and consultants under the 2014 Plan. Options have a term nc exceed ten years,, with the exception of incentive stock options granted to employees owning ten percent or more of the outstanding shares of common stock, w have a term not to exceed five years. years. The exercise price of any option may not be less than the fair market value of the common stock on the date of gran the case of incentive stock options granted to an employee owning ten percent or more of the outstanding shares of common stock, the exercise price of such op may not be less than 110% 110% of the fair market value of the common stock on the date of grant. An RSU represents a contingent right to receive one share of common stock upon vesting. Under the 2014 Plan, the Company may issue RSAs and RSUs to employees for no payment by the employee or for a payment below fair market value on the date of grant. The RSAs and RSUs are subject to certain restrictions described in the 2014 Plan.

At September 30, 2022September 30, 2023, an aggregate of 1,468,9161,137,509 shares of common stock were available for issuance under the 2014 Plan.

The following table summarizes the combined activity under the equity incentive plans for the indicated periods:

	Number of Nonqualified Options Outstanding	Weighted Average Exercise Price per Share	Number of RSAs	Weighted Average Grant-date Fair Value per Share	Number of RSUs	Weighted Average Grant-date Fair Value per Unit	Number of Nonqualified Options Outstanding	Weighted Average Exercise Price per Share	Number of RSAs	Weighted Average Grant-date Fair Value per Share	Number of RSUs	Weight Averag Gran date Fa Value p Unit
Outstanding at October 1, 2020	91,100	$ 17.66	110,374	$ 16.66	218,257	$ 14.82						
Granted	—	—	—	—	195,950	7.00						
Exercised	—	—	—	—	—	—						
Forfeited	(52,300)	16.47	(2,500)	14.78	(44,001)	7.14						
Vested	—	—	(65,777)	17.28	(70,832)	14.63						
Outstanding at September 30, 2021	38,800	21.42	42,097	15.95	299,374	10.87						
Outstanding at October 1, 2021							38,800	$ 21.42	42,097	$ 15.95	299,374	$ 10
Granted	—	—	—	—	200,350	8.49	—	—	—	—	200,350	8
Exercised	—	—	—	—	—	—	—	—	—	—	—	
Forfeited	(38,800)	21.42	—	—	(51,603)	9.17	(38,800)	21.42	—	—	(51,603)	9
Vested	—	—	(41,097)	14.67	(124,262)	11.20	—	—	(41,097)	14.67	(124,262)	11
Outstanding at September 30, 2022	$ —	$ —	1,000	$ 14.59	323,859	$ 9.54	—	—	1,000	$ 14.59	323,859	$ 9
Granted							—	—	—	—	228,250	4
Exercised							—	—	—	—	—	
Forfeited							—	—	—	—	(7,312)	8
Vested							—	—	(1,000)	14.59	(167,248)	9

Outstanding at September 30, 2023	—	$	—	—	$	— 377,549	$ 6

During fiscal years 20222023 and 2021,2022, the Company issued 200,350228,250 and 195,950200,350 RSUs to certain of its employees, executive officers directors under the 2014 Plan. The RSUs issued include both time-based and performance-based vesting provisions. The weighted average grant date fair value of e RSU issued for fiscal years 20222023 and 20212022 was $8.49$4.70 and $7.00$8.49 per unit, respectively. The total grant date fair value of all RSUs issued for fiscal y 20222023 and 20212022 was $1.7 million$1.1 million and $1.4 million, $1.7 million, respectively, which will be charged to expense over the next one to four years as restrictions lapse. Compensation expense for RSUs was determined based on the closing market price of the Company's stock on the date of grant applied to the t number of units that are anticipated to fully vest. All RSUs outstanding at September 30, 2023 and 2022 were issued from the 2014 Plan.

No RSAs have been issued since fiscal year 2019.

All RSAs2019 and RSUsnone were outstanding at September 30, 2022 and 2021 were issued from the 2014 Plan.September 30, 2023.

Stock-based compensation expense recognized for the fiscal years ended September 30, 2022 September 30, 2023 and 20212022 was $1.7 million$1.4 million $2.0 million, $1.7 million, respectively. The Company accounts for forfeitures as they occur and records compensation costs under the assumption that the holder complete the requisite service period. As of September 30, 2022September 30, 2023, the Company had unrecognized compensation expense of $2,000 relating to R which is expected to be recognized in the first quarter of fiscal year 2023. As of September 30, 2022, the Company had unrecognized compensation expense of million $1.5 million relating to RSUs which is expected to be recognized over a weighted average period of 2.32.4 years.

16.15. Income Taxes:

Components of loss income (loss) before income taxes were as follows (in thousands):

	YEAR ENDED SEPTEMBER 30,			
	2022		2021	
United States	$	(19,425)	$	(10,6
Foreign		(3,258)		(2,8
	$	(22,683)	$	(13,4

	YEAR ENDED SEPTEMBER 30			
	2023		2	
United States	$	11,190	$	
Foreign		1,379		
	$	12,569	$	

The provision for income taxes consisted of the following (in thousands):

	YEAR ENDED SEPTEMBER 30,			
	2022		2021	
Current				
Federal	$	(12)	$	
Foreign		202		5
State		—		
		190		5
Deferred:				
Federal		—		
Foreign		(17)		
		(17)		
	$	173	$	5

	YEAR ENDED SEPTEMBER 30	
	2023	2

Current			
Federal	$	63	$
Foreign		244	
State		59	
		366	
Deferred:			
Federal		—	
Foreign		(3)	
		(3)	
	$	363	$

Actual income tax expense differs from income tax expense computed by applying the U.S. federal statutory federal tax rate of 21% for each of the fiscal y ended September 30, 2022 and 2021 were as follows (in thousands):

	YEAR ENDED SEPTEMBER 30,	
	2022	2021
Expense (benefit) for U.S federal income tax at statutory rate	$ (4,763)	$ (2,83
Effect of foreign income taxes	3	
Research and experimentation tax credit	6	(22
State income taxes, net of federal income tax benefit	(265)	15
Nondeductible expenses	927	4
Change in valuation allowance	3,768	2,89
Impact on deferred taxes due to change in tax rate	-	56
Change in fair value of contingent consideration	(278)	(56
Foreign income tax withholding	114	41
Disallowance of stock compensation adjustments in excess of book	217	33
Other items	444	(20
	$ 173	$ 57
Effective tax rate	(0.8)%	(4.

