ION Geophysical Corporation
(Exact name of registrant as specified in its charter)

Delaware 1-12691 22-2286646
(State or other jurisdiction of incorporation) (Commission file number) (I.R.S. Employer Identification No.)

2105 CityWest Blvd, Suite 100
Houston, Texas 77042-2855
(Address of principal executive offices, including Zip Code)

(281) 933-3339
(Registrant’s telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

<table>
<thead>
<tr>
<th>Title of each class</th>
<th>Trading symbol(s)</th>
<th>Name of each exchange on which registered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock, $0.01 par value</td>
<td>IO</td>
<td>New York Stock Exchange</td>
</tr>
</tbody>
</table>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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. ☐
Item 2.02. Results of Operations and Financial Condition

On November 4, 2020, ION Geophysical Corporation (the “Company”) issued a press release containing information regarding the Company’s results of operations for the quarter ended September 30, 2020. A copy of the press release is furnished as Exhibit 99.1 hereto.

Item 7.01. Regulation FD Disclosure

In conjunction with the above press release, the Company has scheduled a conference call, which will be broadcast live over the Internet, for Thursday, November 5, 2020, at 10:00 a.m. Eastern Time (9:00 a.m. Central Time). The information for accessing the conference call is included in the press release. The webcast of the conference call will be accompanied by a slide presentation, which can be accessed from the ION home page in the Investor Relations section of the ION website by 9:00 a.m. Eastern Time.

The information contained in Items 2.02, and 7.01 and the exhibits of this report (i) is not to be considered “filed” under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and (ii) shall not be incorporated by reference into any previous or future filings made by or to be made by the Company with the Securities and Exchange Commission (“SEC”) under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act.

The information herein contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements may include information and other statements that are not of historical fact. Actual results may vary materially from those described in these forward-looking statements. All forward-looking statements reflect numerous assumptions and involve a number of risks and uncertainties. These risks and uncertainties include the risks associated with the timing and development of ION Geophysical Corporation's products and services; pricing pressure; decreased demand; changes in oil prices; political, execution, regulatory, and currency risks; the COVID-19 pandemic; and agreements made or adhered to by members of OPEC and other oil producing countries to maintain production levels. For additional information regarding these various risks and uncertainties, see our Form 10-K for the year ended December 31, 2019, filed on February 6, 2020. Additional risk factors, which could affect actual results, are disclosed by the Company in its filings with the Securities and Exchange Commission ("SEC"), including its Form 10-K, Form 10-Qs and Form 8-Ks filed during the year. The Company expressly disclaims any obligation to revise or update any forward-looking statements.
Item 9.01. Financial Statements and Exhibits

(a) Financial statements of businesses acquired.
    Not applicable.

(b) Pro forma financial information.
    Not applicable.

(c) Shell company transactions.
    Not applicable.

(d) Exhibit.

<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description</th>
</tr>
</thead>
</table>
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 5, 2020

ION GEOPHYSICAL CORPORATION

By:  /s/ Matthew Powers
    Matthew Powers
    Executive Vice President, General Counsel and Corporate Secretary
ION reports third quarter 2020 results

Revenues of $16 million amid challenging backdrop, backlog increased 77% sequentially driven by strategic entry into 3D new acquisition multi-client market

HOUSTON – November 4, 2020 – ION Geophysical Corporation (NYSE: IO) today reported total net revenues of $16.2 million in the third quarter 2020, a 29% decrease compared to $22.7 million in the second quarter 2020 and a 70% decrease compared to $53.2 million one year ago. At September 30, 2020, backlog, which consists of commitments for multi-client programs and proprietary imaging work, was $17.7 million or 77% higher compared to backlog at June 30, 2020.

Net loss attributable to ION in the third quarter 2020 was $16.6 million, or a loss of $1.16 per share, compared to a net loss attributable to ION of $3.7 million, or a loss of $0.26 per share in the third quarter 2019. The Company reported Adjusted EBITDA of $(6.6) million for the third quarter 2020, a decrease from $15.5 million one year ago. A reconciliation of Adjusted EBITDA to the closest comparable GAAP numbers can be found in the tables of this press release.

