

March 17, 2025



Coda Octopus Group Reports Fiscal First Quarter 2025 Financial Results

ORLANDO, FL, March 17, 2025 (GLOBE NEWSWIRE) -- [Coda Octopus Group, Inc.](#) ("CODA" or the "Company") (Nasdaq: CODA) a global market leader in real-time 4D/5D/6D imaging sonar technology for real-time subsea intelligence and cutting-edge diving technology, today reported its unaudited financial results for its fiscal first quarter ended January 31, 2025 (FQ2025).

Annmarie Gayle, CODA's Chairman and CEO, commented: "I am pleased with our overall financial performance in FQ2025 as we increased revenue, operating income, net income and earnings per share.

Furthermore, despite the uncertain global policy environment, we continue to invest in our growth strategy. The DAVD untethered system ("DUS") presents the largest market opportunity for the technology and as we have stated previously, it is being evaluated for adoption by both the US Navy and a leading Foreign Navy, under the DUS Hardening Program. We have made exceptional progress under the hardening program, delivering the next generation of head up augmented display unit (HUD) which is a much smaller form factor and higher resolution display unit. In the FQ2025, we reached another pivotal milestone under this Program and have received our first order for approximately \$800,000 for 16 DUS systems. These systems, once delivered, will be integrated into the MK16 Underwater Breathing Apparatus (UBA) system for SPECWAR and EOD applications, as well as for the pre-adoption of the DUS systems within the untethered diving naval community.

Our Navy customers continue to emphasize the critical nature of this technology for future naval capabilities, and we believe this Program will continue full steam ahead despite the uncertain policy environment. In the FQ2025, we also started to work directly with the divers of the Foreign Navy who is participating in this Program. Their divers were able to perform a full 5-day trial which we believe was a resounding success and again a pivotal milestone for the adoption program.

We continue to believe that the DUS System represents the largest addressable market for DAVD technology. For example, 75% of the U.S. Navy's 4,000 active divers, use Full-Face Mask Untethered systems, which aligns with the DUS solution. Similarly, the majority of Public Safety and Law Enforcement divers in the U.S.—an estimated 10,000 divers—use the same Full-Face mask dive systems.

The numbers shown below have been rounded to one decimal point, unless two decimal points are required for clarity. The full FQ2025 financials can be found in CODA's Form 10-Q filed with the SEC on March 17, 2025.

- Total revenue was approximately \$5.2 million compared to \$4.5 million in FQ2024,

representing an increase of 16.8%.

- Revenues from the Products segment were \$2.3 million compared to \$3.5 million in FQ2024, a 35.8% decrease.
- Revenues from the Services segment were \$1.6 million compared to \$0.9 million in FQ2024, an increase of 76.6%.
- Revenues from the Acoustic Sensors and Material segment were \$1.3 million in FQ2025 (with no comparison to prior year as this business unit was acquired on October 29, 2024).
- Gross profit was \$3.4 million compared to \$3.1 million in FQ2024. Gross margin was 65.8% compared to 69.2% in FQ2024. This is largely attributable to changes in the mix of sales between segments.
- Operating income was \$0.7 million in FQ2025 compared to \$0.6 million in FQ2024, an improvement of 19.2%. Operating margin was 12.7% compared to 12.4% in FQ2024, driven by the increase in revenues previously mentioned.
- Net income before taxes was approximately \$0.93 million in FQ2025 compared to \$0.78 million in FQ2024, representing an increase of 19.4%. Net income after taxes was \$0.91 million in FQ2025 compared to \$0.63 million in FQ2024, an increase of 44.9%.
- Diluted earnings per share in FQ2025 was \$0.08 compared to \$0.06 in FQ2024.
- Net income before tax as a percentage of revenues for FQ2025 was approximately 17.9% compared to 17.6% in FQ2024. Research and Development expenditures for FQ2025 were approximately \$0.54 million, an increase of 11.8%, compared to approximately \$0.49 million in FQ2024. SG&A in FQ2025 was approximately \$2.2 million, an increase of 8.7% over \$2.0 million in FQ2024.

Our cash balance at the end of FQ2025 of \$22.54 million represents an increase of \$0.06 million over FQ2024, when this figure was \$22.48 million.

Annmarie Gayle, CODA's Chairman and CEO, commented: "Despite the uncertain global policy environment, I am pleased with our overall financial performance in our FQ2025 and also the diversification of our revenue structure. The increase in revenue is due to the addition of our new business unit, Precision Acoustics Limited, which contributed 25.2% of our consolidated revenue in the FQ2025. Our core business, the Marine Technology Business, sells its products and solutions worldwide and in the FQ2025, as we had anticipated and referenced in our last earnings call, we were confronted with significant headwinds internationally. We believe this is due to uncertainties relating to the global policy environment as the new U.S. Administration moves to re-balance its trade relations through tariffs and re-think its major policies such as energy transition, and more broadly, foreign policy and Defense spending. As part of this, the new U.S Administration has suspended

offshore renewable permits and many leading U.S developers such as Shell, Orsted, Total Energy and BP have either reduced or halted their U.S offshore renewables programs. We believe that these factors have resulted in weak demand for our solutions, resulting in a decrease in the revenues generated by the Marine Technology Business.