	YEAR ENDED SEPTEMBER 30, 2023		YEAR ENDED SEPTEMBER 3	
	Amount	Percent	Amount	Pe
Expense (benefit) for U.S. federal income tax at statutory rate	$ 2,639	21.0 %	$ (4,763)	
Research and experimentation tax credit	(480)	(3.9)%	6	
State income taxes, net of federal income tax benefit	302	2.5 %	(265)	
Nondeductible goodwill	—	—	911	
Change in valuation allowance	(2,459)	(19.6)%	3,768	
Change in fair value of contingent consideration	—	—	(278)	
Disallowed stock compensation	171	1.4 %	217	
Impact due to foreign currency translation	51	0.4 %	460	
Other items	139	1.1 %	117	
Total tax expense and effective tax rate	$ 363	2.9 %	$ 173	

The income tax expense for fiscal years 2022 year 2023 primarily reflects tax accrual for U.S. state and 2021 Russian income tax. The income tax expense for f year 2022 primarily reflects withholding tax on rental income earned in foreign jurisdictions. The Company is currently unable to record any tax benefits for its

losses in the U.S., United States and Canada and the Russian Federation due to the uncertainty surrounding its ability to utilize such losses in the future to o
taxable income.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purp and the amounts used for income tax purposes. Significant components of the Company's net deferred income tax assets (liabilities) were as follows (in thousands):

	AS OF SEPTEMBER 30, 2022			AS OF SEPTEMBER 30, 2021		
	U.S.	Non U.S.	Total	U.S.	Non U.S.	Total
Deferred income tax assets:						
Allowance for doubtful accounts	$ 109	$ 6	$ 115	$ 80	$ 4	$ 84
Inventories	8,295	218	8,513	8,042	—	8,042
Loss and tax credit carry-forwards	29,606	5,037	34,643	27,578	4,945	32,523
Stock-based compensation	262	—	262	398	—	398
Accrued product warranty	99	8	107	77	2	79
Contingent earn-out consideration	—	—	—	917	—	917
Accrued compensated absences	347	—	347	320	—	320
Property and equipment	—	578	578	—	487	487
Prepaid income taxes	—	92	92	—	266	266
Other reserves	30	15	45	114	11	125
Subtotal deferred income tax assets	38,748	5,954	44,702	37,526	5,715	43,241
Valuation allowance	(35,462)	(5,914)	(41,376)	(31,668)	(5,704)	(37,372)
Net deferred income tax assets	3,286	40	3,326	5,858	11	5,869
Deferred income tax liabilities:						
Allowance for doubtful accounts	—	—	—	—	—	—
Inventories	—	—	—	—	(6)	(6)
Right-of-use assets	(109)	—	(109)	(131)	—	(131)
Intangible assets	(356)	—	(356)	(642)	—	(642)
Property, plant and equipment and other	(2,821)	(53)	(2,874)	(5,085)	(36)	(5,121)
Total deferred income tax liabilities	(3,286)	(53)	(3,339)	(5,858)	(42)	(5,900)
Net deferred income tax liabilities	$ —	$ (13)	$ (13)	$ —	$ (31)	$ (31)

	YEAR ENDED SEPTEMBER 30,	
	2023	2022
Deferred income tax assets:		
Inventories	$ 8,269	$ 8,51
Loss and tax credit carry-forwards	29,581	34,64
Accrued compensation	870	60
R&D expenditure capitalization	1,538	-
Property and equipment	504	57
Other reserves	590	35
Subtotal deferred income tax assets	41,352	44,70
Valuation allowance	(38,917)	(41,37
Net deferred income tax assets	2,435	3,32

Deferred income tax liabilities:		
Intangible assets	(292)	(3
Property and equipment	(2,153)	(2,8
Other	(6)	(1
Total deferred income tax liabilities	(2,451)	(3,3
Net deferred income tax liabilities	$ (16)	$ (

The financial reporting basis of investments in foreign subsidiaries exceed their tax basis. A deferred tax liability is not recorded for this temporary differe because the investment is deemed to be permanent. A reversal of the Company's plans to permanently invest

in these foreign operations would cause the excess to become taxable. At September 30, 2022 On September 30, 2023, the Company had $2.6 million $3.8 million of and cash equivalents held by its foreign subsidiaries. At September 30, 2022 On September 30, 2023 and 2021,2022, the temporary difference related to undistribu earnings for which no deferred taxes have been provided was approximately $6.9 million $8.2 million and $6.5 million, $6.9 million, respectively.

Tax return filings which are

The Company is subject to review taxation in the United States as well as various states and foreign jurisdictions. Tax years that remain subject to examinatio local significant tax authorities by major jurisdiction jurisdictions are as follows:

- the United States—fiscal States for tax years ended September 30, 2019 through 2022
- State of Texas—fiscal ending after 2016, Russia for tax years ended September 30, 2019 through 2022
- State of New York—fiscal year ended September 30, 2020
- State of California – fiscal ending after 2020, the United Kingdom for tax years ended September 30, 2019 through 2022
- State of Pennsylvania – fiscal year ended September 30, 2019
- Russian Federation—calendar ending after 2021, and Canada for tax years 2020 through 2022
- Canada—fiscal years ended September 30, 2019 through 2022
- United Kingdom—fiscal years ended September 30, 2021 through 2022
- Colombia—calendar years 2020 through 2022

ending after 2019.

The Company had no unrecognized tax liabilities as of September 30, 2022 and 2021.

As of September 30, 2022September 30, 2023, the Company had net operating loss ("NOL") carry-forwards of approximately $106.2 million $78.2 million in United States, $19.8 million $18.9 million in Canada and $2.3 million $0.7 million in Russia which are available to offset future taxable income in those jurisdictions. NOL carry-forwards for Canada and Russia begin to expire in 2033 and 2026,, respectively. The NOL carry-forward for the United States which originated prior to 2017 Tax Act of $28.0 million $32.6 million begins to expire in 2028. The Company's NOLs2029 and those originating after the 2017 Tax Act of $77.9 million $45.6 millio not expire. The Company has not completed a Section 382 limitation study which may prevent it from using its NOLs in the future.

Management of the Company has concluded that it is more-likely-than-not was not more-likely-than-not that its U.S., Canadian and Russian net deferred tax as will not be realized in accordance with U.S. GAAP. At September 30, 2022 On September 30, 2023 and 2021,September 30, 2022, the Company had a valuation allowa against its U.S. net deferred tax assets of $35.5 million $33.7 million and $31.7 million, $35.5 million, respectively. At September 30, 2022 On September 30, 2023 2021,September 30, 2022, the Company had a valuation allowance against its Canadian net deferred tax assets of $5.2 million, $4.8 million and $5.4 million, $5.2 mil respectively. At September 30, 2022 On September 30, 2023 and 2021,September 30, 2022, the Company had a valuation allowance against its Russian net deferred assets of $0.7 million $0.4 million and $0.3 million, $0.7 million, respectively.

