

**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 December 31, 2023

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From _____ to _____

Commission File No. 001-32472

DAWSON GEOPHYSICAL COMPANY

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of
incorporation or organization)

74-2095844
(I.R.S. Employer
Identification No.)

508 West Wall, Suite 800, Midland, Texas 79701
(Address of Principal Executive Office) (Zip Code)

Registrant's Telephone Number, including area code: **432-684-3000**

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

| Title of Each Class | Trading Symbol(s) | Name of Exchange on Which Registered |
|--------------------------------|-------------------|--------------------------------------|
| Common Stock, \$0.01 par value | DWSN | The NASDAQ Stock Market |

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 the 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 the 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. Yes No

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 Act). Yes No

As of June 30, 2023, the aggregate market value of Dawson Geophysical Company common stock, par value \$0.01 per share, held by non-affiliates (based upon the closing transaction price on Nasdaq) was approximately \$12,491,000.

On March 26, 2024, there were 30,812,329 shares of Dawson Geophysical Company common stock, \$0.01 par value outstanding.

As used in this report, the terms "we," "our," "us," "Dawson" and the "Company" refer to Dawson Geophysical Company unless the context indicates otherwise.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for its 2024 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

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DAWSON GEOPHYSICAL COMPANY

**FORM 10-K
For the Year Ended December 31, 2023**

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Statements other than statements of historical fact included in this Form 10-K that relate to forecasts, estimates or other expectations regarding future events, including without limitation, statements under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” regarding technological advancements and our financial position, business strategy, and plans and objectives of our management for future operations, may be deemed to be forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). When used in this Form 10-K, words such as “anticipate,” “believe,” “estimate,” “expect,” “intend” and similar expressions, as they relate to us or our management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of our management, as well as assumptions made by and information currently available to management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors. These risks include, but are not limited to, the Company’s status as a controlled public company, which exempts the Company from certain corporate governance requirements; the limited market for the Company’s shares, which could result in the delisting of the Company’s shares from Nasdaq and the Company no longer being required to make filings with the SEC; the impact of general economic, industry, market or political conditions; dependence upon energy industry spending; changes in exploration and production spending by our customers and changes in the level of oil and natural gas exploration and development; the results of operations and financial condition of our customers, particularly during extended periods of low prices for crude oil and natural gas; the volatility of oil and natural gas prices; changes in economic conditions; surplus in the supply of oil and the ability of the Organization of the Petroleum Exporting Countries and its allies, collectively known as OPEC+, to agree on and comply with supply limitations; the duration and magnitude of the unprecedented disruption in the oil and gas industry currently resulting from the impact of the foregoing factors, which is negatively impacting our business; the potential for contract delays; reductions or cancellations of service contracts; limited number of customers; credit risk related to our customers; reduced utilization; high fixed costs of operations and high capital requirements; operational challenges relating to the effects of the COVID-19 pandemic and certain efforts to mitigate the spread of the virus, including logistical challenges, protecting the health and well-being of our employees and remote work arrangements; industry competition; external factors affecting the Company’s crews such as weather interruptions and inability to obtain land access rights of way; whether the Company enters into turnkey or day rate contracts; crew productivity; the availability of capital resources; disruptions in the global economy, including unrest in the Middle East, export controls and financial and economic sanctions imposed on certain industry sectors and parties as a result of the developments in Ukraine and related activities, and whether or not a future transaction or other action occurs that causes the Company to be delisted from Nasdaq and no longer be required to make filings with the SEC. The cautionary statements made in this Form 10-K should be read as applying to all related forward-looking statements wherever they appear in this Form 10-K. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this paragraph. The Company disclaims any intention or obligation to revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Part I

Item 1. *BUSINESS*

General

Dawson Geophysical Company, a Texas corporation (the “Company”), is a leading provider of North American onshore seismic data acquisition services with operations throughout the continental United States (“U.S.”) and Canada. We acquire and process 2-D, 3-D and multi-component seismic data for our clients, ranging from major oil and gas companies to independent oil and gas operators, providers of multi-client data libraries and carbon capture sequestration projects. Our principal business office is located at 508 West Wall, Suite 800, Midland, Texas 79701 (Telephone: 432-684-3000), and our internet address is www.dawson3d.com. We make available free of charge on our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K as soon as reasonably practicable after filing or furnishing such information with the Securities and Exchange Commission (“SEC”).

Except as otherwise specifically noted herein, references in this annual report on Form 10-K to the “Company,” “we,” “us” or “our” refer to Dawson Geophysical Company and its consolidated subsidiaries.

We provide our seismic data acquisition services primarily to providers of multi-client data libraries for use in the onshore drilling and production of oil and natural gas in the continental U.S. and Canada, as well as directly to onshore oil and natural gas exploration and development companies. The main factors influencing demand for seismic data acquisition services in our industry are the level of drilling and completion activity by oil and natural gas companies and the size of such companies’ exploration and development budgets, which, in turn, depend largely on current and anticipated future crude oil and natural gas prices and production levels and depletion rates of the companies’ oil and natural gas reserves.

Our seismic data acquisition crews supply seismic data primarily to companies engaged in the exploration and development of oil and natural gas on land and in land-to-water transition areas. In recent years, we have provided seismic acquisition services for carbon capture and sequestration projects. Seismic acquisition services of our wholly-owned subsidiary, Eagle Canada Seismic Services ULC (“Eagle Canada”), are also used by the potash mining industry in Canada, and Eagle Canada has particular expertise through its heliportable capabilities. Our clients rely on seismic data to identify areas where subsurface conditions are favorable for the accumulation of existing hydrocarbons, to optimize the development and production of hydrocarbon reservoirs, to better delineate existing oil and natural gas fields, and to augment reservoir management techniques. In addition, seismic data are sometimes utilized in unconventional reservoirs to identify geo-hazards (such as subsurface faults) for drilling purposes, aid in geo-steering of a horizontal well bore and rock property identification for high grading of well locations and hydraulic fracturing. The majority of our current activity is in areas of unconventional reservoirs.

We acquire geophysical data using the latest in 3-D seismic survey techniques. We introduce acoustic energy into the ground by using vibration equipment or dynamite detonation, depending on the surface terrain, area of operation, and subsurface requirements. The reflected energy, or echoes, are received through geophones, converted into a digital signal at a single or multi-channel recording unit, and then transmitted to a central recording vehicle. Subsurface requirements dictate the number of channels necessary to perform our services. We generally use tens of thousands of recording channels in our 3-D seismic surveys with the largest project consisting in excess of 60,000 recording channels and dozens of energy source units. We are capable of deploying multiple crews equipped with this technology on multiple projects simultaneously. Additional recording channels enhance the resolution of the seismic survey through increased imaging analysis and provide improved operational efficiencies for our clients. With our state-of-the-art seismic equipment, including computer technology and multiple channels, we acquire, on an efficient basis, immense volumes of seismic data that, when processed and interpreted, produce precise images of the earth’s subsurface. Our clients then use our seismic data to generate 3-D geologic models that help reduce drilling risks, finding and development costs, and improve recovery rates from existing fields.

In addition to conventional 2-D and 3-D seismic surveys, we provide what the industry refers to as multi-component seismic data surveys. Multi-component surveys involve the recording of alternative seismic waves known as shear waves. Shear waves can be recorded as wave conversion of conventional energy sources (3-C converted waves) or from horizontal vibrator energy source units (shear wave vibrators). Multi-component data are utilized in further analysis of subsurface rock type, fabric and reservoir characterization. We own equipment required for onshore

multi-component surveys. The majority of the projects in Canada require multi-component recording equipment. We have operated one to two multi-component equipped crews in the U.S. periodically over the past few years. The use of multi-component seismic data could increase in North America over the next few years if industry conditions improve and potentially require capital expenditures for additional equipment.

In recent years, we have provided surface recorded microseismic services utilizing equipment we own. Microseismic monitoring is used by clients who use hydraulic fracturing to extract hydrocarbon deposits to monitor their hydraulic fracturing operations.

We market and supplement our services in the continental U.S. from our headquarters in Midland, Texas and from additional offices in two other cities in Texas (Houston and Plano). In addition, we market and supplement our services in Canada from our facilities in Calgary, Alberta.

The Industry

Technological advances in seismic equipment and computing allow the seismic industry to acquire and process, on an efficient basis, immense volumes of seismic data which produce precise images of the earth's subsurface. The latest accepted method of seismic data acquisition, processing, and the subsequent interpretation of the processed data is the 3-D seismic method. Geophysicists use computer workstations to interpret 3-D data volumes, identify subsurface anomalies, and generate a geologic model of subsurface features. In contrast with the 3-D method, the 2-D method involves the collection of seismic data in a linear fashion, thus generating a single plane of subsurface seismic data. Over recent years, the size of our surveys and density of recording channels and vibrator energy source units have increased, resulting in an increase in required recording channels and energy source units to perform such surveys. The trend for our industry has been a shift to fewer, larger channel count crews operating with an increase in the number of energy source units. We do operate smaller crews from time to time depending on the requirements of the specific project.

3-D seismic data are used in the exploration and development of new reserves and enable oil and natural gas companies to better delineate existing fields and to augment their reservoir management techniques. Benefits of incorporating high resolution 3-D seismic surveys into exploration and development programs include reducing drilling risk, decreasing oil and natural gas finding costs, and increasing the efficiencies of reservoir location, delineation, and management. In order to meet the requirements necessary to fully realize the benefits of 3-D seismic data, there is an increasing demand for improved data quality with greater subsurface resolution with increased density of recording channels and vibrator energy source units.

Currently, the North American seismic data acquisition industry includes a number of primary competitors which includes us, SAExploration Holdings, Inc. ("SAE"), Echo Seismic Ltd. ("ECHO"), and Paragon Geophysical Services, Inc. ("Paragon"), along with other smaller companies that generally run one or two small channel count seismic crews and often specialize in specific regions or types of operations.

Equipment and Crews

In recent years, we have experienced continued increases in recording channel capacity and vibrator energy source units on a per crew or project basis. This increase in channel count and energy source unit demand is driven by client needs and is necessary to produce higher resolution images, increase crew efficiencies and undertake larger scale projects. Due to the increase in demand for higher channel counts, in recent years we continued to make investments in additional channels. In response to project-based channel requirements, we routinely deploy a variable number of channels on a variable number of crews in an effort to maximize asset utilization and meet client needs. While the number of recording systems we own may exceed the number utilized in the field at any given time, we maintain the excess equipment to provide additional operational flexibility and to allow us to quickly deploy additional recording channels and energy source units as needed to respond to client demand and desire for improved data quality with greater subsurface images. We believe we will realize the benefit of increased channel counts and flexibility of deployment through increased crew efficiencies, higher revenues and improved margins.

In recent years, we have purchased or leased a significant number of cableless recording channels. We utilize this equipment primarily as stand-alone recording systems. As a result of the introduction of cableless recording systems, we have realized increased crew efficiencies and increased channels on projects using this equipment. We believe we will experience continued demand for cableless recording systems and increased channel count in the future.

As of December 31, 2023, we operate 130 vibrator energy source units and approximately 327,000 recording channels. The recording channels consist of 117,000 single-channel GSR/GSX boxes, 186,000 channels of GSR Multi-channel boxes and a 24,000 channel INOVA Hawk System. Each crew consists of approximately 40 to 100 technicians with associated vehicles, geophones, a seismic recording system, energy sources, cables, and a variety of other equipment. The GSR/GSX and INOVA Hawk crews utilize a recorder to manage the data acquisition while the individual system captures and holds the data until they are placed in the Data Transfer Module. The data is then transferred to various data storage media, which are delivered to a data processing center selected by the client.

Equipment Acquisition and Capital Expenditures

We monitor and evaluate advances in geophysical technology and commit capital funds to purchase the equipment we deem most effective to maintain our competitive position. Purchasing and updating seismic equipment and technology involves a commitment to capital spending. We also tie our capital expenditures closely to demand for our services. Beginning in 2014, we adopted a maintenance capital expenditures program due to the belief that our equipment base was sufficient to meet current demand; however, our Board of Directors may increase the capital budget in response to strategic opportunities to acquire seismic recording equipment. Our Board of Directors approved a maintenance capital expenditure budget of \$5 million for 2023 of which we utilized \$3.7 million during the year ended December 31, 2023. Our Board of Directors has approved an initial maintenance capital expenditure budget of \$5 million for 2024.

Clients

Our services are marketed by supervisory and executive personnel who contact clients to determine geophysical needs and respond to client inquiries regarding the availability of crews or processing schedules. These contacts are based principally on professional relationships developed over a number of years.

Our clients range from major oil and gas companies to small independent oil and gas operators and providers of multi-client data libraries. The services we provide to our clients vary according to the size and needs of each client. During the twelve months ended December 31, 2023, sales to four clients represented approximately 73% of our revenues. The remaining balance of our revenues were derived from varied clients, none of which represented 10% or more of our revenues.

We historically have not acquired seismic data for our own account or for future sale, maintained multi-client seismic data libraries, or participated in oil and gas ventures; however Wilks Brothers, LLC, our controlling shareholder, has participated in those activities in the past, and may choose to do so with us in the future. The results of seismic surveys conducted for a client belong to that client. All of our clients' information is maintained in the strictest confidence.

Domestic and Foreign Operations

We derive revenue from the U.S. and Canadian markets. We consider these two geographical areas as segments for reporting purposes. The revenue for both of our segments is generated by the same services, which utilize the same type of equipment and personnel.

Historically, the chief operating decision maker made operating decisions and evaluated operating results of the Company on a consolidated basis. In December 2023, we appointed a new Chief Executive Officer who is our current chief operating decision maker. Currently, our chief operating decision maker reviews the discrete segment financial information on a geographic basis for the US operations and Canada Operations. The revenue for both of the Company's segments is generated by the same services, which utilize the same type of equipment and personnel. The performance of our segments is evaluated primarily on Adjusted EBITDA. We define Adjusted EBITDA as our net income (loss), before (i) interest expense, net, (ii) income tax expense or benefit, (iii) depreciation, depletion and amortization and (iv) other unusual or non-recurring charges, such as severance expenses. As a result, our business has two reportable segments, US operations and Canada Operations. We have included disclosures about our two reportable segments for all periods presented herein.

For a discussion of financial information by segment refer to "Note 15, Segments" to the Consolidated Financial Statements incorporated by reference herein for additional details. For a description of risks associated with our foreign operations, please see "Item 1A. Risk Factors".

Contracts

Our contracts are obtained either through competitive bidding or as a result of client negotiations. Our services are conducted under general service agreements for seismic data acquisition services which define certain obligations for us and for our clients. A supplemental agreement setting forth the terms of a specific project, which may be canceled by either party on short notice, is entered into for every project. We currently operate under supplemental agreements that are either “turnkey” agreements providing for a fixed fee to be paid to us for each unit of data acquired or “term” agreements providing for a fixed hourly, daily, or monthly fee during the term of the project or projects.

Currently, as in recent years, most of our projects are operated under turnkey agreements. Turnkey agreements generally provide us more profit potential, but involve more risk because of the potential of crew downtime or operational delays. We attempt to negotiate on a project-by-project basis some level of weather downtime protection within the turnkey agreements. Under the term agreements, we forego an increased profit potential in exchange for a more consistent revenue stream with improved protection from crew downtime or operational delays.

Competition

The acquisition of seismic data for the oil and natural gas industry is a competitive business. Contracts for such services generally are awarded on the basis of price quotations, crew experience, and the availability of crews to perform in a timely manner, although factors other than price, such as crew safety, performance history, and technological and operational expertise, are often determinative. Our primary competition includes SAE, ECHO, and Paragon. In addition to these previously named companies, we also compete for projects from time to time with smaller seismic companies which operate in local markets with only one or two small channel count crews. Further, the barriers to entry in the seismic industry are substantial but not prohibitive. The recent increase in channel count and number of energy source units required for larger projects makes it more costly and timely for new seismic companies or those outside of the U.S. to enter the domestic market and compete with us.

Employees

As of December 31, 2023, we employed 281 full-time employees, of which 45 consisted of management, sales, and administrative personnel with the remainder being crew and crew support personnel. Our employees are not represented by a collective bargaining agreement. We believe we have good relations with our employees.

See “Item 2. Properties” for a description of the material properties utilized in our business.

Item 1A. RISK FACTORS

An investment in our common stock is subject to a number of risks, including those discussed below. You should carefully consider these discussions of risk and the other information included in this Form 10-K. These risk factors could affect our actual results and should be considered carefully when evaluating us and an investment in our common stock. Although the risks described below are the risks that we believe are material, they are not the only risks relating to our business, our industry and our common stock. Additional risks and uncertainties, including those that are not yet identified or that we currently believe are immaterial, may also adversely affect our business, financial condition or results of operations. If any of the events described below occur, our business, financial condition or results of operations could be materially adversely affected.

Current macroeconomic conditions, including inflationary pressures in the broader U.S. economy and military conflicts between Russia and Ukraine and in the Middle East have had, and are expected to continue to have, an impact on oil and gas commodity prices and, therefore, demand for our services and, depending on the duration and severity, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Worldwide political, economic, and military events have contributed to oil and natural gas price volatility and are likely to continue to do so in the future. We are monitoring the military conflict between Russia and Ukraine as well as the related export controls and financial and economic sanctions imposed on certain industry sectors and parties in Russia by the U.S., the U.K., the European Union and others. We are also monitoring the impact of attacks on shipping in the Red Sea as a result of the unrest in the Middle East. The broader consequences of the Russian-Ukrainian conflict and unrest in the Middle East, which may include further sanctions, embargoes, supply chain disruptions, regional instability and geopolitical shifts, may have adverse effects on global macroeconomic conditions, increase volatility in the price and

demand for oil and natural gas, increase exposure to cyberattacks, cause disruptions in global supply chains, increase foreign currency fluctuations, cause constraints or disruption in the capital markets and limit sources of liquidity. We cannot predict the extent of the conflict's effect on our business and results of operations as well as on the global economy and energy markets.

Additional factors which may affect oil and natural gas prices include, but are not limited to, the effect of U.S. energy, monetary and trade policies; U.S. and global economic and political conditions and developments; U.S. and international energy and environmental policies; and any operating curtailment of the U.S. oil and gas industry. Together, these factors have created uncertainty for the demand and pricing for services, equipment, and raw materials in the petroleum industry, and may continue to do so in the future.

We derive substantially all of our revenues from providers of multi-client data libraries and companies in the oil and natural gas exploration and development industry. The oil and natural gas industry is a historically cyclical industry with levels of activity that are significantly affected by the levels and volatility of oil and natural gas prices.

Demand for our services depends upon the level of expenditures by oil and natural gas companies for exploration, production, development and field management activities, which depend primarily on oil and natural gas prices, as well as capital allocation by our clients. Significant fluctuations in domestic oil and natural gas exploration activities and commodity prices have affected, and will continue to affect, demand for our services and our results of operations. We could be adversely impacted if the level of such exploration activities and the prices for oil and natural gas were to significantly decline in the future. In addition to the market prices of oil and natural gas, the willingness of our clients to explore, develop and produce depends largely upon prevailing industry conditions that are influenced by numerous factors over which our management has no control, including general economic conditions and the availability of credit. Any prolonged reduction in the overall level of exploration and development activities, whether resulting from changes in oil and natural gas prices or otherwise, could adversely impact us in many ways by negatively affecting:

- our revenues, cash flows, and profitability;
- our ability to maintain or increase our borrowing capacity;
- our ability to obtain additional capital to finance our business and the cost of that capital; and
- our ability to attract and retain skilled personnel whom we would need in the event of an upturn in the demand for our services.

Depending on the market prices of oil and natural gas, oil and natural gas exploration and development companies may cancel or curtail their capital expenditure and drilling programs, thereby reducing demand for our services, or may become unable to pay, or have to delay payment of, amounts owed to us for our services. Oil and natural gas prices have been highly volatile historically and, we believe, will continue to be so in the future. Many factors beyond our control affect oil and natural gas prices, including:

- the cost of exploring for, producing, and delivering oil and natural gas;
- the discovery rate of new oil and natural gas reserves;
- the rate of decline of existing and new oil and natural gas reserves;
- available pipeline and other oil and natural gas transportation capacity;
- the ability of oil and natural gas companies to raise capital and debt financing;
- actions by OPEC+;
- political instability in the Middle East and other major oil and natural gas producing regions;
- economic conditions in the U.S. and elsewhere;

- domestic and foreign tax policy;
- domestic and foreign energy policy including increased emphasis on alternative sources of energy;
- increased attention to environmental, social and governance matters, including climate change;
- weather conditions in the U.S., Canada and elsewhere;
- the pace adopted by foreign governments for the exploration, development, and production of their national reserves;
- the price of foreign imports of oil and natural gas; and
- the overall supply and demand for oil and natural gas.

We are a "controlled company", which exempts us from certain corporate governance requirements that are designed to provide protection to stockholders of companies that are not controlled companies.

As of December 31, 2023, Wilks Brothers, LLC ("Wilks") and its affiliates control over 80% of our combined voting power and can elect all of the members of our board of directors. As a result, we are considered a "controlled company" for the purposes of the Nasdaq listing requirements. As a "controlled company," we are permitted to, and we may, opt out of the Nasdaq listing requirements that would require (i) a majority of the members of our board of directors to be independent, (ii) that we establish a compensation committee and a nominating and governance committee, each comprised entirely of independent directors, or (iii) an annual performance evaluation of the nominating and governance and compensation committees. The Nasdaq listing requirements are intended to ensure that directors who meet the independence standards are free of any conflicting interest that could influence their actions as directors. Our shareholders may not have the same protections afforded to shareholders of companies that are subject to all of the applicable Nasdaq listing requirements. It is also possible that the interests of Wilks may in some circumstances conflict with our interests and the interests of the holders of our common stock.

A limited number of clients operating in a single industry account for a significant portion of our revenues, and the loss of one of these clients could adversely affect our results of operations.

