

March 16, 2022



# Coda Octopus Group Reports Financial Results for the 2022 First Quarter

ORLANDO, FL, March 16, 2022 (GLOBE NEWSWIRE) -- Coda Octopus Group, Inc. (CODA) (Nasdaq: CODA) today reported its unaudited financial results for its first quarter ended January 31, 2022 ("FQ2022").

Annmarie Gayle, CODA's Chairman and CEO, commented: "I am very pleased that our financial results for the FQ2022 improved over the comparable period last year ("FQ2021"). In the Products Business we continue to see strong interest in both the Echoscope PIPE<sup>®</sup> and DAVD. We believe that in this fiscal year we will start seeing adoption of the DAVD in foreign navies and the commercial diving market. Our Services Business is still experiencing delays in receiving orders under defense acquisition programs. However, we believe that with the recent approval of the US Defense Budget and with the ongoing conflict in Ukraine, increased defense spending is likely in the near future, both in the USA and the UK where our Services Businesses are based. Accordingly, we are seeing an increase in the level of inquiries as they relate to defense acquisition programs including inquiries for Coda Octopus Martech Decontamination Systems ("CDU") that are used for decontaminating fighter pilots' headset which may have been exposed to chemical weapons. The CDU forms part of the ground fleet equipment list of the Eurofighter aircraft.

We remain concerned, however, about the ongoing disruption in the components supply chain which may impact on our ability to fulfil any such orders. This uncertainty around lead times for components may affect the pace at which we can convert and thus recognize any new orders as revenues.

Despite these anticipated delays and the continued challenges with COVID-19, at this time, we do not intend to materially revise the broad outline of our 2022 revenue targets previously published (see our Form 8-K filed with the SEC on October 4, 2021). This, of course, assumes that there will not be a global recession due to geo-political issues and inflationary pressures in world's largest economies and that the Ukraine conflict and COVID-19 Pandemic are contained.

In addition, I am also pleased to report that in December 2021, we reached a critical milestone by repaying the HSBC NA Loan in full. This loan formed part of the debt obligation which existed during our restructuring of the Group. We are very pleased to have arrived at the point where our assets are completely unleveraged. We also note that with the exhaustion of our carry-forward net operating losses, in the fiscal year 2022 we anticipate that we will be paying additional corporation taxes which will have an effect on our Net Income.

Finally, we anticipate bolstering our management team in the fiscal year 2022 with a focus on complementing our management with business development and marketing resource. We also expect our current CFO, who has held this position for over 12 years to retire in this

fiscal year and we will be bringing on board in the next 30 to 60 days, a new CFO. Alongside the financial responsibilities of the Group, we anticipate the new CFO will be actively leading our investor relations program and earnings call and future M&A strategy”

Coda Octopus Group reported total revenue of approximately \$5.84 million for FQ2022, compared to \$5.05 million for the FQ2021, representing an increase of 15.6%. The Company reported net profit before taxes of approximately \$1.44 million for FQ2022, compared to a net profit before taxes of \$996k, for the comparable FQ2021 period. Net profit after taxes was \$1.22 million for FQ2022, or \$0.11 per share, compared to a net profit after tax of \$1.13 million, or \$0.10 per share, in the FQ2021 period. Net profit before tax as a percentage of revenues in FQ2022 was 24.7% compared to 19.7% for the comparable prior year period. Research and Development expenditures for FQ2022 were \$673k compared to \$583k, an increase of 15.4% in the FQ2022 period. Selling, General & Administrative Expenses (SG&A) for FQ2022 were \$2.11 million, compared to \$1.81 million in the FQ2021, an increase of 16.4%.

As of January 31, 2022, CODA had approximately \$20.71 million of cash on hand, as compared to \$17.75 million at October 31, 2021.

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, innovates, develops, manufactures, and markets subsea products (software and hardware) including its flagship real-time 3D, 4D,5D and 6D underwater imaging sonar technology, marketed under the name “Echoscope<sup>®</sup>” and Echoscope PIPE<sup>®</sup> and also it recently launched Diver Augmented Vision System (“DAVD”). This sonar technology generates real-time 3D, 4D, 5D and 6D imaging and mapping underwater. Echoscope<sup>®</sup> is used globally in numerous applications including the commercial and defense underwater market. Applications for the Echoscope<sup>®</sup> technology includes underwater mapping, offshore renewables cable installations and surveys, marine construction, subsea infrastructure installation, decommissioning, diving applications and port and harbor security. In addition to the Marine Products business, Coda Octopus Products Ltd., CODA’s two defense 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 revenues. 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, the ongoing Coronavirus Pandemic, customer demand for our products and market prices; the outcome of our

ongoing research and development efforts relating to our products including our real time 3D, 4D, 5D and 6D underwater sonar technology solutions; changes in the volume or timing of previously delayed defense orders, and other examples of forward looking statement set forth in our Annual Report on Form 10-K for the year ended October 31, 2021, filed with the Securities and Exchange Commission on February 14, 2022. 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.

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