17. Loss16. Income (Loss) Per Common Share

Basic loss earnings (loss) per share is computed by dividing net loss income (loss) available to common stockholders by the weighted average number of com shares used in basic loss earnings (loss) per share during the period. Diluted loss earnings (loss) per share is determined on the assumption that outstanding RSUs h been exchanged for common stock and outstanding dilutive stock options have been exercised and the aggregate proceeds as defined were used to reacc common stock using the average price of such common stock for the period.

The following table summarizes the calculation of net loss income (loss) and weighted average common shares and common equivalent shares outstanding purposes of the computation of loss earnings (loss) per share (in thousands, except share and per share amounts):

	YEAR ENDED SEPTEMBER 30,	
	2022	2021
Net loss	$ (22,856)	$ (14,056)
Less: Loss allocable to unvested restricted stock	—	—
Loss attributable to common shareholders for diluted earnings per share	$ (22,856)	$ (14,056)
Weighted average number of common share equivalents:		
Common shares used in basic loss per share	12,987,996	13,358,930
Common share equivalents outstanding related to stock options and RSUs	—	—
Total weighted average common shares and common share equivalents used in diluted loss per share	12,987,996	13,358,930
Loss per shares:		
Basic	$ (1.76)	$ (1.05)
Diluted	$ (1.76)	$ (1.05)

	YEAR ENDED SEPTEMBER 30	
	2023	2
Net income (loss)	$ 12,206	$
Less: Income allocable to unvested restricted stock	—	
Income (loss) attributable to common shareholders for diluted earnings (loss) per share	$ 12,206	$
Weighted average number of common share equivalents:		
Common shares used in basic earnings (loss) per share	13,146,085	
Common share equivalents outstanding related to RSUs	68,981	
Total weighted average common shares and common share equivalents used in diluted earnings (loss) per share	13,215,066	
Earnings (loss) per share:		
Basic	$ 0.93	$
Diluted	$ 0.92	$

For the calculation of diluted loss earnings (loss) per share for fiscal years 20222023 and 2021, stock options of zero and 38,8002022, respectively, and RSU 323,859308,568 and 299,374, 323,859, respectively, were excluded in the calculation of weighted average shares outstanding as a result of their impact being antidilut

18. Commitments and Contingencies

Contingent Consideration

In connection with its acquisitions of Quantum and the OptoSeis® fiber optic sensing technology business, the Company recorded contingent purchase p payments, or contingent consideration, that may be owed in the future. For both acquisitions, the contingent payments are based on future receipt of contract aw and the resulting revenue derived from such contracts. The Company reviews and assesses the fair value of its contingent consideration on a quarterly basis. determination of fair value is inherently unpredictable since it requires estimates and projections of future revenue, including the size, length, timing and, in the cas

Quantum, the extent of gross profits earned under its future contracts. As a result, the Company anticipates fair value adjustments to these liabilities over respective earn-out periods, and these adjustments will result in either charges or credits to the Company's operating expenses when the fair value of the contin consideration increases or decreases, respectively.

The Company recorded an initial contingent consideration liability of $7.7 million in connection with its July 2018 acquisition of Quantum. Contingent paymen any, may be paid in the form of cash or Company stock and will be derived from eligible revenue generated during a four-year earn-out period, which ended in July 2 The maximum amount of contingent payments was $23.5 million over the four-year earn-out period. In fiscal year 2020, the Company made cash contin consideration payments of $0.1 million to the former shareholders of Quantum. In September 2021 and October 2021, the Company made additional cash earn payments of $1.4 million and $0.8 million, respectively, to the former shareholders of Quantum. The payments were primarily attributable to revenue earne Quantum's $10.5 million contract with the CBP to provide a technology solution to the Department of Homeland Security. At September 30, 2021, the contin consideration liability was valued at $0.8 million related to projected future eligible revenue. During the fiscal year ended September 30, 2022, the Company recorde adjustment of $0.6 million to decrease the liability to $0.2 million. The decrease for the fiscal year ended September 30, 2022 was primarily the result of timir securing a potential second contract with the CBP caused by federal budget delays. In November 2022, the Company made a final payment of $0.2 million to the for shareholders of Quantum and has no further earn-out obligations related to this acquisition.

The Company recorded an initial contingent consideration liability of $4.3 million in connection with its November 2018 acquisition of all the intellectual prop and related assets of the OptoSeis®fiber optic sensing technology. Contingent cash payments, if any, will be derived from eligible revenue generated during a five- a-half year earn-out period ending in May 2024. In order for revenue to be considered eligible, sales contracts must be entered into during the first four years of earn-out period ending November 13, 2022. The maximum amount of contingent payments is $23.2 million over the five-and-a-half year earn-out period. At Septen 30, 2021, the contingent consideration liability was valued at $4.4 million. During the fiscal year ended September 30, 2022, the Company recorded an adjustment of million to decrease the liability to zero. The decrease for the fiscal year ended September 30, 2022 was

17. Commitments and Contingencies

the result of the unlikelihood of entering into a sales contract prior to the eligibility date. No sales contracts were entered into by the November 13, 2022 eligibility c The Company had no further earn-out obligations related to this acquisition.

Contingent Compensation Costs

In connection with the acquisition of Aquana, LLC ("Aquana") in July 2021, the Company is subject to additional contingent cash payments to the former membe Aquana over a sixsix-year-year earn-out period. The contingent payments, if any, will be derived from certain eligible revenue generated during the earn-out pe from products and services sold by Aquana. There is no maximum limit to the contingent cash payments that could be made. The merger agreement with Aqu requires the continued employment of a certain key employee and former member of Aquana for the firstfour years of the six year earn-out period in order for ar Aquana's former members to be eligible to any earn-out payments. As discussed in Note 3, due Due to the continued employment requirement, no liability has b recorded for the estimated fair value of contingent earn-out payments for this transaction. Earn-outs achieved, if any, will be recorded as compensation expense w incurred. No eligible revenue has been generated to date.

