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

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of report (date of earliest event reported): March 21, 2023

DAWSON GEOPHYSICAL COMPANY
(Exact name of Registrant as specified in its charter)

TEXAS	**001-32472**	**74-2095844**
(State of incorporation or organization)	(Commission file number)	(I.R.S. employer identification number)

508 West Wall, Suite 800
Midland, Texas 79701
(Address of principal executive offices) (Zip Code)

(432) 684-3000
(Registrant’s telephone number, including area code)

(Former name or former address, if changed since last report)

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 (*see* General Instruction A.2. below):

☐ 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))

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	**DWSN**	**The NASDAQ Stock Market**

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

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. ☐

Explanatory Note

As previously disclosed in the Current Report on Form 8-K filed by Dawson Geophysical Company (the "Company") on March 24, 2023 (the "Initial 8-K") with the United States Securities and Exchange Commission (the "SEC"), on March 24, 2023, the Company consummated an acquisition (the "Acquisition") as set forth in that certain Asset Purchase Agreement (as amended from time to time, the "Purchase Agreement"), by and among the Company, Wilks Brothers, LLC, a Texas limited liability company, for the limited purposes set forth therein ("Wilks"), and Breckenridge Geophysical, LLC, a Texas limited liability company and a wholly-owned subsidiary of Wilks ("Breckenridge"). Pursuant to the Purchase Agreement, and upon the terms and subject to the conditions described therein, 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 (the "Assets"), in exchange for a combination of equity consideration and a convertible note (the "Transaction"). The consideration delivered by the Company to Wilks for the Assets consisted of the following equity consideration and convertible note (in the aggregate, the "Consideration"): (i) 1,188,235 newly-issued shares of common stock of the Company (the "Issued Common Shares"); and (ii) a convertible promissory note (the "Convertible Note") in the principal amount of $9,880,000.50 payable on or after June 30, 2024 that, upon the terms and subject to the conditions described therein, will automatically convert into 5,811,765 newly-issued shares of common stock of the Company (the "Conversion Shares") at a conversion price of $1.70 per share, subject to adjustment as described in the Convertible Note, after the Company receives stockholder approval of the proposal to issue the Conversion Shares upon conversion of the Convertible Note in accordance with Listing Rule 5635 of the NASDAQ Listed Company Manual.

The Company is filing this amendment to the Initial 8-K for the purpose of filing (i) the audited consolidated financial statements and related notes of Breckenridge as of and for the year ended December 31, 2022 and (ii) the unaudited proforma combined financial statements of the Company as of and for the year ended December 31, 2022, after giving effect to the Acquisition. This amendment should be read in conjunction with the Initial 8-K and the Company's other filings with the SEC. Except as provided herein, the disclosures made in the Initial 8-K remain unchanged.

Item 9.01. Financial Statements and Exhibits.

(a) Financial statements of business acquired.

The audited financial statements of Breckenridge, which comprise the balance sheet as of December 31, 2022 and the related statements of operations, changes in member's equity and cash flows for the year then ended and the related notes thereto, are filed as Exhibit 99.1 hereto and incorporated herein by reference.

(b) Pro forma financial information.

The unaudited pro forma condensed combined balance sheet of the Company as of December 31, 2022, the unaudited proforma combined financial statements of operations of the Company for the year ended December 31, 2022 and the notes related thereto are filed as Exhibit 99.2 hereto and incorporated herein by reference. These unaudited proforma combined financial statements give effect to the Acquisition on the basis, and subject to the assumptions, set forth in accordance with Article 11 of Regulation S-X.

(c) ***Exhibits.***

In accordance with General Instruction B.2 of Form 8-K, the information set forth in the attached Exhibit 99.1 is deemed to be "furnished" and shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act.

EXHIBIT NUMBER		**DESCRIPTION**
23.1	—	Consent of RSM US LLP
99.1	—	Audited financial statements of Breckenridge Geophysical, LLC which comprise the balance sheet as of December 31, 2022, and the related statements of operations, changes in member's equity cash flows for the year then ended and the related notes thereto, together with the report of RSM US LLP.
99.2	—	Unaudited proforma combined balance sheet of Dawson Geophysical Company as of December 31, 2022, unaudited proforma combined statements of operations of Dawson Geophysical Company for the year ended December 31, 2022, and the notes related thereto.