Year-to-date net revenues were $95.4 million, a 28% decrease year-over-year compared to the $132.0 million of net revenues one year ago. While year-to-date revenues were down $36.6 million, the net loss attributable to ION improved by $9.6 million primarily due to the over $38 million of structural changes and associated cost reductions implemented earlier this year.

Net loss attributable to ION was $24.1 million in the first nine months of 2020, or a loss of $1.69 per share, compared to a net loss attributable to ION of $33.7 million, or a loss of $2.39 per share in the first nine months of 2019. Year-to-date Adjusted EBITDA was $16.5 million, a decrease from $22.7 million for the first nine months of 2019.

At quarter close, the Company’s total liquidity of $59.4 million consisted of $51.1 million of cash (including net revolver borrowings of $22.5 million) and $8.3 million of remaining available borrowing capacity under the revolving credit facility, slightly below total liquidity of $65.5 million from one year ago. In response to the market uncertainty from the COVID-19 pandemic and lower oil and gas prices, the Company drew under its credit facility during the first quarter 2020, of which $22.5 million remains outstanding and in the Company’s cash balances as of September 30, 2020. In addition, the Company continues to work with its banking advisors and largest bondholder to proactively address the $121 million bond ahead of its scheduled maturity in December 2021.
“Our third quarter results were negatively impacted by continued challenging market conditions associated with repercussions of the oil price volatility earlier this year,” said Chris Usher, ION’s President and Chief Executive Officer. “More specifically, this quarter the impact of E&P clients’ reduced budgets and restructuring began to materially impact results as many of our contacts found themselves in new or different positions with uncertain budgets. We partially mitigated this impact by fully benefiting from the over $38 million of structural changes and associated cost reductions we outlined early this year. Currently, we are seeing a number of constructive developments evidenced by more stable oil prices, a settling in of new client roles and clearer definition of E&P budgets to high-grade offshore reserves, and line of sight on specific deals for the fourth quarter. Based on these trends, and high levels of client engagement on specific deals, including a number postponed from the third quarter, we expect the fourth quarter to be significantly better than the second quarter with the potential to approach our fourth quarter results from last year.

“Despite the macroeconomic backdrop, we have made significant progress executing our strategy. Backlog increased 77% sequentially, reversing several consecutive quarters of steady decline due to our strategic shift to enter the 3D new acquisition multi-client market. We successfully acquired the initial phase of our Mid North Sea High 3D multi-client program and built backlog for the significantly larger second phase next summer. We also commercialized our proprietary Gemini™ extended frequency source technology, a key ingredient for improving 3D subsurface imaging in complex geological settings, where some of the most attractive E&P investment areas reside. In addition, we are seeing increasing traction of our offshore optimization software, Marlin™. Our team is engaged in four trials outside of our core market to optimize port operations and maritime energy logistics and, based on the positive response, we believe we are well positioned for several additional trials and multiple tenders. In fact, we just won a highly competitive tender to provide a Port Management System for a series of ports in the United Kingdom. While we don’t include recurring contracted Software revenues as backlog, year-to-date we extended seven multi-year command and control deals in our core market worth over $5 million annually.

“Although we expect the market will remain challenging, we see indications for improving offshore E&P industry dynamics and continue to anticipate significant growth in digitalization over the next decade. In addition to the E&P industry, we continue to work to broaden our offerings into other markets. I’m encouraged by the positive client feedback related to the value delivered from our innovative solutions. For example, clients can now identify, quantify and ultimately improve inefficiencies in vessel transit through the use of our Marlin software. Importantly, we intersect the E&P industry’s need to high-grade portfolios and bring lower cost barrels online faster, while achieving environmental compliance goals, such as carbon neutrality. Rapid digital transformation has enabled a smarter, data-rich environment from which to identify high impact wells, maximize production, or improve the safety and efficiency of offshore operations. I strongly believe ION’s consistent, pragmatic focus to provide data and software that optimizes decision-making in capital intensive industries positions us well for future success.”
### THIRD QUARTER 2020