Legal Proceedings

The Company is involved in various pending legal actions in the ordinary course of its business. Management is unable to predict the ultimate outcome of tl actions, because of the inherent uncertainty of such actions. However, management believes that the most probable, ultimate resolution of current pending mat will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

19.18. Supplemental Cash Flow Information

Supplemental cash flow information is as follows (in thousands):

	YEAR ENDED SEPTEMBER 30,		YEAR ENDED SEPTEMBER 30,	
	2022	2021	2023	2022
Cash paid for income taxes	$ 169	$ 551	$ 151	$ 16
Non-cash investing and financing activities:				
Inventory transferred to rental equipment	1,148	4,038	587	1,14

Inventory transferred to property, plant and equipment	172	286	—	17
Issuance of notes receivables in connection with sale of used rental equipment	11,74 5	2,665		
Issuance of notes receivables related to sale of used rental equipment			—	11,74

2019. Segment and Geographic Information

The Company reports and evaluates financial information for three operating business segments: Oil and Gas Markets, Adjacent Markets and Emerging Marl The Oil and Gas Markets segment's products include wireless seismic data acquisition systems, reservoir characterization products and services, and traditional sei: exploration products such as geophones, hydrophones, leader wire, connectors, cables, marine streamer retrieval and steering devices and various other sei: products. The Adjacent Markets segment's products include imaging equipment, water meter products, remote shut-off valves and IoT platform, as well as sei: sensors used for vibration monitoring and geotechnical applications such as mine safety applications and earthquake detection. The Emerging Markets segn designs and markets seismic products targeted at the border and perimeter security markets.

The following tables summarize the Company's segment information:

	YEAR ENDED SEPTEMBER 30,	
	2022	2021
Revenue:		
Oil and Gas Markets	$ 49,141	$ 52,2
Adjacent Markets	39,171	32,4
Emerging Markets	711	10,1
Corporate	230	
Total	89,253	94,8
Income (loss) from operations:		
Oil and Gas Markets	(7,539)	(16,2
Adjacent Markets	6,021	6,4
Emerging Markets	(9,128)	5,0
Corporate	(12,490)	(12,0
Total	(23,136)	(16,8
Depreciation and amortization expenses:		
Oil and Gas Markets	16,947	18,1
Adjacent Markets	743	4
Emerging Markets	1,068	1,2
Corporate	802	9
Total	19,560	20,7
Impairment, inventory obsolescence and stock-based compensation expenses:		
Oil and Gas Markets	3,612	3,8
Adjacent Markets	932	2
Emerging Markets	4,423	1
Corporate	727	7
Total	9,694	4,9
Interest income:		

Oil and Gas Markets	850	1,4
Adjacent Markets	—	
Emerging Markets	—	
Corporate	126	
Total	976	1,4
Interest expense:		
Oil and Gas Markets	65	
Adjacent Markets	—	
Emerging Markets	—	
Corporate	—	
Total	65	

	YEAR ENDED SEPTEMBER 30	
	2023	2
Revenue:		
Oil and Gas Markets	$ 73,993	$
Adjacent Markets	49,039	
Emerging Markets	1,234	
Corporate	243	
Total	124,509	
Income (loss) from operations:		
Oil and Gas Markets	15,759	
Adjacent Markets	11,490	
Emerging Markets	(4,003)	
Corporate	(11,918)	
Total	11,328	
Depreciation and amortization expenses:		
Oil and Gas Markets	14,428	
Adjacent Markets	703	
Emerging Markets	565	
Corporate	542	
Total	16,238	
Impairment, inventory obsolescence and stock-based compensation expenses:		
Oil and Gas Markets	2,329	
Adjacent Markets	656	
Emerging Markets	52	
Corporate	566	
Total	3,603	
Interest income:		
Oil and Gas Markets	352	
Adjacent Markets	—	
Emerging Markets	—	
Corporate	187	
Total	539	
Interest expense:		
Oil and Gas Markets	105	
Adjacent Markets	—	
Emerging Markets	—	

Corporate	29	
Total	134	

The Company's manufacturing operations for its business segments are combined. Therefore, the Company does not segregate and report separate balance sl accounts for each of its segments and, therefore, no such segment balance sheet information is presented in the table above.

"Corporate" loss from operations primarily consists of the Company's Houston headquarters general and administrative expenses.

The Company generates revenue from product sales, product rentals and services from its subsidiaries located in the United States, Canada, Colombia, the Rus Federation and the United Kingdom. Revenue generated by the Company's subsidiaries is as follows (in thousands):

	YEAR ENDED SEPTEMBER 30,	
	2022	2021
United States	$ 82,332	$ 88,7
Canada	1,615	1,1
Russian Federation	1,922	1,7
United Kingdom	3,384	3,2
	$ 89,253	$ 94,8

	YEAR ENDED SEPTEMBER 30	
	2023	2(
United States	$ 118,017	$
Canada	1,924	
Russian Federation	1,850	
United Kingdom	2,718	
	$ 124,509	$

A summary of revenue by geographic area is as follows (in thousands):

	YEAR ENDED SEPTEMBER 30,	
	2022	2021
Africa	$ 471	$ 2,5
Asia	13,823	23,2
Canada	1,225	9
Europe	28,381	13,8
South America	7,547	2,5
United States	35,171	49,5
Other	2,635	2,2
	$ 89,253	$ 94,8

	YEAR ENDED SEPTEMBER 30	
	2023	2(
Asia (including Russian Federation)	$ 26,685	$
Canada	2,703	
Europe	20,826	

South America	8,166	
United States	62,611	
Other	3,518	
	$ 124,509	$

Revenue is attributed to countries based on the ultimate destination of the product sold, if known. If the ultimate destination is not known, revenue is attribute countries based on the geographic location of the initial shipment.

Long-lived assets were as follows (in thousands):

	AS OF SEPTEMBER 30,		AS OF SEPTEMBER 30,	
	2022	2021	2023	2022
United States	$ 71,742	$ 98,395	$ 75,321	$ 71,74
Canada	1,459	3,653	575	1,45
Colombia	449	590	442	44
Russian Federation	1,010	689	543	1,01
United Kingdom	422	559	383	42
China	13	13	—	1
	$ 75,095	$ 103,899	$ 77,264	$ 75,09

F- 31

F-33**Note 20. Exit and Disposal Activities**

During the first quarter of fiscal year 2023, the Company implemented a plan to discontinue the manufacture of certain low margin, low revenue products reconfigure our production facilities to lower our costs and raise efficiencies. As part of the plan, reductions were made to the Company's workforce which are expe to yield an annual savings of more than $2 million. In connection with the plan, the Company incurred costs of $0.6 million in the first quarter of fiscal year 2 primarily termination costs related to the workforce reduction. The costs were recorded both to cost of revenue and operating expenses in the consolidated staten of operations. No significant future costs are expected. As of September 30, 2023, no liabilities were outstanding related to this plan.