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.

DAWSON GEOPHYSICAL COMPANY

Date: June 7, 2023

By: /s/ James K. Brata
James K. Brata
Executive Vice President, Chief Financial Officer,
Secretary and Treasurer

Exhibit 23.1

Consent of Independent Auditor

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 June 7, 2023, relating the financial statements of Breckenridge Geophysical LLC, appearing in this Amendment No. 1 to Current Report on Form 8-K of Dawson Geophysical Company dated March 24, 2023.

/s/ RSM US LLP

Houston, Texas
June 7, 2023

Exhibit 99.1

Breckenridge Geophysical, LLC

Independent Auditor's Report and Audited Financial Statements

Year ended December 31, 2022

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Independent Auditor's Report

Members
Wilks Brothers, LLC

Opinion
We have audited the financial statements of Breckenridge Geophysical LLC ("the Company"), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, changes in member's equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

/s/ RSM US LLP

Houston, Texas
June 7, 2023

Breckenridge Geophysical, LLC
Balance Sheet
As of December 31, 2022

Assets		
Current assets:		
Cash and cash equivalents	$	4,688,749
Accounts receivable, net		62,297
Accounts receivable - related party		963,232
Prepaid expenses and other current assets		75,619
Total current assets		5,789,897
Property and equipment		9,849,025
Less: accumulated depreciation		(7,507,851)
Property and equipment, net		2,341,174
	$	8,131,071
Total assets		
Liabilities and Member's Equity		
Current liabilities:	$	17,107
Accounts payable		136,974
Accounts payable - related party		101,751
Accrued expenses		180,764
Deferred revenue		436,596
Total current liabilities		
		-
Commitments and contingencies (Note 5):		
		7,694,475
Member's equity:		
Total liabilities and member's equity	$	8,131,071

See accompanying notes to the financial statements.

Breckenridge Geophysical, LLC

Statement of Operations

Year ended December 31, 2022

Operating revenues	$	16,891,457
Operating costs:		
Operating expenses		10,393,955
Depreciation expense		2,128,557
Selling, general and administrative expense		1,726,273
Loss on disposal of assets		769,868
Total Operating Expenses		15,018,653
Operating income		1,872,804
Other expense:		3,982
Net Income	$	1,868,822

See accompanying notes to the financial statements.

Breckenridge Geophysical, LLC
Statement of Changes in Member's Equity
Year ended December 31, 2022

Balance as of January 1, 2022	$	6,408,903
Net Income		1,868,822
Net distributions to parent		(583,250)
Balance as of December 31, 2022	$	7,694,475

See accompanying notes to the financial statements.

Breckenridge Geophysical, LLC
Statement of Cash Flows
Year ended December 31, 2022

Operating Activities		
Net income	$	1,868,822
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense		2,128,557
Loss on disposal of assets		769,868
Change in operating assets and liabilities:		
Accounts receivable		1,073,152
Accounts receivable - related party		349,036
Prepaid expenses and other assets		57,607
Accounts payable		(169,062)
Accounts payable - related party		49,493
Accrued expenses and deferred revenue		(436,192)
Net cash provided by operating activities		5,691,281
Investing Activities		
Purchase of property and equipment		(535,174)
Sale of assets		115,000
Net cash used in investing activities		(420,174)
Financing Activities		
Net distributions		(583,250)
Net cash used in financing activities		(583,250)
Net change in cash		4,687,857
Beginning cash		892
Ending cash	$	4,688,749

See accompanying notes to the financial statements.

1. Summary of significant accounting policies

Organization and nature of operations

Breckenridge is a provider of onshore seismic data acquisition and processing services. 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. For the year ended December 31, 2022, comprehensive income equals net income. The Company is organized as a limited liability company, and members are not liable for the debts, obligations or liabilities of the Company.

Basis of presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). For all periods presented, comprehensive loss equals net loss.