The Company’s segment net revenues for the third quarter were as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th></th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>E&amp;P Technology &amp; Services</td>
<td>$10,093</td>
<td>$40,241</td>
<td>(75)%</td>
</tr>
<tr>
<td>Operations Optimization</td>
<td>6,141</td>
<td>12,998</td>
<td>(53)%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$16,234</td>
<td>$53,239</td>
<td>(70)%</td>
</tr>
</tbody>
</table>

E&P Technology & Services segment net revenues were $10.1 million for the third quarter 2020 compared to $15.2 million for the second quarter of 2020 and $40.2 million for third quarter 2019. Within the E&P Technology & Services segment, multi-client net revenues were $6.3 million, a decrease of 81% from third quarter 2019, primarily due to lower volume of ION’s global data library sales, as well as a decline in new venture revenues due to acquisition completion of a large new program in the prior period compared to revenues from smaller reimaging programs in the current period. Imaging and Reservoir Services net revenues were $3.8 million, a decrease of 46% from third quarter 2019, due to lower proprietary tender activity, and consistent with our strategy to preferentially utilize these resources to generate higher margin multi-client reimaging products.

Operations Optimization segment net revenues were $6.1 million for the third quarter 2020 compared to $7.5 million for the second quarter of 2020 and $13.0 million for third quarter 2019. Within the Operations Optimization segment, Optimization Software & Services net revenues were $3.0 million, a 57% decrease from third quarter 2019 due to reduced seismic activity and associated services demand resulting from COVID-19. Devices net revenues were $3.1 million, a 49% decrease from third quarter 2019 due to lower sales of towed streamer equipment spares and repairs.

Consolidated gross margin for the quarter was 8%, compared to 47% one year ago. Gross margin in E&P Technology & Services was (11)% compared to 46% one year ago, resulting from the decline in net revenues. Operations Optimization gross margin was 39%, compared to 54% one year ago, primarily from the decline in net revenues.

Consolidated operating expenses were $12.5 million, a 42% decrease from $21.4 million in the third quarter 2019. Operating margin was (69)% compared to 7% one year ago. The decline in operating margin was the result of the decrease in net revenues, partially offset by lower operating expenses from cost reduction measures made earlier in the year.

### YEAR-TO-DATE 2020

The Company’s segment net revenues for the first nine months of the year were as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th></th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>E&amp;P Technology &amp; Services</td>
<td>$10,093</td>
<td>$40,241</td>
<td>(75)%</td>
</tr>
<tr>
<td>Operations Optimization</td>
<td>6,141</td>
<td>12,998</td>
<td>(53)%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$16,234</td>
<td>$53,239</td>
<td>(70)%</td>
</tr>
</tbody>
</table>
Within the E&P Technology & Services segment, multi-client net revenues were $59.4 million, a decrease of 25% from the first nine months of 2019, predominantly driven by decreased new venture net revenues due to reduced new program activity this year. Data Library revenues were comparable with the first nine months of 2019 largely due to increased sales of global 2D data library in the first quarter of 2020. Imaging and Reservoir Services net revenues were $12.4 million, a decrease of 24% from the first nine months of 2019, due to lower proprietary tender activity, and consistent with our strategy to preferentially utilize these resources to generate higher margin multi-client reimaging products.

Within the Operations Optimization segment, Optimization Software & Services net revenues were $10.8 million, a 39% decrease from the first nine months of 2019 due to COVID-19 related reduced seismic activity and associated services demand. Devices net revenues were $12.7 million, a 31% decrease from the first nine months of 2019 due to decreased sales of towed streamer equipment spares and repairs.

Consolidated gross margin for the period was 36%, compared to 42% one year ago. Gross margin in E&P Technology & Services was 35% compared to 38% one year ago. The decline in E&P Technology & Services gross margin resulted from the decrease in new venture revenues, as well as the $1.2 million impairment of the multi-client data library in the first nine months of 2020. Operations Optimization gross margin was 40%, a decrease compared to 52% one year ago, primarily resulting from the decline in net revenues.