Schedule II

Geospace Technologies Corporation and Subsidiaries

Valuation and Qualifying Accounts

(In thousands)

	Balance at Beginning of Period	Charged to Costs and Expenses, net of Recoveries	Charged to Other Assets	(Deductions) and Additions	Balance at End of Period
Year ended September 30, 2022					
Allowance for doubtful accounts on accounts and financing receivables	$ 428	$ 292	$ —	$ (129)	$ 5
Year ended September 30, 2021					
Allowance for doubtful accounts on accounts and financing receivables	$ 496	$ (76)	$ —	$ 8	$ 4

	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Assets	(Deductions) and Additions	Balance at End of Period
Year ended September 30, 2022					
Inventory obsolescence reserve	$ 36,936	$ 3,222	$ —	$ (787)	$ 39,3

Year ended September 30, 2021					
Inventory obsolescence reserve	$ 34,960	$ 3,001	$ —	$ (1,025)	$ 36,9

	Balance at Beginning of Period	Charged to Costs and Expenses, net of Recoveries	Charged to Other Assets	(Deductions) and Additions	Balance at End of Perio
Year ended September 30, 2023					
Allowance for doubtful accounts on trade accounts and notes receivable	$ 591	$ (138)	$ —	$ (328)	$ 1
Year ended September 30, 2022					
Allowance for doubtful accounts on trade accounts and notes receivable	$ 428	$ 292	$ —	$ (129)	$ 5

	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Assets	(Deductions) and Additions	Balance at End of Perio
Year ended September 30, 2023					
Inventory obsolescence reserve	$ 13,971	$ 2,229	$ —	$ (2,139)	$ 14,0
Year ended September 30, 2022					
Inventory obsolescence reserve	$ 13,636	$ 3,222	$ —	$ (2,887)	$ 13,9

Exhibit 1

EMPLOYMENT TERMINATION AND CONSULTING AGREEMENT

This Employment Termination and Consulting Agreement (this "Agreement") is executed as of June 30, 2023 between Geospace Technologies Corporation "Company") and Michael J. Sheen ("Mr. Sheen"). The Company and Mr. Sheen are sometimes referred to herein individually as a "party" and collectively as the "partie

WHEREAS, Mr. Sheen's full-time employment with the Company as Senior Vice President and Chief Technology Officer shall terminate effective at the clos business June 30, 2023; and

WHEREAS, the Company desires to protect and preserve its confidential information, trade secrets, and business practices from revelation to any other p including but not limited to existing or potential competitors; and

WHEREAS, Mr. Sheen agrees to hold such information in strict confidence and in accordance with the terms and conditions contained in this Agreement; and

WHEREAS, the Company desires to retain Mr. Sheen as an independent contractor subsequent to termination on an as needed basis, beginning July 1, 2023 "Effective Date") to provide certain services in accordance with the terms and conditions contained in this Agreement; and

WHEREAS, Mr. Sheen wishes to render such services in accordance with the terms and conditions contained in this Agreement;

NOW, THEREFORE, for valuable consideration given and received, the receipt and sufficiency of which are hereby acknowledged, the parties hereto intending t legally bound, do hereby agree as follows:

I. <u>TERMINATION COMPENSATION</u>.

Section 1.1 <u>Termination Payment</u>. In conjunction with Mr. Sheen's termination, the Company agrees to pay Mr. Sheen an amount equal to his annual cash sa as recorded at the time of his termination. This amount shall be paid six-months after the date of his termination and not before January 1, 2024. The Company a option may choose to pay up to half of the total amount in shares of the Company's publicly traded common stock. Any amount of said compensation in the for stock shall be fully vested at the time of issue and the number of shares of Company common stock shall be determined by dividing the amount of the compensation being replaced by the closing price per share of the Company's common stock on the last trading day prior to the issuance. Such payment sha subject to "claw back" and repayment in full to the Company should Mr. Sheen breach any term or condition contained in this Agreement over its duration. Mr. Sh acknowledges and agrees that: (a) the payments under this Article I are in lieu of all other severance benefits that he may be entitled to receive from the Company he hereby waives and releases any entitlement he may have under any severance or similar arrangement maintained by the Company, and (c) except as other provided specifically in this Agreement, the Company does not and will not have any other liability or obligation to the Employee with respect to severance or sir pay.

Section 1.2 <u>Potential Bonus Payment</u>. Should the Company achieve financial performance metrics sufficient to warrant bonus compensation as establishe the Company's Board of Directors for Mr. Sheen for fiscal year 2023, ending September 30, 2023, the Company agrees to provide said compensation to Mr. Shee accordance with the plan, prorated by the portion the fiscal year that Mr. Sheen was employed. Any portions of said compensation or performance awards in the f of stock shall be fully vested at the time of issue.

II. <u>TREATMENT OF OUTSTANDING EQUITY AWARDS</u>.

Section 2.1 Vesting of Outstanding Equity Awards. For purposes of the restricted stock and restricted stock unit awards set forth in Exhibit B hereto (the "Ec Awards") that were previously granted to Mr. Sheen under the Geospace Technologies Corporation 2014 Long Term Incentive Plan (the "Plan"), the Company agree fully vest all remaining unvested shares in conjunction with Mr. Sheen's termination of employment.

III. INDEPENDENT CONTRACTOR STATUS; INTELLECTUAL PROPERTY CREATED DURING CONSULTING ACTIVITIES

Section 3.1 Independent Contractor Status and Purpose. The Company hereby retains Mr. Sheen to provide the services set forth in Exhibit A hereto during Term (defined below). Mr. Sheen shall perform such services for the Company as an independent contractor and not as an agent, employee, joint venturer, partne other position. Mr. Sheen shall not have the authority to bind the Company in any way.

Section 3.2 No Provision of Facilities and Equipment. Mr. Sheen shall provide at his own expense his office or place of business, any necessary equipn (including, without limitation, computers, printers, and fax machines), office supplies, and other miscellaneous materials; provided that the Company may, in its discretion, permit Mr. Sheen to use the Company's computer equipment, computer systems, and an assigned office at the Company's premises.

Section 3.3 Intellectual Property. To the fullest extent permitted by law, Mr. Sheen hereby assigns, and agrees to assign, to the Company all ri worldwide with respect to intellectual property conceived, made, suggested or acquired by Mr. Sheen during his services with the Company under this Article III if intellectual property results from, or is derived from: (a) the use of the Company's or any Company affiliate's equipment, facilities, trade secrets or confide information, or (b) any work performed by Mr. Sheen for the Company or its affiliates. Mr. Sheen acknowledges that, to the extent permitted by law, each of copyrightable works made by Mr. Sheen for the Company is "work made for hire" as defined in the Copyright Act of 1976 (17 U.S.C. § 101), and such copyrights therefore owned exclusively by the Company.