On March 24, 2023, Dawson Geophysical Company ("Dawson") entered into an Asset Purchase Agreement (the "Purchase Agreement") with Wilks Brothers, LLC ("Wilks") and Breckenridge Geophysical, LLC ("the Company", "Breckenridge", "we" or "our"). Pursuant to the Purchase Agreement, Dawson completed the purchase of substantially all of the Breckenridge assets related to seismic data acquisition services other than its multi-client data library (the "Assets"), in exchange for a combination of equity consideration and a convertible note (the "Transaction"). These financial statements present a carve-out of the historical financial information of Breckenridge for the Assets included in the Transaction, and all activity related to the Company's multi-client data library have been excluded from these carve out financial statements. Balances due to and from Wilks with no historical settlement have been reflected in member's equity and all transactions with Wilks or entities under common control have been reflected as related party transactions as disclosed in Note 4 to these financial statements.

Cash equivalents

For purposes of the 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 doubtful accounts

The Company's allowance for doubtful accounts reflects its current estimate of credit losses 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 doubtful 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. As of December 31, 2022, there is no recorded allowance for doubtful accounts.

Property, plant and equipment

Property, plant 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 charge was recognized for the year ended December 31, 2022.

Leases

The Company adopted ASC 842, *Leases,* effective January 1, 2022, which had no impact on our financial statements. In connection with the adoption of ASC 842, we elected to not recognize right-to-use assets of lease liabilities for leases with a term of twelve months or less. The Company has not entered into any leases with a term of greater than 12 months. If we were to enter into a lease, we would evaluate each lease to determine its appropriate classification as an operating lease or a finance lease for financial reporting purposes. For the year ended December 31, 2022, we recognized short-term lease expense of $1,075,619, which were included in operating expenses and selling, general and administrative expenses on the statement of operations.

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 square miles of data recorded compared to total square miles 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. Contract assets consisted of accounts receivable and amounted to $2,447,717 and $1,025,529 as of January 1, 2022, and December 31, 2022, respectively. Contract liabilities consisted of deferred revenue and amounted to $568,482 and $180,764 as of January 1, 2022, and December 31, 2022, respectively. The Company recognized revenue amounting to $568,482 during the year ended December 31, 2022, which was included in deferred revenue as of January 1, 2022. As of December 31, 2022, deferred revenue was $180,764, which relates to projects that have not yet started.

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.

Income taxes

The Company is organized as a wholly owned limited liability company and treated as a disregarded entity for federal income tax purposes, whereby the ordinary business income or loss and certain deductions are passed-through and reported on the members' income tax returns. As such, the Company is not required to provide for income taxes and no provision for federal income tax expense or deferred tax asset or liability is recorded. However, certain states subject the Company to entity-level taxation as a limited liability company, however these amounts have not historically been significant.

Use of estimates in the preparation of financial statements

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities and (2) the reported amounts of revenue and expenses during the reporting period. We base these estimates on historical results and various other assumptions believed to be reasonable, all of which form the basis for making estimates concerning the carrying values of assets and liabilities that are not readily available from other sources. Ultimate results could differ materially from these estimates.

Concentration of credit risk

The Company's assets that are potentially exposed to concentrations of credit risk consist primarily of cash, and accounts receivable. The Company maintains deposits primarily in one financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Company has not experienced any losses related to amounts in excess of FDIC limits. As of December 31, 2022, the Company held cash of $4,438,749 in excess of FDIC insured amounts. During the year ended December 31, 2022, Waggoner Exploration & Operating, LLC accounted for 88% of total revenue.

2. Fair value of financial instruments

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. We apply the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases of categorization within the hierarchy upon the lowest level input that is available and significant to the fair value measurement:

- Level One: The use of quoted prices in active markets for identical assets or liabilities.
- Level Two: Other than quoted prices included in Level One, inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level Three: The use of significantly unobservable inputs that typically require the use of management's estimates of assumptions that market participants would use in pricing.

At December 31, 2022, the Company's financial instruments included cash, accounts receivable, other current assets, accounts payable and, other current liabilities. Due to the short-term maturities of cash, accounts receivable, other current assets, accounts payable and other current liabilities, the carrying amounts approximate fair value at the respective balance sheet dates.