We derive a significant amount of our revenues from a relatively small number of oil and gas exploration and development companies and providers of multi-client data libraries. During the twelve months ended December 31, 2023, our four largest clients accounted for approximately 73% of our revenues. If these clients, or any of our other significant clients, were to terminate their contracts or fail to contract for our services in the future because they are acquired, alter their exploration or development strategy, experience financial difficulties or for any other reason, our results of operations could be adversely affected.

Our clients could delay, reduce or cancel their service contracts with us on short notice, which may lead to lower than expected demand and revenues.

Our order book reflects client commitments at levels we believe are sufficient to maintain operations on our existing crews for the indicated periods. However, our clients can delay, reduce or cancel their service contracts with us on short notice. If the oil and natural gas industry experiences a downturn, it may result in an increase in delays, reductions or cancellations by our clients. In addition, the timing of the origination and completion of projects and when projects are awarded and contracted for is also uncertain. As a result, our order book as of any particular date may not be indicative of actual demand and revenues for any succeeding period.

Our revenues, operating results and cash flows can be expected to fluctuate from period to period.

Our revenues, operating results and cash flows may fluctuate from period to period. These fluctuations are attributable to the level of new business in a particular period, the timing of the initiation, progress or cancellation of significant projects, higher revenues and expenses on our dynamite contracts, and costs we incur to train new crews we may add in the future to meet increased client demand. Fluctuations in our operating results may also be affected by other

factors that are outside of our control such as permit delays, weather delays and crew productivity. Oil and natural gas prices have continued to be volatile and have resulted in significant demand fluctuations for our services. There can be no assurance of future oil and gas price levels or stability. Our operations in Canada are also seasonal as a result of the thawing season, and we have historically experienced limited Canadian activity during the second and third quarters of each year. The demand for our services would be adversely affected by a significant reduction in oil and natural gas prices and by climate change legislation or material changes to U.S. energy policy. Because our business has high fixed costs, the negative effect of one or more of these factors could trigger wide variations in our operating revenues, cash flows, EBITDA, margin, and profitability from quarter-to-quarter, rendering quarter-to-quarter comparisons unreliable as an indicator of performance. Due to the factors discussed above, you should not expect sequential growth in our quarterly revenues and profitability.

We extend credit to our clients without requiring collateral, and a default by a client could have a material adverse effect on our operating revenues.

We perform ongoing credit evaluations of our clients' financial conditions and, generally, require no collateral from our clients. It is possible that one or more of our clients will become financially distressed, which could cause them to default on their obligations to us and could reduce the client's future need for seismic services provided by us. Our concentration of clients may also increase our overall exposure to these credit risks. A default in payment from one of our large clients could have a material adverse effect on our operating results for the period involved.

We have historically incurred net losses.

We incurred net losses of \$12.1 million for the year ended December 31, 2023, and \$18.6 million for the year ended December 31, 2022.

Our ability to be profitable in the future will depend on many factors beyond our control, but primarily on the level of demand for land-based seismic data acquisition services by oil and natural gas exploration and development companies. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis.

The high fixed costs of our operations could result in continuing or increasing operating losses.

Companies within our industry are typically subject to high fixed costs, consisting primarily of depreciation (a non-cash expense) and maintenance expenses associated with seismic data acquisition and equipment and crew costs. In addition, ongoing maintenance capital expenditures, as well as new equipment investment, can be significant. As a result, any extended periods of significant downtime or low productivity caused by reduced demand, weather interruptions, equipment failures, permit delays, or other causes could result in continuing or increasing operating losses.

We have indebtedness from time to time under credit facilities with a commercial bank, and certain of our accounts receivable and a restricted IntraFi Network Deposit account are pledged as collateral for these obligations. Our ability to borrow may be limited if our accounts receivable decreases.

From time to time, we may have indebtedness under credit facilities with a commercial bank. We maintain a restricted IntraFi Network Deposit account with our commercial bank which can be used as collateral against future borrowings. If we are unable to repay all secured borrowings when due, whether at maturity or if declared due and payable following a default, our lenders have the right to proceed against the deposit pledged to secure the indebtedness and may liquidate the IntraFi Network Deposit account in order to repay those borrowings, which could materially harm our business, financial condition and results of operations. Our ability to borrow funds under our revolving line of credit is tied to the value of our collateral account with our commercial bank as well as the amount of our eligible accounts receivable. If our accounts receivable decrease materially for any reason, including delays, reductions or cancellations by clients or decreased demand for our services, our ability to borrow to fund operations or other obligations may be limited.

Our financial results could be adversely affected by asset impairments.

We periodically review our portfolio of equipment and our intangible assets for impairment. Future events, including our financial performance, sustained decreases in oil and natural gas prices, reduced demand for our services, our market valuation or the market valuation of comparable companies, loss of a significant client's business, or strategic

decisions, could cause us to conclude that impairment indicators exist and ultimately that the values associated with our equipment or intangible assets should be impaired. If we impair our equipment or intangible assets, these non-cash asset impairments could negatively affect our financial results in a material manner in the period in which the impairments are recorded, and the larger the amount of any impairment that may be taken, the greater the impact such impairment may have on our financial results.

Our profitability is determined, in part, by the utilization level and productivity of our crews and is affected by numerous external factors that are beyond our control.

Our revenues are determined, in part, by the contract price we receive for our services, the level of utilization of our data acquisition crews and the productivity of these crews. Crew utilization and productivity is partly a function of external factors, such as client cancellation or delay of projects, operating delays from inclement weather, obtaining land access rights and other factors, over which we have no control. If our crews encounter operational difficulties or delays on any data acquisition survey, our results of operations may vary, and in some cases, may be adversely affected.

In recent years, most of our projects have been performed on a turnkey basis for which we were paid a fixed price for a defined scope of work or unit of data acquired. The revenue, cost and gross profit realized under our turnkey contracts can vary from our estimates because of changes in job conditions, variations in labor and equipment productivity or because of the performance of our subcontractors. Turnkey contracts may also cause us to bear substantially all of the risks of business interruption caused by external factors over which we may have no control, such as weather, obtaining land access rights, crew downtime or operational delays. These variations, delays and risks inherent in turnkey contracts may result in reducing our profitability.

We face competition in our business, which could result in downward pricing pressure and the loss of market share.

The seismic data acquisition services industry is a competitive business in the continental U.S. and Canada. Additionally, the seismic data acquisition business is extremely price competitive and has a history of periods in which seismic contractors bid jobs below cost and, therefore, adversely affected industry pricing. Many contracts are awarded on a bid basis, which may further increase competition based primarily on price. Further, the barriers to entry in the seismic industry are substantial but not prohibitive. The recent increase in channel count and number of energy source units required for larger projects makes it more costly and timely for new seismic companies or those outside of the U.S. to enter the domestic market and compete with us.

Inclement weather may adversely affect our ability to complete projects and could, therefore, adversely affect our results of operations.

Our seismic data acquisition operations could be adversely affected by inclement weather conditions. Delays associated with weather conditions could adversely affect our results of operations. For example, weather delays could affect our operations on a particular project or an entire region and could lengthen the time to complete data acquisition projects. In addition, even if we negotiate weather protection provisions in our contracts, we may not be fully compensated by our clients for delays caused by inclement weather.

Our operations are subject to delays related to obtaining land access rights of way from third parties, which could affect our results of operations.

Our seismic data acquisition operations could be adversely affected by our inability to obtain timely right of way usage from both public and private land and/or mineral owners. We cannot begin surveys on property without obtaining permits from governmental entities as well as the permission of the private landowners who own the land being surveyed. In recent years, it has become more difficult, costly and time-consuming to obtain access rights of way as drilling activities have expanded into more populated areas. Additionally, while landowners generally are cooperative in granting access rights, some have become more resistant to seismic and drilling activities occurring on their property. In addition, governmental entities do not always grant permits within the time periods expected. Delays associated with obtaining such rights of way could negatively affect our results of operations.

Capital requirements for our operations are large. If we are unable to finance these requirements, we may not be able to maintain our competitive advantage.

Seismic data acquisition and data processing technologies historically have progressed steadily, and we expect this trend to continue. In order to remain competitive, we must continue to invest additional capital to maintain, upgrade and expand our seismic data acquisition capabilities. Our working capital requirements remain high, primarily due to the expansion of our infrastructure in response to client demand for cableless recording systems and more recording channels, which has increased as the industry strives for improved data quality with greater subsurface resolution images. Our sources of working capital are limited. We have historically funded our working capital requirements primarily with cash generated from operations, cash reserves and, from time to time, borrowings from commercial banks. In recent years, we have funded some of our capital expenditures through equipment term loans and finance leases. In the past, we have also funded our capital expenditures and other financing needs through public equity offerings. If we were to expand our operations at a rate exceeding operating cash flow, if current demand or pricing of geophysical services were to decrease substantially, or if technical advances or competitive pressures required us to acquire new equipment faster than our cash flow could sustain, additional financing could be required. If we were not able to obtain such financing or renew our existing revolving line of credit when needed, it could have a negative impact on our ability to pursue expansion and maintain our competitive advantage.

Technological change in our business creates risks of technological obsolescence and requirements for future capital expenditures. If we are unable to keep up with these technological advances, we may not be able to compete effectively.

Seismic data acquisition technologies historically have steadily improved and progressed, and we expect this progression to continue. We are in a capital-intensive industry and, in order to remain competitive, we must continue to invest additional capital to maintain, upgrade and expand our seismic data acquisition capabilities. However, we may have limitations on our ability to obtain the financing necessary to enable us to purchase state-of-the-art equipment, and certain of our competitors may be able to purchase newer equipment when we may not be able to do so, thus affecting our ability to compete.

We rely on a limited number of key suppliers for specific seismic services and equipment.

We depend on a limited number of third parties to supply us with specific seismic services and equipment. From time to time, increased demand for seismic data acquisition services has decreased the available supply of new seismic equipment, resulting in extended delivery dates on orders of new equipment. Any delay in obtaining equipment could delay our deployment of additional crews and restrict the productivity of existing crews, adversely affecting our business and results of operations. In addition, any adverse change in the terms of our suppliers' arrangements could affect our results of operations.

Some of our suppliers may also be our competitors. If competitive pressures were to become such that our suppliers would no longer sell to us, we would not be able to easily replace the technology with equipment that communicates effectively with our existing technology, thereby impairing our ability to conduct our business.

We are dependent on our management team and key employees, and inability to retain our current team or attract new employees could harm our business.

Our continued success depends upon attracting and retaining highly skilled professionals and other technical personnel. A number of our employees are highly skilled scientists and highly trained technicians. The loss, whether by death, departure or illness, of our senior executives or other key employees or our failure to continue to attract and retain skilled and technically knowledgeable personnel could adversely affect our ability to compete in the seismic services industry. We may experience significant competition for such personnel, particularly during periods of increased demand for seismic services. A limited number of our employees are under employment contracts, and we have no key man insurance.

We are subject to Canadian foreign currency exchange rate risk.

We conduct business in Canada which subjects us to foreign currency exchange rate risk. Currently, we do not hold or issue foreign currency forward contracts, option contracts or other derivative financial instruments to mitigate the

currency exchange rate risk. Our results of operations and our cash flows could be impacted by changes in foreign currency exchange rates.

Our common stock has experienced, and may continue to experience, price volatility and low trading volume.

Our stock price is subject to volatility. Overall market conditions, including a decline in oil and natural gas prices and other risks and uncertainties described in this “Risk Factors” section and in our other filings with the SEC, could cause the market price of our common stock to fall. Our high and low sales prices of our common stock for the twelve months ended December 31, 2023 were \$2.65 and \$1.28, respectively. Further, the high and low sales prices of our common stock for the twelve months ended December 31, 2022 were \$2.69 and \$1.08, respectively.

Our common stock is listed on The NASDAQ Stock Market LLC (“NASDAQ”) under the symbol “DWSN.” However, daily trading volumes for our common stock are, and may continue to be, relatively small compared to many other publicly traded securities. In addition, as of December 31, 2023, Wilks and its affiliates own over 80% of our common stock so the public market for our common stock is more limited, which can lead to increased volatility and low trading volumes. For example, during 2023 our daily trading volume was as low as 0 shares. It may be difficult for you to sell your shares in the public market at any given time at prevailing prices, and the price of our common stock may, therefore, be volatile.

Our common stock traded below \$5.00 per share for the past year, and when it trades below \$5.00 per share it may be considered a low-priced stock and may be subject to regulations that limit or restrict the potential market for the stock.

Our common stock may be considered a low-priced stock pursuant to rules promulgated under the Exchange Act, if it continues to trade below a price of \$5.00 per share. Under these rules, broker-dealers participating in transactions in low-priced securities must first deliver a risk disclosure document which describes the risks associated with such stock, the broker-dealer’s duties, the client’s rights and remedies, and certain market and other information, and make a suitability determination approving the client for low-priced stock transactions based on the client’s financial situation, investment experience and objectives. Broker-dealers must also disclose these restrictions in writing and provide monthly account statements to the client, and obtain specific written consent of the client. With these restrictions, the likely effect of designation as a low-price stock would be to decrease the willingness of broker-dealers to make a market for our common stock, to decrease the liquidity of the stock, and to increase the transaction costs of sales and purchases of such stocks compared to other securities. Our common stock traded below a price of \$5.00 per share for the duration of 2023 and we cannot guarantee that our common stock will trade at a price greater than \$5.00 per share.

We may be subject to liability claims that are not covered by our insurance.

Our business is subject to the general risks inherent in land-based seismic data acquisition activities. Our activities are often conducted in remote areas under dangerous conditions, including the detonation of dynamite. These operations are subject to risk of injury to personnel and damage to equipment. Our crews are mobile, and equipment and personnel are subject to vehicular accidents. These risks could cause us to experience equipment losses, injuries to our personnel, and interruptions in our business.

In addition, we could be subject to personal injury or real property damage claims in the normal operation of our business. Such claims may not be covered under the indemnification provisions contained in our general service agreements to the extent that the damage is due to our negligence or intentional misconduct.

Our general service agreements require us to have specific amounts of insurance. However, we do not carry insurance against certain risks that could cause losses, including business interruption resulting from equipment maintenance or weather delays. Further, there can be no assurance, however, that any insurance obtained by us will be adequate to cover all losses or liabilities or that this insurance will continue to be available or available on terms which are acceptable to us. Liabilities for which we are not insured, or which exceed the policy limits of our applicable insurance, could have a materially adverse effect on us.

We may be held liable for the actions of our subcontractors.

We often work as the general contractor on seismic data acquisition surveys and, consequently, engage a number of subcontractors to perform services and provide products. While we obtain contractual indemnification and insurance

covering the acts of these subcontractors and require the subcontractors to obtain insurance for our benefit, we could be held liable for the actions of these subcontractors. In addition, subcontractors may cause injury to our personnel or damage to our property that is not fully covered by insurance.

We operate under hazardous conditions that subject us to risk of damage to property or personnel injuries and may interrupt our business.

Our business is subject to the general risks inherent in land-based seismic data acquisition activities. Our activities are often conducted in remote areas under extreme weather and other dangerous conditions, including the use of dynamite as an energy source. These operations are subject to risk of injury to our personnel and third parties and damage to our equipment and improvements in the areas in which we operate. In addition, our crews often operate in areas where the risk of wildfires is present and may be increased by our activities. Since our crews are mobile, equipment and personnel are subject to vehicular accidents. We use diesel fuel which is classified by the U.S. Department of Transportation as a hazardous material. These risks could cause us to experience equipment losses, injuries to our personnel and interruptions in our business. Delays due to operational disruptions such as equipment losses, personnel injuries and business interruptions could adversely affect our profitability and results of operations.

Loss of our information and computer systems could adversely affect our business.

We are heavily dependent on our information systems and computer-based programs, including our seismic information, electronic data processing and accounting data. If any of such programs or systems were to fail or create erroneous information in our hardware or software network infrastructure, or if we were subject to cyberspace breaches or attacks, possible consequences include our loss of communication links, loss of seismic data and inability to automatically process commercial transactions or engage in similar automated or computerized business activities. Any such consequence could have a material adverse effect on our business.

Our business could be negatively impacted by security threats, including cyber-security threats and other disruptions.

We face various security threats, including cyber-security threats to gain unauthorized access to sensitive information or to render data or systems unusable, threats to the safety of our employees, threats to the security of our facilities and infrastructure, and threats from terrorist acts. Cyber-security attacks in particular are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Although we utilize various procedures and controls to monitor and protect against these threats and to mitigate our exposure to such threats, there can be no assurance that these procedures and controls will be sufficient in preventing security threats from materializing. If any of these events were to materialize, they could lead to losses of sensitive information, critical infrastructure, personnel or capabilities essential to our operations and could have a material adverse effect on our reputation, financial position, results of operations or cash flows.

Our business is subject to government regulation, which may adversely affect our future operations.

Our operations are subject to a variety of federal, state, provincial and local laws and regulations, including laws and regulations relating to the protection of the environment and archeological sites and those that may result from climate change legislation or executive orders that could negatively impact the exploration and production of oil and gas. Canadian operations have been historically cyclical due to governmental restrictions on seismic acquisition during certain periods. As a result, there is a risk that there will be a significant amount of unused equipment during those periods. We are required to expend financial and managerial resources to comply with such laws and related permit requirements in our operations, and we anticipate that we will continue to be required to do so in the future. Although such expenditures historically have not been material to us, the fact that such laws or regulations change frequently makes it impossible for us to predict the cost or impact of such laws and regulations on our future operations. The adoption of laws and regulations that have the effect of reducing or curtailing exploration and development activities by energy companies could also adversely affect our operations by reducing the demand for our services.

Current and future legislation or regulation relating to climate change could negatively affect the exploration and production of oil and gas and adversely affect demand for our services.

In response to concerns suggesting that emissions of certain gases, commonly referred to as “greenhouse gases” (“GHG”) (including carbon dioxide and methane), may be contributing to global climate change, legislative and regulatory

measures to address the concerns are in various phases of discussion or implementation at the national and state levels. Many states, either individually or through multi-state regional initiatives, have already taken legal measures intended to reduce GHG emissions, primarily through the planned development of GHG emission inventories and/or GHG cap and trade programs. Although various climate change legislative measures have periodically been introduced in the U.S. Congress, and there has been a wide-ranging policy debate both in the U.S. and internationally regarding the impact of these gases and possible means for their regulation, it is not possible at this time to predict whether or when Congress may act on climate change legislation. However, future actions that require substantial reductions in carbon emissions could be costly and difficult to implement.

The U.S. Environmental Protection Agency (the “EPA”) has promulgated a series of regulations that require monitoring and reporting of GHG emissions on an annual basis from certain sources, including some in the oil and gas industry. While these rules do not control GHG emission levels from any facilities, they can cause covered facilities to incur monitoring and reporting costs. Moreover, lawsuits have been filed seeking to require individual companies to reduce GHG emissions from their operations. These and other lawsuits relating to GHG emissions may result in decisions by state and federal courts and agencies that could impact our operations.

In addition, the U.S. was actively involved in the United Nations Conference on Climate Change in Paris, which led to the creation of the Paris Agreement. In April 2016, the U.S. 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. In November 2020, the U.S. officially withdrew from the Paris Agreement. However, on January 20, 2021, President Biden signed an “Acceptance on Behalf of the United States of America” that will allow the U.S. to rejoin the Paris Agreement. The acceptance, deposited with the United Nations on January 20, reverses the prior withdrawal. The U.S. officially rejoined the Paris Agreement on February 19, 2021. The Paris Agreement requires countries to review and “represent a progression” in their nationally determined contributions, which set emissions reduction goals, every five years beginning in 2020. As part of rejoining the Paris Agreement, President Biden announced that the U.S. would commit to a 50 to 52 percent reduction from 2005 levels of GHG emissions by 2030 and set the goal of reaching net-zero GHG emissions by 2050. In addition, shortly after taking office in January 2021, President Biden issued a series of executive orders designed to address climate change. For example, the Executive Order on “Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis” sought to adopt new regulations and policies to address climate change and suspend, revise, or rescind, prior agency actions that were identified as conflicting with the Biden Administration’s climate policies. The United States Environmental Protection Agency has proposed strict new methane emission regulations for certain oil and gas facilities and the Inflation Reduction Act of 2022 establishes a charge on methane emissions above certain limits from the same facilities. Additional legislation or regulation by states and regions, the EPA, and/or any international agreements to which the U.S. may become a party that control or limit GHG emissions or otherwise seek to address climate change could adversely affect our operations.

The increasing governmental focus on GHG emissions may result in new environmental laws or regulations that may negatively affect us, our suppliers and our clients. This could cause us to incur additional direct costs in complying with any new environmental regulations, as well as increased indirect costs resulting from our clients, suppliers or both incurring additional compliance costs that get passed on to us. Moreover, passage of climate change legislation, other federal or state legislative or regulatory initiatives, or international agreements that regulate or restrict emissions of GHG may curtail production and demand for fossil fuels such as oil and gas in areas where our clients operate and, thus, adversely affect future demand for our services. Reductions in our revenues or increases in our expenses as a result of climate control initiatives could have adverse effects on our business, financial position, results of operations and cash flows.

In addition, activists concerned about the potential effects of climate change have directed their attention at sources of funding for fossil-fuel energy companies, which has resulted in certain financial institutions, funds and other sources of capital restricting or eliminating their investment in oil and natural gas activities. Ultimately, this could make it more difficult to secure funding for exploration and production activities, which may have an adverse impact on the demand for our services.

New regulation or legislation that limits or prohibits hydraulic fracturing could negatively affect the exploration and production of oil and gas and adversely affect demand for our services.

Hydraulic fracturing is an important and commonly used process in the completion of oil and gas wells. Hydraulic fracturing involves the injection of water, sand and chemical additives under pressure into rock formations to stimulate

gas production. Several political and regulatory authorities and governmental bodies have studied hydraulic fracturing and considered potential regulations, and certain environmental and other groups have devoted resources to campaigns aimed at restricting or eradicating hydraulic fracturing.