Section 3.4 Remedies. Mr. Sheen acknowledges that the Company will suffer irreparable harm as a result of a breach of this Article III by Mr. Sheen for w an adequate monetary remedy does not exist and a remedy at law may prove to be inadequate. Accordingly, in the event of any actual or threatened breach by Sheen of this Article III, the Company shall, in addition to any other remedies permitted by law, be entitled to obtain remedies in equity, including, but not limite specific performance, injunctive relief, a temporary restraining order, and a preliminary or permanent injunction in any court of competent jurisdiction, and to pre or otherwise restrain a breach of this Article III without the necessity of proving damages or posting a bond or other security, to the maximum extent permitte applicable law. Such relief shall be in addition to and not in substitution of any other remedies available to the Company. The Employee shall not defend on the b that there is an adequate remedy at law but Mr. Sheen shall be entitled to contest on the grounds that no such breach or threatened breach has occurred.

IV. TERM; TERMINATION

Section 4.1 Term. This Agreement shall commence on the Effective Date and shall continue for one year, renewing automatically for subsequent one-year te thereafter (the "Term"), unless either party provides written notice to the other of its intent to terminate this Agreement not less than 30 days before the end of then current Term.

Section 4.2 Termination. Notwithstanding the foregoing, the Company shall have the right to immediately terminate this Agreement for cause or discontinue payments hereunder if Mr. Sheen breaches any provision of this Agreement, including Exhibit A and Exhibit B and any amendments thereto.

V. PAYMENT FOR CONSULTING SERVICES

Section 5.1 Payment. The Company shall pay Mr. Sheen for services rendered as described herein in accordance with Exhibit A to this Agreement.

Section 5.2 No Required Expense Reimbursement. The Company is not required to compensate Mr. Sheen for any expenses unless jointly agreed by parties in writing. If the Company does agree to reimburse Mr. Sheen for a specific expense, then this expense must be reasonable and subject to the same expe reimbursement policies to which employees of the Company are subject.

Section 5.3 No Benefits. Except as otherwise provided in Section 4.1 with respect to previously granted and unvested awards under the Plan, Mr. Sheen shall be entitled to participate in any insurance or other benefit programs which may be applicable to employees of the Company. The Company is not providing to Sheen any health insurance, worker's compensation insurance, unemployment insurance, retirement plans, or any other benefits.

Section 5.4 No Vacation; Sick Leave. The Company shall not pay Mr. Sheen for any vacations, sick leave, or other leave.

VI. TAX OBLIGATIONS

Section 6.1 Taxes. For all payments made for consulting services under Article V of this Agreement, whether made in cash or by equity awards, Mr. Sh acknowledges that the Company will not withhold any taxes from such payments. Mr. Sheen accepts and acknowledges that he is responsible for all applicable state, federal, and other taxes as required pursuant to any law or governmental regulation or ruling for said payments made under this Agreement. The Company report all compensation paid to Mr. Sheen hereunder on an IRS Form 1099-Misc. For all other payments made under this agreement, the Company will withhold t in accordance with law and past practice.

VII. UNAUTHORIZED DISCLOSURE

Section 7.1 Unauthorized Disclosure. Mr. Sheen agrees and understands that during the duration of this Agreement and Mr. Sheen's history with the Comp Mr. Sheen has been and will be exposed to and has and will receive information relating to the confidential affairs of the Company and its affiliates, including, with limitation, technical information, intellectual property, business and marketing plans, strategies, customer information, software, other information concerning products, promotions, development, financing, expansion plans, business policies and practices of the Company and its affiliates and other forms of informa considered by the Company and its affiliates to be confidential or in the nature of trade secrets (including, without limitation, ideas, research and development, kr how, formulas, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information and business and marketing plans proposals) (collectively, the "Confidential Information"). Mr. Sheen agrees that at all times during the duration of this Agreement, Mr. Sheen shall not disclose

Confidential Information, either directly or indirectly, to any individual, corporation, partnership, limited liability company, association, trust or other entit organization, including a government or political subdivision or an agency or instrumentality thereof (each, a "Person") other than in connection with his provisio consulting services to the Company without the prior written consent of the Company and shall not use or attempt to use any such information in any manner o than in connection with his provision of consulting services to the Company, unless required by law to disclose such information, in which case Mr. Sheen shall pro the Company with written notice of such requirement as far in advance of such anticipated disclosure as possible. This confidentiality covenant has no temp geographical or territorial restriction. Upon termination of this Agreement, to the extent requested by the Company, Mr. Sheen shall promptly supply to the Comp all property, keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data any other tangible product or document which has been produced by, received by or otherwise submitted to Mr. Sheen during the duration of this Agreement, and copies thereof in his (or capable of being reduced to his) possession; provided, however, that Mr. Sheen may retain his full rolodex or similar address and teleph directories.

VIII.RELEASE AND COVENANT NOT TO SUE.

Section 8.1 Release. Mr. Sheen, on behalf of himself and his heirs and representatives, hereby irrevocably and unconditionally releases, waives and for discharges the Company, and its predecessors and successors, assigns, stockholders, subsidiaries, parents, affiliates, officers, directors, trustees, employees, agents attorneys, past and present and in their respective capacities as such, and their heirs, administrators, estates, representatives, and beneficiaries, successors, permitted assigns (the Company and each such person or entity is each referred to as a "**Released Person**") from all existing, past and present, known and unkn claims, demands, and causes of action, damages and remedies of any nature, which have accrued or which may ever accrue to Mr. Sheen, or to Mr. Sheen's p present, and future agents, heirs, executors, legal representatives, successors, or assigns, resulting from or relating to any act or omission occurring on or before date of the Mr. Sheen's execution of this Agreement (a) pertaining to Mr. Sheen's employment relationship with the Company and its affiliates; (b) concerning the te and conditions of Mr. Sheen's employment with the Company; (c) concerning Mr. Sheen's conduct occurring in the course and scope of his employment with Company; or (d) concerning Mr. Sheen's termination of employment with the Company, save and except as provided below. This release includes, but is not limite any and all claims of race discrimination, sexual discrimination, national origin discrimination, religious discrimination, disability discrimination, age discrimination unlawful retaliation and any and all claims under the following: Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000e et seq.; Civil Rights Act of 186 U.S.C. § 1981 et seq.; the Family and Medical Leave Act, as amended, 29 U.S.C. § 2601, et seq.; the Worker Adjustment and Retraining Notification Act, 29 U.S.C. 201 seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101, et seq.; the Age Discrimination in Employment Act, as amended by the Older Workers Be Protection Act, 29 U.S.C. § 621, et seq.; Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. § 1001, et seq.; Rehabilitation Act of 1973, 29 U.S.C. § et seq.; Chapter 21 of the Texas Labor Code; Chapter 61 of the Texas Labor Code; Chapter 451 of the Texas Labor Code; any other state, municipal and other local discrimination statutes; any and all claims for alleged breach of an express or implied contract; any and all tort claims including, but not limited to, alleged retaliatio assertion of workers' compensation rights; any and all claims under workers' compensation law; and any and all claims for attorney's fees.

