

September 14, 2022



Coda Octopus Group Reports Fiscal 2022 Third Quarter and Nine-Month Period Financial Results

- Fiscal Third Quarter Revenue Increased 8% Year-Over-Year

- Company Remained Profitable with Net Income of \$1.8 Million, or \$0.16 per Share

- Material Progress Made in Key Markets for Growth of both Echoscope® and DAVD

ORLANDO, FL, Sept. 14, 2022 (GLOBE NEWSWIRE) -- Coda Octopus Group, Inc. (CODA) (Nasdaq: CODA) today reported its unaudited financial results for its third quarter ("TQ2022") and nine months ("YTD 2022") ended July 31, 2022.

Annmarie Gayle, CODA's Chairman and CEO, commented: "I am very pleased with our TQ2022 results as we grew revenue and net income over the same period a year ago while making further progress in penetrating markets which are key for our growth strategy around Echoscope PIPE® and our Diver Augmented Vision Display System ("DAVD").

In the TQ2022, a significant portion of our sales were generated from our real time imaging sonar, Echoscope PIPE®, to US Prime Defense Contractors for integration into their new generation of underwater vehicle programs that are currently being designed. This is supportive of our business development strategy to increase sales of our real time imaging sonar, the Echoscope®, into defense programs around the world. We expect this success to pave the way for multiple sales into these programs with long term recurring revenues. In addition, the new generation of underwater vehicles that are currently being developed increases the market opportunity to have our technology embedded into these new programs, realize multiple sales of the technology and increase our market share.

We have also made solid progress on our new diving management system, DAVD. Specifically, we have started to supply GEN 3 DAVD systems to the Navy and are currently delivering DAVD GEN 3 upgrades for GEN 2. We also have a US-based marine engineering provider already using the DAVD system and the Echoscope® in a commercial diving project. Looking ahead, we will be demonstrating the DAVD to the UK Ministry of Defence in October 2022 and expect adoption of the DAVD system from multiple customers later this calendar year including foreign navies as well as several construction and offshore service providers that operate in the commercial diving sector. Lastly, we are currently customizing the DAVD technology for the single largest potential adopter of the DAVD and anticipate having prototypes for this particular US defense customer by the end our fiscal year, October 31, 2022.

Finally, our Services Business had a solid improvement in performance with TQ2022

revenue increasing 14.2% over the same period a year ago. Recall, last two quarters we had a slower pace of orders that contributed to this part of our business realizing a loss, so we are pleased to see the performance return to more normalized levels, as we expected.”

Coda Octopus Group reported total revenue of approximately \$6.27 million for the TQ2022, compared to \$5.83 million for the comparable TQ2021 period, representing an increase of 7.6%. The Company reported net profit before taxes of approximately \$2.04 million for the TQ2022, compared to \$1.32 million for the comparable TQ2021 period. Net profit after taxes was \$1.77 million or \$0.16 per share for the TQ2022, compared to \$1.52 million or \$0.14 per share, in the comparable TQ2021 period.

Net income before tax as a percentage of revenues in the TQ2022 was 32.5%. Research and Development expenditures for the TQ2022 were \$0.58 million compared to \$0.68 million in the TQ2021 period representing a decrease of 14.7%. Selling, General & Administrative Expenses (SG&A) for the TQ2022 were \$1.96 million, compared to \$2.21 million for the TQ2021 period, representing a decrease of 11.3%.

For the YTD2022 the Company reported total revenue of approximately \$17.09 million compared to \$16.25 million for the comparable prior year (YTD2021) period, representing an increase of 5.2%. The Company reported net income before taxes of approximately \$3.98 million for the YTD2022, compared to \$4.26 million for the comparable YTD2021 period, representing a reduction of 6.6%. Net profit after taxes was \$3.60 million or \$0.33 per share for the YTD2022, compared to \$4.86 million or \$0.45 per share, in the comparable YTD2021 period. Note results in the YTD2021 period included a \$0.65 million one-time benefit related to funding from the Payroll Protection Program. In addition, net income was impacted in the YTD2022 period due to a higher tax rate resulting from the Company having consumed its net operating losses with the effective tax rate in the YTD2022 period of 9.6% compared to (14.2) % in the YTD2021 period.

Net profit before tax as a percentage of revenues for the YTD2022 was 23.3%, compared to 26.2% in the comparable YTD2021 period. Research and Development expenditures for the YTD2022 were \$1.77 million, a decrease of 6.8%, compared to \$1.90 million, for the comparable YTD2021 period. SG&A for the YTD2022 were \$6.12 million, compared to \$5.82 million for the comparable YTD2021 period, an increase of 5.2%.

As of July 31, 2022, CODA had approximately \$21.37 million of cash on hand and has repaid in full its HSBC Debenture. This compares to \$17.75 million of cash on hand and approximately \$0.06 million outstanding on the HSBC Debenture on October 31, 2021.

The Company's full financial results are available at 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®” and Echoscope PIPE® 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® is used globally in numerous applications including the commercial

and defense underwater market. Applications for the Echoscope® 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.

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. The words "believe," "may," "will," "potentially," "estimate," "continue," "anticipate," "intend," "could," "would," "project," "plan," "expect" and similar expressions that convey uncertainty of future events or outcomes are intended to identify 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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