Due to public concerns raised regarding potential impacts of hydraulic fracturing on groundwater quality, legislative and regulatory efforts at the federal level and in some states have been initiated to require or make more stringent the permitting and compliance requirements for hydraulic fracturing operations. Several states have adopted more stringent permitting, public disclosure or well construction legislation and/or regulations. Three states (New York, Maryland and Vermont) have banned the use of high-volume hydraulic fracturing. In addition to state laws, some local municipalities have adopted or are considering adopting land use restrictions, such as city ordinances, that may restrict or prohibit the performance of well drilling in general or hydraulic fracturing in particular. There have also been certain governmental reviews that focus on deep shale and other formation completion and production practices, including hydraulic fracturing. Governments may continue to study hydraulic fracturing. We cannot predict the outcome of future studies, but based on the results of these studies to date, federal and state legislatures and agencies may seek to further regulate or even ban hydraulic fracturing activities. These regulatory initiatives could each spur further action toward federal and/or state legislation and regulation of hydraulic fracturing activities. Additional regulation could materially reduce our business opportunities and revenues if our customers decrease their levels of activity in response to such regulation.

Some parties also believe that there is a correlation between hydraulic fracturing and other oilfield related activities and the increased occurrence of seismic activity. When caused by human activity, such seismic activity is called induced seismicity. The extent of this correlation, if any, is the subject of studies of both state and federal agencies. In addition, a number of lawsuits have been filed against other industry participants alleging damages and regulatory violations in connection with such activity. These and other ongoing or proposed studies could spur initiatives to further regulate hydraulic fracturing and other aspects of the oil and gas industry. In light of concerns about induced seismicity, some state regulatory agencies have already modified their regulations or issued orders to address induced seismicity.

The adoption of any future federal, state, foreign, regional or local laws that impact permitting requirements for, result in reporting obligations on, or otherwise limit or ban, the hydraulic fracturing process could make it more difficult to perform hydraulic fracturing. This could reduce demand for our services. Regulation that significantly restricts or prohibits hydraulic fracturing, or that requires hydraulic fracturing operations to meet permitting and financial assurance requirements, adhere to certain construction specifications, fulfill monitoring, reporting, and recordkeeping obligations, and meet plugging and abandonment requirements, could have a material adverse impact on our business. Additionally, legislation that requires the reporting and public disclosure of chemicals used in the fracturing process could make it easier for third parties opposing the hydraulic fracturing process to initiate legal proceedings based on allegations that specific chemicals used in the fracturing process could adversely affect groundwater.

These legislative and regulatory initiatives imposing additional reporting obligations on, or otherwise limiting, the hydraulic fracturing process could make it more difficult or costly to complete natural gas wells. Shale gas cannot be economically produced without extensive fracturing. In the event such legislation is enacted, demand for our seismic acquisition services may be adversely affected.

Item 1B. *UNRESOLVED STAFF COMMENTS*

None.

Item 1C. *CYBERSECURITY*

We have implemented a cybersecurity program to assess, identify, and manage risks from cybersecurity threats that may result in material adverse effects on the confidentiality, integrity, and availability of our information systems.

Primary responsibility for executing our cybersecurity program rests with our Vice President of Corporate Strategy and Planning, who has extensive cybersecurity and information technology knowledge and skills gained from over 30 years of related work experience. The Vice President of Corporate Strategy and Planning is responsible for implementing, monitoring and maintaining cybersecurity and data protection practices across our business and reports directly to our Chief Executive Officer. The Vice President of Corporate Strategy and Planning at times attends meetings of the Board to report on any material developments to our risk management practices, including our cybersecurity program.

The Vice President of Corporate Strategy and Planning meets regularly with members of our Information Technology team, whose responsibilities are dedicated solely to cybersecurity matters. On a quarterly basis, we hold Information Technology Steering Committee meetings, which are attended by our Information Technology team, Chief Executive Officer and Chief Financial Officer, where we discuss the risk management measures implemented to identify and mitigate data protection and cybersecurity risks. Our Information Technology team also works with our Vice President – General Counsel to oversee compliance with legal, regulatory and contractual cybersecurity requirements.

Our cybersecurity processes include automated tools and technical safeguards managed and monitored by our Information Technology team. We regularly conduct vulnerability testing and security audits. We also employ systems and processes designed to oversee, identify, and reduce the potential impact of a security incident at a third-party vendor, service provider or customer or otherwise implicating the third-party technology and systems we use. In addition to our internal cybersecurity capabilities, we also at times engage assessors, auditors, or other third parties to assist with the assessment, identification, and management of cybersecurity risks.

Our Board has the primary responsibility to oversee cybersecurity matters. The Board periodically reviews the measures implemented by the Company to identify and mitigate risks from cybersecurity threats. As part of such reviews, the Board receives reports from the members of our management team responsible for executing our cybersecurity program, which may address a wide range of topics including recent developments, evolving standards, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends and information security considerations arising with respect to the Company's peers and third parties. The Board discusses with such members of our management team our information technology systems and procedures on any material cybersecurity risks identified. We have protocols by which certain cybersecurity incidents are escalated within the Company and, where appropriate, reported to the Board in a timely manner.

We have adopted an Incident Response Plan that applies in the event of a cybersecurity threat or incident (the "IRP") to provide a standardized framework for responding to security incidents. The IRP sets out a coordinated approach to investigating, containing, documenting and mitigating incidents, including reporting findings and keeping senior management and other key stakeholders informed and involved as appropriate. The IRP applies to all Company personnel (including third-party contractors, vendors and partners) that perform functions or services that require access to secure Company information, and to all devices and network services that are owned or managed by the Company. As an additional measure to facilitate our timely and comprehensive response to any security incident, we engage a third-party vendor on retainer to assist in such incidents.

As detailed elsewhere herein, we also rely on information technology and third-party vendors to support our operations, including our secure processing of personal, confidential, sensitive, proprietary and other types of information. Despite ongoing efforts to continue improvement of our and our vendors' ability to protect against cyber incidents, we may not be able to protect all information systems, and such incidents may lead to reputational harm, revenue and client loss, legal actions, statutory penalties, among other consequences. Risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected us, including our business strategy, results of operations or financial condition, and we do not believe that such risks are reasonably likely to have such an effect over the long term.

Item 2. *PROPERTIES*

Our headquarters are located in a 34,570 square foot leased property in Midland, Texas. We have two properties in Midland that we own, including a 61,402 square foot property we use as a field office, equipment and fabrication facility, and maintenance and repair shop, along with a 6,600 square foot property that we use as an inventory field office and storage facility.

We also have additional offices in two other cities in Texas: Houston and Plano. Our Houston sales office is in an 8,161 square foot facility. Our office in Plano, Texas consists of 5,181 square feet of office space.

We lease a 15,020 square foot facility in Calgary, Alberta consisting of office, warehouse and shop space.

We believe that our existing facilities are being appropriately utilized in line with past experience and are well maintained, suitable for their intended use, and adequate to meet our current and future operating requirements.

Item 3. LEGAL PROCEEDINGS

For a discussion of certain contingencies and legal proceedings affecting the Company, please refer to “Note 16, Commitments and Contingencies” to the Consolidated Financial Statements incorporated by reference herein.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Part II

Item 5. MARKET FOR OUR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock trades on the NASDAQ under the symbol “DWSN.” The table below represents the high and low sales prices per share for the periods shown.

| Three Months Ended | High | Low |
|---------------------------|-------------|------------|
| March 31, 2022 | \$ 2.61 | \$ 2.25 |
| June 30, 2022 | \$ 2.69 | \$ 1.29 |
| September 30, 2022 | \$ 2.18 | \$ 1.08 |
| December 31, 2022 | \$ 2.28 | \$ 1.54 |
| March 31, 2023 | \$ 2.06 | \$ 1.28 |
| June 30, 2023 | \$ 2.25 | \$ 1.55 |
| September 30, 2023 | \$ 2.65 | \$ 1.45 |
| December 31, 2023 | \$ 2.48 | \$ 1.36 |

As of March 26, 2024, the market price for our common stock was \$1.39 per share, and we had 66 common shareholders of record, as reported by our transfer agent.

No dividends were paid in 2023 or 2022. There are currently no restrictions prohibiting us from paying dividends to our shareholders. On March 28, 2024, the Company’s Board of Directors declared a special cash dividend on the company’s common stock of \$0.32 per share, payable on May 6, 2024, to stockholders of record as of the close of business on April 22, 2024. The aggregate payment will be approximately \$9.9 million. Our Board of Directors considered our financial condition, results of operations, capital and legal requirements, economic and market conditions affecting the energy industry in general, and the oilfield services business in particular, and other factors deemed relevant by the board in determining whether or not to declare a dividend. Payment of any dividends in the future will be at the discretion of our board.

Item 6. [RESERVED]

Item 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our financial statements and related notes thereto included elsewhere in this Form 10-K. Portions of this document that are not statements of historical or current fact are forward-looking statements that involve risk and uncertainties, such as statements of our plans, business strategy, objectives, expectations and intentions. This discussion contains forward-looking statements that involve risks and uncertainties. Please see “Business,” “Disclosure Regarding Forward-Looking Statements” and “Risk Factors” elsewhere in this Form 10-K.

You should read this discussion in conjunction with the financial statements and notes thereto included elsewhere in this Form 10-K. Unless the context requires otherwise, all references in this Item 7 to the “Company,” “we,” “us” or “our” refer to Dawson Geophysical Company and its consolidated subsidiaries.

Overview

We are a leading provider of North American onshore seismic data acquisition services with operations throughout the continental U.S. and Canada. Substantially all of our revenues are derived from the seismic data acquisition services we provide to our clients. Our clients consist of major oil and gas companies, independent oil and gas operators, and providers of multi-client data libraries. Demand for our services depends upon the level of spending by these companies for exploration, production, development and field management activities, which depends, in large part, on oil and natural gas prices. Significant fluctuations in domestic oil and natural gas exploration and development activities related to commodity prices, as we have recently experienced, have affected, and will continue to affect, demand for our services and our results of operations, and such fluctuations continue to be the single most important factor affecting our business and results of operations.

In the fourth quarter, our Board of Directors terminated our President and Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer. Our current management team is focused on improving margins on our seismic acquisition services, reducing general and administrative expenses, and improving our operating cash flows. We have implemented a mark-up to our customers on reimbursable expenses and permitting costs, adjusting our bidding process to better account for our cost structure, and other cost reduction initiatives to improve our profitability.

We had two crews operating throughout the fourth quarter in the United States and resumed our seasonal operations in Canada. High crew utilization in the fourth quarter resulted in improved margins and profitability. In the first quarter, we continued to keep our crews highly utilized in the US and Canada. We are working to keep our crews highly utilized throughout the remainder of the year.

While our revenues are mainly affected by the level of client demand for our services, our revenues are also affected by the pricing for our services that we negotiate with our clients and the productivity and utilization level of our data acquisition crews. Factors impacting productivity and utilization levels include client demand, commodity prices, whether we enter into turnkey or dayrate contracts with our clients, the number and size of crews, the number of recording channels per crew, crew downtime related to inclement weather, delays in acquiring land access permits, agricultural or hunting activity, holiday schedules, short winter days, crew repositioning and equipment failure. To the extent we experience these factors, our operating results may be affected and vary from quarter to quarter. Consequently, our efforts to negotiate more favorable contract terms in our supplemental service agreements, mitigate permit access delays and improve overall crew productivity may contribute to growth in our revenues.

The majority of our revenues were derived from turnkey contracts for the years ending December 31, 2023 and 2022. While turnkey contracts allow us to capitalize on improved crew productivity, we also bear more risk related to weather and crew downtime. We expect the majority of our contracts to be turnkey as we continue our operations in the mid-continent, western and southwestern regions of the U.S. in which turnkey contracts are more common.

Over time, we have experienced continued increases in recording channel capacity on a per-crew or project basis and high utilization of cableless and multicomponent equipment. This increase in channel count demand is driven by client needs and is necessary in order to produce higher resolution images, increase crew efficiencies and undertake larger scale projects. In response to project-based channel requirements, we routinely deploy a variable number of channels on a variable number of crews in an effort to maximize asset utilization and meet client needs.

While the markets for oil and natural gas have been very volatile and are likely to continue to be so in the future, and we can make no assurances as to future levels of domestic exploration or commodity prices, we believe opportunities exist for us to enhance our market position by responding to our clients' continuing desire for higher resolution subsurface images.

Historically, the chief operating decision maker made operating decisions and evaluated operating results of the Company on a consolidated basis. In December 2023, we appointed a new Chief Executive Officer who is our current chief operating decision maker. Currently, our chief operating decision maker reviews the discrete segment financial information on a geographic basis for the US operations and Canada Operations. The revenue for both of the Company's

segments is generated by the same services, which utilize the same type of equipment and personnel. The performance of our segments is evaluated primarily on Adjusted EBITDA. We define Adjusted EBITDA as our net income (loss), before (i) interest expense, net, (ii) income tax expense or benefit, (iii) depreciation, depletion and amortization and (iv) other unusual or non-recurring charges, such as severance expenses. As a result, our business has two reportable segments, US operations and Canada Operations. We have included management's discussion and analysis about our two reportable segments for all periods presented herein.

Results of Operations

Year Ended December 31, 2023 versus Year Ended December 31, 2022

US Fee Revenues. Acquisition revenues for the year ended December 31, 2023, were \$49.0 million compared to \$31.1 million for the same period of 2022. The increase in revenues for the year ended December 31, 2023, compared to the same period of 2022 was primarily a result of increased demand for our services.

Canadian Fee Revenues. Acquisition revenues for the year ended December 31, 2023, were \$12.4 million compared to \$15.0 million for the same period of 2022. The decrease in revenues for the year ended December 31, 2023, compared to the same period of 2022 was primarily a result of a slight decrease in demand for our services in Canada.

Total Revenues. Revenue for the year ended December 31, 2023, were \$96.8 million compared to \$51.6 million for the same period of 2022. Total revenues included an increase of \$29.8 million in reimbursable revenues.

US Fee Operating Expenses. Acquisition expenses for the year ended December 31, 2023, increased to \$41.1 million compared to \$29.5 million for the same period of 2022. The increase in operating expenses was mainly due to an overall increase in crew production and utilization.

Canadian Fee Operating Expenses. Acquisition expenses for the year ended December 31, 2023, increased slightly to \$11.8 million compared to \$11.4 million for the same period of 2022. The increase in operating expenses was mainly due to an overall increase in general operating costs.

Reimbursable Revenues and Costs. These revenues and expenses passed through to our clients and are job specific and vary significantly from year to year. The costs are agreed to by our clients prior to contracting with outside vendors for the various tasks.

General and Administrative Expenses. General and administrative expenses decreased 26% to \$11.4 million for the year ended December 31, 2023 compared to \$15.5 million for the same period of 2022. The primary factors for the decrease in general and administrative expenses are related to continued cost management and streamlining procedures. We anticipate general and administrative charges for 2024 to be below those in 2023 due to continued focus on reducing costs and the change in our management team.

Severance Expenses. In December 2023, we recorded severance expenses of \$2.2 million in connection with the termination of the Company's (i) President and Chief Executive Officer, (ii) Chief Financial Officer, Executive Vice President, Secretary and Treasurer and (iii) Chief Operating Officer and Executive Vice President.

Depreciation Expense. Depreciation for the year ended December 31, 2023, was \$8.5 million compared to \$11.8 million for the same period of 2022. The decrease in depreciation expense is a result of limiting capital expenditures to necessary maintenance capital requirements in recent years. Our depreciation expense is expected to remain flat or decline slightly during 2024 primarily due to limited capital expenditures to maintain our existing asset base.

Our total operating costs for the year ended December 31, 2023 were \$110.2 million, representing a 49% increase from the corresponding period of 2022. This change was primarily due to the factors described above.

Other Income (Expense). Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act") and its subsequent amendments, we were eligible and, in April 2022, we applied for a refundable employee retention credit subject to program conditions and requirements. We recognize these credits as a gain when all uncertainties have been met and the amounts are realizable in accordance with similar gain contingencies. We recognized \$3.0 million as a gain in other income and \$69,000 as interest income on the Consolidated Statement of Operations and Comprehensive Loss for the year ended December 31, 2022 and recognized \$3.0M as an employee retention credit receivable in the

Consolidated Balance Sheet as of December 31, 2022. Payments were received in January 2023. No additional credits are expected to be received.

Income Taxes. Income tax benefit was \$96,000 for the year ended December 31, 2023 compared to income tax expense of \$107,000 for the same period of 2022. The effective tax benefit/expense rates for the years ended December 31, 2023 and 2022 were approximately 0.8% and -0.6%, respectively. Our effective tax rate increased compared to the corresponding period from the prior year primarily due to a change in the valuation allowance on a portion of the NOLs due to an Internal Revenue Code section 382 limitation. Our effective tax rates differ from the statutory federal rate of 21% for certain items such as state and local taxes, valuation allowances, and non-deductible expenses.

Use of EBITDA (Non-GAAP measure)

We define EBITDA as net income (loss) plus interest expense, interest income, income taxes, depreciation and amortization expense and severance expenses. Our management uses EBITDA as a supplemental financial measure to assess:

- the financial performance of our assets without regard to financing methods, capital structures, taxes or historical cost basis;
- our liquidity and operating performance over time in relation to other companies that own similar assets and that we believe calculate EBITDA in a similar manner; and
- the ability of our assets to generate cash sufficient for us to pay potential interest costs.

We also understand that such data are used by investors to assess our performance. However, the term EBITDA is not defined under generally accepted accounting principles (“GAAP”), and EBITDA is not a measure of operating income, operating performance or liquidity presented in accordance with GAAP. When assessing our operating performance or liquidity, investors and others should not consider this data in isolation or as a substitute for net income (loss), cash flow from operating activities or other cash flow data calculated in accordance with GAAP. In addition, our EBITDA may not be comparable to EBITDA or similarly titled measures utilized by other companies since such other companies may not calculate EBITDA in the same manner as us. Further, the results presented by EBITDA cannot be achieved without incurring the costs that the measure excludes: interest, taxes, and depreciation and amortization.

The reconciliation of our EBITDA to our net loss and net cash used in operating activities, which are the most directly comparable GAAP financial measures, are provided in the following tables (in thousands):

| | Year Ended December 31, | | | | | |
|--|--------------------------------|-----------------|---------------------|-------------------|-----------------|---------------------|
| | 2023 US | 2023 CA | 2023 Consol. | 2022 US | 2022 CA | 2022 Consol. |
| Net cash used in operating activities | \$ (236) | \$ 1,050 | \$ 814 | \$ (6,440) | \$ 3,171 | \$ (3,269) |
| Changes in working capital and other items | (2,627) | (1,249) | (3,876) | (1,529) | (785) | (2,314) |
| Non-cash adjustments to net loss | 1,226 | (180) | 1,046 | (1,267) | (144) | (1,411) |
| EBITDA | <u>\$ (1,637)</u> | <u>\$ (379)</u> | <u>\$ (2,016)</u> | <u>\$ (9,236)</u> | <u>\$ 2,242</u> | <u>\$ (6,994)</u> |

| | Year Ended December 31, | | | | | |
|--------------------------------|--------------------------------|-----------------|---------------------|-------------------|-----------------|---------------------|
| | 2023 US | 2023 CA | 2023 Consol. | 2022 US | 2022 CA | 2022 Consol. |
| Net loss | \$ (10,057) | \$ (2,090) | \$ (12,147) | \$ (18,867) | \$ 222 | \$ (18,645) |
| Depreciation and amortization | 6,566 | 1,926 | 8,492 | 9,721 | 2,109 | 11,830 |
| Severance expense | 2,208 | - | 2,208 | - | - | - |
| Interest (income) expense, net | (258) | (215) | (473) | (197) | (89) | (286) |
| Income tax expense (benefit) | (96) | - | (96) | 107 | - | 107 |
| EBITDA | <u>\$ (1,637)</u> | <u>\$ (379)</u> | <u>\$ (2,016)</u> | <u>\$ (9,236)</u> | <u>\$ 2,242</u> | <u>\$ (6,994)</u> |

Liquidity and Capital Resources

Introduction. Our principal sources of cash are amounts earned from the seismic data acquisition services we provide to our clients. Our principal uses of cash are the amounts used to provide these services, including expenses related to our operations and acquiring new equipment. Accordingly, our cash position depends (as do our revenues) on the level of demand for our services. Historically, cash generated from our operations along with cash reserves and borrowings from commercial banks have been sufficient to fund our working capital requirements and, to some extent, our capital expenditures.

Cash Flows. The following table shows our sources and uses of cash (in thousands) for the years ended December 31, 2023 and 2022:

| | Year Ended December 31, | |
|---|-------------------------|-------------------|
| | 2023 | 2022 |
| Net cash provided by (used in) | | |
| Operating activities | \$ 814 | \$ (3,269) |
| Investing activities | (4,504) | (1,089) |
| Financing activities | (4,204) | (2,150) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | 63 | (265) |
| Net change in cash and cash equivalents and restricted cash | <u>\$ (7,831)</u> | <u>\$ (6,773)</u> |

Year Ended December 31, 2023 versus Year Ended December 31, 2022

Net cash provided by operating activities was \$814,000 for the year ended December 31, 2023 and net cash used by operating activities was \$3.3 million for the same period of 2022. The decrease in cash used in operating activities was primarily due to a decreased net loss, due to an increase in activity.

Net cash used in investing activities was \$4.5 million for the year ended December 31, 2023, and includes cash capital expenditures of \$3.7 million and cash acquisition of short-term investments of \$1.0 million, offset by \$217,000 in proceeds from the disposal of assets. Net cash used in investing activities was \$1.1 million for the year ended December 31, 2022, and includes cash capital expenditures of \$1.4 million offset by \$340,000 in proceeds from the disposal of assets.