3. Property, plant and equipment

The following table summarizes the components of our property, plant and equipment, net, and estimated useful lives, as of December 31, 2022:

			Useful Lives
Land	$	33,265	-
Building and improvements		670,582	10 to 40 years
Recording equipment		6,456,539	3 to 6 years
Vehicles		2,505,337	4 to 10 years
Office equipment and other		183,302	3 to 10 years
Gross property and equipment		9,849,025	
Less accumulated depreciation		(7,507,851)	
Property and equipment, net	$	2,341,174	

4. Related Party Transactions

In the normal course of business, we entered into transactions with related parties with entities under common control of Wilks. During the year ended December 31, 2022, the Company had transactions with the following related party entities:

Cisco Logistics, LLC ("Cisco Logistics") is a trucking and logistics company that transfers equipment on behalf of its customers, including Breckenridge. Amounts paid to Cisco Logistics are recorded in operating expenses on our statement of operations.

Interstate Explorations, LLC ("Interstate") is an exploration and development company for which Breckenridge performs seismic data acquisition and processing services, and from which the Company has a short-term lease for certain office space. Breckenridge recognized revenues of $17,477 from Interstate for the year ended December 31, 2022, which is recorded as revenues on our statement of operations. Amounts incurred from Interstate are recorded in selling, general and administrative expenses on our statement of operations. As of December 31, 2022, accounts receivable due from Interstate was $963,232.

Wilks is a management company which provides administrative support to various businesses within their portfolio. Wilks and certain entities under its control will at times incur expenses on behalf of Breckenridge, billing Breckenridge for these expenses at cost as well as certain management fees. Amounts paid to Wilks are generally recorded in selling, general and administrative expenses on our statement of operations. As of December 31, 2022, accounts payable due to Wilks was $107,852.

3 Twenty-Three, LLC ("3 Twenty-Three") is a payroll administrator which performs payroll services on behalf of its customers, including Breckenridge. Amounts paid to 3 Twenty-Three are recorded in selling, general and administrative expenses on our statement of operations. As of December 31, 2022, accounts payable due to 3 Twenty-Three was $29,122.

Dawson is a provider of onshore seismic data acquisition and processing services. Breckenridge rented equipment and crews from Dawson to perform seismic data acquisition services, which are recorded in operating expenses on our statement of operations.

The following table summarizes expenses with related parties for the year ended December 31, 2022:

Cisco Logistics	$	65,107
Interstate		26,535
Wilks		431,825
3 Twenty-Three		43,065
Dawson		2,321,084
Total	$	2,887,616

5. Commitments and Contingencies

We are involved in various legal and regulatory proceedings arising in the normal course of business. While we cannot predict the outcome of these proceedings with certainty, we do not believe that an adverse result in any pending legal or regulatory proceeding, individually or in the aggregate, would be material to our financial condition, results of operations, or cash flows.

6. Subsequent Events

The Company has evaluated events subsequent to December 31, 2022, through June 7, 2023, the date these financial statements were made available to be issued, and report the following events:

(a) On January 4, 2023, Breckenridge distributed $3.3 million to Wilks.

(b) On March 24, 2023, Breckenridge and Wilks entered into the Purchase Agreement with Dawson. Pursuant to the Purchase Agreement, Dawson completed the purchase of substantially all of the Breckenridge assets related to seismic data acquisition services other than its multi-client data library (the “Assets”), in exchange for a combination of equity consideration and a convertible note (the “Transaction”). Prior to the Transaction, Wilks held approximately 74% of the outstanding shares of Dawson.

DAWSON GEOPHYSICAL REPORTS
UNAUDITED PROFORMA COMBINED FINANCIAL INFORMATION

On March 24, 2023, Dawson Geophysical Company ("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"). 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 5,811,765 shares of newly-issued 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. Until such approval, a convertible note payable amounting to approximately $9.9 million is included in non-current liabilities on the Company's Consolidated Balance Sheets.

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 effects of transactions in Breckenridge's equity prior to the Transaction have been presented as a separate component of stockholders' equity in the proforma adjustments on the Unaudited Proforma Combined Balance Sheet.

The Unaudited Proforma Combined Balance Sheet as of December 31, 2022 gives effect to the Purchase Agreement and the Transaction as if each had been completed on December 31, 2022. The Unaudited Proforma Combined Statement of Operations for the year ended December 31, 2022 gives effect to the Purchase Agreement and the Transaction as if each had been completed on January 1, 2022. Assumptions and estimates underlying the proforma adjustments are described in the accompanying notes, which should be read in conjunction with the proforma financial statements.

