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# **Coda Octopus Group Reports Fiscal 2020 Second Quarter and First Half Year Financial Results**

ORLANDO, FL, June 15, 2020 (GLOBE NEWSWIRE) -- Coda Octopus Group, Inc. (CODA) (Nasdaq: CODA) today reported its unaudited financial results for its fiscal second quarter ended April 30, 2020 and the first half of the 2020 fiscal year.

Annmarie Gayle, CODA's Chairman and CEO commented: "Although in the fiscal second quarter our business operations, and those of many of our customers, were severely curtailed due to the unprecedented global health, economic, and containment challenges brought about by the coronavirus pandemic, we have managed to limit our losses while, at the same time, conserving cash. We have also progressed a number of our defense projects which are key for our growth prospects. These include Phase II development of the Diver Augmented Vision Display (DAVD) system and the first delivery of small-batch production quantities of the Thermite<sup>®</sup> Octal in a Foreign Airforce program, both of which I will expand on after the financial discussion."

Coda Octopus Group reported total revenue of approximately \$3.289 million for the quarter ended April 30, 2020, compared to \$6.783 million for the comparable period of the prior fiscal year, a decrease of 52%. The Company reported net loss before taxes of approximately \$340,204 for the second quarter ended April 30, 2020, or \$(0.03) per share of earnings, compared to a net income of \$2.285 million, or \$0.21 per share, for the comparable period of 2019. Net loss after taxes was \$265,080 for the second quarter ended April 30, 2020, or \$(0.02) per share, compared to a net income of \$1.973 million, or \$0.18 per share, in the prior year comparable period. Net loss before tax as a percentage of revenues in the second quarter was 10%. Research and Development expenditures for the second quarter were \$713,641, a decrease of 4.2%, compared to \$745,227, for the comparable period of 2019. Selling, General & Administrative Expenses (SG&A) for the second quarter were \$1.533 million, compared to \$1.697 million for the comparable period last year, a decrease of 9.6%.

Our first half fiscal results have been affected by the global pandemic's curtailment of our and our customers' businesses during the second quarter. Coda Octopus Group reported total revenue of approximately \$9.970 million for the six months ended April 30, 2020, compared to \$12.542 million for the comparable period of the prior fiscal year, a decrease of 20.5%. The Company reported net income before taxes of approximately \$1.108 million for the six months ended April 30, 2020, or \$0.10 per share of earnings, compared to a net income of \$3.635 or \$0.34 per share, for the comparable prior year period. Net income after taxes was \$1.082 million for the six months ended April 30, 2020, or \$0.10 per share, compared to a net income of \$3.213 million, or \$0.30 per share, in the comparable period. Net income before tax as a percentage of revenues for the six months ended April 30, 2020

was 11.1%. Research and Development expenditures for the six months ended April 30, 2020 were \$1,641,906, an increase of 24.71%, compared to \$1,316,553, 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 and the development costs associated with the successful prototyping of the DAVD system, under the terms of the project's Cooperative Research and Development Agreement (CRADA). SG&A for the six months ended April 30, 2020 were \$3.425 million compared to \$3.316 million for the comparable period in the last fiscal year, an increase of 3.3%.

As of April 30, 2020, CODA had approximately \$12.807 million of cash on hand and approximately \$819,000 outstanding on its HSBC Debenture, as compared to \$9.258 million of cash on hand and approximately \$1.294 million outstanding on the HSBC Debenture at the same period in 2019.

Ms. Gayle continued: "We had a strong and promising start to our fiscal first quarter. However, we expect our annual results for fiscal 2020 to be negatively impacted due to the impact of the Covid-19 outbreak and the continued uncertainties associated with this pandemic. We continue to adapt our business practices, and are re-opening our business in phases, in accordance with local rules of engagement in the places in which we operate.

"Despite these challenges, in the fiscal second quarter, a number of defense programs which we consider as significant for our growth, were confirmed to proceed, including the Marine Technology Products Business's award and funding of the second generation of the DAVD system. Our DAVD production prototype was signed off and accepted under the Cooperative Research and Development Agreement with Naval Surface Warfare Center, Panama Division for the benefit of Naval Sea Systems Command (NAVSEA), and is sponsored by the Office of Naval Research (ONR)," continued Ms. Gayle. "The first generation of the DAVD system has now been certified for fleet issue use by the US Navy and, along with a number of our Echoscope<sup>®</sup> models, is included in the Authorized for Navy Use (ANU) product list. We have started receiving the first orders for the DAVD, in conjunction with our compact Echoscope<sup>®</sup> C500 real-time 3D sonar. The pace of rollout of the DAVD is dependent on when the Navy operations are normalized and personnel can participate safely in sea trials.

"In addition, our defense engineering and products business is advancing a number of projects during this period. The team has made good progress on the Thermite<sup>®</sup> Octal embedded, rugged computer program, which is a key pillar of our Group growth strategy. We are pleased that the Thermite<sup>®</sup> Octal has passed the U.S. Military standard (Mil-Spec) acceptance, and we have delivered units into a new Foreign Airforce Program, representing the first, small-batch production quantities of this product. We remain confident that the Thermite<sup>®</sup> Octal opportunity will grow. The business has also delivered two production prototype subassemblies into a new U.S. Defense program. We expect to receive the production order in the near future," concluded Ms. Gayle.

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, oil and gas 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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