Consolidated operating expenses were $44.5 million, a 36% decrease from $69.4 million in the first nine months of 2019 and operating margin remained consistent at (11)% for both periods. Excluding special items, consolidated operating expenses, as adjusted, were $38.2 million, compared to $63.9 million in the first nine months of 2019, and operating margin, as adjusted, was (3)% compared to (7)% one year ago. The improvement in operating margin, as adjusted, was primarily due to lower operating expenses from cost reductions made earlier in the year. A reconciliation of special items to the reported financial results can be found in the tables to this press release.

Income tax expense was $10.0 million, compared to $7.9 million in the first nine months of 2019. The income tax expense includes a $2.2 million valuation allowance established against our recognized deferred tax assets in our non-U.S. businesses. The Company’s income tax expense primarily relates to results generated by our non-U.S. businesses in Latin America.
CONFERENCE CALL

The Company has scheduled a conference call for Thursday, November 5, 2020, at 10:00 a.m. Eastern Time that will include a slide presentation to be posted in the Investor Relations section of the ION website by 9:00 a.m. Eastern Time. To participate in the conference call, dial (877) 407-0672 at least 10 minutes before the call begins and ask for the ION conference call. A replay of the call will be available approximately two hours after the live broadcast ends and will be accessible until November 19, 2020. To access the replay, dial (877) 660-6853 and use pass code 13698483#.

Investors, analysts and the general public will also have the opportunity to listen to the conference call live over the Internet by visiting iongeo.com. An archive of the webcast will be available shortly after the call on the Company’s website.

About ION

Leveraging innovative technologies, ION delivers powerful data-driven decision-making to offshore energy, ports and defense industries, enabling clients to optimize operations and deliver superior returns. Learn more at iongeo.com.

Contact

Mike Morrison
Executive Vice President and Chief Financial Officer
+1.281.879.3615

The information herein contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements may include information and other statements that are not of historical fact. Actual results may vary materially from those described in these forward-looking statements. All forward-looking statements reflect numerous assumptions and involve a number of risks and uncertainties. These risks and uncertainties include the risks associated with the timing and development of ION Geophysical Corporation’s products and services; pricing pressure; decreased demand; changes in oil prices; political, execution, regulatory, and currency risks; the COVID-19 pandemic; and agreements made or adhered to by members of OPEC and other oil producing countries to maintain production levels. For additional information regarding these various risks and uncertainties, see our Form 10-K for the year ended December 31, 2019, filed on February 6, 2020. Additional risk factors, which could affect actual results, are disclosed by the Company in its filings with the Securities and Exchange Commission ("SEC"), including its Form 10-K, Form 10-Qs and Form 8-Ks filed during the year. The Company expressly disclaims any obligation to revise or update any forward-looking statements.

Tables to follow
ION GEOPHYSICAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Service revenues</td>
<td>$10,202</td>
<td>$41,990</td>
</tr>
<tr>
<td>Product revenues</td>
<td>6,032</td>
<td>11,249</td>
</tr>
<tr>
<td>Total net revenues</td>
<td>16,234</td>
<td>53,239</td>
</tr>
<tr>
<td>Cost of services</td>
<td>11,491</td>
<td>22,690</td>
</tr>
<tr>
<td>Cost of products</td>
<td>3,454</td>
<td>5,261</td>
</tr>
<tr>
<td>Impairment of multi-client data library</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,289</td>
<td>25,288</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research, development and engineering</td>
<td>2,899</td>
<td>4,878</td>
</tr>
<tr>
<td>Marketing and sales</td>
<td>2,811</td>
<td>5,591</td>
</tr>
<tr>
<td>General, administrative and other operating expenses</td>
<td>6,743</td>
<td>10,961</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>12,453</td>
<td>21,430</td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>(11,164)</td>
<td>3,858</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>(3,669)</td>
<td>(3,155)</td>
</tr>
<tr>
<td>Other income (expense), net</td>
<td>(525)</td>
<td>(242)</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>(15,358)</td>
<td>461</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>1,056</td>
<td>3,790</td>
</tr>
<tr>
<td>Net loss</td>
<td>(16,414)</td>
<td>(3,329)</td>
</tr>
<tr>
<td>Less: Net income attributable to noncontrolling interest</td>
<td>(193)</td>
<td>(394)</td>
</tr>
<tr>
<td>Net loss attributable to ION</td>
<td>$ (16,607)</td>
<td>$ (3,723)</td>
</tr>
<tr>
<td>Net loss per share:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$ (1.16)</td>
<td>$ (0.26)</td>
</tr>
<tr>
<td>Diluted</td>
<td>$ (1.16)</td>
<td>$ (0.26)</td>
</tr>
<tr>
<td>Weighted average number of common shares outstanding:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>14,278</td>
<td>14,181</td>
</tr>
<tr>
<td>Diluted</td>
<td>14,278</td>
<td>14,181</td>
</tr>
</tbody>
</table>
ION GEOPHYSICAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>September 30, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 51,056</td>
<td>$ 33,065</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>8,288</td>
<td>29,548</td>
</tr>
<tr>
<td>Unbilled receivables</td>
<td>9,629</td>
<td>11,815</td>
</tr>
<tr>
<td>Inventories, net</td>
<td>11,873</td>
<td>12,187</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>5,861</td>
<td>6,012</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>86,707</td>
<td>92,627</td>
</tr>
<tr>
<td>Deferred income tax asset, net</td>
<td>8,092</td>
<td>8,734</td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>11,227</td>
<td>13,188</td>
</tr>
<tr>
<td>Multi-client data library, net</td>
<td>53,289</td>
<td>60,384</td>
</tr>
<tr>
<td>Goodwill</td>
<td>18,684</td>
<td>23,585</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>37,730</td>
<td>32,546</td>
</tr>
<tr>
<td>Other assets</td>
<td>2,136</td>
<td>2,130</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 217,865</td>
<td>$ 233,194</td>
</tr>
</tbody>
</table>

