

September 14, 2020



# Coda Octopus Group Reports Fiscal Third Quarter and Nine Month 2020 Financial Results

ORLANDO, FL, Sept. 14, 2020 (GLOBE NEWSWIRE) -- Coda Octopus Group, Inc. (CODA) (Nasdaq: CODA) today reported its unaudited financial results for its fiscal third quarter ended July 31, 2020 and nine month period for the 2020 fiscal year.

Annmarie Gayle, CODA's Chairman and CEO commented: "In our 2020 fiscal year, like many other businesses, we have been impacted by the coronavirus outbreak which has caused curtailments and limitations in the conduct of our business operations. In the fiscal second quarter, this adverse impact was most severe and we are pleased to report that, in the third quarter, we started to see an improvement in the business environment with more businesses, ourselves included, trying to normalize business activities despite the persistence of the coronavirus. In the fiscal third quarter, the Products Business saw an increase in the demand for its products, although rentals were substantially down when compared to the 2019 third quarter. We also were able to complete a number of important field installation projects, which had stalled in the second quarter due to the coronavirus, including for the South Korean Navy. Additionally, we continued to support the U.S. Navy in its roll-out of the Diver Augmented Vision Display (DAVD) system and conduct further field training in a number of locations. The advancement of the Services Business engineering projects has slowed due to travel restrictions. This has caused a fall in the Services Business revenues in the fiscal third quarter. We also continue to manage our cash and year to date we generated cash of \$1,295,525."

Coda Octopus Group reported total revenue of approximately \$5.396 million for the quarter ended July 31, 2020, compared to \$6.668 million for the comparable prior year period, representing a decrease of 19.1%. The Company reported net profit before taxes of approximately \$1.308 million for the third quarter ended July 31, 2020, or \$0.12 per share of earnings, compared to a net income of \$2.126 million, or \$0.20 per share, for the comparable 2019 period. Net profit after taxes was \$1.023 million for the third quarter ended July 31, 2020, or \$0.10 per share, compared to a net income of \$1.776 million, or \$0.17 per share, in the prior year comparable period. Net profit before tax as a percentage of revenues in the third quarter was 24.2%. Research and Development expenditures for the third quarter were \$0.772 million, an increase of 22.3%, compared to \$0.632 million, for the comparable period of 2019. Selling, General & Administrative Expenses (SG&A) for the third quarter were \$1.525 million, compared to \$1.776 million for the comparable period last year, a decrease of 14.1%.

Due to the impact of the coronavirus, the Group's financial results for the nine month period were down on the comparable 2019 period. In the second quarter of the 2020 period, the global economy was virtually closed which curtailed and limited business operations, thus

revenues. In the third quarter the Company started to see an improvement in the business environment. However, the Company cannot determine if this improvement will be sustained in the fourth quarter as there are still inherent limitations caused by the persistence of the coronavirus. Coda Octopus Group reported total revenue of approximately \$15.366 million for the nine months ended July 31, 2020, compared to \$19.210 million for the comparable prior year period, a decrease of 20%. The Company reported net income before taxes of approximately \$2.416 million for the nine months ended July 31, 2020, or \$0.23 per share of earnings, compared to a net income of \$5.761 or \$0.54 per share, for the comparable prior year period. Net income after taxes was \$2.104 million for the nine months ended July 31, 2020, or \$0.20 per share, compared to a net income of \$4.988 million, or \$0.47 per share, in the comparable prior year period. Net income before tax as a percentage of revenues for the nine months ended July 31, 2020 was 15.7%. Research and Development expenditures for the nine months ended July 31, 2020 were \$2.415 million, an increase of 23.9%, compared to \$1.948 million, for the comparable period of 2019. The increase is in line with the Company's budgetary plans and reflects the investments undertaken to advance CODA's products. SG&A for the nine months ended July 31, 2020 were \$4.950 million compared to \$5.092 million for the comparable period in the last fiscal year, a decrease of 2.78%.

As of July 31, 2020, CODA had approximately \$13.017 million of cash on hand and approximately \$0.697 million outstanding on its HSBC Debenture, as compared to \$9.804 million of cash on hand and approximately \$1.178 million outstanding on the HSBC Debenture at the same period in 2019.

Ms. Gayle continued: "We have seen a significant improvement in the fiscal third quarter in respect of demand for our goods and services when compared to the fiscal second quarter period, where our business was in effect closed due to the coronavirus outbreak. We were able to generate net income in the third quarter and cash. Although we are not seeing the same level of demand as we had in the comparable 2019 period, the Products Business revenues fell only marginally, by 5.5%, when compared to the 2019 period. Furthermore, despite the limitations and constraints imposed upon us by the persistence of the coronavirus, we have been able to complete the field installation of a number of projects in the third quarter and continue to work with the U.S. Navy on its DAVD roll-out program. The Services Business is more affected due to the delay in receiving defense-related orders and impact of travel restrictions. These slow down the advancement of engineering projects, which often require customer site visits for critical design review appraisals."

The Company's full financial results are available at [www.nasdaq.com/symbol/coda/sec-filings](http://www.nasdaq.com/symbol/coda/sec-filings).

### **About Coda Octopus Group, Inc.**

The Company, founded in 1994, manufactures and markets patented real-time 3D subsea sonar technology, the Echoscope<sup>®</sup>, which enables real-time 3D imaging and mapping in zero visibility conditions underwater. Echoscope<sup>®</sup> is used globally in numerous applications including defense, marine construction, subsea infrastructure installation and surveys, and port and harbor security. In addition to the Marine Products business, Coda Octopus Products Ltd., CODA's two defense products and engineering services businesses are Coda Octopus Colmek and Coda Octopus Martech. For further information, please visit <http://www.codaoctopusgroup.com> or contact us at [coda@codaoctopusgroup.com](mailto:coda@codaoctopusgroup.com).

## **Forward Looking Statement**

This press release contains forward-looking statements concerning Coda Octopus Group, Inc. within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those forward-looking statements include, without limitation, statements regarding the Company's expectations for the growth of the Company's operations and revenue. Such statements are subject to certain risks and uncertainties, and actual circumstances, events or results may differ materially from those projected in such forward-looking statements. Factors that could cause or contribute to differences include, but are not limited to, customer demand for our products and market prices; the outcome of our ongoing research and development efforts relating to our products including our patented real time 3D solutions; our ability to develop the sales force required to achieve our development and other examples of forward looking statement set forth in our Annual Report on Form 10-K for the year ended October 31, 2019, filed with the Securities and Exchange Commission on January 28, 2020. Coda Octopus Group, Inc. does not undertake, and specifically disclaims any obligation to update or revise such statements to reflect new circumstances or unanticipated events as they occur.

### **Contact:**

MDC Group  
Investor Relations:  
David Castaneda  
Arsen Mugurdumov  
414.351.9758

Media Relations:  
Susan Roush  
805.624.7624



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