Net cash used in financing activities was \$4.2 million for the year ended December 31, 2023, and includes principal payments of \$896,000 on our notes and \$253,000 on our finance leases and outflows of \$3.1 million associated with the acquisition of Breckenridge assets. Net cash used in financing activities was \$2.2 million for the year ended December 31, 2022 and includes principal payments of \$1.3 million on our notes and \$47,000 on our finance leases and outflows of \$301,000 for cash settlement of restricted stock units, \$79,000 associated with taxes related to stock compensation awards vesting, and \$583,000 associated with the acquisition of Breckenridge assets offset by \$113,000 received for sale of treasury stock.

We continually strive to supply our clients with technologically advanced 3-D data acquisition recording services and data processing capabilities. We maintain equipment in and out of service in anticipation of increased future demand for our services.

Risks and Uncertainties. Our ability to be profitable in the future will depend on many factors beyond our control, but primarily on the level of demand for land-based seismic data acquisition services by oil and natural gas exploration and development companies. We incurred net losses of \$12.1 million for the year ended December 31, 2023, and \$18.6 million for the year ended December 31, 2022. As of December 31, 2023, we had \$15.8 million in cash, and a positive working capital balance of \$15 million. We believe that our cash flows from operations, and our current financial position are adequate to fund our continued operations.

Capital Resources. Historically, we have primarily relied on cash generated from operations, cash reserves and borrowings from commercial banks to fund our working capital requirements and, to some extent, our capital expenditures. Recently, we have funded some of our capital expenditures through finance leases and equipment term loans. From time to time in the past, we have also funded our capital expenditures and other financing needs through public equity offerings.

We believe that our capital resources, including our cash and short-term investments, cash flow from operations, and funds available under our Revolving Credit Facility are sufficient to meet our operational needs.

Dominion Credit Facility. On September 30, 2019, we entered into a Loan and Security Agreement with Dominion Bank. On September 30, 2023, we entered into the Fifth Loan Modification Agreement (as amended by (i) that certain Loan Modification Agreement dated as of September 30, 2020, (ii) that certain Second Loan Modification Agreement dated as of September 30, 2021, (iii) that certain Third Loan Modification Agreement dated as of September 30, 2022, (iv) that certain Fourth Modification Agreement dated as of March 21, 2023, and (v) the Fifth Modification Agreement, the “Loan Agreement”) The Loan Agreement now provides for a Revolving Credit Facility in an amount up to the lesser of (I) an amount equal to the Borrowing Base or (II) \$5 million. Our obligations under the Loan Agreement are secured by a Certificate of Deposit with Dominion Bank for \$5 million (the “Deposit”) in our collateral account. As of December 31, 2023, we have not borrowed any amounts under the Revolving Credit Facility and have approximately \$5.0M available for withdrawal.

Under the Revolving Credit Facility, interest will accrue at an annual rate equal to the lesser of (i) 7.75% and (ii) the greater of (a) the prime rate as published from time to time in The Wall Street Journal or (b) 4.75%. From and after September 30, 2023 and so long as the Deposit held by Dominion Bank remains greater than or equal to the indebtedness (the “Financial Covenant Suspension Threshold”), the testing of the financial covenants set forth in the Loan Agreement has been suspended. The financial covenant testing shall resume if and when the Financial Covenant Suspension Threshold is no longer satisfied. The maturity date of the Loan Agreement is September 30, 2024.

We do not currently have any notes payable under the Revolving Credit Facility.

Dominion Letters of Credit. As of December 31, 2023, Dominion Bank has issued one letter of credit in the amount of \$265,000 to support our workers compensation insurance. The letter of credit is secured by a certificate of deposit with Dominion Bank.

Other Indebtedness. As of December 31, 2023, we have one note payable to a finance company for various insurance premiums totaling \$910,000.

In addition, we lease certain seismic recording equipment and vehicles under leases classified as finance leases. Our Consolidated Balance Sheet as of December 31, 2023 includes finance leases of \$1.8 million.

Contractual Obligations. We believe that our capital resources, including our short-term investments, cash flow from operations, and funds available under our Revolving Credit Facility, will be adequate to meet our current operational needs. We believe that we will be able to finance our 2024 capital expenditures through cash flow from operations, borrowings from commercial lenders, and the funds available under our Revolving Credit Facility. However, our ability to satisfy working capital requirements, meet debt repayment obligations, and fund future capital requirements will depend principally upon our future operating performance, which is subject to the risks inherent in our business, and will also depend on the extent to which the current economic climate adversely affects the ability of our customers, and/or potential customers, to promptly pay amounts owing to us under their service contracts with us.

Off-Balance Sheet Arrangements

As of December 31, 2023, we had no off-balance sheet arrangements.

Critical Accounting Policies

The preparation of our financial statements in conformity with GAAP requires that certain assumptions and estimates be made that affect the reported amounts of assets and liabilities at the date of our financial statements and the reported amounts of revenues and expenses during the reporting periods. Because of the use of assumptions and estimates inherent in the reporting process, actual results could differ from those estimates.

Impairment of Long-Lived Assets. We review long-lived assets for impairment when triggering events occur suggesting deterioration in the assets’ recoverability or fair value. Recognition of an impairment charge is required if future expected undiscounted net cash flows are insufficient to recover the carrying value of the assets, and the fair value of the assets is below the carrying value of the assets. Our forecast of future cash flows used to perform impairment analysis

includes estimates of future revenues and expenses based on our anticipated future results while considering anticipated future oil and gas prices, which is fundamental in assessing demand for our services. If the carrying amounts of the assets exceed the estimated expected undiscounted future cash flows, we measure the amount of possible impairment by comparing the carrying amount of the asset to its fair value. No impairment charges were recognized for the years ended December 31, 2023 and 2022.

Leases. We lease certain vehicles, seismic recording equipment, real property and office equipment under lease agreements. We evaluate each lease to determine its appropriate classification as an operating lease or a finance lease for financial reporting purposes. We are the lessee in a lease contract when we obtain the right to control the asset. The majority of our operating leases are non-cancelable operating leases for office, shop and warehouse space in Midland, Plano, Houston and Calgary, Alberta.

The assets and liabilities under finance leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the related assets. Assets under finance leases are amortized using the straight-line method over the initial lease term. Amortization of assets under finance leases is included in depreciation expense.

For operating leases, where readily determinable, we use the implicit interest rate in determining the present value of future minimum lease payments. In the absence of an implicit rate, we use our incremental borrowing rate based on the information available at the lease commencement date. We give consideration to our outstanding debt, as well as publicly available data for instruments with similar characteristics when calculating our incremental borrowing rates. The ROU assets are amortized to operating lease cost over the lease terms on a straight-line basis. We do not recognize leases with an initial term of 12 months or less and we do not separate lease and non-lease components.

Several of our leases include options to renew, with renewal terms that can extend from one to 10 years or more. The exercise of lease renewal options is primarily at our discretion. To measure operating lease recognition, we evaluate our lease agreements to determine if they have economic incentives for renewal or options to purchase. We deem leasehold improvements as one of the few economic incentives that would entice us to renew a lease and all of our leasehold improvements are currently fully amortized.

Revenue Recognition. Our services are provided under cancelable service contracts which usually have an original expected duration of one year or less. These contracts are either turnkey or term agreements. Under both types of agreements, we recognize revenue as the services are performed. Revenue is generally recognized based on receiver layout and pickup compared to total number of receivers anticipated to be recorded on the survey using the total estimated revenue for the service contract. In the case of a cancelled service contract, the client is billed and revenue is recognized for any third party charges and square miles of data recorded up to the date of cancellation.

We also receive reimbursements for certain out-of-pocket expenses under the terms of the service contracts. The amounts billed to clients are included at their gross amount in the total estimated revenue for the service contract.

Clients are billed as permitted by the service contract. Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings and cash collections. If billing occurs prior to the revenue recognition or billing exceeds the revenue recognized, the amount is considered deferred revenue and a contract liability. Conversely, if the revenue recognition exceeds the billing, the excess is considered an unbilled receivable and a contract asset. As services are performed, those contract liabilities and contract assets are recognized as revenue and expense, respectively.

In some instances, third-party permitting, surveying, drilling, helicopter, equipment rental and mobilization costs that directly relate to the contract are utilized to fulfill the contract obligations. These fulfillment costs are capitalized in other current assets and amortized based on the total square miles of data recorded compared to total square miles anticipated to be recorded on the survey using the total estimated fulfillment costs for the service contract.

Estimates for total revenue and total fulfillment cost on any service contract are based on certain qualitative and quantitative judgments supported by underlying facts. Management considers a variety of factors such as whether various components of the performance obligation will be performed internally or externally, cost of third party services, and facts and circumstances unique to the performance obligation in making these estimates.

Additionally, our policy includes (i) ignoring the financing component when estimating the transaction price for service contracts completed within one year, (ii) excluding sales tax collected from the customer when determining the transaction price, and (iii) expensing incremental costs to obtain a customer contract if the amortization period for those costs would otherwise be one year or less.

Income Taxes. We account for income taxes by recognizing amounts of taxes payable or refundable for the current year, and by using an asset and liability approach in recognizing the amount of deferred tax assets and liabilities for the future tax consequences of events that have been recognized in our financial statements or tax returns. We determine deferred taxes by identifying the types and amounts of existing temporary differences, measuring the total deferred tax asset or liability using the applicable tax rate in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates of deferred tax assets and liabilities is recognized in income in the year of an enacted rate change. The deferred tax asset is reduced by a valuation allowance if, based on available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized. Our methodology for recording income taxes requires judgment regarding assumptions and the use of estimates, including determining our annual effective tax rate and the valuation of deferred tax assets, which can create a variance between actual results and estimates and could have a material impact on our provision or benefit for income taxes. Due to recent operating losses and valuation allowances, we may recognize reduced or no tax benefits on future losses on the Consolidated Statements of Operations and Comprehensive Loss. Our effective tax rates differ from the statutory federal rate of 21% for certain items such as state and local taxes, valuation allowances, and non-deductible expenses.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* (“ASU 2023-07”). ASU 2023-07 seeks to improve disclosures about a public entity’s reportable segments and add disclosures around a reportable segment’s expenses. The updated guidance is effective for our annual periods beginning January 1, 2024, and interim periods within fiscal years beginning January 1, 2025. As we have two reportable segments, we do not expect the adoption of this ASU to have a material impact on our financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* (“ASU 2023-09”). ASU 2023-09 seeks to improve transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disclosures. The updated guidance is effective for us on January 1, 2025. We do not expect the adoption of ASU 2023-09 to have a material impact on our financial statements and disclosures.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks arising from the use of financial instruments in the ordinary course of business. These risks arise primarily as a result of potential changes to operating concentration of credit risk and changes in interest rates. We have not entered into any hedge arrangements, commodity swap agreements, commodity futures, options or other derivative financial instruments. We also conduct business in Canada, which subjects our results of operations and cash flows to foreign currency exchange rate risk.

Concentration of Credit Risk. Our principal market risks include fluctuations in commodity prices, which affect demand for and pricing of our services, and the risk related to the concentration of our clients in the oil and natural gas industry. Since all of our clients are involved in the oil and natural gas industry, there may be a positive or negative effect on our exposure to credit risk because our clients may be similarly affected by changes in economic and industry conditions. As an example, changes to existing regulations or the adoption of new regulations may unfavorably impact us, our suppliers or our clients. In the normal course of business, we provide credit terms to our clients. Accordingly, we perform ongoing credit evaluations of our clients and maintain allowances for possible losses. Our historical experience supports our allowance for expected credit losses of \$250,000 at December 31, 2023. This does not necessarily indicate that it would be adequate to cover a payment default by one large or several smaller clients.

We generally provide services to certain key clients that account for a significant percentage of our accounts receivable at any given time. Our key clients vary over time. We extend credit to various companies in the oil and natural gas industry, including our key clients, for the acquisition of seismic data, which results in a concentration of credit risk. This concentration of credit risk may be affected by changes in the economic or other conditions of our key clients and

may accordingly impact our overall credit risk. If any of these significant clients were to terminate their contracts or fail to contract for our services in the future because they are acquired, alter their exploration or development strategy, or for any other reason, our results of operations could be affected. Because of the nature of our contracts and clients' projects, our largest clients can change from year to year, and the largest clients in any year may not be indicative of the largest clients in any subsequent year. During the twelve months ended December 31, 2023, our four largest clients accounted for approximately 73% of revenue. The remaining balance of our revenue derived from varied clients and none represented more than 10% of revenue.

Interest Rate Risk. From time to time, we are exposed to the impact of interest rate changes on the outstanding indebtedness under our Loan Agreement.

We generally have cash in the bank which exceeds federally insured limits. Historically, we have not experienced any losses in such accounts; however, volatility in financial markets may impact our credit risk on cash and short-term investments. At December 31, 2023, cash, restricted cash and short term investments totaled \$16.0 million.

For further information, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 1A. Risk Factors."

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item appears on pages F-1 through F-29 hereof and are incorporated herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive, financial and accounting officers, of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this report. Based upon that evaluation, our President and Chief Executive Officer, and our Chief Financial Officer concluded that, as of December 31, 2023, our disclosure controls and procedures were effective, in all material respects, with regard to the recording, processing, summarizing and reporting, within the time periods specified in the SEC's rules and forms, for information required to be disclosed by us in the reports that we file or submit under the Exchange Act. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our President and Chief Executive Officer, and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Under the supervision and with the participation of management, including our President and Chief Executive Officer, and our Chief Financial Officer, we evaluated the effectiveness of our internal controls over financial reporting as of December 31, 2023 using the criteria set forth in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this evaluation, we have concluded that, as of December 31, 2023, our internal control over financial reporting was effective. Our internal control over financial reporting

as of December 31, 2023 has not been audited by RSM US LLP, the independent registered public accounting firm who audited our financial statements as this audit is not required because the company qualifies for smaller reporting company filing status.

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 quarter ended December 31, 2023 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Item 9B. OTHER INFORMATION

None.

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

Part III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 of Form 10-K is hereby incorporated by reference from the earlier filed of: (i) an amendment to this annual report on Form 10-K or (ii) the Company's definitive proxy statement which will be filed pursuant to Regulation 14A within 120 days after the Company's year-end for the year covered by this report.

Item 11. EXECUTIVE COMPENSATION

The information required by Item 11 of Form 10-K is hereby incorporated by reference from the earlier filed of: (i) an amendment to this annual report on Form 10-K or (ii) the Company's definitive proxy statement which will be filed pursuant to Regulation 14A within 120 days after the Company's year-end for the year covered by this report.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required with respect to our equity compensation plans is set forth in Item 5 of this Form 10-K. Other information required by Item 12 of Form 10-K is hereby incorporated by reference from the earlier filed of: (i) an amendment to this annual report on Form 10-K or (ii) the Company's definitive proxy statement which will be filed pursuant to Regulation 14A within 120 days after the Company's year-end for the year covered by this report.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by Item 13 of Form 10-K is hereby incorporated by reference from the earlier filed of: (i) an amendment to this annual report on Form 10-K or (ii) the Company's definitive proxy statement which will be filed pursuant to Regulation 14A within 120 days after the Company's year-end for the year covered by this report.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 of Form 10-K is hereby incorporated by reference from the earlier filed of: (i) an amendment to this annual report on Form 10-K or (ii) the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A within 120 days after the Company's year-end for the year covered by this report.

Part IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

(1) *Financial Statements.*

The following consolidated financial statements of the Company appear on pages F-1 through F-29 and are incorporated by reference into Part II, Item 8:

[Report of Independent Registered Public Accounting Firm](#)

[Consolidated Balance Sheets](#)

[Consolidated Statements of Operations and Comprehensive Loss](#)

[Consolidated Statements of Stockholders' Equity](#)

[Consolidated Statements of Cash Flows](#)

[Notes to the Consolidated Financial Statements](#)

(2) *Financial Statement Schedules.*

All schedules are omitted because they are either not applicable or the required information is shown in the financial statements or notes thereto.

(3) *Exhibits.*

The information required by this item 15(a)(3) is set forth in the Index to Exhibits accompanying this Annual Report on Form 10-K and is hereby incorporated by reference.

INDEX TO EXHIBITS

| <u>EXHIBIT NO.</u> | <u>DESCRIPTION</u> |
|--------------------|---|
| 2.1 | Agreement and Plan of Merger, dated October 25, 2021, by and between the Company, Wilks Brothers, LLC and WB Acquisitions Inc., filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on October 25, 2021, and incorporated herein by reference. |
| 2.2 | Amendment No. 1 to Agreement and Plan of Merger, dated December 14, 2021, by and between the Company, Wilks Brothers, LLC and WB Acquisitions Inc., filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on December 17, 2021, and incorporated herein by reference. |
| 2.3 | Amendment No. 2 to Agreement and Plan of Merger, dated January 4, 2022, by and between the Company, Wilks Brothers, LLC and WB Acquisitions Inc., filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on January 5, 2022, and incorporated herein by reference. |
| 2.4 | Amendment No. 3 to Agreement and Plan of Merger, dated January 10, 2022, by and between the Company, Wilks Brothers, LLC and WB Acquisitions Inc., filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on January 10, 2022, and incorporated herein by reference. |
| 2.5 | Asset Purchase Agreement, dated March 24, 2023, by and among the Company, Wilks Brothers, LLC and Breckenridge Geophysical, LLC, filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on March 24, 2023, and incorporated herein by reference. |
| 3.1 | Amended and Restated Certificate of Formation, dated February 9, 2015, filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K, filed on March 16, 2015, and incorporated herein by reference. |
| 3.2 | Certificate of Amendment to Amended and Restated Certificate of Formation, dated February 11, 2015, filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K, filed on March 16, 2015, and incorporated herein by reference. |
| 3.3 | Certificate of Amendment to Amended and Restated Certificate of Formation, dated December 1, 2023, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on December 1, 2023, and incorporated herein by reference. |
| 3.4 | Second Amended and Restated Bylaws, dated December 1, 2023, filed as Exhibit 3.2 to the Company's Current Report on Form 8-K, filed on December 1, 2023, and incorporated herein by reference. |
| 3.5 | Statement of Resolutions Establishing Series of Shares designated Series A Junior Participating Preferred Stock of the Company, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed April 8, 2021, and incorporated herein by reference. |
| 4.1 | Form of Specimen Stock Certificate, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on February 11, 2015, and incorporated herein by reference. |
| *4.2 | Description of Securities. |
| 4.3 | Rights Agreement, dated as of April 8, 2021 between the Company and American Stock Transfer & Trust Company, LLC, as Rights Agent, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed April 8, 2021, and incorporated herein by reference. |

| EXHIBIT NO. | DESCRIPTION |
|--------------------|---|
| 4.4 | Amendment to Rights Agreement, dated October 25, 2021, between the Company and American Stock Transfer & Trust Company, LLC, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on October 25, 2021, and incorporated herein by reference. |
| +10.1 | The Executive Nonqualified "Excess" Plan Adoption Agreement, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on January 8, 2013, and incorporated herein by reference. |
| +10.2 | The Executive Nonqualified Excess Plan Document, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on January 8, 2013, and incorporated herein by reference. |
| +10.3 | Form of Indemnification Agreement entered with directors and executive officers, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on October 9, 2014, and incorporated herein by reference. |
| +10.4 | Amended and Restated Dawson Geophysical Company 2006 Stock and Performance Incentive Plan (the "Legacy Dawson Plan"), filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on February 11, 2015, and incorporated herein by reference. |
| +10.5 | Form of Restricted Stock Agreement for the Legacy Dawson Plan, filed as Exhibit 10.5 to Dawson Operating Company's (f/k/a Dawson Geophysical Company) Annual Report on Form 10-K, filed on December 11, 2013 (File No. 001-34404), and incorporated herein by reference. |
| +10.6 | Form of Restricted Stock Unit Agreement for the Legacy Dawson Plan, filed as Exhibit 10.6 to Dawson Operating Company's (f/k/a Dawson Geophysical Company) Annual Report on Form 10-K, filed on December 11, 2013 (File No. 001-34404), and incorporated herein by reference. |
| +10.7 | Form of Stock Option Agreement for the Legacy Dawson Plan, filed as Exhibit 10.4 to Dawson Operating Company's (f/k/a Dawson Geophysical Company) Quarterly Report on Form 10-Q, filed on February 11, 2008 (File No. 001-34404), and incorporated herein by reference. |
| +10.8 | Form of Stock Option Agreement for the Legacy Dawson Plan, filed as Exhibit 10.9 to Dawson Operating Company's (f/k/a Dawson Geophysical Company) Annual Report on Form 10-K, filed on December 11, 2013 (File No. 001-34404), and incorporated herein by reference. |
| +10.9 | Dawson Geophysical 2014 Annual Incentive Plan, filed as Exhibit 10.1 to Dawson Operating Company's (f/k/a Dawson Geophysical Company) Current Report on Form 8-K, filed on November 25, 2013 (File No. 001-34404), and incorporated herein by reference. |
| 10.10 | Form of Master Geophysical Data Acquisition Agreement, filed as Exhibit 10.10 to Dawson Operating Company's (f/k/a Dawson Geophysical Company) Annual Report on Form 10-K, filed on December 5, 2012 (File No. 001-34404), and incorporated herein by reference. |
| 10.11 | Form of Supplemental Agreement to Master Geophysical Data Acquisition Agreement, filed as Exhibit 10.11 to Dawson Operating Company's (f/k/a Dawson Geophysical Company) Annual Report on Form 10-K, filed on December 5, 2012 (File No. 001-34404), and incorporated herein by reference. |
| +10.12 | Amended and Restated 2006 Stock Awards Plan of the Company (formerly known as the TGC Industries, Inc. 2006 Stock Awards Plan, i.e., the Legacy TGC Plan), filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32472), filed on June 5, 2015, and incorporated herein by reference. |