| LIABILITIES AND DEFICIT       |                    |                   |
| Current liabilities:          |                    |                   |
| Current maturities of long-term debt | $ 23,527        | $ 2,107           |
| Accounts payable              | 35,107             | 49,316            |
| Accrued expenses              | 29,197             | 30,328            |
| Accrued multi-client data library royalties | 20,534           | 18,831            |
| Deferred revenue              | 2,156              | 4,551             |
| Current maturities of operating lease liabilities | 6,727             | 11,055            |
| **Total current liabilities** | 117,248            | 116,188           |
| Long-term debt, net of current maturities | 119,349          | 119,352           |
| Operating lease liabilities, net of current maturities | 40,380           | 30,833            |
| Other long-term liabilities   | 412                | 1,453             |
| **Total liabilities**         | 277,389            | 267,826           |
| Deficit:                      |                    |                   |
| Common stock                  | 144                | 142               |
| Additional paid-in capital    | 958,189            | 956,647           |
| Accumulated deficit           | (998,380)          | (974,291)         |
| Accumulated other comprehensive loss | (21,012)       | (19,318)          |
| **Total stockholders’ deficit** | (61,059)         | (36,820)          |
| Noncontrolling interest       | 1,535              | 2,188             |
| **Total deficit**             | (59,524)           | (34,632)          |
| **Total liabilities and deficit** | $ 217,865         | $ 233,194         |
## ION GEOPHYSICAL CORPORATION AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>$(16,414)</td>
<td>$(3,329)</td>
</tr>
<tr>
<td>Adjustments to reconcile net loss to cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization (other than multi-client data library)</td>
<td>1,088</td>
<td>805</td>
</tr>
<tr>
<td>Amortization of multi-client data library</td>
<td>3,973</td>
<td>10,391</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>543</td>
<td>905</td>
</tr>
<tr>
<td>Impairment of multi-client data library</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Amortization of government relief funding expected to be forgiven</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(101)</td>
<td>(781)</td>
</tr>
<tr>
<td><strong>Changes in operating assets and liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>2,387</td>
<td>(6,619)</td>
</tr>
<tr>
<td>Unbilled receivables</td>
<td>3,261</td>
<td>(8,803)</td>
</tr>
<tr>
<td>Inventories</td>
<td>(102)</td>
<td>(6)</td>
</tr>
<tr>
<td>Accounts payable, accrued expenses and accrued royalties</td>
<td>501</td>
<td>7,582</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(1,780)</td>
<td>939</td>
</tr>
<tr>
<td>Other assets and liabilities</td>
<td>3,461</td>
<td>3,955</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>(3,183)</td>
<td>5,039</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in multi-client data library</td>
<td>(5,245)</td>
<td>(6,443)</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(168)</td>
<td>140</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(5,413)</td>
<td>(6,303)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings under revolving line of credit</td>
<td>—</td>
<td>15,000</td>
</tr>
<tr>
<td>Payments under revolving line of credit</td>
<td>—</td>
<td>(15,000)</td>
</tr>
<tr>
<td>Proceeds from government relief funding</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Payments on notes payable and long-term debt</td>
<td>(287)</td>
<td>(554)</td>
</tr>
<tr>
<td>Dividend payment to noncontrolling interest</td>
<td>(217)</td>
<td>—</td>
</tr>
<tr>
<td>Other financing activities</td>
<td>(96)</td>
<td>(104)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>(600)</td>
<td>(658)</td>
</tr>
<tr>
<td><strong>Effect of change in foreign currency exchange rates on cash, cash equivalents and restricted cash</strong></td>
<td>(37)</td>
<td>253</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash, cash equivalents and restricted cash</strong></td>
<td>(9,233)</td>
<td>(1,669)</td>
</tr>
<tr>
<td><strong>Cash, cash equivalents and restricted cash at beginning of period</strong></td>
<td>62,615</td>
<td>29,866</td>
</tr>
<tr>
<td><strong>Cash, cash equivalents and restricted cash at end of period</strong></td>
<td>$53,382</td>
<td>$28,197</td>
</tr>
</tbody>
</table>

