

September 14, 2021



Coda Octopus Group Reports Fiscal 2021 Third Quarter and Nine-Month Period Financial Results

ORLANDO, FL, Sept. 14, 2021 (GLOBE NEWSWIRE) -- Coda Octopus Group, Inc. (CODA) (Nasdaq: CODA) today reported its unaudited financial results for its third quarter ended July 31, 2021 ("2021 Third Quarter") and the nine months then ended.

Annmarie Gayle, CODA's Chairman and CEO, commented: "Our financial results for the 2021 Third Quarter improved over the comparable period last year ("2020 Third Quarter"). During the 2020 Third Quarter our business activities were only starting to rebound after the global lockdown resulting from the coronavirus outbreak. The business environment has since improved, although we continue to be impacted by the constraints upon operations due to the ongoing Pandemic including by the imposition of certain government restrictions. For example, although the Products Business equipment rental income increased significantly over the 2020 Third Quarter Period, the on-site engineering support associated with such rental projects has not similarly increased since government-imposed travel restrictions limit our ability to provide on-site engineering support to our customers' rental projects. This has a significant impact on our earnings.

In addition, in the 2021 Third Quarter our Services Business financial performance continues to be impacted by the delay in receiving anticipated defense contracts. In the 2020 Third Quarter Period, the Services Business worked primarily on its then existing backlog orders. Therefore, despite the ongoing Pandemic, the impact on revenues was not as deleterious as it currently is. Although this business is quoting at the same levels as previously, in the 2021 financial year, order take in the Services Business has declined due to a combination of factors which include delays caused by the Pandemic and by the new U.S. Administration taking office. Both of these factors have impacted defense acquisition programs. We believe, however, that these orders are subject to delays rather than cancellation, and we fully expect to receive these orders which are on established programs in due course.

In summary, in the 2021 Third Quarter our Products Business's revenues grew significantly compared to the 2020 Third Quarter while revenues generated by our Services Business declined for the reasons stated in the preceding paragraph.

Despite the challenges, I am pleased with the progress we are making in key areas. In particular, we are seeing increased adoption of and opportunities for our exciting new generation of real time 5D and 6D sonars, Echoscope PIPE[®] (Parallel Intelligent Processing Engine). We are also seeing a significant uptick in rentals of our solutions for offshore renewables applications where our technology is used for surveying, cable laying and placement of scour protection infrastructure. Based on commitments by governments globally to increase spending on renewables, we believe that rentals in this area will increase. We are also making progress on the Diver Augmented Vision Display (DAVD)

System, both in terms of our development goals for the third generation of DAVD, for which we have received in this fiscal year \$2m in development funding and which will, amongst other things, support the Full Face Mask (FFM) variant, and the fielding of more DAVD units. Year to date, we have sold DAVD units to the US Navy having a value of approximately \$760,000. This initial fielding of units is critical for the adoption of the product as these are used for introduction into the fleet and for training. Furthermore, the finalization of the FFM variant expands the addressable market for the DAVD significantly. We have now started marketing the DAVD system to other markets outside of the US Navy and, as an illustration, we have significant trials in Europe in October 2021 where we will be showing the capabilities to a number of world-leading offshore service providers and foreign navies.

Additionally, in the previous Quarter we completed and delivered a new short-range real time 3D sonar which we believe is well suited for a particular customer's new fleet of underwater vehicles. Successful customer trials of this new sonar present an opportunity for multiple sales into this particular Defense Program. These trials are now set for around May 2022 and we also anticipate a further small quantity of these prototypes systems to be purchased for these trials by this customer. If the trials are successful, this would become a standard item within their program.

Coda Octopus Group reported total revenue of approximately \$5.83 million for the quarter ended July 31, 2021, compared to \$5.40 million for the comparable prior year period, representing an increase of 7.9%. The Company reported net profit before taxes of approximately \$1.32 million for the third quarter ended July 31, 2021, compared to a net profit before taxes of \$1.31, for the comparable 2020 period. Net profit after taxes was \$1.52 million for the third quarter ended July 31, 2021, or \$0.14 per share, compared to a net profit after tax of \$1.22 million, or \$0.10 per share, in the prior year comparable period. Net profit before tax as a percentage of revenues in the third quarter was constant at 23%. Research and Development expenditures for the third quarter were \$6.75k, a decrease of 12.6%, compared to \$7.73, for the comparable period of 2020. Selling, General & Administrative Expenses (SG&A) for the third quarter were \$2.20 million, compared to \$1.53 million for the comparable period last year, an increase of 43.7%.

For the nine months ended July 31, 2021, the Company reported total revenue of approximately \$16.25 million compared to \$15.37 million for the comparable prior year period, representing an increase of 5.7%. The Company reported net profit before taxes of approximately \$4.26 million for the nine months ended July 31, 2021, compared to a net profit before taxes of \$2.42 million, for the comparable 2020 period an increase of 76%. Net profit after taxes was \$4.86 million for the nine months ended July 31, 2021, or \$0.45 per share, compared to a net profit of \$2.10 million or \$0.20 per share, in the prior year comparable period. Net profit before tax as a percentage of revenues in for the nine months ended July 31, 2021 was 26.2%, compared to 15.7%. Research and Development expenditures for the nine months ended July 31, 2021 were \$1.90 million, a decrease of 21.2%, compared to \$2.41 million, for the comparable period of 2020. Selling, General & Administrative Expenses (SG&A) for the nine months ended July 31, 2021 were \$5.80 million, compared to \$4.95 million for the comparable period last year, an increase of 17.2%.

As of July 31, 2021, CODA had approximately \$19.16 million of cash on hand and approximately \$193,000 outstanding on its HSBC Debenture, as compared to \$13.02 million of cash on hand and approximately \$697,000 outstanding on the HSBC Debenture at the

same date in 2020.

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. 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, 2020, filed with the Securities and Exchange Commission on January 28, 2021. 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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