| EXHIBIT NO. | DESCRIPTION |
|--------------------|---|
| +10.13 | Dawson Geophysical Company 2016 Stock and Performance Incentive Plan, filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed on May 5, 2016, and incorporated herein by reference. |
| 10.14 | Loan and Security Agreement, by and between Dawson Geophysical Company and Dominion Bank, dated September 30, 2019, filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on October 1, 2019, and incorporated herein by reference. |
| 10.15 | Loan Modification Agreement to Loan and Security Agreement, by and between Dawson Geophysical Company and Dominion Bank, dated September 30, 2020, filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on September 30, 2020, and incorporated herein by reference. |
| +10.16 | Amended and Restated Dawson Geophysical Company 2016 Stock and Performance Incentive Plan, effective as of April 24, 2020, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on May 14, 2021, and incorporated herein by reference. |
| 10.17 | Second Loan Modification Agreement to Loan and Security Agreement, by and between the Company and Dominion Bank, dated September 30, 2021, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on October 1, 2021, and incorporated herein by reference. |
| +10.18 | Waiver Acknowledgement, dated January 10, 2022, by and between the Company and Stephen C. Jumper, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on January 10, 2022, and incorporated herein by reference. |
| 10.19 | Third Loan Modification Agreement to Loan and Security Agreement, by and between the Company and Dominion Bank, dated September 30, 2022, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on October 4, 2022, and incorporated herein by reference. |
| +10.20 | Letter Agreement, dated November 11, 2022, by and between C. Ray Tobias and the Company, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on November 16, 2022, and incorporated herein by reference. |
| +10.21 | Letter Agreement, dated November 11, 2022, by and between James K. Brata and the Company, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on November 16, 2022, and incorporated herein by reference. |
| +10.22 | Letter Agreement, dated February 14, 2023, by and between Stephen C. Jumper and the Company, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on February 21, 2023, and incorporated herein by reference. |
| 10.23 | Fourth Loan Modification Agreement to Loan and Security Agreement, by and between the Company and Dominion Bank, dated March 21, 2023, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on March 24, 2023, and incorporated herein by reference. |
| +10.24 | Employment Agreement, dated June 16, 2023, by and between Anthony Clark and the Company, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on June 22, 2023, and incorporated herein by reference. |

| EXHIBIT NO. | DESCRIPTION |
|--------------------|--|
| +10.25 | Separation and General Release Agreement, dated November 27, 2023, by and between C. Ray Tobias and the Company, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on December 1, 2023, and incorporated herein by reference. |
| +10.26 | Separation and General Release Agreement, dated November 28, 2023, by and between Stephen C. Jumper and the Company, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on December 1, 2023, and incorporated herein by reference. |
| +10.27 | Separation and General Release Agreement, dated November 30, 2023, by and between James Brata and the Company, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on December 1, 2023, and incorporated herein by reference. |
| +10.28 | Amended and Restated Employment Agreement, dated December 14, 2023, by and between Anthony Clark and the Company, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on December 20, 2023, and incorporated herein by reference. |
| +10.29 | Employment Agreement, dated December 14, 2023, by and between Ray Mays and the Company, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on December 20, 2023, and incorporated herein by reference. |
| +10.30 | Employment Agreement, dated December 14, 2023, by and between Ian Shaw and the Company, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on December 20, 2023, and incorporated herein by reference. |
| *21.1 | Subsidiaries of the Company. |
| *23.1 | Consent of RSM US LLP, independent registered public accounting firm. |
| *31.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| *31.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| *32.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| *32.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| *97.1 | Policy for the Recovery of Erroneously Awarded Compensation |
| 101.INS* | Inline XBRL Instance Document. |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document. |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document. |

| EXHIBIT NO. | DESCRIPTION |
|--------------------|--|
| 101.LAB* | Inline XBRL Taxonomy Extension Labels Linkbase Document. |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document. |
| 104* | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

* Filed herewith.

+ Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Midland, and the State of Texas, on the 1st day of April, 2024.

DAWSON GEOPHYSICAL COMPANY

By: /s/ WILLIAM A. CLARK
William A. Clark

President and Chief Executive Officer

Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|---|---|-------------|
| <u> /s/ MATTHEW WILKS </u> Matthew Wilks | Chairman of the Board of Directors | 04-01-24 |
| <u> /s/ BRUCE BRADLEY </u> Bruce Bradley | Director | 04-01-24 |
| <u> /s/ ALBERT CONLY </u> Albert Conly | Director | 04-01-24 |
| <u> /s/ JOSE CARLOS FERNANDES </u> Jose Carlos Fernandes | Director | 04-01-24 |
| <u> /s/ SERGEI KRYLOV </u> Sergei Krylov | Director | 04-01-24 |
| <u> /s/ WILLIAM A. CLARK </u> William A. Clark | President and Chief Executive Officer (principal executive officer) | 04-01-24 |
| <u> /s/ IAN SHAW </u> Ian Shaw | Chief Financial Officer (principal financial and accounting officer) | 04-01-24 |

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

| Consolidated Financial Statements of Dawson Geophysical Company | Page |
|---|-------------|
| Report of Independent Registered Public Accounting Firm (PCAOB ID 49) | F-2 |
| Consolidated Balance Sheets as of December 31, 2023 and 2022 | F-4 |
| Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31, 2023 and 2022 | F-5 |
| Consolidated Statements of Stockholders' Equity for the years ended December 31, 2023 and 2022 | F-6 |
| Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022 | F-7 |
| Notes to Consolidated Financial Statements | F-8 |

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of
Dawson Geophysical Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Dawson Geophysical Company and its subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive loss, stockholders' equity and cash flows for the years then ended and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Business Combination among Entities under Common Control

As discussed in Notes 1 and 12 to the financial statements, the Company completed a purchase of assets treated as a business combination among entities under common control. The Company's financial statements as of and for the year ended December 31, 2022 have been adjusted to show the combined results as if the business combination had occurred on January 14, 2022, the date on which both entities were under common control.

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 statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange 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 reasonable 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 were 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 control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, 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 performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Business combination among entities under common control: As discussed in Note 1 to the financial statements, on March 24, 2023, the Company entered into an asset purchase agreement with Wilks Brothers, LLC (Wilks) and Breckenridge Geophysical, LLC (Breckenridge), a wholly owned subsidiary of Wilks. Pursuant to the asset purchase agreement, the Company completed the purchase of substantially all of the Breckenridge assets related to seismic

data acquisition services other than its multi-client data library in exchange for a combination of equity consideration and a convertible note payable. While this acquisition was structured as an asset purchase, it was determined that the appropriate accounting treatment required implementation of business combination guidance in a manner similar to a pooling of interests. The Company's financial presentation reflects combined results of the two companies as if the combination occurred on January 14, 2022, the earliest date on which Wilks became the majority shareholder of both entities in the reporting period.

We identified the business combination among entities under common control as a critical audit matter as management's assessment of the accounting principles related to such transactions is complex and requires that management make significant judgments, including determining whether the assets acquired from Breckenridge constituted a business; complying with relevant presentation and disclosure guidance applicable to transactions among entities under common control; determining the date on which Wilks was in control of both Dawson and Breckenridge; and whether Dawson or Breckenridge was the receiving entity. Testing management's judgments in these matters required a high degree of auditor judgment and increased audit effort, including the involvement of subject matter experts to assist in evaluating management's conclusions.

Our audit procedures related to the Company's accounting for the business combination with entities under common control included the following, among others:

- We evaluated the Company's determination that there was a transaction among entities under common control by considering the following factors: (1) if the Company is considered the receiving entity in the transaction and (2) the date on which the entities were deemed under common control.
- We evaluated the appropriateness of the financial presentation for a transaction between entities under common control by reading management's audit evidence, including relevant accounting policies, and by considering how the application of US GAAP affected management's judgments and conclusions.

/s/ RSM US LLP

We have served as the Company's auditor since 2016.

Houston, Texas
April 1, 2024

DAWSON GEOPHYSICAL COMPANY
CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except share data)

| | December 31, 2023 | December 31, 2022 (as adjusted) |
|---|----------------------|------------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 10,772 | \$ 18,603 |
| Restricted cash | 5,000 | 5,000 |
| Short-term investments | 265 | 265 |
| Accounts receivable, net of allowance for doubtful accounts of \$250 at December 31, 2023 and 2022 | 12,735 | 7,972 |
| Employee retention credit receivable | — | 3,035 |
| Prepaid expenses and other current assets | 8,654 | 8,951 |
| Total current assets | <u>37,426</u> | <u>43,826</u> |
| Property and equipment | 241,955 | 254,679 |
| Less accumulated depreciation | (225,447) | (234,211) |
| Property and equipment, net | <u>16,508</u> | <u>20,468</u> |
| Right-of-use assets | 3,208 | 4,010 |
| Intangibles, net | 377 | 369 |
| Total assets | <u>\$ 57,519</u> | <u>\$ 68,673</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 3,883 | \$ 4,140 |
| Accrued liabilities: | | |
| Payroll costs and other taxes | 3,415 | 2,001 |
| Other | 709 | 1,280 |
| Deferred revenue | 11,829 | 7,380 |
| Current maturities of notes payable and finance leases | 1,380 | 275 |
| Current maturities of operating lease liabilities | 1,202 | 1,118 |
| Total current liabilities | <u>22,418</u> | <u>16,194</u> |
| Long-term liabilities: | | |
| Notes payable and finance leases, net of current maturities | 1,289 | 207 |
| Operating lease liabilities, net of current maturities | 2,363 | 3,331 |
| Deferred tax liabilities, net | 15 | 137 |
| Total long-term liabilities | <u>3,667</u> | <u>3,675</u> |
| Commitments and contingencies | — | — |
| Stockholders' equity: | | |
| Preferred stock-par value \$1.00 per share; 4,000,000 shares authorized, none outstanding | — | — |
| Common stock-par value \$0.01 per share; 35,000,000 shares authorized, 30,812,329 and 23,812,329 shares issued, and 30,812,329 and 23,812,329 shares outstanding at December 31, 2023 and December 31, 2022, respectively | 308 | 238 |
| Additional paid-in capital | 156,678 | 155,413 |
| Accumulated deficit | (123,640) | (112,469) |
| Equity of Breckenridge prior to acquisition | — | 7,695 |
| Accumulated other comprehensive loss, net | (1,912) | (2,073) |
| Total stockholders' equity | <u>31,434</u> | <u>48,804</u> |
| Total liabilities and stockholders' equity | <u>\$ 57,519</u> | <u>\$ 68,673</u> |

See accompanying notes to the consolidated financial statements.

DAWSON GEOPHYSICAL COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(amounts in thousands, except share and per share data)

| | Year Ended December 31, | |
|--|-------------------------|--------------------|
| | 2023 | 2022 (as adjusted) |
| Operating revenues: | \$ | |
| Fee Revenue | \$ 61,447 | 46,071 |
| Reimbursable Revenue | 35,399 | 5,559 |
| | <u>96,846</u> | <u>51,630</u> |
| Operating costs: | | |
| Operating expenses | | |
| Fee operating expenses | 52,895 | 40,987 |
| Reimbursable operating expenses | 35,149 | 5,559 |
| | <u>88,044</u> | <u>46,546</u> |
| General and administrative | 11,430 | 15,455 |
| Severance expense | 2,208 | — |
| Depreciation and amortization | 8,492 | 11,830 |
| | <u>110,174</u> | <u>73,831</u> |
| Loss from operations | (13,328) | (22,201) |
| Other income (expense): | | |
| Interest income | 576 | 317 |
| Interest expense | (103) | (31) |
| Other income, net | 612 | 411 |
| Gain from employee retention credit | — | 2,966 |
| | <u>—</u> | <u>2,966</u> |
| Loss before income tax | (12,243) | (18,538) |
| Current | (25) | 9 |
| Deferred | 121 | (116) |
| Income tax benefit (expense): | <u>96</u> | <u>(107)</u> |
| Net loss | (12,147) | (18,645) |
| Other comprehensive income (loss): | | |
| Net unrealized income (loss) on foreign exchange rate translation | 161 | (1,063) |
| | <u>161</u> | <u>(1,063)</u> |
| Comprehensive loss | <u>\$ (11,986)</u> | <u>\$ (19,708)</u> |
| Basic loss per share of common stock | <u>\$ (0.45)</u> | <u>\$ (0.75)</u> |
| Diluted loss per share of common stock | <u>\$ (0.45)</u> | <u>\$ (0.75)</u> |
| Weighted average equivalent common shares outstanding | <u>26,752,055</u> | <u>24,971,031</u> |
| Weighted average equivalent common shares outstanding - assuming dilution | <u>26,752,055</u> | <u>24,971,031</u> |

See accompanying notes to the consolidated financial statements.

DAWSON GEOPHYSICAL COMPANY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(amounts in thousands, except share data)

| | Equity Attributable to Breckenridge Prior to Acquisition | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Total |
|---|--|---------------------|---------------|----------------------------------|------------------------|--|------------------|
| | | Number Of Shares | Amount | | | | |
| Balance January 1, 2022 | \$ — | 23,692,379 | \$ 237 | \$ 155,268 | \$ (92,018) | \$ (1,010) | \$ 62,477 |
| Net income (loss) | 1,806 | | | | (20,451) | | (18,645) |
| Unrealized loss on foreign exchange rate translation | | | | | | (1,063) | |
| Income tax benefit (expense) | | | | | | — | |
| Other comprehensive loss | | | | | | (1,063) | (1,063) |
| Issuance of common stock under stock compensation plans | | 155,000 | 1 | (1) | | | — |
| Stock-based compensation expense | | | | 413 | | | 413 |
| Shares exchanged for taxes on stock-based compensation | | (35,050) | — | (79) | | | (79) |
| Cash settlement of RSUs | | | | (301) | | | (301) |
| Treasury stock sale | | | | 113 | | | 113 |
| Deemed contribution of Breckenridge net assets | 6,472 | | | | | | 6,472 |
| Breckenridge cash distributions prior to acquisition | (583) | | | | | | (583) |
| Balance December 31, 2022 (as adjusted) | <u>\$ 7,695</u> | <u>23,812,329</u> | <u>\$ 238</u> | <u>\$ 155,413</u> | <u>\$ (112,469)</u> | <u>\$ (2,073)</u> | <u>\$ 48,804</u> |
| Net loss | (976) | | | | (11,171) | | (12,147) |
| Unrealized income on foreign exchange rate translation | | | | | | 161 | |
| Income tax benefit (expense) | | | | | | — | |
| Other comprehensive income | | | | | | 161 | 161 |
| Issuance of stock for Breckenridge acquisition | (1,335) | 1,188,235 | 12 | 2,008 | | | 685 |
| Excess of purchase price over net assets acquired | | | | (10,565) | | | (10,565) |
| Breckenridge cash distributions prior to acquisition | (3,055) | | | | | | (3,055) |
| Deemed distribution of Breckenridge net assets not acquired | (2,329) | | | | | | (2,329) |
| Issuance of stock for convertible note | | 5,811,765 | 58 | 9,822 | | | 9,880 |
| Balance December 31, 2023 | <u>\$ —</u> | <u>30,812,329</u> | <u>\$ 308</u> | <u>\$ 156,678</u> | <u>\$ (123,640)</u> | <u>\$ (1,912)</u> | <u>\$ 31,434</u> |

See accompanying notes to the consolidated financial statements.

DAWSON GEOPHYSICAL COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)

| | Year Ended December 31, | |
|---|--------------------------------|---------------------------|
| | 2023 | 2022 (as adjusted) |
| Cash flows from operating activities: | | |
| Net loss | \$ (12,147) | \$ (18,645) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 8,492 | 11,830 |
| Operating lease cost | 1,094 | 998 |
| Non-cash compensation | — | 413 |
| Deferred income tax (benefit) expense | (121) | 116 |
| Bad debt expense | 68 | — |
| (Gain) loss on disposal of assets | (23) | 551 |
| Remeasurement and other | — | (18) |
| Change in operating assets and liabilities: | | |
| (Increase) decrease in accounts receivable | (5,802) | 2,890 |
| (Increase) decrease in employee retention credit receivable | 3,035 | (3,035) |
| (Increase) decrease in prepaid expenses and other assets | 1,902 | (4,324) |
| Increase (decrease) in accounts payable | 138 | 802 |
| Increase (decrease) in accrued liabilities | 906 | 705 |
| Increase (decrease) in operating lease liabilities | (1,177) | (1,026) |
| Increase (decrease) in deferred revenue | 4,449 | 5,474 |
| Net cash provided by (used in) operating activities | <u>814</u> | <u>(3,269)</u> |
| Cash flows from investing activities: | | |
| Capital expenditures, net of non-cash capital expenditures summarized below | (3,721) | (1,429) |
| Acquisition of short-term investments | (1,000) | — |
| Proceeds from disposal of assets | 217 | 340 |
| Net cash used in investing activities | <u>(4,504)</u> | <u>(1,089)</u> |
| Cash flows from financing activities: | | |
| Principal payments on notes payable | (896) | (1,253) |
| Principal payments on finance leases | (253) | (47) |
| Tax withholdings related to stock-based compensation awards | — | (79) |
| Cash settlement of RSUs | — | (301) |
| Sale of treasury stock | — | 113 |
| Breckenridge cash distributions prior to acquisition | (3,055) | (583) |
| Net cash used in financing activities | <u>(4,204)</u> | <u>(2,150)</u> |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | 63 | (265) |
| Net decrease in cash and cash equivalents and restricted cash | (7,831) | (6,773) |
| Cash and cash equivalents and restricted cash at beginning of period | <u>23,603</u> | <u>30,376</u> |
| Cash and cash equivalents and restricted cash at end of period | <u>\$ 15,772</u> | <u>\$ 23,603</u> |
| Supplemental cash flow information: | | |
| Cash paid for interest | \$ 98 | \$ 31 |
| Cash received for income taxes | \$ 9 | \$ 7 |
| Non-cash operating, investing and financing activities: | | |
| (Decrease) increase in accrued purchases of property and equipment | \$ (272) | \$ 605 |
| Finance leases incurred | \$ 1,730 | \$ 279 |
| Increase in right-of-use assets and operating lease liabilities | \$ 283 | \$ 598 |
| Financed insurance premiums | \$ 1,602 | \$ 1,193 |
| Deemed distribution of Breckenridge net assets not acquired | \$ 2,329 | \$ — |
| Deemed contribution of Breckenridge net assets | \$ — | \$ (6,472) |
| Acquisition of net assets of Breckenridge | \$ (1,335) | \$ — |

See accompanying notes to the consolidated financial statements.

DAWSON GEOPHYSICAL COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization and Nature of Operations

The Company is a leading provider of onshore seismic data acquisition and processing services. Founded in 1952, the Company acquires and processes 2-D, 3-D and multi-component seismic data for its clients, ranging from major oil and gas companies to independent oil and gas operators as well as providers of multi-client data libraries. The Company operates in the lower 48 states of the U.S. and in Canada.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company. Intercompany accounts and transactions have been eliminated. In the opinion of the Company's management, the consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. The preparation of these condensed consolidated financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates. Certain prior period amounts in the condensed consolidated financial statements may have been reclassified to conform to the current period's presentation.

These consolidated financial statements have been prepared using accounting principles generally accepted in the U.S. for interim financial information and the instructions to Form 10-K and applicable rules of Regulation S-X of the Securities and Exchange Commission (the "SEC").

Asset Purchase Agreement. On March 24, 2023, the Company entered into an Asset Purchase Agreement (the "Purchase Agreement") with Wilks Brothers, LLC ("Wilks") and Breckenridge Geophysical, LLC ("Breckenridge"), a wholly owned subsidiary of Wilks. Pursuant to the Purchase Agreement, the Company completed the purchase of substantially all of the Breckenridge assets related to seismic data acquisition services other than its multi-client data library, in exchange for a combination of equity consideration and a convertible note (the "Transaction"). While the Transaction was structured as an asset purchase, the Company's financial presentation reflects combined results of the two companies as if the combination occurred on January 14, 2022, the date Wilks became the majority shareholder of the Company. This is due to the fact that both the Company and Breckenridge were under Wilks' control from January 14, 2022 forward. The presentation is required as a combination of entities under common control. As part of the Purchase Agreement, in addition to the 1,188,235 shares of our common stock issued to Wilks at closing, we entered into a convertible note to deliver approximately 5.8 million shares of common stock to Wilks after the Company receives shareholder approval of the proposal to issue the shares upon conversion of the convertible note in accordance with NASDAQ Listing Rule 5635 (the "Convertible Note"). The shareholders approved conversion of the Convertible Note during a special meeting held on September 13, 2023. Pursuant to the Purchase Agreement, the Convertible Note in the amount of \$9,880,000.50 was automatically converted into 5,811,765 newly-issued shares of the Company's common stock following the requisite shareholder approval, and the Convertible Note was thereby extinguished.

The Purchase Agreement has been accounted for as a transfer of net assets between entities under common control in a manner similar to a pooling of interests. The Company's historical consolidated financial statements have been retrospectively revised to reflect the effects on financial position, cash flows, and results of operations attributable to the activities of Breckenridge for all periods presented and are thus marked "(as adjusted)". The effects of transactions in Breckenridge's equity prior to the Transaction have been presented as a separate component of stockholders' equity on the Condensed Consolidated Balance Sheets and on the Condensed Consolidated Statements of Stockholders' Equity to demonstrate the effects of those transactions on the Company's historical consolidated financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Dawson Operating LLC, Dawson Seismic Services Holdings, Inc., Eagle Canada, Inc., Eagle Canada Seismic Services ULC and Exploration Surveys, Inc. Additionally, Breckenridge has been consolidated on the Company's statements for the period from January 14, 2022 (the date on which Wilks gained control of Dawson) to December 31, 2022, and for the period from January 1, 2023 to March 24, 2023. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash Equivalents

For purposes of the consolidated financial statements, the Company considers demand deposits, certificates of deposit, overnight investments, money market funds and all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Allowance for Current Expected Credit Loss

The Company's allowance for credit losses reflects its current estimate expected to be incurred over the life of the financial instrument and is determined based on a number of factors. Management determines the need for any allowance for credit losses on accounts receivable based on its review of past-due accounts, its past experience of historical write-offs, its current client base, when customer accounts exceed 90 days past due and specific customer account reviews. While the collectability of outstanding client invoices is continually assessed, the inherent volatility of the energy industry's business cycle can cause swift and unpredictable changes in the financial stability of the Company's clients. With the adoption of ASU No. 2016-13 in 2020, the Company made an accounting policy election to write off accrued interest amounts by reversing interest income. The Company's allowance for credit losses was \$250,000 at December 31, 2023 and 2022.

