

January 30, 2023



Coda Octopus Group Reports Fiscal 2022 Financial Results

ORLANDO, FL, Jan. 30, 2023 (GLOBE NEWSWIRE) -- Coda Octopus Group, Inc. (CODA) (Nasdaq: CODA) today reported its audited financial results for its fiscal year ended October 31, 2022.

Annmarie Gayle, CODA's Chairman and CEO, commented: "I am pleased to report our annual results for fiscal year ended October 31, 2022 (FY2022). Our FY2022 financial results improved over the prior fiscal year ended October 31, 2021 (FY2021) even though we were affected by two significant adverse factors, namely(i) we have exhausted our net operating losses (NOLs) carry-forwards and as such have expensed \$831,114 for income tax in the FY2022 as compared to \$305,479 in the FY2021 and (ii) the U.S. Dollar, our reporting currency, significantly strengthened against the currencies of countries where we conducted business during FY2022 including the British Pound, Euro and Danish Kroner, resulting in lower revenue translation for our foreign subsidiaries by approximately \$1.193 million.

Notwithstanding the above, CODA reported total revenue of approximately \$22.2 million for FY2022, compared to \$21.3 million for FY2021, representing an increase of 4.2%, and operating income increased to \$5.004 million in the FY2022 from \$3.838 million in the FY2021, an increase of 30.4%.

The Company reported net income before taxes of approximately \$5.132 million for FY2022, compared to \$5.253 million for FY2021, representing a reduction of 2.3%. Net income after taxes was \$4.301 million for FY2022, compared to \$4.948 million in FY2021, a reduction of 13.1%.

Furthermore, although we missed our internal revenue target of \$28m our management goals for the 2022FY (See Form 8-K filed with the SEC on October 4, 2021), I am pleased to announce that we exceeded our other financial targets associated with our published revenue goal: Net Income before Tax (\$5,132,335), Net Income after Tax (\$4,301,221), and EBITDA (\$5,880,768).

During the FY2022, a notable milestone included the expansion of the market for our Echoscope PIPE[®] technology by selling into four significant US Prime Defense Contractors and one Japanese Defense Contractor who all have new programs for the next generation of underwater vehicles and associated sensors, such as our underwater imaging sonars for the defense space. These programs create the opportunity for our technology to be embedded into these new underwater vehicles as they are rolled out by these Primes. Additionally, Echoscope PIPE[®] technology is now accepted and embedded in a new commercial underwater vehicle program targeting the commercial renewables industry and in the 2022FY we have supplied to this customer 4 Echoscope PIPE[®] compact edition

sonars for an aggregate amount of \$750,000 for their new underwater vehicle that will operate in the renewables sector. We believe that many of the new generation of underwater vehicles that are coming to the market are in need of real time 3D data, thus opening the opportunity for increased market share for our imaging sonar technology.

During the FY2022, we have also made significant progress in completing the customization of the Diver Augmented Vision Display System ("DAVD") for a particular U.S. Military Command. This is performed as paid development work and if we are successful, it will be the most significant opportunity for DAVD technology to date. We anticipate delivering the first working prototype by early next month and, subject to successful field trials in the spring, we expect to supply multiple units in rapid succession for further evaluation followed by a production order. Furthermore, the DAVD has now been moved from an R&D Project by the U.S. Navy to operational status. This is an important milestone for the adoption of our technology in higher quantities by the commands to which these DAVD systems have been allocated. To date, we have supplied approximately twenty of the latest DAVD Gen 3 systems along with several of our underwater imaging sonars to the U.S. Navy, representing approximately \$2 million in revenues. DAVD systems are now classified as fielded systems (and not R&D evaluation).

Given the significant progress in the Company's research and development in the last four years, in the FY2023 management anticipates re-focussing a significant portion of the Company's business resources and strategy from R&D to global business development, brand building and investor relations.

In the FY2023 our key management goals are to continue to develop the market for our technologies, particularly in the defense space where there are various new programs for the new generation of vehicles used at sea such as underwater surface vehicles, autonomous vehicles, and also to introduce the DAVD technology to foreign navies and the commercial offshore sector. In early February 2023 as part of our push to roll out the DAVD, we are having key demonstrations of the DAVD technology to foreign and commercial sectors in Dunoon, Scotland in partnership with a known diving service provider.

For the FY2022, the Company reported total revenue of approximately \$22.2 million compared to \$21.3 million for the comparable prior year, representing an increase of 4.2%. The Company reported net income before taxes of approximately \$5.132 million for the FY2022, compared to \$5.253 million for the comparable FY2021 period, representing a reduction of 2.3%. Net profit after taxes was \$4.301 million or \$0.40 per share for the FY2022, compared to \$4.498 million or \$0.46 per share, in FY2021. In comparing FY2022 and FY2021, it should be noted that FY2021 included exceptional items such as \$1.35 million funding from the Payroll Protection Program and Employee Retention Credits. In addition, in the FY2022 we have utilized all our net operating losses and have started to incur tax liability which also impacted our net income. The effective tax rate for the Company in FY2022 is 16.2% compared to 5.8 % in the FY2021.

Net profit before tax as a percentage of revenues for FY2022 was 23.1%, compared to 24.6% in FY2021. Research and Development expenditures for the FY2022 were \$2.238 million, a reduction of 25.0%, compared to \$2.983 million, for FY2021. SG&A for FY2022 and FY2021 was broadly in line at \$7.949 million.

As of October 31, 2022, CODA had approximately \$22.9 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 including its Annual Report for Fiscal Year 2022 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 (hardware and software) and solutions including its flagship real-time 3D, 4D, 5D and 6D underwater imaging sonar technology, marketed under the name "Echoscope[®]" and "Echoscope PIPE[®]" and its recently launched Diver Augmented Vision Display system ("CodaOctopus[®] DAVD"). This sonar technology generates real-time 3D, 4D, 5D and 6D imaging data for inspection and mapping underwater and is used globally for numerous applications including the commercial and defense underwater market. Applications for the Echoscope[®] technology include complex mapping underwater, subsea intervention, subsea asset placements, offshore renewables cable installations and surveys, marine construction, subsea infrastructure installation, mining applications, breakwater construction and monitoring, decommissioning, diving applications and port and harbor security. The recently launched new generation of diving technology, DAVD, is expected to change the way global diving operations are performed (both in the Defense and Commercial space) because it provides real time digital information for use and consumption by both the divers and the dive supervisor top-side team. It is also expected to transform the way communications are made in diving from analog audio to digital audio and to 2D and 3D visual imagery, both in textual and video format. In addition to the Marine Products business, Coda Octopus Products Ltd., CODA's two defense engineering services businesses are operated through 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. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" 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, 2022, filed with the Securities and Exchange Commission on January 30, 2023. 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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