8
ION GEOPHYSICAL CORPORATION AND SUBSIDIARIES
SUMMARY OF SEGMENT INFORMATION
(In thousands)
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2019</td>
</tr>
<tr>
<td>Net revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E&amp;P Technology &amp; Services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Venture</td>
<td>$1,213</td>
<td>$5,905</td>
</tr>
<tr>
<td>Data Library</td>
<td>5,085</td>
<td>27,288</td>
</tr>
<tr>
<td>Total multi-client revenues</td>
<td>6,298</td>
<td>33,193</td>
</tr>
<tr>
<td>Imaging and Reservoir Services</td>
<td>3,795</td>
<td>7,048</td>
</tr>
<tr>
<td>Total</td>
<td>10,093</td>
<td>40,241</td>
</tr>
<tr>
<td>Operations Optimization:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optimization Software &amp; Services</td>
<td>3,007</td>
<td>6,895</td>
</tr>
<tr>
<td>Devices</td>
<td>3,134</td>
<td>6,103</td>
</tr>
<tr>
<td>Total</td>
<td>6,141</td>
<td>12,998</td>
</tr>
<tr>
<td>Total net revenues</td>
<td>$16,234</td>
<td>$53,239</td>
</tr>
<tr>
<td>Gross profit (loss):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E&amp;P Technology &amp; Services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1,092)</td>
<td>$18,316</td>
<td>$24,902</td>
</tr>
<tr>
<td>Operations Optimization:</td>
<td>2,381</td>
<td>6,972</td>
</tr>
<tr>
<td>Total gross profit</td>
<td>1,289</td>
<td>25,288</td>
</tr>
<tr>
<td>Gross margin:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E&amp;P Technology &amp; Services:</td>
<td>(11)%</td>
<td>46%</td>
</tr>
<tr>
<td>Operations Optimization:</td>
<td>39%</td>
<td>54%</td>
</tr>
<tr>
<td>Total gross margin</td>
<td>8%</td>
<td>47%</td>
</tr>
<tr>
<td>Income (loss) from operations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E&amp;P Technology &amp; Services:</td>
<td>(4,591)</td>
<td>11,878</td>
</tr>
<tr>
<td>Operations Optimization:</td>
<td>(232)</td>
<td>2,994</td>
</tr>
<tr>
<td>Support and other</td>
<td>(6,341)</td>
<td>(11,014)</td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>(11,164)</td>
<td>3,858</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>(3,669)</td>
<td>(3,155)</td>
</tr>
<tr>
<td>Other income (expense), net</td>
<td>(525)</td>
<td>(242)</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>$15,358</td>
<td>$461</td>
</tr>
</tbody>
</table>

