

January 29, 2025



Coda Octopus Group Reports Fiscal 2024 Financial Results

ORLANDO, FL, Jan. 29, 2025 (GLOBE NEWSWIRE) -- Coda Octopus Group, Inc. (Nasdaq: CODA) today reported its audited financial results for its fiscal year ended October 31, 2024 (FY2024).

Annmarie Gayle, CODA's Chairman and CEO, commented: "I am pleased with our overall financial performance in FY2024 as we increased revenue, gross profit margins, operating income, net income and earnings per share. We are also very pleased with the value we are creating for our shareholders by the deployment of our cash and in FY2024, we completed the first acquisition under our M&A Strategy. Furthermore, although our business was significantly affected by the funding constraints posed by the use of continuing resolutions for Defense Programs, we were able to pivot and mitigate the impact of reduced funding allocation under these programs, demonstrating the diversification and resilience of our revenue structure".

In addition, despite challenges under Defense Programs, management continued to invest in its strategy to accelerate growth and it believes that it has made good progress on achieving some of its strategic goals around the Company's growth pillars, Echoscope PIPE[®] and DAVD in FY2024.

The DAVD untethered system (DUS) is a significant part of our growth opportunities. The DUS targets military and special operations divers. It is the largest market opportunity for the technology and is the subject of a Navy funded Hardening Program. Although we were not allocated the level of funding anticipated during FY2024, we continued to make progress under this program, and we achieved a key milestone by delivering to our customer our new generation Augmented Reality DAVD Head-Up Display (HUD). This next-generation technology platform boasts a more compact design, a 200% increase in resolution, and an expanded field of view. These enhancements significantly improve compatibility with specialized dive helmets and masks, unlocking new possibilities for previously underutilized applications and markets.

In FY2024 we also continued to make progress in our strategy to include the Echoscope[®] in a number of Defense undersea vehicle programs. We completed a six-month test and evaluation with Naval Information Warfare Center (NIWIC) for the Videoray undersea vehicle program and our latest Echoscope[®] CIVS (Close-In-Visualization Sonar), has gained wider acceptance as the system of choice for high resolution target detection and ship hull inspection operations.

We also continued to work with several Prime Defense Contractors on their undersea vehicle programs. If these programs are successful, the Echoscope will be included.

FY2024 Financial Summary

The numbers relating to Income Statement Activity set out below do not include Precision Acoustics Limited, which was acquired on October 29, 2024 and had no material income statement activity through October 31, 2024 (the year end for the Company's FY2024). The numbers shown below have been rounded to one decimal point. The full FY2024 financials can be found in CODA's Form 10-K filed with the SEC on January 29, 2025.

- Total revenue was approximately \$20.3 million compared to \$19.4 million in FY2023, representing an increase of 5.0%.
- Revenues from the Products segment were \$12.8 million compared to \$12.1 million in FY2023, a 5.7% increase.
- Revenues from the Services segment were \$7.5 million compared to \$7.3 million in FY2023, an increase of 3.8%.
- Gross profit was \$14.2 million compared to \$13.0 million in FY2023. Gross margin was 69.8% compared to 67.3% in FY2023. This is largely attributable to changes in the mix of sales and lower commission costs incurred in FY2024.
- Operating income was \$3.6 million in FY2024 compared to \$2.7 million in FY2023, an improvement of 30.8%. Operating margin was 17.6% compared to 14.2% in FY2023, driven by the increase in revenues previously mentioned.
- Net income before taxes was approximately \$4.6 million in FY2024 compared to \$3.4 million in FY2023, representing an increase of 34.8%. Net income after taxes was \$3.6 million in FY2024 compared to \$3.1 million in FY2023, an increase of 16.7%.
- Diluted earnings per share in FY2024 was \$0.32 compared to \$0.28 in FY2023.
- Net income before tax as a percentage of revenues for FY2024 was approximately 22.7% compared to 17.7% in FY2023. Research and Development expenditures for FY2024 were approximately \$2.2 million, an increase of 7.0%, compared to approximately \$2.1 million in FY2023. SG&A in FY2024 was approximately \$8.3 million, an increase of 1.8% over \$8.2 million in FY2023.

Our balance sheet figures include those of Precision Acoustics. Our cash balance at the end of FY2024 of \$22.48 million represents a decrease of \$2.0 million over FY2023, when this figure was \$24.45 million. The acquisition price of Precision Acoustics, net of cash acquired, was \$4.6M.

Fiscal Year 2024 Operational Summary:

In FY2024, we continued to prioritize investing in the acceleration of our growth and we made good progress with both with our Echoscope[®] and DAVD technologies. Although Defense Programs were affected by the reduced funding available for these programs, we continued to work with our end customers in progressing the adoption of these technologies.

The DAVD has matured as a technology and its utilization is expanding. We have several new applications that our Navy customer is seeking to expand the use of the DAVD technology into, and we expect in this financial year to be awarded at least three new programs for the DAVD.