Section 8.2. Covenant Not to Sue. Mr. Sheen expressly represents that he has not filed a lawsuit or initiated any other administrative proceeding agai Released Person and that he has not assigned any claim against a Released Person. Mr. Sheen further promises not to initiate a lawsuit or to bring any other c against any Released Person arising out of or in any way related to Mr. Sheen's employment by the Company or the termination of that employment.

Section 8.3. Limitations. Notwithstanding anything to the contrary in this Agreement, this release does not constitute a release or waiver of any claim by Sheen (a) solely to enforce this Agreement, (b) for indemnity from the Company arising as a result of Mr. Sheen having been an officer, director or fiduciary of Company, (c) to continue group health plan coverage under applicable law and the terms of the applicable group health plan or for unemployment or wor compensation, (d) for rights vested on the date Mr. Sheens signs this Agreement under the Company's employee benefit plans, or (e) that may arise after Mr. Sh signs this Agreement. Further, and notwithstanding anything to the contrary in this Agreement, this release does not constitute a release or waiver of Mr. Sheen's to file a charge or participate in an investigation or proceeding conducted by the Equal Employment Opportunity Commission ("EEOC") or any other state or fe governmental entity with jurisdiction to regulate employment conditions or relations; however, Mr. Sheen does release and relinquish any right to receive any mo property, or any other thing of value, or any other financial benefit or award from any Released Person as a result of any proceeding of any kind or character initi by the EEOC or any other state or federal governmental entity with jurisdiction to regulate employment conditions or relations. In addition, this release shall not a Mr. Sheen's rights under the Older Workers Benefit Protection Act to have a judicial determination of the validity of this release and waiver.

IX MISCELLANEOUS

Section 9.1 Applicable Law, Jurisdiction and Mandatory Forum. This Agreement is entered into under, shall be construed and enforced in accordance with, anc rights and obligations of the parties shall be governed for all purposes by, the laws of the State of Texas, without giving effect to the conflicts of law principles the and venue shall be fixed solely and exclusively in Harris County, Texas.

Section 9.2 Successors/Assignment. Mr. Sheen acknowledges and agrees that this Agreement shall be binding upon Mr. Sheen and inure to the benefit o Company. This Agreement is personal to Mr. Sheen, who shall not be entitled to assign, transfer, or charge any of its rights or obligations under this Agreement, or contract or otherwise delegate any of its rights or obligations to any third party without the written consent of the Company.

Section 9.3 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed to have been given when delivered in person, by

e-mail transmission (with evidence of transmission from the sender) or by registered or certified mail (postage prepaid, return receipt requested). Actual noti sufficient to be notice hereunder. Such communications must be sent to the respective parties at the following addresses:

If to the Company to: Geospace Technologies Corporation

7007 Pinemont Drive
Houston, Texas 77040
Attn: CEO
E-mail: rwheeler@geospace.com

If to Mr. Sheen to: The address set forth under Mr. Sheen's name
on the signature page hereto

Any party hereto may change its address for the purpose of receiving notices, demands, and other communications as herein provided by a written notice given ir manner aforesaid to the other party hereto.

Section 9.4 No Waiver. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, condition or provision of this Agreement shall (i) be deemed a waiver or similar or dissimilar provisions or conditions at the same or at any prior or subsequent tim (ii) preclude insistence upon strict compliance in the future.

Section 9.5 Severability. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then, the invalidit unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full f and effect.

Section 9.6 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of w together shall constitute one and the same Agreement.

Section 9.7 Headings. The paragraph headings have been inserted for purposes of convenience and shall not be used for interpretive purposes.

Section 9.8 Affiliate. As used in this Agreement, "affiliate" shall mean any Person which directly or indirectly through one or more intermediaries owns or cont is owned or controlled by, or is under common ownership or control with, the Company.

Section 9.9 Termination. Except as otherwise provided in this Agreement, termination of this Agreement pursuant to the provisions of Article IV hereof s not affect any right or obligation of either party hereto which is accrued or vested prior to or upon such termination or the rights and obligations set forth in Article and VII hereof.

Section 9.10 Older Workers Benefit Protection Act Representations and Acknowledgements; Period to Consider and Rescission Right. Mr. Sheen expre acknowledges and recites that he: (a) has carefully read and understands the terms of this Agreement in its entirety; (b) has been given a fair opportunity to discuss negotiate the terms of this Agreement including the release set out in Section 3 by and through his legal counsel; (c) understands that this Agreement constitut complete release and discharge of claims arising under the Age Discrimination in Employment Act, 29 U.S.C. §§621-634, including the Older Workers Benefit Protec Act; (d) has not been influenced to sign this Agreement or provide the release set out in Article VIII by any statement or representation by the Company or its l counsel not contained in this Agreement; (e) has determined that it is in his best interest to enter into this Agreement and provide the release set out in Article VI has entered into this Agreement knowingly and voluntarily, without any duress or coercion, and knowingly and voluntarily intends to be legally bound by the term this Agreement; (g) has been advised orally and is hereby advised in writing to consult with an attorney with respect to this Agreement before signing it acknowledges and understands that rights or claims that may arise after the date this Agreement is executed are not waived; (i) has been provided a period of at l forty-five (45) days after receipt of this Agreement to consider this Agreement and has voluntarily waived the forty-five (45) day review period in which to consider Agreement; and (j) will be provided seven (7) calendar days from the date of signing of this Agreement by Mr. Sheen to terminate and revoke this Agreement, in w case this Agreement shall be unenforceable, null and void. Mr. Sheen may revoke this Agreement during those seven (7) days by providing written notice of revoca to Rick Wheeler, CEO, of the Company in accordance with Section 8.3.

