

June 14, 2022



Coda Octopus Group Reports Fiscal 2022 Second Quarter and six-Month Period Financial Results

ORLANDO, FL, June 14, 2022 (GLOBE NEWSWIRE) -- Coda Octopus Group, Inc. (CODA) (Nasdaq: CODA) today reported its unaudited financial results for its second quarter ended April 30, 2022 ("SQ2022") and the six months then ended ("YTD 2022").

Annmarie Gayle, CODA's Chairman and CEO, commented: "Our financial results for the SQ2022 were not in-line with our internal Management Business Plan for the period or published Management Revenue Targets (See Form 8-K filed with the SEC on October 4, 2021) and were down over the comparable period last year ("SQ2021"). One of our key performance measures for our business is the level of proposals submitted to prospective customers for orders in the period. In the reporting period, our level of proposals submitted to customers has increased over the comparable SQ2021. We are therefore disappointed that the conversion of these opportunities into firm sales has been slower than anticipated in the SQ2022 period. We believe that some of the factors which are slowing down the placement of orders by our customers, particularly for our Services Business, relate to uncertainties arising from the supply chain where there is significant scarcity of components and raw materials in conjunction with sharp price increases. This results in multiple iterations of the same proposals, resulting in delay in the placement of these orders. In addition, we believe that the Pandemic has caused delays in receiving orders from Europe which has resulted in a sharp fall in revenues generated from Europe in the SQ2022 period compared to the SQ2021. Further details can be found in our Form 10-Q for the SQ2022 period.

Key milestones included in our internal Business Plan for the SQ2022 period included the roll out of our newly launched Diver Augmented Vision Display ("DAVD") to other divisions of US Navy, foreign navies and the commercial diving companies in FQ2022. Even though expected timing for these opportunities has moved out, we are still anticipating adoption of the DAVD from foreign navies and commercial diving companies in this fiscal year. Furthermore, we have secured customization funding from a new command in the US Department of Defense and anticipate completing the required workscope and delivering systems under this project within this fiscal year. This new command is by far the biggest opportunity for the DAVD in terms of the number of units, if the customization and follow-on trials are successful. Within the commercial sector we are working with two (2) prestigious global offshore service providers in adapting the technology to their workflow process, and several US marine and bridge engineering companies. We expect to deliver a handful of units to these providers later this year for them to start introducing the technology in their organizations. We also continued to complete US Navy Funded development for the DAVD and can now confirm that the DAVD is now compatible with almost all Kirby Morgan Helmets, and Interspiro Divator MK II, OTS Guardian and Dräger Panorama Nova Dive Full-Face Masks. These are significant milestones for the product and its capabilities. We

continue to believe that the DAVD is a key pillar of our growth strategy. As we continue to work with prospective customers outside of the US Navy, we have begun to further understand the opportunity around the DAVD product line and also the adoption curve.”

In the SQ2022 our Services Business realized a loss caused by the slow pace of closing anticipated orders. However, since the end of the second quarter the Services Business has started to see a resumption of the orders from defense contractors, and we are therefore optimistic of our order take over the second half of the year. We have now successfully concluded one of the major Thermite[®] trials which had stalled due to the Pandemic and have now received a small order for a number of units. This is an important milestone for us because it is for a new defense program for the Services Business. Provided the early implementation phase of these units is successful, we would anticipate follow on orders for larger quantities. We have also secured a project to perform a redesign of certain electronics for the Navy. Again, as this project proceeds, it is likely to yield downstream follow-on production orders. Moreover, these are new programs for the Services Business and therefore very encouraging. During this fiscal year, we expect the Services Business to generate a profit.

Coda Octopus Group reported total revenue of approximately \$4.98 million for the SQ2022, compared to \$5.37 million for the comparable SQ2021 period, representing a reduction of 7.3%. The Company reported net profit before taxes of approximately \$493k for the SQ2022, compared \$1.94 million for the comparable SQ2021 period. Net profit after taxes was \$611k or \$0.06 per share for the SQ2022, compared to \$2.21 million or \$0.20 per share, in the comparable SQ2021 period. In comparing SQ2022 and SQ2021, it should be noted that the SQ2021 period included exceptional items such as \$559k from the Payroll Protection Program.

Net income before tax as a percentage of revenues in the SQ2022 was 9.9%. Research and Development expenditures for the SQ2022 were \$517k compared to \$645k in the SQ2021 period representing a decrease of 19.8%. Selling, General & Administrative Expenses (SG&A) for the SQ2022 were \$2.03 million, compared to \$1.79 million for the SQ2021 period, representing an increase of 13.4%.

For the YTD2022 the Company reported total revenue of approximately \$10.82 million compared to \$10.42 million for the comparable prior year (YTD2021) period, representing an increase of 3.8%. The Company reported net income before taxes of approximately \$1.94 million for the YTD2022, compared to \$2.93 million for the comparable YTD2021 period, representing a reduction of 33.8%. Net profit after taxes was \$1.83 million or \$0.17 per share for the YTD2022, compared to \$3.34 million or \$0.31 per share, in the prior comparable YTD2021 period. In comparing YTD2022 and YTD2021, it should be noted that YTD2021 included exceptional items such as \$649k funding from the Payroll Protection Program. In addition, it should be noted that in the YTD2022 period we have utilized all our net operating losses and have started to incur tax liability, this also impacted on our net income. The effective tax rate for the Company in the YTD2022 period is 5.6 % compared to (13.9) % in the YTD2021 period.

Net profit before tax as a percentage of revenues for the YTD2022 was 17.9%, compared to 28.2% in the comparable YTD2021 period. Research and Development expenditures for the YTD2022 were \$1.19 million, a decrease of 3.3%, compared to \$1.23 million, for the

comparable YTD2021 period. SG&A for the YTD2022 were \$4.16 million, compared to \$3.61 million for the comparable YTD2021 period, an increase of 15.2%.

As of April 30, 2022, CODA had approximately \$20.7 million of cash on hand and has repaid in full its HSBC Debenture, as compared to \$17.7 million of cash on hand and approximately \$63,559 outstanding on the HSBC Debenture on 31 October in 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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