(1) Includes impairment of multi-client data library of $1.2 million for the nine months ended September 30, 2020.
(2) Includes impairment of goodwill of $4.2 million for the nine months ended September 30, 2020.
(3) Includes amortization of the government relief funding expected to be forgiven of $6.9 million for the nine months ended September 30, 2020.
ION GEOPHYSICAL CORPORATION AND SUBSIDIARIES

Summary of Net Revenues by Geographic Area
(In thousands)
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>North America</td>
<td>$479</td>
<td>$12,182</td>
</tr>
<tr>
<td>Latin America</td>
<td>7,925</td>
<td>22,720</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>3,777</td>
<td>2,744</td>
</tr>
<tr>
<td>Europe</td>
<td>3,011</td>
<td>8,335</td>
</tr>
<tr>
<td>Middle East</td>
<td>306</td>
<td>3,899</td>
</tr>
<tr>
<td>Africa</td>
<td>344</td>
<td>2,874</td>
</tr>
<tr>
<td>Other</td>
<td>392</td>
<td>485</td>
</tr>
<tr>
<td>Total net revenues</td>
<td>$16,234</td>
<td>$53,239</td>
</tr>
</tbody>
</table>

ION GEOPHYSICAL CORPORATION AND SUBSIDIARIES

Reconciliation of Adjusted EBITDA to Net Loss (Non-GAAP Measure)
(In thousands)
(Unaudited)

The term EBITDA (excluding non-recurring items) represents net loss before net interest expense, income taxes, depreciation and amortization and other non-recurring charges such as impairment charges, severance expenses and government relief. The term Adjusted EBITDA is EBITDA (excluding non-recurring items) but also excludes the impact of fair value adjustments related to the Company’s outstanding stock appreciation awards. EBITDA (excluding non-recurring items) and Adjusted EBITDA are not measures of financial performance under generally accepted accounting principles and should not be considered in isolation from or as a substitute for net income (loss) or cash flow measures prepared in accordance with generally accepted accounting principles or as a measure of profitability or liquidity. Additionally, EBITDA (excluding non-recurring items) and Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. The Company has included EBITDA (excluding non-recurring items) and Adjusted EBITDA as a supplemental disclosure because its management believes that EBITDA (excluding non-recurring items) and Adjusted EBITDA provides investors a helpful measure for comparing its operating performance with the performance of other companies that have different financing and capital structures or tax rates.

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Net loss</td>
<td>$(16,414)</td>
<td>$(3,329)</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>3,669</td>
<td>3,155</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>1,056</td>
<td>3,790</td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>5,061</td>
<td>11,196</td>
</tr>
<tr>
<td>Impairment of multi-client data library</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Severance expense</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Amortization of government relief funding expected to be forgiven</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>EBITDA excluding non-recurring items</td>
<td>$(6,628)</td>
<td>$14,812</td>
</tr>
<tr>
<td>Stock appreciation rights expense (credit)</td>
<td>58</td>
<td>732</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$(6,570)</td>
<td>$15,544</td>
</tr>
</tbody>
</table>
The financial results are reported in accordance with GAAP. However, management believes that certain non-GAAP performance measures may provide users of this financial information, additional meaningful comparisons between current results and results in prior operating periods. One such non-GAAP financial measure is adjusted income (loss) from operations or adjusted net income (loss), which excludes certain charges or amounts. This adjusted income (loss) amount is not a measure of financial performance under GAAP. Accordingly, it should not be considered as a substitute for income (loss) from operations, net income (loss) or other income data prepared in accordance with GAAP. See the tables below for supplemental financial data and the corresponding reconciliation to GAAP financials for the three and nine months ended September 30, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30, 2020</th>
<th>Three Months Ended September 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As Reported</td>
<td>Special Items</td>
</tr>
<tr>
<td>Net revenues</td>
<td>$16,234</td>
<td>$—</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>14,945</td>
<td>—</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,289</td>
<td>—</td>
</tr>
<tr>
<td>Gross margin</td>
<td>8%</td>
<td>—%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>12,453</td>
<td>(58)</td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>(11,164)</td>
<td>58</td>
</tr>
<tr>
<td>Operating margin</td>
<td>(69)%</td>
<td>1%</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>(3,669)</td>
<td>—</td>
</tr>
<tr>
<td>Other income (expense), net</td>
<td>(525)</td>
<td>—</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>(15,358)</td>
<td>58</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>1,056</td>
<td>—</td>
</tr>
<tr>
<td>Less: Net income attributable to noncontrolling interest</td>
<td>(193)</td>
<td>—</td>
</tr>
<tr>
<td>Net income (loss) attributable to ION</td>
<td>$16,607</td>
<td>$58</td>
</tr>
<tr>
<td>Net loss per share:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>(1.16)</td>
<td>(1.16)</td>
</tr>
<tr>
<td>Diluted</td>
<td>(1.16)</td>
<td>(1.16)</td>
</tr>
<tr>
<td>Weighted average number of common shares outstanding:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>14,278</td>
<td>14,278</td>
</tr>
<tr>
<td>Diluted</td>
<td>14,278</td>
<td>14,278</td>
</tr>
</tbody>
</table>