Section 8.10 Interpretations. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the wo "without limitation"; (b) the word "or" is not exclusive; (c) the word "days" means calendar days; (d) the words "herein," "hereof," "hereby," "hereto" and "hereun refer to this Agreement as a whole; (e) the word "any" means any and all; (f) references to any gender shall include each other gender as the context requires references to the Company are also to its permitted successors and assigns; and (f) all italics are used for emphasis only. Unless the context otherwise requires, reference herein: (x) to Exhibit A or Exhibit B means Exhibit A or Exhibit B to this Agreement, as applicable; (y) to an agreement, instrument or other document me such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof an to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or cau any instrument to be drafted. Exhibit A referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if it were set f verbatim herein.

Section 8.11 Entire Agreement. This Agreement and the documents contemplated herein constitutes the entire agreement of the parties with respect to subject of this Agreement.

Section 8.12 Modifications. No modifications of this Agreement shall be effective unless in writing signed by both parties hereto.

[*Signature Page Follows*] IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the Effective Date.

MR. SHEEN

/s/ Michael J. Sheen

Michael J. Sheen

GEOSPACE TECHNOLOGIES CORPORATION

By: /s/ Walter R. Wheeler

Name: Walter R. Wheeler

Title: President & Chief Executive Officer

EXHIBIT A

SCOPE OF SERVICES AND COMPENSATION

1. Scope of Services. Mr. Sheen's services shall include, but are not limited to, advising and assisting the Company in technical matters, business endeav commercial tenders, and contract documents, reviewing periodic reports, providing management insight, and making himself available to meet with the Company its customers if necessary. Mr. Sheen shall provide these and other consulting services to the Company on an as requested basis.

2. Compensation. In consideration of Mr. Sheen providing the services to the Company as outlined herein, the Company agrees to pay Mr. Sheen a fee equ $250.00 per hour during which Mr. Sheen is engaged in providing the services. Mr. Sheen shall prepare and submit invoices each month showing in reasonable d any services performed and time spent on such services under this Agreement. Payment of such invoices shall be due thirty days after receipt by the Company.

EXHIBIT B

LIST OF UNVESTED EQUITY AWARDS

1.	Nov-19 Unit Grant	2,250
2.	Nov-20 Unit Grant	4,750
3.	Nov-21 Unit Grant	6,000
4.	Nov-22 Unit Grant	2,000

Exhibit

Subsidiaries of

Geospace Technologies Corporation

GTC, Inc., a Texas corporation

Geospace Technologies Canada, Inc., an Alberta corporation

Geospace Technologies Corporation Azerbaijan Branch, an Azerbaijan company

Geospace Engineering Resources International, Inc., a Texas corporation

Geospace Finance Corp., a Texas corporation

Exile Technologies Limited, a United Kingdom company

Geospace J.V., Inc., a Texas corporation

Geospace Technologies Eurasia, LLC, a Russian limited liability company

Geospace Technologies Kazakhstan LLP, a Kazakhstan limited liability partnership

Geospace Technologies Canada, Inc., an Alberta corporation

Geospace Technologies Corporation Azerbaijan Branch, an Azerbaijan company

Geospace Engineering Resources International, Inc., a Texas corporation

Geospace Finance Corp., a Texas corporation

GTC Inc. Beijing Representative Office, a Chinese company

Exile Technologies Limited, a United Kingdom company

Geospace J.V., Inc., a Texas corporation

Geospace Technologies Eurasia, LLC, a Russian limited liability company

Geospace Technologies, Sucursal Sudamericana LLC, a Texas limited liability company

Geospace Technologies Sucursal Sudamericana, a Colombia Branch Office

Geospace Brasil Equipmentos Sismicos EIRELI, a Brazilian company

Aquana LLC, a Vermont limited liability company

Quantum Technology Sciences, Inc., a Florida corporation

Exhibit

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement No. 333-259131 (No. 333-259131) on Form S-8 of Geospace Technologies Corporation of report dated November 18, 2022 November 17, 2023, relating to the consolidated financial statements and the financial statement schedule of Geospace Technolo Corporation, appearing in this Annual Report on Form 10-K of Geospace Technologies Corporation for the year ended September 30, 2022 September 30, 2023.

/s/ RSM US LLP

Houston, Texas

November 18, 2022 17, 2023

Exhibit

CERTIFICATIONS

I, Walter R. Wheeler, certify that:

1. I have reviewed this annual report on Form 10-K of Geospace Technologies Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statem made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the finai condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those enti particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to pro reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accorda with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registra auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adver affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over finai reporting.

November 18, 2022 17, 2023

/s/ Walter R. Wheeler

Name: Walter R. Wheeler

Title: Director, President and Chief Executive Officer

Exhibit

CERTIFICATIONS

I, Robert L. Curda, certify that:

1. I have reviewed this annual report on Form 10-K of Geospace Technologies Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statem made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the finai condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those enti particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to pro reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accorda with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registra auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adver affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over finar reporting.

November 18, 2022 17, 2023

/s/ Robert L. Curda

Name:	Robert L. Curda
Title:	Vice President, Chief Financial Officer and Secretary

Exhibit

Informational Addendum to Report on Form 10-K

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Not Filed Pursuant to the Securities Exchange Act of 1934

The undersigned Director, President and Chief Executive Officer of Geospace Technologies Corporation does hereby certify as follows:

Solely for the purpose of meeting the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and solely to the extent this certification may applicable to this Report on Form 10-K, the undersigned hereby certifies that this Report on Form 10-K fully complies with the requirements of section 13(a 15(d) of the Securities Exchange Act of 1934 and the information contained in this Report on Form 10-K fairly presents, in all material respects, the finar condition and results of operations of Geospace Technologies Corporation.

/s/ Walter R. Wheeler

Name:	Walte Whee
Title:	Direct Presic and C Execu Office

November 18, 2022 17, 2023

Exhibit

Informational Addendum to Report on Form 10-K

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Not Filed Pursuant to the Securities Exchange Act of 1934

The undersigned Vice President, Chief Financial Officer and Secretary of Geospace Technologies Corporation does hereby certify as follows:

Solely for the purpose of meeting the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and solely to the extent this certification may applicable to this Report on Form 10-K, the undersigned hereby certifies that this Report on Form 10-K fully complies with the requirements of section 13(a 15(d) of the Securities Exchange Act of 1934 and the information contained in this Report on Form 10-K fairly presents, in all material respects, the finar condition and results of operations of Geospace Technologies Corporation.

/s/ Robert L. Curda

	Name:	Robert Curda
	Title:	Vice President, Chief Financial Officer and Secretary
	November 18, 2022 17, 2023	

DISCLAIMER

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