Employee Retention Credit Receivable

Under the provisions of the CARES Act, the Company was eligible and, in April 2022, applied for a refundable employee retention credit subject to program conditions and requirements. The Company recognizes these credits as a gain when all uncertainties have been met and the amounts are realizable in accordance with similar gain contingencies. The Company recognized \$3.0 million as a gain in other income and \$69,000 as interest income in the Consolidated Statement of Operations and Comprehensive Loss for the year ended December 31, 2022 and recognized \$3.0 million as an employee retention credit receivable in the Consolidated Balance Sheet as of December 31, 2022. Payments were received in January 2023.

Property and Equipment

Property and equipment is capitalized at historical cost or the fair value of assets acquired in a business combination and is depreciated over the useful life of the asset. Management's estimation of this useful life is based on circumstances that exist in the seismic industry and information available at the time of the purchase of the asset. As circumstances change and new information becomes available, these estimates could change.

Depreciation is computed using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the consolidated balance sheet, and any resulting gain or loss is reflected in the results of operations for the period.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when triggering events occur suggesting deterioration in the assets' recoverability or fair value. Recognition of an impairment charge is required if future expected undiscounted net cash flows are insufficient to recover the carrying value of the assets and the fair value of the assets is below the carrying value of the assets. Management's forecast of future cash flows used to perform impairment analysis includes estimates of future revenues and expenses based on the Company's anticipated future results, while considering anticipated future oil and natural gas prices which is fundamental in assessing demand for the Company's services. If the carrying amounts of the assets exceed the estimated expected undiscounted future cash flows, the Company measures the amount of possible

impairment by comparing the carrying amount of the assets to the fair value. No impairment charges were recognized for the years ended December 31, 2023 and 2022.

Leases

The Company leases certain vehicles, seismic recording equipment, real property and office equipment under lease agreements. The Company evaluates each lease to determine its appropriate classification as an operating lease or a finance lease for financial reporting purposes. The Company is the lessee in a lease contract when we obtain the right to control the asset. The majority of our operating leases are non-cancelable operating leases for office, shop and warehouse space in Midland, Plano, Houston and Calgary, Alberta.

The assets and liabilities under finance leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the related assets. Assets under finance leases are amortized using the straight-line method over the initial lease term. Amortization of assets under finance leases is included in depreciation expense.

For operating leases, where readily determinable, the Company uses the implicit interest rate in determining the present value of future minimum lease payments. In the absence of an implicit rate, the Company uses its incremental borrowing rate based on the information available at the lease commencement date. The Company gives consideration to its outstanding debt, as well as publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates. The ROU assets are amortized to operating lease cost over the lease terms on a straight-line basis and is included in operating expense. The Company does not recognize leases with an initial term of 12 months or less and does not separate lease and non-lease components.

Several of the Company's leases include options to renew, with renewal terms that can extend from one to 10 years or more. The exercise of lease renewal options is primarily at the Company's discretion. To measure operating lease recognition, the Company evaluates its lease agreements to determine if they have economic incentives for renewal or options to purchase. The Company deems leasehold improvements as one of the few economic incentives that would entice the Company to renew a lease and all of its leasehold improvements are currently fully amortized.

Intangibles

The Company has intangible assets consisting primarily of trademarks/tradenames (which are not amortized) resulting from a business combination. The Company tests for impairment on an annual basis during the fourth quarter, and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. No impairment charges were recognized for the years ended December 31, 2023 and 2022.

Revenue Recognition

Services are provided under cancelable service contracts which usually have an original expected duration of one year or less. These contracts are either turnkey or term agreements. Under both types of agreements, the Company recognizes revenues as the services are performed. Revenue is generally recognized based on receivers laid out and picked up compared to total receivers anticipated to be recorded on the survey using the total estimated revenue for the service contract. In the case of a cancelled service contract, the client is billed and revenue is recognized for any third party charges and square miles of data recorded up to the date of cancellation.

The Company receives reimbursements for certain out-of-pocket expenses under the terms of the service contracts. The amounts billed to clients are included at their gross amount in the total estimated revenue for the service contract.

Clients are billed as permitted by the service contract. Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings and cash collections. If billing occurs prior to the revenue recognition or billing exceeds the revenue recognized, the amount is considered deferred revenue and a contract liability. Conversely, if the revenue recognition exceeds the billing, the excess is considered an unbilled receivable and a contract asset. As services are performed, those deferred revenue amounts are recognized as revenue.

In some instances, third-party permitting, surveying, drilling, helicopter, equipment rental and mobilization costs that directly relate to the contract are utilized to fulfill the contract obligations. These fulfillment costs are capitalized in other current assets and generally amortized based on the total square miles of data recorded compared to total square miles anticipated to be recorded on the survey using the total estimated fulfillment costs for the service contract.

Estimates for total revenue and total fulfillment cost on any service contract are based on certain qualitative and quantitative judgments supported by underlying facts. Management considers a variety of factors such as whether various components of the performance obligation will be performed internally or externally, cost of third party services, and facts and circumstances unique to the performance obligation in making these estimates.

Additionally, the Company's policy includes (i) ignoring the financing component when estimating the transaction price for service contracts completed within one year, (ii) excluding sales tax collected from the customer when determining the transaction price, and (iii) expensing incremental costs to obtain a customer contract if the amortization period for those costs would otherwise be one year or less.

Segments

Historically, the chief operating decision maker made operating decisions and evaluated operating results of the Company on a consolidated basis. In December 2023, we appointed a new Chief Executive Officer who is our current chief operating decision maker. Currently, our chief operating decision maker reviews the discrete segment financial information on a geographic basis for the US operations and Canada Operations. The revenue for both of the Company's segments is generated by the same services, which utilize the same type of equipment and personnel. The performance of our segments is evaluated primarily on Adjusted EBITDA. We define Adjusted EBITDA as our net income (loss), before (i) interest expense, net, (ii) income tax expense or benefit, (iii) depreciation, depletion and amortization and (iv) other unusual or non-recurring charges, such as severance expenses. As a result, our business has two reportable segments, US operations and Canada Operations. We have included disclosures about our two reportable segments for all periods presented herein. See Note 15 for additional disclosures related to our reportable segments.

Stock-Based Compensation

The Company measures all stock-based compensation awards, which include stock options, restricted stock, restricted stock units and common stock awards, using the fair value method and recognizes compensation expense, net of actual forfeitures, as operating or general and administrative expense, as appropriate, in the Consolidated Statements of Operations and Comprehensive Loss on a straight-line basis over the vesting period of the related awards.

Foreign Currency Translation

The U.S. Dollar is the reporting currency for all periods presented. The functional currency of the Company's foreign subsidiaries is generally the local currency. Any transactions denominated in a currency other than the functional currency are remeasured with the resulting unrealized gain or loss recognized in the Consolidated Statements of Operations and Comprehensive Loss as other income (expense). All assets and liabilities in the functional currency are then translated into U.S. Dollars at the exchange rate on the consolidated balance sheet date. Income and expenses are translated using the exchange rate applicable to each transaction. Equity transactions are translated using historical exchange rates. Adjustments resulting from translation are recorded as a separate component of accumulated other comprehensive income (loss) in the Consolidated Balance Sheets. Realized foreign currency transaction gains (losses) are included in the Consolidated Statements of Operations and Comprehensive Loss as other income (expense).

Income Taxes

The Company accounts for income taxes by recognizing amounts of taxes payable or refundable for the current year, and by using an asset and liability approach in recognizing the amount of deferred tax assets and liabilities for the future tax consequences of events that have been recognized in the Company's consolidated financial statements or tax returns. Management determines deferred taxes by identifying the types and amounts of existing temporary differences, measuring the total deferred tax asset or liability using the applicable tax rate in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates of deferred tax assets and liabilities is recognized in income in the year of an enacted rate change. The deferred tax asset is reduced by a valuation allowance if, based on available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be

realized. Management's methodology for recording income taxes requires judgment regarding assumptions and the use of estimates, including determining the annual effective tax rate and the valuation of deferred tax assets, which can create variances between actual results and estimates and could have a material impact on the Company's provision or benefit for income taxes. Due to recent operating losses and valuation allowances, the Company may recognize reduced or no tax benefits on future losses on the Consolidated Statements of Operations and Comprehensive Loss. The Company's effective tax rates differ from the statutory federal rate of 21% for certain items such as state and local taxes, valuation allowances, non-deductible expenses and discrete items.

Use of Estimates in the Preparation of Financial Statements

Preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of certain assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most sensitive estimates involve the Company's estimates for total revenues and total fulfillment costs on service contracts. Because of the use of assumptions and estimates inherent in the reporting process, actual results could differ from those estimates.

Severance Expense

In December 2023, we recorded severance expenses of \$2.2 million in connection with the termination of the Company's (i) President and Chief Executive Officer, (ii) Chief Financial Officer, Executive Vice President, Secretary and Treasurer and (iii) Chief Operating Officer and Executive Vice President. This severance is included on the balance sheet within accrued liabilities in payroll costs and other taxes. This severance will be paid out in bi-weekly payments for (ii) and (iii) until February of 2025, and bi-weekly payments for (i) until December of 2025.

Risks and uncertainties

Our ability to be profitable in the future will depend on many factors beyond our control, but primarily on the level of demand for land-based seismic data acquisition services by oil and natural gas exploration and development companies. We incurred net losses of \$12.1 million for the year ended December 31, 2023, and \$18.6 million for the year ended December 31, 2022. As of December 31, 2023, we had \$15.8 million in cash, and a positive working capital balance of \$15 million. We believe that our cash flows from operations, and our current financial position are adequate to fund our continued operations.

2. Short-Term Investments

The Company had short-term investments at December 31, 2023 and 2022 consisting of certificates of deposit with original maturities greater than three months but less than a year. Certificates of deposit with any given banking institution did not exceed the FDIC insurance limit at December 31, 2023 or 2022.

3. Fair Value of Financial Instruments

At December 31, 2023 and 2022, the Company's financial instruments included cash and cash equivalents, restricted cash, short-term investments in certificates of deposit, accounts receivable, employee retention credit receivable, other current assets, accounts payable, other current liabilities, notes payable, finance leases and operating lease liabilities. Due to the short-term maturities of cash and cash equivalents, restricted cash, accounts receivable, employee retention credit receivable, other current assets, accounts payable and other current liabilities, the carrying amounts approximate fair value at the respective balance sheet dates. The carrying value of the notes payable, finance leases and operating lease liabilities approximate their fair value based on a comparison with the prevailing market interest rates. Due to the short-term maturities of the Company's investments in certificates of deposit, the carrying amounts approximate fair value at the respective balance sheet dates. The fair values of the Company's notes payable, finance leases, operating lease liabilities and investments in certificates of deposit are level 2 measurements in the fair value hierarchy.

4. Property and Equipment

Property and equipment, together with the related estimated useful lives at December 31, 2023 and 2022, were as follows (in thousands):

| | December 31, | | Useful Lives |
|-------------------------------|------------------|--------------------|-----------------|
| | 2023 | 2022 (as adjusted) | |
| Land, building and other | \$ 13,476 | \$ 13,440 | 3 to 40 years |
| Recording equipment | 140,156 | 154,132 | 5 to 10 years |
| Vibrator energy sources | 64,690 | 64,110 | 5 to 15 years |
| Vehicles | 23,633 | 22,997 | 1.5 to 10 years |
| | <u>241,955</u> | <u>254,679</u> | |
| Less accumulated depreciation | (225,447) | (234,211) | |
| Property and equipment, net | <u>\$ 16,508</u> | <u>\$ 20,468</u> | |

5. Supplemental Consolidated Financial Statement Information

Other Current Assets and Other Current Liabilities

Prepaid expenses and other current assets consist of the following at December 31, 2023 and 2022 (in thousands):

| | December 31, | |
|----------------------|-----------------|--------------------|
| | 2023 | 2022 (as adjusted) |
| Contract assets | \$ 4,318 | \$ 5,433 |
| Prepaid expenses | 3,197 | 2,271 |
| Other assets | 1,139 | 1,247 |
| Other current assets | <u>\$ 8,654</u> | <u>\$ 8,951</u> |

Other current liabilities consisted of the following at December 31, 2023 and 2022 (in thousands):

| | December 31, | |
|--|---------------|--------------------|
| | 2023 | 2022 (as adjusted) |
| Accrued self-insurance reserves | \$ 338 | \$ 435 |
| Other accrued expenses and current liabilities | 371 | 845 |
| Other current liabilities | <u>\$ 709</u> | <u>\$ 1,280</u> |

Related Party Transactions

For the year ending December 31, 2023, the Company incurred related party expenses totaling approximately \$120,000 related to hauling charges paid to various commonly controlled companies of Wilks Brothers, LLC, the holder of approximately 80% of the Company's outstanding stock. For the year ended December 31, 2023, the Company recorded approximately \$10,000 of related party revenue from a commonly controlled company of Wilks Brothers, LLC. The Company did not have any related party transactions during the year ended December 31, 2022. As of December 31, 2023, the Company had approximately \$11,000 of outstanding related party accounts payable and no outstanding related party accounts receivable.

For the years ended December 31, 2023, and December 31, 2022, Breckenridge incurred related party expenses totaling approximately \$110,000 and \$567,000, respectively. For the year ended December 31, 2023, these charges by various commonly controlled companies of Wilks Brothers, LLC consisted of trucking charges of \$60,000, management charges of \$44,000, and payroll administration charges of \$6,000. For the year ended December 31, 2022, these charges by various commonly controlled companies of Wilks Brothers, LLC consisted of trucking charges of \$92,000, management charges of \$432,000, and payroll administration charges of \$43,000.

Deferred Costs

Deferred costs were \$5.4 million and \$1 million at January 1, 2023 and 2022, respectively. The Company's prepaid expenses and other current assets at December 31, 2023 and 2022 included deferred costs incurred to fulfill contracts with customers of \$4.3 million and \$5.4 million, respectively.

Deferred costs at December 31, 2023 compared to January 1, 2023 decreased primarily as a result of the completion of several projects for clients with significant deferred fulfillment costs at the beginning of the year. Deferred costs at December 31, 2022 compared to January 1, 2022 increased primarily as a result of new projects for clients with significant deferred fulfillment costs at December 31, 2022.

The amount of total deferred costs amortized for the years ended December 31, 2023 and 2022 was \$38.3 million and \$6.8 million, respectively. There were no material impairment losses incurred during these periods.

Deferred Revenue

Deferred revenue was \$7.4 million and \$1.3 million at January 1, 2023 and 2022, respectively. The Company's deferred revenue at December 31, 2023 and 2022 was \$11.8 million and \$7.4 million, respectively.

Deferred revenue at December 31, 2023 and 2022 compared to January 1, 2023 and 2022, increased primarily as a result of various new projects for clients with large third party reimbursables where data has not yet been recorded.

Revenue recognized for the year ended December 31, 2023 that was included in the contract liability balance at the beginning of 2023 was \$7.3 million. Revenue recognized for the year ended December 31, 2022 that was included in the contract liability balance at the beginning of 2022 was \$1.1 million. Deferred revenue not recognized during 2023 relates to projects that have not yet started or were cancelled.

6. Debt

Dominion Loan Agreement

On September 30, 2019, the Company entered into a Loan and Security Agreement with Dominion Bank, a Texas state bank ("Dominion Bank"). On September 30, 2023, the Company entered into a Fifth Loan Modification Agreement (the "Fifth Modification Agreement") to the Loan and Security Agreement (as amended by (i) that certain Loan Modification Agreement dated as of September 30, 2020, (ii) that certain Second Loan Modification Agreement dated as of September 30, 2021, (iii) that certain Third Loan Modification Agreement dated as of September 30, 2022, (iv) that certain Fourth Modification Agreement dated as of March 21, 2023, and (v) the Fifth Modification Agreement, the "Loan Agreement"). The Loan Agreement now provides for a secured revolving credit facility (the "Revolving Credit Facility") in an amount up to the lesser of (I) an amount equal to the Borrowing Base or (II) \$5 million. The Company's obligations under the Loan Agreement are secured by a Certificate of Deposit with Dominion Bank for \$5.0M (the "Deposit") in the

Company's collateral account. As of December 31, 2023, the Company has not borrowed any amounts under the Revolving Credit Facility and has approximately \$5 million available for withdrawal.

Under the Revolving Credit Facility, interest will accrue at an annual rate equal to the lesser of (i) 7.75% and (ii) the greater of (a) the prime rate as published from time to time in The Wall Street Journal or (b) 4.75%. From and after September 30, 2023 and so long as the Deposit held by Dominion Bank remains greater than or equal to the indebtedness (the "Financial Covenant Suspension Threshold"), the testing of the financial covenants set forth in the Loan Agreement has been suspended. The financial covenant testing shall resume if and when the Financial Covenant Suspension Threshold is no longer satisfied. The maturity date of the Loan Agreement is September 30, 2024.

The Company does not currently have any notes payable under the Revolving Credit Facility.

Dominion Letters of Credit

As of December 31, 2023, Dominion Bank has issued one letter of credit in the amount of \$265,000 to support the Company's workers compensation insurance. The letter of credit is secured by a certificate of deposit with Dominion Bank.

Other Indebtedness

As of December 31, 2023, the Company has one note payable to a finance company for various insurance premiums totaling \$910,000.

In addition, the Company leases certain seismic recording equipment and vehicles under leases classified as finance leases. The Company's Consolidated Balance Sheets as of December 31, 2023 and 2022 include finance leases of \$1.8 million and \$277,000, respectively.

Maturities of Debt

The Company's aggregate principal amount of outstanding notes payable and the interest rates and monthly payments as of December 31, 2023 and 2022 are as follows (in thousands):

| | December 31, 2023 | December 31, 2022 |
|--|--------------------------|--------------------------|
| Notes payable to finance company for insurance | | |
| Aggregate principal amount outstanding | \$ 910 | \$ 205 |
| Interest rate | 8.75% | 8.24% |

The Company's aggregate maturities of finance leases at December 31, 2023 are as follows (in thousands):

| | |
|----------------------------------|-----------------|
| January 2024 - December 2024 | \$ 470 |
| January 2025 - December 2025 | 569 |
| January 2026 - December 2026 | 517 |
| January 2027 - December 2027 | 203 |
| Obligations under finance leases | <u>\$ 1,759</u> |

Interest rates on these leases ranged from 4.86% to 8.74%.

7. Leases

The Company leases certain vehicles, seismic recording equipment, real property and office equipment under lease agreements. The Company evaluates each lease to determine its appropriate classification as an operating lease or finance lease for financial reporting purposes. The Company is the lessee in a lease contract when we obtain the right to

control the asset. The majority of our operating leases are non-cancelable operating leases for office, shop and warehouse space in Midland, Plano, Houston and Calgary, Alberta.

The components of lease cost for the years ended December 31, 2023 and 2022 were as follows (in thousands):

| | Year Ended December 31, | |
|-------------------------------------|--------------------------------|-----------------|
| | 2023 | 2022 |
| Finance lease cost | | |
| Amortization of right-of-use assets | \$ 957 | \$ 1,273 |
| Interest on lease liabilities | 57 | 3 |
| Total finance lease cost | 1,014 | 1,276 |
| Operating lease cost | 1,201 | 1,242 |
| Short-term lease cost | — | — |
| Total lease cost | \$ 2,215 | \$ 2,518 |

Supplemental cash flow information related to leases for the years ended December 31, 2023 and 2022 was as follows (in thousands):

| | Year Ended December 31, | |
|---|--------------------------------|-------------|
| | 2023 | 2022 |
| Cash paid for amounts included in the measurement of lease liabilities | | |
| Operating cash flows from operating leases | \$ (1,345) | \$ (1,271) |
| Operating cash flows from finance leases | \$ (57) | \$ (3) |
| Financing cash flows from finance leases | \$ (253) | \$ (47) |
| Right-of-use assets obtained in exchange for lease obligations | | |
| Operating leases | \$ 283 | \$ 598 |
| Finance leases | \$ — | \$ — |

Supplemental balance sheet information related to leases as of December 31, 2023 and 2022 was as follows (in thousands):

| | December 31, | |
|--|--------------|-----------|
| | 2023 | 2022 |
| Operating leases | | |
| Operating lease right-of-use assets | \$ 3,208 | \$ 4,010 |
| Operating lease liabilities - current | \$ 1,202 | \$ 1,118 |
| Operating lease liabilities - long-term | 2,363 | 3,331 |
| Total operating lease liabilities | \$ 3,565 | \$ 4,449 |
| Finance leases | | |
| Property and equipment, at cost | \$ 10,672 | \$ 8,942 |
| Accumulated depreciation | (7,982) | (7,336) |
| Property and equipment, net | \$ 2,690 | \$ 1,606 |
| Finance lease liabilities - current | \$ 470 | \$ 70 |
| Finance lease liabilities - long-term | 1,289 | 207 |
| Total finance lease liabilities | \$ 1,759 | \$ 277 |
| Weighted average remaining lease term | | |
| Operating leases | 3.1 years | 3.9 years |
| Finance leases | 3.2 years | 2.8 years |
| Weighted average discount rate | | |
| Operating leases | 5.20% | 5.03% |
| Finance leases | 6.60% | 7.21% |

Maturities of lease liabilities at December 31, 2023 are as follows (in thousands):

| | Operating Leases | Finance Leases |
|---------------------------------------|------------------|----------------|
| January 2024 - December 2024 | \$ 1,359 | \$ 571 |
| January 2025 - December 2025 | 1,071 | 638 |
| January 2026 - December 2026 | 1,090 | 548 |
| January 2027 - December 2027 | 336 | 208 |
| January 2028 - December 2028 | 23 | — |
| Thereafter | — | — |
| Total payments under lease agreements | 3,879 | 1,965 |
| Less imputed interest | (314) | (206) |
| Total lease liabilities | \$ 3,565 | \$ 1,759 |

8. Stock-Based Compensation

Since the date of its effectiveness on May 5, 2016, the Company issues new grants of stock-based awards pursuant to the Dawson Geophysical Company 2016 Stock and Performance Incentive Plan (the “2016 Plan”). All of the Company’s prior plans have expired pursuant to their terms and no awards previously granted under prior plans remain outstanding. The awards outstanding and available under the 2016 Plan, as restated in 2020, and their associated accounting treatment are discussed below.