The proforma financial statements and related notes have been prepared by management in accordance with Article 11 of Regulation S-X, are provided for illustrative purposes only, and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of the Company would have been had the Purchase Agreement and the Transaction occurred on the dates noted above, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position. Future results may vary significantly from the results reflected because of various factors. The proforma adjustments are based on currently available information and certain estimates and assumptions that the Company believes provide a reasonable basis for presenting the significant effects of the Purchase Agreement.

The proforma financial statements and related notes do not reflect the benefits of projected efficiencies, potential cost savings or the costs that may be necessary to achieve such savings, opportunities to increase revenue generation or other factors that may result from the Purchase Agreement and, accordingly, do not attempt to predict or suggest future results. Management cannot identify the timing, nature and amount of such savings, costs or other factors, any of which could affect the future consolidated results of operations or consolidated financial position of the Company.

The unaudited proforma financial statements have been developed from and should be read in conjunction with:

- The audited consolidated financial statements and accompanying notes of Dawson Geophysical Company contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2022; and
- The audited consolidated financial statements and related notes of Breckenridge for the year ended December 31, 2022, which are filed as Exhibit 99.1 to the Current Report on this Form 8-K/A.

DAWSON GEOPHYSICAL COMPANY
UNAUDITED PROFORMA COMBINED BALANCE SHEET
December 31, 2022
(amounts in thousands, except share data)

	Dawson Geophysical Company Historical Amounts	Breckenridge Geophysical, LLC Historical Amounts	Proforma Adjustments		Proforma Combined Amounts
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	38,035	5,791	—		43,826
Property and equipment, net	18,127	2,341			20,468
Right-of-use assets	4,010				4,010
Intangibles, net	369				369
Total assets	$ 60,541	$ 8,132	$ —		$ 68,673
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	15,758	436	—		16,194
Long-term liabilities:					
Notes payable and finance leases, net of current maturities	207				207
Convertible note payable to controlling shareholder	—		9,880	(a)	9,880
Operating lease liabilities, net of current maturities	3,331				3,331
Deferred tax liabilities, net	136	1			137
Total long-term liabilities	3,674	1	9,880		13,555
Stockholders' equity:					
Common stock	238		12	(b)	250
Additional paid-in capital	155,413		(2,197)	(c)	153,216
Accumulated deficit	(112,469)				(112,469)
Equity of Breckenridge prior to acquisition	—	7,695	(7,695)	(d)	—
Accumulated other comprehensive loss, net	(2,073)				(2,073)
Total stockholders' equity	41,109	7,695	(9,880)		38,924
Total liabilities and stockholders' equity	$ 60,541	$ 8,132	$ —		$ 68,673

DAWSON GEOPHYSICAL COMPANY
UNAUDITED PROFORMA COMBINED STATEMENT OF OPERATIONS
Year Ended December 31, 2022
(amounts in thousands, except share and per share data)

	Dawson Geophysical Company Historical Amounts	Breckenridge Geophysical, LLC Historical Amounts	Proforma Adjustments	Proforma Combined Amounts
Operating revenues	$ 37,480	$ 16,891	$ (2,201)(e)	$ 52,171
Operating costs:				
Operating expenses	37,910	11,164	(2,201)(e)	46,873
General and administrative	13,785	1,728		15,513
Depreciation and amortization	9,795	2,129		11,924
	61,490	15,020	(2,201)	74,309
(Loss) income from operations	(24,010)	1,872	—	(22,138)
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
(Loss) income before income tax	(20,344)	1,869	—	(18,475)
Income tax benefit (expense):				
Current	9			9
Deferred	(116)			(116)
	(107)	—	—	(107)
Net (loss) income	$ (20,451)	$ 1,869	$ —	$ (18,582)
Basic loss per share of common stock	$ (0.86)	$ —	$ 0.12 (f)	$ (0.74)
Diluted loss per share of common stock	$ (0.86)	$ —	$ 0.12 (f)	$ (0.74)
Weighted average equivalent common shares outstanding	23,782,796	—	1,188,235 (f)	24,971,031
Weighted average equivalent common shares outstanding - assuming dilution	23,782,796	—	1,188,235 (f)	24,971,031

NOTES TO UNAUDITED COMBINED PROFORMA FINANCIAL STATEMENTS

Basis of Presentation

The accompanying unaudited proforma combined financial information was prepared based on the audited historical consolidated financial statements of Breckenridge and the audited historical consolidated financial statements of the Company, in each case, as of and for the year ended December 31, 2022. 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 fair value of the consideration paid by the Company and allocation of that amount to the underlying assets acquired will be recorded by the Company as of the date of the closing of the Purchase Agreement. Costs directly related to the Purchase Agreement are expensed as incurred.