(1) Represents stock appreciation rights awards expense for the three months ended September 30, 2020 and 2019.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As Reported</td>
<td>Special Items</td>
<td>As Adjusted</td>
</tr>
<tr>
<td>Net revenues</td>
<td>$ 95,379</td>
<td>—</td>
<td>$ 95,379</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>61,162</td>
<td>(1,167)</td>
<td>59,995</td>
</tr>
<tr>
<td>Gross profit</td>
<td>34,217</td>
<td>1,167</td>
<td>35,384</td>
</tr>
<tr>
<td>Gross margin</td>
<td>36 %</td>
<td>1 %</td>
<td>37 %</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>44,527</td>
<td>(6,301)</td>
<td>38,226</td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>(10,310)</td>
<td>7,468</td>
<td>(2,842)</td>
</tr>
<tr>
<td>Operating margin</td>
<td>(11)%</td>
<td>8 %</td>
<td>(3)%</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>(10,304)</td>
<td>—</td>
<td>(10,304)</td>
</tr>
<tr>
<td>Other income (expense), net</td>
<td>6,675</td>
<td>(6,923)</td>
<td>(248)</td>
</tr>
<tr>
<td>Income (loss) before income</td>
<td>(13,939)</td>
<td>545</td>
<td>(13,394)</td>
</tr>
<tr>
<td>taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>9,982</td>
<td>350</td>
<td>10,332</td>
</tr>
<tr>
<td>Net loss</td>
<td>(23,921)</td>
<td>195</td>
<td>(23,726)</td>
</tr>
<tr>
<td>Less: Net income attributable</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>to noncontrolling interest</td>
<td>(168)</td>
<td>—</td>
<td>(168)</td>
</tr>
<tr>
<td>Net loss attributable to ION</td>
<td>$ (24,089)</td>
<td>$ 195</td>
<td>$ (23,894)</td>
</tr>
<tr>
<td>Net loss per share:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$ (1.69)</td>
<td>$ (1.68)</td>
<td>$ (2.39)</td>
</tr>
<tr>
<td>Diluted</td>
<td>$ (1.69)</td>
<td>$ (1.68)</td>
<td>$ (2.39)</td>
</tr>
<tr>
<td>Weighted average number of</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>common shares outstanding:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>14,255</td>
<td>14,255</td>
<td>14,104</td>
</tr>
<tr>
<td>Diluted</td>
<td>14,255</td>
<td>14,255</td>
<td>14,104</td>
</tr>
</tbody>
</table>

(1) Represents impairment of multi-client data library of $1.2 million and the related tax impact of $0.4 million for the nine months ended September 30, 2020.
(2) Represents impairment of goodwill of $4.2 million and severance expense of $3.1 million, partially offset by stock appreciation right awards credit of $1.0 million for the nine months ended September 30, 2020.
(3) Represents amortization of the government relief funding expected to be forgiven for the nine months ended September 30, 2020.
(4) Represents severance expense of $2.8 million and stock appreciation right awards expense of $2.7 million for the nine months ended September 30, 2019.