In 2016, the Company adopted the 2016 Plan, which provides for the issuance of up to 1,000,000 shares of authorized Company common stock, which authorized amount was increased to 1,050,000 as a result of the 5% stock dividend approved by the Board on May 1, 2018. At the annual shareholders’ meeting on June 9, 2020, the Company’s shareholders approved a restated version of the 2016 Plan (the “Restated 2016 Plan”), which authorized an additional

1,000,000 shares. The total aggregate numbers of shares of Common Stock reserved under the Restated 2016 Plan is 2,050,000 shares. As of December 31, 2023, there were approximately 1,264,487 shares available for future issuance. The Restated 2016 Plan provides for the issuance of stock-based compensation awards, including stock options, common stock, restricted stock, restricted stock units and other forms. Stock option grant prices awarded under the Restated 2016 Plan may not be less than the fair market value of the common stock subject to such option on the grant date, and the term of stock options shall extend no more than ten years after the grant date. The Restated 2016 Plan terminates June 9, 2030.

The Company's employees and officers that hold unvested restricted stock awarded during 2016 or thereafter are not entitled to dividends when the Company pays dividends.

Impact of Stock-Based Compensation

The following table summarizes stock-based compensation expense, which is included in operating or general and administrative expense, as appropriate, in the Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31, 2023 and 2022 (in thousands):

| | Year Ended December 31, | |
|------------------------------|-------------------------|---------------|
| | 2023 | 2022 |
| Restricted stock unit awards | \$ — | \$ 413 |
| Common stock awards | — | — |
| Total compensation expense | <u>\$ —</u> | <u>\$ 413</u> |

Stock Options

There was no stock option activity during the years ended December 31, 2023 and 2022. There were no outstanding stock options as of December 31, 2023 or 2022.

Restricted Stock Awards

There was no restricted stock award activity during the years ended December 31, 2023 and 2022.

Restricted Stock Unit Awards

The Company did not grant any restricted stock unit awards during the years ended December 31, 2023 or 2022.

As of December 31, 2023, there was no unrecognized compensation cost related to nonvested restricted stock unit awards.

The aggregate vesting date fair value of restricted stock units for the years ended December 31, 2023 and 2022 was \$0 and \$351,000, respectively.

The aggregate cash settlement date fair value of restricted stock units for the years ended December 31, 2023 and 2022 was \$0 and \$301,000, respectively. An additional 5% over fair value of restricted stock units was issued for those who chose the cash settlement option with an aggregate value for the years ended December 31, 2023 and 2022 of \$0 and \$15,000, respectively.

Common Stock Awards

The Company did not grant any common stock awards with immediate vesting to outside directors during the years ended December 31, 2023 and 2022.

9. Employee Benefit Plans

The Company provides a 401(k) plan as part of its employee benefits package in order to retain quality personnel. The Company elected to match 100% of the employee contributions up to a maximum of 6% of the participant's applicable compensation under its 401(k) plan for the years ended December 31, 2023 and 2022. The Company's matching

contributions under its 401(k) plan for the years ended December 31, 2023 and 2022 were approximately \$648,000 and \$537,000, respectively.

10. Advertising Costs

Advertising costs are charged to expense as incurred. Advertising costs for the years ended December 31, 2023 and 2022 totaled \$32,000 and \$29,000, respectively.

11. Income Taxes

The Company's components of loss before income tax, exclusive of Breckenridge were as follows (in thousands):

| | Year Ended December 31, | |
|------------------------|-------------------------|-------------|
| | 2023 | 2022 |
| Domestic | \$ (9,177) | \$ (20,566) |
| Foreign | (2,090) | 222 |
| Loss before income tax | \$ (11,267) | \$ (20,344) |

The Company's components of income tax benefit (expense) were as follows (in thousands):

| | Year Ended December 31, | |
|------------------------------------|-------------------------|----------|
| | 2023 | 2022 |
| Current federal benefit | \$ 17 | \$ 9 |
| Current state expense | (42) | — |
| Deferred federal benefit (expense) | 114 | (109) |
| Deferred state benefit (expense) | 7 | (7) |
| Income tax benefit (expense) | \$ 96 | \$ (107) |

The income tax provision differs from the amount computed by applying the statutory federal income tax rate to loss before income tax as follows (in thousands):

| | Year Ended December 31, | |
|---|-------------------------|----------|
| | 2023 | 2022 |
| Tax benefit computed at statutory rate of 21% | \$ 2,366 | \$ 4,272 |
| Change in valuation allowance | (2,599) | 15,352 |
| State income tax expense, net of federal tax | (28) | (5) |
| Foreign losses | 492 | 70 |
| Section 382 limited NOL | — | (19,904) |
| Other | (135) | 108 |
| Income tax benefit (expense) | \$ 96 | \$ (107) |

The principal components of the Company's net deferred tax assets (liabilities) (in thousands) were as follows:

| | December 31, | |
|---|--------------|-----------|
| | 2023 | 2022 |
| Deferred tax assets: | | |
| Federal tax net operating loss ("NOL") carryforward | \$ 14,505 | \$ 13,373 |
| Foreign tax NOL carryforward | 7,031 | 6,423 |
| Deferred revenue | 1,697 | 379 |
| State tax NOL carryforward | 1,579 | 1,398 |
| Intangible Assets - Breckenridge | 939 | — |
| Accrued severance | 456 | — |
| Other comprehensive income | 421 | 458 |
| Foreign deferred taxes | 256 | 252 |
| Right-of-use assets | 79 | 80 |
| Canadian start-up costs | 58 | 74 |
| Other | 53 | 52 |
| Self-insurance | 39 | 37 |
| Workers' compensation | 3 | 8 |
| Gross deferred tax assets | 27,116 | 22,534 |
| Less valuation allowances | (26,443) | (21,184) |
| Net deferred tax assets | 673 | 1,350 |
| Deferred tax liabilities: | | |
| Property and equipment | (688) | (1,486) |
| Net deferred tax liabilities | \$ (15) | \$ (136) |
| | | |
| Domestic deferred tax liabilities | \$ (15) | \$ (136) |
| Foreign deferred tax liabilities | — | — |
| Net deferred tax liabilities | \$ (15) | \$ (136) |

At December 31, 2023, the Company had a gross NOL for U.S. federal income tax purposes of approximately \$163,849,000 but expects approximately \$94,779,000 to expire unused due to the 382 event discussed below. The remaining NOL will begin to expire in 2027. Losses incurred after the year ended December 31, 2017 have no expiration. The Company will carry forward the tax benefits related to federal net NOL of approximately \$14,505,000. The Company also had state net NOLs that will affect state taxes of approximately \$1,579,000 at December 31, 2023. State NOLs began to expire in 2015 and continue to expire each year. The Company also had a Canadian gross NOL of \$27,043,000 that will begin to expire in 2037.

On January 14, 2022, the Company was subject to an Internal Revenue Code section 382 event that limited some of our NOL utilization in future periods. The 382 limitation rendered a substantial portion of the NOLs unusable and caused the Company to write off approximately \$19,904,000 of the federal net NOLs against the valuation allowance. It also caused the Company to adjust the valuation allowance so we are still in a naked credit position domestically, but it did not have a material impact on tax expense.

In evaluating the possible sources of taxable income during 2023, the Company determined it is more likely than not that the remaining deferred tax assets will not be realizable. As a result, the Company recorded full valuation allowance against foreign deferred tax assets and its federal and state deferred tax assets with the exception of its trademark intangible.

At December 31, 2023 and 2022, the Company did not have any uncertain tax positions. The Company's policy is to recognize interest and penalties related to an uncertain tax position in income tax expense.

12. Supplemental Purchase Agreement Transaction Information

Historical financial information for Breckenridge was derived from Breckenridge's financial statements. In the opinion of the Company's management, the financial information of Breckenridge reflects all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. The non-cash items associated with the Purchase Agreement shown on the Condensed Consolidated Statements of Cash Flows consist of "Deemed distribution (contribution)" and "Acquisition of Breckenridge net assets" and are derived as follows (in thousands):

| Deemed Distribution (Contribution) | Year Ended December 31, | |
|--|--------------------------------|-------------------|
| | 2023 | 2022 |
| Deemed distribution (contribution) of short-term investments | \$ 1,000 | \$ — |
| Deemed distribution (contribution) of accounts receivable | 1,015 | (2,605) |
| Deemed distribution (contribution) of prepaids and other | 1 | (133) |
| Deemed distribution (contribution) of land and buildings | 514 | (4,726) |
| Deemed (distribution) contribution of accounts payable | (132) | 196 |
| Deemed (distribution) contribution of accrued liabilities | (69) | 228 |
| Deemed (distribution) contribution of deferred revenue | — | 568 |
| Deemed distribution of Breckenridge net assets not acquired | <u>\$ 2,329</u> | |
| Deemed contribution of Breckenridge net assets | | <u>\$ (6,472)</u> |

| Historical Carrying Value of Assets Acquired | March 24, 2023 |
|---|-----------------------|
| Accounts receivable, net | \$ 67 |
| Prepaid expenses and other current assets | 56 |
| Property and equipment, net | 1,322 |
| Other accrued liabilities | (16) |
| Deferred revenue | (94) |
| Acquisition of Breckenridge net assets | <u>\$ 1,335</u> |

Total consideration for the asset purchase is as follows (in thousands):

| Consideration Paid | March 24, 2023 |
|---------------------------|-----------------------|
| Common stock issued | \$ 2,020 |
| Note payable issued | 9,880 |
| Purchase price | <u>\$ 11,900</u> |

Because the Transaction constitutes a transaction among entities under common control, the excess purchase price over the historical carrying value of the net assets acquired was recorded as a charge to additional paid in capital. The excess purchase price over the historical carrying value of the assets at the acquisition date is as follows (unaudited and in thousands):

| Excess Purchase Price | March 24, 2023 |
|--|-----------------------|
| Purchase price | \$ 11,900 |
| Historical carrying value of assets acquired | (1,335) |
| Excess purchase price | <u>\$ 10,565</u> |

The following table reconciles the previously reported Balance Sheet at December 31, 2022 to the current Balance Sheet for the same period (in thousands):

| | December 31, 2022 | | |
|---|-------------------------------|-----------------|-----------------------|
| | Dawson Previously Reported | Breckenridge | Dawson As Adjusted |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 13,914 | \$ 4,689 | \$ 18,603 |
| Restricted cash | 5,000 | — | 5,000 |
| Short-term investments | 265 | — | 265 |
| Accounts receivable, net | 6,945 | 1,027 | 7,972 |
| Employee retention credit receivable | 3,035 | — | 3,035 |
| Prepaid expenses and other current assets | 8,876 | 75 | 8,951 |
| Total current assets | <u>38,035</u> | <u>5,791</u> | <u>43,826</u> |
| Property and equipment, net | 18,127 | 2,341 | 20,468 |
| Right-of-use assets | 4,010 | — | 4,010 |
| Intangibles, net | 369 | — | 369 |
| Total assets | <u>\$ 60,541</u> | <u>\$ 8,132</u> | <u>\$ 68,673</u> |
| Liabilities and Stockholders' Equity | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 4,015 | \$ 125 | \$ 4,140 |
| Accrued liabilities: | | | |
| Payroll costs and other taxes | 1,973 | 28 | 2,001 |
| Other | 1,178 | 102 | 1,280 |
| Deferred revenue | 7,199 | 181 | 7,380 |
| Current maturities of notes payable and finance leases | 275 | — | 275 |
| Current maturities of operating lease liabilities | 1,118 | — | 1,118 |
| Total current liabilities | <u>15,758</u> | <u>436</u> | <u>16,194</u> |
| Long-term liabilities: | | | |
| Notes payable and finance leases, net of current maturities | 207 | — | 207 |
| Operating lease liabilities, net of current maturities | 3,331 | — | 3,331 |
| Deferred tax liabilities, net | 136 | 1 | 137 |
| Total long-term liabilities | <u>3,674</u> | <u>1</u> | <u>3,675</u> |
| Stockholders' equity: | | | |
| Common stock | 238 | — | 238 |
| Additional paid-in capital | 155,413 | — | 155,413 |
| Accumulated earnings (deficit) | (112,469) | — | (112,469) |
| Equity of Breckenridge prior to acquisition | — | 7,695 | 7,695 |
| Accumulated other comprehensive income (loss), net | (2,073) | — | (2,073) |
| Total stockholders' equity | <u>41,109</u> | <u>7,695</u> | <u>48,804</u> |
| Total liabilities and stockholders' equity | <u>\$ 60,541</u> | <u>\$ 8,132</u> | <u>\$ 68,673</u> |

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The following tables reconcile the previously reported Statement of Operations for the year ended December 31, 2022 to the current Statement of Operations for the same periods (in thousands):

| | Year Ended December 31, 2022 | | | |
|--|-------------------------------|--------------|---------------------------------------|-----------------------|
| | Dawson Previously Reported | Breckenridge | Eliminations and Other Adjustments | Dawson As Adjusted |
| Operating revenues | | | | |
| Fee revenue | \$ 31,921 | \$ 16,351 | \$ (2,201) | \$ 46,071 |
| Reimbursable revenue | 5,559 | — | — | 5,559 |
| | 37,480 | 16,351 | (2,201) | 51,630 |
| Operating costs: | | | | |
| Operating expenses | | | | |
| Fee operating expenses | 32,351 | 10,837 | (2,201) | 40,987 |
| Reimbursable operating expenses | 5,559 | — | — | 5,559 |
| | 37,910 | 10,837 | (2,201) | 46,546 |
| General and administrative | 13,785 | 1,670 | — | 15,455 |
| Depreciation and amortization | 9,795 | 2,035 | — | 11,830 |
| | 61,490 | 14,542 | (2,201) | 73,831 |
| Income (loss) from operations | (24,010) | 1,809 | — | (22,201) |
| Other income (expense): | | | | |
| Interest income | 316 | 1 | — | 317 |
| Interest expense | (31) | — | — | (31) |
| Other income (expense), net | 415 | (4) | — | 411 |
| Gain from employee retention credit | 2,966 | — | — | 2,966 |
| Income (loss) before income tax | (20,344) | 1,806 | — | (18,538) |
| Income tax benefit (expense) | (107) | — | — | (107) |
| Net income (loss) | (20,451) | 1,806 | — | (18,645) |
| Other comprehensive income (loss): | | | | |
| Net unrealized income (loss) on foreign exchange rate translation | (1,063) | — | — | (1,063) |
| Comprehensive (loss) income | \$ (21,514) | \$ 1,806 | \$ — | \$ (19,708) |
| Basic income (loss) per share of common stock | \$ (0.86) | \$ — | \$ 0.11 | \$ (0.75) |
| Diluted income (loss) per share of common stock | \$ (0.86) | \$ — | \$ 0.11 | \$ (0.75) |
| Weighted average equivalent common shares outstanding | 23,782,796 | — | 1,188,235 | 24,971,031 |
| Weighted average equivalent common shares outstanding - assuming dilution | 23,782,796 | — | 1,188,235 | 24,971,031 |

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The following table reconciles the previously reported Statement of Cash Flows for the year ended December 31, 2022 to the current Statement of Cash Flows for the same period (in thousands):

| | Year ended December 31, 2022 | | |
|--|-------------------------------|-----------------|-----------------------|
| | Dawson Previously Reported | Breckenridge | Dawson As Adjusted |
| Cash flows from operating activities: | | | |
| Net (loss) income | \$ (20,451) | \$ 1,806 | \$ (18,645) |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 9,795 | 2,035 | 11,830 |
| Operating lease cost | 998 | — | 998 |
| Non-cash compensation | 413 | — | 413 |
| Deferred income tax expense | 116 | — | 116 |
| Gain on disposal of assets | (219) | 770 | 551 |
| Remeasurement and other | (18) | — | (18) |
| Change in operating assets and liabilities: | | | |
| (Increase) decrease in accounts receivable | 1,311 | 1,579 | 2,890 |
| Increase in employee retention credit receivable | (3,035) | — | (3,035) |
| (Increase) decrease in prepaid expenses and other assets | (4,382) | 58 | (4,324) |
| Increase (decrease) in accounts payable | 873 | (71) | 802 |
| Increase (decrease) in accrued liabilities | 802 | (97) | 705 |
| Increase (decrease) in operating lease liabilities | (1,026) | — | (1,026) |
| Increase (decrease) in deferred revenue | 5,862 | (388) | 5,474 |
| Net cash (used in) provided by operating activities | (8,961) | 5,692 | (3,269) |
| Cash flows from investing activities: | | | |
| Capital expenditures | (894) | (535) | (1,429) |
| Proceeds from disposal of assets | 225 | 115 | 340 |
| Net cash used in investing activities | (669) | (420) | (1,089) |
| Cash flows from financing activities: | | | |
| Principal payments on notes payable | (1,253) | — | (1,253) |
| Principal payments on finance leases | (47) | — | (47) |
| Tax withholdings related to stock-based compensation awards | (79) | — | (79) |
| Cash settlement of RSUs | (301) | — | (301) |
| Sale of treasury stock | 113 | — | 113 |
| Breckenridge cash contributions prior to acquisition | — | (583) | (583) |
| Net cash used in financing activities | (1,567) | (583) | (2,150) |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | (265) | — | (265) |
| Net (decrease) increase in cash and cash equivalents and restricted cash | (11,462) | 4,689 | (6,773) |
| Cash and cash equivalents and restricted cash at beginning of period | 30,376 | — | 30,376 |
| Cash and cash equivalents and restricted cash at end of period | \$ 18,914 | \$ 4,689 | \$ 23,603 |
| Supplemental cash flow information: | | | |
| Cash paid for interest | \$ 31 | \$ — | \$ 31 |
| Cash received for income taxes | \$ 7 | \$ — | \$ 7 |
| Non-cash operating, investing and financing activities: | | | |
| Increase in accrued purchases of property and equipment | \$ 605 | \$ — | \$ 605 |
| Financed leases incurred | \$ 279 | \$ — | \$ 279 |
| Increase in right-of-use assets and operating lease liabilities | \$ 598 | \$ — | \$ 598 |
| Financed insurance premiums | \$ 1,193 | \$ — | \$ 1,193 |
| Deemed contribution of Breckenridge net assets | \$ — | \$ (6,472) | \$ (6,472) |

The following table details the standalone Breckenridge Statement of Operations for the period from January 1, 2023 through March 24, 2023 (in thousands):

| | Year Ended December 31, 2023 | |
|--|---|--------------|
| Operating revenues | \$ | 782 |
| Operating costs: | | |
| Operating expenses | | 806 |
| General and administrative | | 438 |
| Depreciation and amortization | | 505 |
| | | <u>1,749</u> |
| Income (loss) from operations | | (967) |
| Other income (expense): | | |
| Interest income | | 2 |
| Interest expense | | — |
| Other income (expense), net | | (11) |
| Income (loss) before income tax | | (976) |
| Income tax benefit (expense) | | — |
| Net income (loss) | \$ | <u>(976)</u> |

13. Net Loss per Share

Basic net loss per share is computed by dividing the net loss by the weighted average shares outstanding. Diluted loss per share is computed by dividing the net loss by the weighted average diluted shares outstanding.

The computation of basic and diluted loss per share was as follows (in thousands, except share and per share data):

| | Year Ended December 31, | |
|---|--------------------------------|---------------------------|
| | 2023 | 2022 (as adjusted) |
| Net income (loss) | \$ (12,147) | \$ (18,645) |
| Weighted average common shares outstanding | | |
| Basic | 26,752,055 | 24,971,031 |
| Dilutive common stock options, restricted stock unit awards and restricted stock awards | — | — |
| Diluted | <u>26,752,055</u> | <u>24,971,031</u> |
| Basic income (loss) per share of common stock | \$ (0.45) | \$ (0.75) |
| Diluted income (loss) per share of common stock | <u>\$ (0.45)</u> | <u>\$ (0.75)</u> |

The Company had a net loss in the years ended December 31, 2023 and 2022. As a result, all stock options, restricted stock unit awards, and restricted stock awards were anti-dilutive and excluded from weighted average shares used in determining the diluted loss per share of common stock for the respective periods.

The following weighted average numbers of shares related to the convertible note and restricted stock unit awards, have been excluded from the calculation of diluted loss per share of common stock, as their effect would be anti-dilutive for the years ended December 31, 2023 and 2022:

| | Year Ended December 31, | |
|------------------------|--------------------------------|---------------------------|
| | 2023 | 2022 (as adjusted) |
| Convertible Note | 2,754,617 | — |
| Restricted stock units | — | 147,191 |
| Total | <u>2,754,617</u> | <u>147,191</u> |

14. Major Clients

The Company operates in two business segments, contract seismic data acquisition and processing services. Sales to these clients, as a percentage of operating revenues that exceeded 10%, were as follows:

| | Year Ended December 31, | |
|----------|-------------------------|------|
| | 2023 | 2022 |
| A | 36% | — |
| B | 14% | — |
| C | 12% | — |
| D | 11% | 12% |
| E | — | 13% |
| F | — | 10% |

15. Segments

The U.S. and Canada are the only operating segments for the Company.