The Unaudited Proforma Combined Statement of Operations for the year ended December 31, 2022 was prepared assuming the Purchase Agreement and Transaction occurred on January 1, 2022. The Unaudited Proforma Combined Balance Sheet as of December 31, 2022 was prepared as if the Purchase Agreement and Transaction occurred on December 31, 2022.

The unaudited proforma combined financial information and related notes are presented for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of the Company would have been had the Purchase Agreement and Transaction occurred on the dates noted above, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position. If the Purchase Agreement and the Transaction had occurred in the past, the Company's operating results might have been materially different from those presented in the unaudited proforma combined financial information. The unaudited proforma combined financial information should not be relied upon as an indication of operating results that the Company would have achieved if the Purchase Agreement and the Transaction had taken place on the dates noted above. In addition, future results may vary significantly from the results reflected in the unaudited proforma combined financial statement of operations and should not be relied upon as an indication of the future results the Company will have after the consummation of the Purchase Agreement and the Transaction. The proforma adjustments are based on currently available information and certain estimates and assumptions that the Company believes provide a reasonable basis for presenting the significant effects of the Purchase Agreement.

Consideration and Purchase Price Allocation

The preliminary allocation of the total purchase price in the Purchase Agreement is based upon Breckenridge's audited historical financial statements.

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	$	11,900

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 (unaudited and in thousands) is as follows:

Excess Purchase Price		March 24, 2023
Purchase price	$	11,900
Historical carrying value of assets acquired		(1,335)
Excess purchase price	$	10,565

Notes detailing adjustments to Unaudited Proforma Combined Balance Sheet and Unaudited Proforma Combined Statement of Operations

The unaudited proforma combined financial information has been compiled in a manner consistent with the accounting policies adopted by the Company.

The proforma adjustments are based on currently available information and certain estimates and assumptions that the Company believes provide a reasonable basis for presenting the significant effects of the Purchase Agreement. General descriptions of the proforma adjustments are provided below.

(a) Upon execution of the Purchase Agreement on March 24, 2023, the Company delivered to Wilks a convertible promissory note in the principal amount of $9,880,000.50 payable on or after June 30, 2024 that, upon the terms and subject to the conditions described therein, will automatically convert into 5,811,765 newly–issued shares of common stock at a conversion price equal to $1.70 per share, subject to adjustments as described in the convertible note, 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.

(b) This amount represents the par value of $0.01 per share for the 1,188,235 shares issued to Wilks upon execution of the Purchase Agreement on March 24, 2023.

(c) This amount represents the impact to additional paid-in capital resulting from the shares issued associated with the Purchase Agreement and the reduction of Breckenridge’s pre-acquisition equity attributable to Wilks.

The following is a summary of the proforma adjustment amount:

Fair Value of common stock issued	$	2,020
Less: par value of common stock issued		(12)
Less: excess purchase price over net assets of Breckenridge as of December 31, 2022		(4,205)
	$	(2,197)

(d) This amount represents the equity of Breckenridge prior to the execution of the Purchase Agreement on March 24, 2023.

(e) This amount represents all transactions between the Company and Breckenridge for the year ended December 31, 2022 that are being retrospectively eliminated on a combined, as pooled basis. For the year ended December 31, 2022, the Company recorded approximately $2,200,000 of related party revenue from Breckenridge. Note that sales tax charged to Breckenridge amounting to approximately $120,000 was included in operating expenses on Dawson’s Historical Consolidated Statement of Operations.

(f) This amount represents the effect of the issuance of the 1,188,235 shares issued to Wilks upon execution of the Purchase Agreement as if such issuance had occurred on January 1, 2022.