The DAVD Tethered system is currently operational across nine naval commands within the U.S. Navy, and we anticipate in FY2025 new commands to purchase systems, thus expanding the user base of the technology. We believe that this is a vindication of our strategy concerning the adoption of our technologies into programs with profiles of multiple recurring annual sales requirements.

The “DUS Hardening Program” is advancing and we anticipate initial purchases of the DAVD untethered variant in this fiscal year.

We are also seeing foreign navies submitting budget requests for both the DAVD tethered and untethered system. Furthermore, the DAVD technology user base, is sold on the merit of including the Echoscope as part of the overall DAVD solution and therefore, increasing the opportunities for the business for both the Echoscope and DAVD.

We also continue to work with our Defense customers on the inclusion of the Echoscope in their undersea vehicles programs and we believe that we are making good progress in this area.

Ms. Gayle continued: “A major market for our business is the Defense Underwater Vehicles market. This sector is transitioning to the new generation of underwater vehicles, and we are seeking to increase our share of the underwater imaging sonar market and change our revenue profile to multiple recurring sales through program adoptions. As we work to increase our market share and advance our growth plans, it is crucial that our Echoscope[®] technology is a contender for inclusion at the outset of these new underwater vehicle programs, and that we heavily invest in ensuring we are a contender in as many of these programs as possible. In FY2024, we continued to perform successful business development campaigns in this area and supported various programs in which the Echoscope[®] is being evaluated for inclusion. We also received positive feedback from a number of our Prime Defense Contractors on the success they have had with the Echoscope PIPE[®] on their vehicles”.

We have also expanded our growth strategy to include M&A activities, and in FY2024 we concluded our first acquisition, Precision Acoustics Limited, a UK Company. This Company is a recognized leader in the ultrasound and acoustic measurement field. Specializing in acoustic hydrophone design and innovative acoustic materials, they provide a comprehensive range of products and solutions, with a primary focus on medical imaging and Non-Destructive Testing (NDT). NDT is used to validate the viability of structures such as aircraft, ship hulls, wellheads and other subsea structures. Their expertise extends to working closely with national and global standard-setting bodies (such as the National Physical Laboratory of the UK), contributing to the establishment of primary and measurement standards in the industry. We acquired that company to gain access to their technology for use in advancing the Echoscope[®] technology and other areas. We believe that this will position us to compete for larger Defense contracts and help us to enter different markets with the Echoscope[®] technology (such as passive acoustics).

The Company’s full financial results, including its Annual Report for FY2024, are available at www.nasdaq.com/symbol/coda/sec-filings.

Conference Call

CODA will host a conference call today, January 29, 2025, at 10:00 a.m. Eastern Time (7:00 a.m. Pacific Time) to discuss its results for the fiscal year ended October 31, 2024.

CODA management will provide prepared remarks, followed by a question-and-answer period.

Date: Wednesday, January 29, 2025
Time: 10:00 AM Eastern time (7:00 AM Pacific time)
U.S. dial-in numbers: 1-877-451-6152 or 1-201-389-0879
International number: 1-201-389-0879
Conference ID: 13750844

The conference call will broadcast live and be available for replay [here](#).

Persons interested in attending are required to call the conference telephone number approximately 10 minutes before the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please press *0.

A replay of the call will be available after approximately 2:00 p.m. Eastern time on the same day through February 12, 2025 at 11:59 PM ET.

Telephone replay numbers: 1-844-512-2921 or 1-412-317-6671
International replay number: 1-412-317-6671
Conference ID: 13750844

About Coda Octopus Group, Inc.

The Company, founded in 1994, is an established supplier to the Underwater/Subsea market. It supplies a range of hardware and software solutions to this market which includes key proprietary real time 4D/5D/6D imaging sonars, marketed under the name Echoscope[®] and Echoscope PIPE[®] addressing the underwater imaging sensor market along with new generation diving technology, Diver Augmented Vision Display (DAVD) system. The Company's Echoscope PIPE[®] sonar generates real-time 3D/4D/5D images of moving objects underwater including in zero visibility water conditions. Echoscope technology is used globally for numerous applications in both the commercial offshore market and defense underwater markets. Applications for the Echoscope[®] technology include complex mapping underwater, subsea intervention, subsea asset placements, salvage and recovery, search and rescue, offshore renewables cable installations and surveys, marine construction, subsea infrastructure installation, mining applications, robotics (3D Perception and Depth), breakwater construction and monitoring, decommissioning, diving applications and port and harbor security.

The recently launched new generation of diving technology, DAVD, has the potential to change the way global diving operations are performed (both in the Defense and Commercial space) because it is a fully integrated singular system for topside control and fully connected diver HUD system, allowing both the topside and diver to share a range of critical information and visualize the same underwater scene. Furthermore, the DAVD integrates the Company's sonar technology, which allows dive operations to be performed in zero visibility conditions, a common problem that besets these operations.