The following tables present the Company's operating revenues, net property and equipment and right-of-use assets by operating segment (in thousands):

| | Year Ended December 31, | |
|---------------------------|-------------------------|--------------------|
| | 2023 | 2022 (as adjusted) |
| Operating Revenues | | |
| United States | \$ 83,823 | \$ 36,352 |
| Canada | 13,023 | 15,278 |
| Total | <u>\$ 96,846</u> | <u>\$ 51,630</u> |

| | Year Ended December 31, | |
|-----------------------------------|-------------------------|--------------------|
| | 2023 | 2022 (as adjusted) |
| Net Property and Equipment | | |
| United States | \$ 14,386 | \$ 18,181 |
| Canada | 2,122 | 2,287 |
| Total | <u>\$ 16,508</u> | <u>\$ 20,468</u> |

| | Year Ended December 31, | |
|----------------------------|-------------------------|--------------------|
| | 2023 | 2022 (as adjusted) |
| Right-of-use Assets | | |
| United States | \$ 2,808 | \$ 3,722 |
| Canada | 400 | 288 |
| Total | <u>\$ 3,208</u> | <u>\$ 4,010</u> |

The following tables present the Company's income statements by operating segment (in thousands):

| | Twelve Months Ended December 31, 2023 | | |
|--|---------------------------------------|-------------------|--------------------|
| | USA Operations | Canada Operations | Consolidated |
| Operating revenues | | | |
| Fee revenue | \$ 49,045 | \$ 12,402 | \$ 61,447 |
| Reimbursable revenue | 34,778 | 621 | 35,399 |
| | <u>83,823</u> | <u>13,023</u> | <u>96,846</u> |
| Operating costs: | | | |
| Fee operating expenses | 41,124 | 11,771 | 52,895 |
| Reimbursable operating expenses | 34,528 | 621 | 35,149 |
| Operating expenses | <u>75,652</u> | <u>12,392</u> | <u>88,044</u> |
| General and administrative | 10,360 | 1,070 | 11,430 |
| Severance expense | 2,208 | — | 2,208 |
| Depreciation and amortization | 6,566 | 1,926 | 8,492 |
| | <u>94,786</u> | <u>15,388</u> | <u>110,174</u> |
| Loss from operations | (10,963) | (2,365) | (13,328) |
| Other income (expense): | | | |
| Interest income | 333 | 243 | 576 |
| Interest expense | (75) | (28) | (103) |
| Other income, net | 553 | 59 | 612 |
| Gain from employee retention credit | — | — | — |
| Loss before income tax | (10,152) | (2,091) | (12,243) |
| Income tax benefit | 96 | — | 96 |
| Net loss | (10,056) | (2,091) | (12,147) |
| Other comprehensive income: | | | |
| Net unrealized income on foreign exchange rate translation | — | 161 | 161 |
| Comprehensive loss | <u>\$ (10,056)</u> | <u>\$ (1,930)</u> | <u>\$ (11,986)</u> |

| | Twelve Months Ended December 31, 2022 | | |
|--|---------------------------------------|-------------------|--------------------|
| | USA Operations | Canada Operations | Consolidated |
| Operating revenues | | | |
| Fee revenue | \$ 31,096 | \$ 14,975 | \$ 46,071 |
| Reimbursable revenue | 5,256 | 303 | 5,559 |
| | <u>36,352</u> | <u>15,278</u> | <u>51,630</u> |
| Operating costs: | | | |
| Fee operating expenses | 29,543 | 11,444 | 40,987 |
| Reimbursable operating expenses | 5,256 | 303 | 5,559 |
| Operating expenses | <u>34,799</u> | <u>11,747</u> | <u>46,546</u> |
| General and administrative | 14,140 | 1,315 | 15,455 |
| Depreciation and amortization | 9,721 | 2,109 | 11,830 |
| | <u>58,660</u> | <u>15,171</u> | <u>73,831</u> |
| (Loss) income from operations | (22,308) | 107 | (22,201) |
| Other income (expense): | | | |
| Interest income | 225 | 92 | 317 |
| Interest expense | (28) | (3) | (31) |
| Other income, net | 385 | 26 | 411 |
| Gain from employee retention credit | 2,966 | — | 2,966 |
| (Loss) income before income tax | (18,760) | 222 | (18,538) |
| Income tax expense | (107) | — | (107) |
| Net (loss) income | (18,867) | 222 | (18,645) |
| Other comprehensive (loss): | | | |
| Net unrealized loss on foreign exchange rate translation | — | (1,063) | (1,063) |
| Comprehensive loss | <u>\$ (18,867)</u> | <u>\$ (841)</u> | <u>\$ (19,708)</u> |

The following table present the Company's total assets by operating segment (in thousands):

| | Year Ended December 31, | |
|---------------|-------------------------|------------------|
| | 2023 | 2022 |
| Total Assets | | |
| United States | \$ 48,495 | \$ 58,091 |
| Canada | 9,024 | 10,582 |
| Total Assets | <u>\$ 57,519</u> | <u>\$ 68,673</u> |

16. Commitments and Contingencies

From time to time, the Company is a party to various legal proceedings arising in the ordinary course of business. Although the Company cannot predict the outcomes of any such legal proceedings, management believes that the resolution of pending legal actions will not have a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity, as the Company believes it is adequately indemnified and insured.

The Company is also party to the following legal proceeding: On April 1, 2019, Weatherford International, LLC and Weatherford U.S., L.P. (collectively, "Weatherford") filed a petition in state district court for Midland County, Texas, in which the Company and eighteen other parties were named as defendants, alleging the Company and/or the other named defendants contributed to or caused contamination of groundwater at and around property owned by Weatherford. Weatherford is seeking declaratory judgment, recovery and contribution for past and future costs incurred in responding to or correcting the contamination at and around the property from each defendant. The Company disputes Weatherford's allegations with respect to the Company and intends to vigorously defend itself in this case. Subsequent to the filing of the petition, Weatherford filed for bankruptcy protection on July 1, 2019. While the outcome and impact of this legal proceeding on the Company cannot be predicted with certainty, based on currently available information, management believes that the resolution of this proceeding will not have a material adverse effect on our consolidated financial condition, results of operations or liquidity.

Additionally, the Company experiences contractual disputes with its clients from time to time regarding the payment of invoices or other matters. While the Company seeks to minimize these disputes and maintain good relations with its clients, the Company has experienced in the past, and may experience in the future, disputes that could affect its revenues and results of operations in any period.

17. Recently Issued Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). ASU 2023-07 seeks to improve disclosures about a public entity's reportable segments and add disclosures around a reportable segment's expenses. The updated guidance is effective for the Company for annual periods beginning January 1, 2024, and interim periods within fiscal years beginning January 1, 2025. As the Company has two reportable segments, the Company does not expect the adoption of this ASU to have a material impact on its financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 seeks to improve transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disclosures. The updated guidance is effective for the Company on January 1, 2025. The Company does not expect the adoption of ASU 2023-09 to have a material impact on its financial statements and disclosures.

18. Concentrations of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk at any given time may consist of cash and cash equivalents, restricted cash, money market funds and overnight investment accounts, short-term investments in certificates of deposit, trade and other receivables and other current assets. At December 31, 2023 and 2022, the Company had deposits with domestic and international banks in excess of federally insured limits. Management believes the credit risk associated with these deposits is minimal. Money market funds seek to preserve the value of the investment, but it is possible to lose money investing in these funds.

The Company's sales are to clients whose activities relate to oil and natural gas exploration and production. The Company generally extends unsecured credit to these clients; therefore, collection of receivables may be affected by the economy surrounding the oil and natural gas industry or other economic conditions. The Company closely monitors extensions of credit and may negotiate payment terms that mitigate risk.

DESCRIPTION OF SECURITIES

Dawson Geophysical Company (the “Company”) has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): common stock, par value \$0.01 per share.

The following description of our common stock is a summary and does not purport to be complete. This description is based upon, and qualified in its entirety by reference to, the Company’s Amended and Restated Certificate of Formation (as amended, the “Certificate of Formation”) and the Company’s Second Amended and Restated Bylaws (the “Bylaws”), which are exhibits to this Annual Report on Form 10-K and are incorporated by reference herein, and the applicable provisions of the Texas Business Organizations Code. The description may not contain all of the information that is important to you. You should read the Certificate of Formation and Bylaws for a complete description of the rights and preferences of our common stock.

Authorized Capital Stock

The Company’s authorized capital stock consists of 35,000,000 shares of common stock, par value \$0.01 per share, and 4,000,000 shares of preferred stock, par value \$1.00 per share. As of March 26, 2024, there were 30,812,329 shares of common stock outstanding and zero shares of preferred stock outstanding.

Common Stock

Dividend Rights

We can pay dividends if, as and when declared by our Board of Directors, subject to compliance with limitations imposed by law. The holders of our common stock will be entitled to receive and share equally in these dividends as they may be declared by our Board of Directors out of funds legally available for such purpose. If we issue preferred stock, the holders of such preferred stock may have a priority over the holders of the common stock with respect to dividends.

Voting Rights

Each holder of our common stock is entitled to one vote per share and will not have any right to cumulate votes in the election of directors. Directors will be elected by a plurality of the shares actually voting on the matter. If we issue preferred stock, holders of the preferred stock may also possess voting rights.

Liquidation Rights

In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of our common stock would be entitled to receive, after payment or provision for payment of all its debts and liabilities, all of the assets of the Company available for distribution. If preferred stock is issued, the holders thereof may have a priority over the holders of the common stock in the event of a liquidation or dissolution.

Preferred Stock

Our Board of Directors is authorized to fix and determine the relative rights and preferences of the shares of any series of our preferred stock and to provide for the issuance of the preferred stock. The holders of our preferred stock may have preferences over holders of our common stock in the payment of dividends, upon liquidation of the Company, in respect of voting rights and in the redemption of the capital stock of the Company. Series of preferred stock issued by the Company may also, in the discretion of our Board of Directors, be made convertible into our common stock or other securities and may have sinking fund requirements.

Our Certificate of Formation and Bylaws; Anti-Takeover Effects of Texas Law

Authorized but Unissued Capital Stock

We have authorized but unissued shares of preferred stock and common stock, and our board of directors may authorize the issuance of one or more series of preferred stock without shareholder approval.

Board Classification

If our Board of Directors were increased to nine (9) directors, it may, by resolution, divide into three equal classes. If our Board of Directors effects a board classification, the directors in each class will serve for a three-year term, one class being elected each year by our shareholders. In addition, our Certificate of Formation provides that directors may only be removed for cause by the affirmative vote of the holders of eighty percent (80%) or more of the outstanding shares of common stock of the Company. Additionally, the provisions in our Certificate of Formation concerning the supermajority vote for director removal may not be amended, altered, changed or repealed in any respect unless such action is approved by the affirmative vote of the holders of eighty percent (80%) or more of the outstanding shares of our common stock.

Action by Written Consent

Our Certificate of Formation permits any action required or permitted to be taken at any annual or special meeting of shareholders to be taken by the written consent of the holders of shares having not less than the minimum number of votes that would be necessary to take such action at a meeting at which the holders of all shares entitled to vote on the action were present and voted.

Requirements for Advance Notification of Shareholder Nominations and Proposals

Our Bylaws establish advance notice procedures with respect to shareholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our Board of Directors.

Ability of the Board of Directors to Amend or Repeal the Bylaws

Our Certificate of Formation vests the power to alter, amend or repeal the Bylaws in our Board of Directors. The Bylaws provide that this power is subject to repeal or change by action of our shareholders.

Business Combinations under Texas Law

A number of provisions of Texas law, our Certificate of Formation and Bylaws could make more difficult the acquisition of the Company by means of a tender offer, a proxy contest or otherwise and the removal of incumbent officers and directors. These provisions are intended to discourage coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of the Company to negotiate first with our Board of Directors.

We are subject to the provisions of Title 2, Chapter 21, Subchapter M of the Texas Business Organizations Code (the "Texas Business Combination Law"). That law provides that a Texas corporation may not engage in specified types of business combinations, including mergers, consolidations and asset sales, with a person, or an affiliate or associate of that person, who is an "affiliated shareholder." An "affiliated shareholder" is generally defined as (i) the holder of 20% or more of the corporation's voting shares or (ii) a person who, during the preceding three year period, was a holder of 20% or more of the corporation's voting shares. The law's prohibitions do not apply if:

- the business combination or the acquisition of shares by the affiliated shareholder was approved by the board of directors of the corporation before the affiliated shareholder became an affiliated shareholder; or
- the business combination was approved by the affirmative vote of the holders of at least two-thirds of the outstanding voting shares of the corporation not beneficially owned by the affiliated shareholder, at a meeting of shareholders called for that purpose, not less than six months after the affiliated shareholder became an affiliated shareholder.

Because we have a class of voting shares registered under the Exchange Act, we are considered an "issuing public corporation" for purposes of this law. The Texas Business Combination Law does not apply to the following:

- the business combination of an issuing public corporation: where the corporation's original charter or bylaws contain a provision expressly electing not to be governed by the Texas Business Combination Law; or that adopts an amendment to its charter or bylaws, by the affirmative vote of the holders, other than affiliated shareholders, of at least two-thirds of the outstanding voting shares of the corporation, expressly electing not to be governed by the Texas Business Combination Law and so long as the amendment does not take effect for 18 months following the date of the vote and does not apply to a business combination with an affiliated shareholder who became affiliated on or before the effective date of the amendment;
- a business combination of an issuing public corporation with an affiliated shareholder that became an affiliated shareholder inadvertently, if the affiliated shareholder divests itself, as soon as possible, of enough shares to no longer be an affiliated shareholder and would not at any time within the three-year period preceding the announcement of the business combination have been an affiliated shareholder but for the inadvertent acquisition;
- a business combination with an affiliated shareholder who became an affiliated shareholder through a transfer of shares by will or intestacy and continuously was an affiliated shareholder until the announcement date of the business combination; and
- a business combination of a corporation with its wholly owned Texas subsidiary if the subsidiary is not an affiliate or associate of the affiliated shareholder other than by reason of the affiliated shareholder's beneficial ownership of voting shares of the corporation.

Neither our Certificate of Formation nor our Bylaws contain any provision expressly providing that we will not be subject to the Texas Business Combination Law. The Texas Business Combination Law may have the effect of inhibiting a non-negotiated merger or other business combination involving the Company, even if that event would be beneficial to our shareholders.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Equiniti Trust Company, LLC (formerly American Stock Transfer & Trust Company, LLC). The transfer agent's address is 48 Wall Street, Floor 23, New York, New York 10005 and its telephone number is (800) 468-9716.

Listing

Our common stock is listed on the Nasdaq Global Select under the symbol "DWSN".

SUBSIDIARIES OF THE REGISTRANT

Dawson Operating LLC, a Texas limited liability company

Eagle Canada, Inc., a Delaware corporation

Dawson Seismic Services Holdings, Inc., a Delaware corporation

Eagle Canada Seismic Services ULC, a Canadian corporation

Exploration Surveys, Inc., a Texas corporation

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

With respect to the following Registration Statements of Dawson Geophysical Company:

- (1) Registration Statement (Form S-8 No. 333-199922) pertaining to the Post-Effective Amendment to the Registration Statement on Form S-4 related to the Amended and Restated Dawson Geophysical Company 2006 Stock and Performance Incentive Plan (the “Legacy Dawson Plan”),
- (2) Registration Statement (Form S-8 No. 333-142221) pertaining to the TGC Industries, Inc. 2006 Stock Awards Plan (the “Legacy TGC Plan”),
- (3) Registration Statement (Form S-8 No. 333-201923) pertaining to the Legacy TGC Plan,
- (4) Registration Statement (Form S-8 No. 333-204643) pertaining to the Legacy Dawson Plan,
- (5) Registration Statement (Form S-8 No. 333-212577) pertaining to the Dawson Geophysical Company 2016 Stock and Performance Incentive Plan, and
- (6) Registration Statement (Form S-8 No. 333-257475) pertaining to the Amended and Restated Dawson Geophysical Company 2016 Stock and Performance Incentive Plan.

We consent to the incorporation by reference of our report dated April 1, 2024, relating to the consolidated financial statements of Dawson Geophysical Company, appearing in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K of Dawson Geophysical Company for the year ended December 31, 2023.

/s/ RSM US LLP

Houston, Texas
April 1, 2024

CERTIFICATIONS

I, William A. Clark, certify that:

1. I have reviewed this annual report on Form 10-K of Dawson Geophysical Company;
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 statements 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 financial 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act 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 and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, 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 provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance 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 the 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the 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 adversely 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 financial reporting.

Dated: April 1, 2024

/s/ WILLIAM A. CLARK

William A. Clark

President and Chief Executive Officer

(Principal Executive Officer)

CERTIFICATIONS

I, Ian Shaw, certify that:

1. I have reviewed this annual report on Form 10-K of Dawson Geophysical Company;
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 statements 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 financial 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act 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 and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, 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 provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance 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 the 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the 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 adversely 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 financial reporting.

Dated: April 1, 2024

/s/ IAN SHAW

Ian Shaw

Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of Dawson Geophysical Company (the "Company") on Form 10-K for the fiscal year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "Report"), I, William A. Clark, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 1, 2024

/s/ WILLIAM A. CLARK

William A. Clark

President and Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of Dawson Geophysical Company (the “Company”) on Form 10-K for the fiscal year ended December 31, 2023, as filed with the Securities and Exchange Commission (the “Report”), I, Ian Shaw, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 1, 2024

/s/ IAN SHAW

Ian Shaw

Chief Financial Officer

(Principal Financial and Accounting Officer)

DAWSON GEOPHYSICAL COMPANY

POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

In accordance with the applicable rules of the Nasdaq Stock Market and Section 10D and Rule 10D-1 of the Securities Exchange Act of 1934, as amended (“the **Exchange Act**”), the Board of Directors (the “**Board**”) of Dawson Geophysical Company (the “**Company**”) has adopted this Policy for the Recovery of Erroneously Awarded Compensation (this “**Policy**”) to provide for the recovery of erroneously awarded incentive-based compensation from Executive Officers.

I. RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

1. In the event of an Accounting Restatement, the Company will reasonably promptly recover the Erroneously Awarded Compensation received in accordance with this Policy, Nasdaq rules, and Rule 10D-1 as follows:
 - a) After an Accounting Restatement, the Compensation Committee of the Board of Directors (the “**Committee**”) shall determine the amount of any erroneously awarded Incentive-Based Compensation Received by an Executive Officer and shall promptly notify such Executive Officer with a written notice containing the amount of any Erroneously Awarded Compensation and a demand for repayment or return of such Erroneously Awarded Compensation, as applicable.
 - b) For Incentive-Based Compensation based on the Company’s stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from information in the applicable Accounting Restatement:
 - i) The amount to be repaid or returned shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the Company’s stock price or total shareholder return upon which the Incentive-Based Compensation was received; and
 - ii) The Company shall maintain documentation of the determination of such reasonable estimate and provide the documentation of such determination to Nasdaq if required or requested by Nasdaq.
 - c) The Committee shall have the discretion to determine the appropriate means for recovering Erroneously Awarded Compensation.
 - d) To the extent that an Executive Officer fails to repay the Erroneously Awarded Compensation to the Company, the Company shall take actions reasonable and appropriate to recover such compensation.
2. Notwithstanding anything herein to the contrary, the Company shall not be required to take the actions contemplated by Section I.1 above if the Committee determines that the recovery would be impracticable and any of the following conditions are met:
 - a) The Committee, after making a reasonable, documented attempt to recover such Erroneously Awarded Compensation and providing such documentation to Nasdaq, has determined that the direct expenses paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered;

- b) The recovery would violate home country law where the law was adopted prior to November 28, 2022, provided that, the Company has obtained an opinion of home country counsel that is acceptable to Nasdaq which states that recovery would result in such violation and provided such opinion to Nasdaq; or
- c) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and regulations thereunder.

II. DISCLOSURE REQUIREMENTS

The Company shall file all disclosures with respect to this Policy as required by applicable U.S. Securities and Exchange Commission (“SEC”) filings and rules.

III. PROHIBITION OF INDEMNIFICATION

The Company shall not insure or indemnify any Executive Officer against (i) the loss of any Erroneously Awarded Compensation that is repaid, returned, or recovered pursuant to this Policy, or (ii) any claims relating to the Company’s enforcement of its rights under this Policy. Further, the Company shall not enter into any agreement that exempts any Incentive-Based Compensation that is granted, paid, or awarded to an Executive Officer from application of this Policy.

IV. DEFINITIONS

For purposes of this Policy, the following terms shall have the meanings set forth below.

1. **Accounting Restatement** means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.
2. **Clawback Eligible Incentive Compensation** means all Incentive-Based Compensation received by an Executive Officer (i) on or after the effective date of the applicable Nasdaq rules, (ii) after beginning service as an Executive Officer, (iii) who served as an Executive Officer at the time during the applicable performance period relating to any Incentive-Based Compensation (whether or not such Executive Officer is serving at the time the Erroneously Awarded Compensation is required to be repaid to the Company), (iv) while the Company has a class of securities listed on a national securities exchange or a national securities association, and (v) during the applicable Clawback Period.
3. **Clawback Period** means, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Date and any transition period, as described by Nasdaq Listing Rule 5608(b)(1)(i)(D).
4. **Erroneously Awarded Compensation** means, with respect to each Executive Officer in connection with an Accounting Restatement, the amount of Clawback Eligible Incentive Compensation that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had

it been calculated based on the data in the Accounting Restatement, and without regard to any taxes paid by the Executive Officer.

5. **Executive Officer** means each individual who is currently or was previously designated as an “officer” of the Company as defined in Rule 16a-1(f) under the Exchange Act or in Nasdaq Listing Rule 5608(d). This includes the principal financial officer and principal accounting officer (or the Controller if there is no principal accounting officer).
6. **Financial Reporting Measure(s)** means measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures, including stock price and total shareholder return, and need not be presented within the Company's financial statements or included in a filing with the SEC.
7. **Incentive-Based Compensation** means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.
8. **Received** means, with respect to any Incentive-Based Compensation, actual or deemed receipt, and Incentive-based Compensation shall be deemed Received in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-based Compensation award is attained.
9. **Restatement Date** means the earlier to occur of (i) the date the Board or a Committee of the Board or officers of the Company authorized to take such action concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

Adopted on March 21, 2024