The Company also includes two discrete Defense engineering businesses Coda Octopus Martech Ltd (UK based) and Coda Octopus Colmek, Inc. (US based) whose primary business model is to supply sub-assemblies into broader mission critical programs in the capacity of sub-contractors to the Prime Defense Contractors. Their scope of supply under these programs typically includes concept, design, prototype, manufacturing, and post-sale

support. This gives them the opportunity to have repeat orders for these sub-assemblies through the life of these programs.

For further information, please visit <http://www.codaoctopusgroup.com> or contact us at coda@codaoctopusgroup.com.

Forward Looking Statements

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. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect”, “assume” and similar expressions are intended to identify forward-looking statements. 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, restrictions on our business operations due to the Pandemic, 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, 2024, filed with the Securities and Exchange Commission on January 29, 2025, and the subsequently filed 10-Qs and 8-Ks. 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:

Geoff Turner
Coda Octopus Group, Inc.
1- 407-768- 0988
coda.ir@codaoctopusgroup.com

CODA OCTOPUS GROUP, INC.
Consolidated Balance Sheets
October 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 22,479,072	\$ 24,448,841
Accounts Receivable	3,493,463	2,643,461
Inventory	13,975,529	11,685,525
Unbilled Receivables	1,657,827	894,251
Prepaid Expenses	537,289	181,383
Other Current Assets	<u>838,835</u>	<u>1,034,626</u>
Total Current Assets	42,982,015	40,888,087
FIXED ASSETS		
Property and Equipment, net	6,822,990	6,873,320
Right of Use Assets	<u>413,171</u>	<u>-</u>

Total Fixed Assets	7,236,161	6,873,320
OTHER ASSETS		
Goodwill	3,639,334	3,382,108
Intangible Assets, net	3,687,034	486,615
Deferred Tax Asset	-	211,386
Total Other Assets	7,326,368	4,080,109
Total Assets	<u>\$ 57,544,544</u>	<u>\$ 51,841,516</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,034,488	\$ 1,308,201
Current portion of operating lease liabilities	32,298	-
Accrued Expenses and Other Current Liabilities	1,604,596	995,630
Deferred Revenue	1,225,634	975,537
Total Current Liabilities	3,897,016	3,279,368
LONG TERM LIABILITIES		
Deferred Tax Liability, net	82,011	-
Non-current operating lease liabilities	380,873	-
Deferred Revenue, less current portion	56,121	133,382
Total Long Term Liabilities	519,005	133,382
Total Liabilities	<u>4,416,021</u>	<u>3,412,750</u>
Commitments and contingencies	-	-
STOCKHOLDERS' EQUITY		
Common Stock, \$.001 par value; 150,000,000 shares authorized, 11,195,487 issued and outstanding as of October 31, 2024 and 11,117,695 shares issued and outstanding as of October 31, 2023	11,195	11,118
Preferred Stock \$.001 par value; 5,000,000 shares authorized, zero issued and outstanding as of October 31, 2024 and 2023	-	-
Treasury Stock	(61,933)	(46,300)
Additional Paid-in Capital	63,096,583	62,958,984
Accumulated Other Comprehensive Loss	(2,510,831)	(3,442,549)
Accumulated Deficit	(7,406,491)	(11,052,487)
Total Stockholders' Equity	<u>53,128,523</u>	<u>48,428,766</u>
Total Liabilities and Stockholders' Equity	<u>\$ 57,544,544</u>	<u>\$ 51,841,516</u>

CODA OCTOPUS GROUP, INC.
Consolidated Statements of Income and Comprehensive Income

	Year Ended October 31,	
	2024	2023
Net Revenues	\$ 20,316,161	\$ 19,352,088
Cost of Revenues	<u>6,143,056</u>	<u>6,321,033</u>

Gross Profit	14,173,105	13,031,055
OPERATING EXPENSES		
Research & Development	2,242,429	2,096,467
Selling, General & Administrative	8,346,545	8,195,036
Total Operating Expenses	10,588,974	10,291,503
INCOME FROM OPERATIONS	3,584,131	2,739,552
OTHER INCOME		
Other Income	88,382	39,146
Interest Income	938,775	642,530
Total Other Income	1,027,157	681,676
INCOME BEFORE INCOME TAX EXPENSE	4,611,288	3,421,228
INCOME TAX EXPENSE		
Current Tax Expense	713,670	248,655
Deferred Tax Expense	251,622	48,424
Total Income Tax Expense	965,292	297,079
NET INCOME	\$ 3,645,996	\$ 3,124,149
NET INCOME PER SHARE:		
Basic	\$ 0.33	\$ 0.28
Diluted	\$ 0.32	\$ 0.28
WEIGHTED AVERAGE SHARES:		
Basic	11,166,956	11,131,469
Diluted	11,290,327	11,323,568
NET INCOME	\$ 3,645,996	\$ 3,124,149
Foreign Currency Translation Adjustment	931,718	1,294,575
Total Other Comprehensive Income	\$ 931,718	\$ 1,294,575
COMPREHENSIVE INCOME	\$ 4,577,714	\$ 4,418,724



Source: Coda Octopus Group, Inc.