Notwithstanding the change in the U.S Policy on renewables, we believe that its new policy on prioritizing domestic energy production of Oil & Gas (O&G) favors our products and solutions. We further believe that the transition to O&G will in the foreseeable future offset any reduction of revenue from US offshore renewables which we may experience. Furthermore, a key part of our strategy as a Group relies on Defense spending. Although the policy of the new U.S Administration is to reduce Defense spending by 8% over a number of years, its foreign policy on Defense has also seen Europe, including the United Kingdom, committing to significantly increase spending on Defense on an expedited basis, with Germany expecting to spend about €400 billion (\$428 billion) on defense over the coming years in addition to creating a special fund of €500 billion (\$535 billion) for infrastructure spending over the next 10 years. The Leaders of the European Union member states have also agreed to allow the member states to exceed the debt ceilings to allow the countries to borrow for defense investments. We therefore believe that despite the short-term disruption caused by uncertainty around critical policies relating to Trade, Defense Spending and Foreign Policy, we believe that these changes will benefit our Business in the medium to long term.

The Company's full financial results, including its results for the FQ2025, are available at www.nasdaq.com/symbol/coda/sec-filings.

Conference Call

CODA will host a conference call today, March 17, 2025, at 10:00 a.m. Eastern Time (7:00 a.m. Pacific Time) to discuss its results for the fiscal quarter ended January 31, 2025.

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

Date: Monday, March 17, 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: 13751915

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 March 31, 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

Access ID: 13751915

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 recently acquired Precision Acoustics Limited, an acoustics sensor and materials business. 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 the primary measurement standards in the industry.

The Company also includes two discrete Defense engineering businesses Coda Octopus Martech Ltd (UK based) and Coda Octopus Colmek, Inc. (U.S. 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, unless required by law.

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CODA OCTOPUS GROUP, INC. Consolidated Balance Sheets January 31, 2025 and October 31, 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 22,541,963	\$ 22,479,072
Accounts Receivable, net	3,359,711	3,493,463
Inventory	13,433,561	13,975,529
Unbilled Receivables	2,259,419	1,657,827
Prepaid Expenses	723,802	537,289
Other Current Assets	400,855	838,835
Total Current Assets	42,719,311	42,982,015
FIXED ASSETS		
Property and Equipment, net	6,583,158	6,822,990

Right of Use Assets	388,060	413,171
	6,971,218	7,236,161
OTHER ASSETS		
Goodwill	3,639,334	3,639,334
Intangible Assets, net	3,567,435	3,687,034
Total Other Assets	7,206,769	7,326,368
Total Assets	<u>\$ 56,897,298</u>	<u>\$ 57,544,544</u>

CODA OCTOPUS GROUP, INC.
Consolidated Balance Sheets (Continued)
January 31, 2025 and October 31, 2024

	<u>2025</u>	<u>2024</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,072,668	\$ 1,034,488
Current portion of operating lease liabilities	32,505	32,298
Accrued Expenses and Other Current Liabilities	1,226,421	1,604,596
Deferred Revenue	<u>1,004,800</u>	<u>1,225,634</u>
Total Current Liabilities	3,336,394	3,897,016
LONG TERM LIABILITIES		
Deferred Tax Liability, net	51,025	82,011
Non-current operating lease liabilities	359,940	380,873
Deferred Revenue, less current portion	<u>36,882</u>	<u>56,121</u>
Total Long Term Liabilities	<u>447,847</u>	<u>519,005</u>
Total Liabilities	<u>3,784,241</u>	<u>4,416,021</u>
STOCKHOLDERS' EQUITY		
Common Stock, \$.001 par value; 150,000,000 shares authorized, 11,218,804 issued and outstanding as of January 31, 2025 and 11,195,487 shares issued and outstanding as of October 31, 2024	11,219	11,195
Preferred Stock \$.001 par value; 5,000,000 shares authorized, zero issued and outstanding as of January 31, 2025 and October 31, 2024	-	-
Treasury Stock	(61,933)	(61,933)
Additional Paid-in Capital	63,196,704	63,096,583
Accumulated Other Comprehensive Loss	(3,539,417)	(2,510,831)
Accumulated Deficit	<u>(6,493,516)</u>	<u>(7,406,491)</u>
Total Stockholders' Equity	<u>53,113,057</u>	<u>53,128,523</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 56,897,298</u></u>	<u><u>\$ 57,544,544</u></u>

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

	Three Months Ended January 31,	
	2025	2024
Net Revenues	\$ 5,209,715	\$ 4,461,191
Cost of Revenues	<u>1,781,245</u>	<u>1,374,455</u>
Gross Profit	3,428,470	3,086,736
OPERATING EXPENSES		
Research & Development	543,126	485,977
Selling, General & Administrative	<u>2,223,322</u>	<u>2,045,375</u>
Total Operating Expenses	<u>2,766,448</u>	<u>2,531,352</u>
INCOME FROM OPERATIONS	<u>662,022</u>	<u>555,384</u>
OTHER INCOME (EXPENSE)		
Other Income	78,667	35,020
Interest Income	<u>194,171</u>	<u>192,540</u>
Total Other Income	<u>272,838</u>	<u>227,560</u>
INCOME BEFORE INCOME TAX EXPENSE	934,860	782,944
INCOME TAX (EXPENSE) BENEFIT		
Current Tax (Expense) Benefit	(48,874)	34,015
Deferred Tax Benefit (Expense)	<u>26,989</u>	<u>(187,071)</u>
Total Income Tax (Expense)	<u>(21,885)</u>	<u>(153,056)</u>
NET INCOME	<u>\$ 912,975</u>	<u>\$ 629,888</u>
NET INCOME PER SHARE:		
Basic	<u>\$ 0.08</u>	<u>\$ 0.06</u>
Diluted	<u>\$ 0.08</u>	<u>\$ 0.06</u>
WEIGHTED AVERAGE SHARES:		
Basic	<u>11,213,989</u>	<u>11,125,061</u>
Diluted	<u>11,299,737</u>	<u>11,264,478</u>
NET INCOME	\$ 912,975	\$ 629,888
Foreign Currency Translation Adjustment	<u>(1,028,586)</u>	<u>1,029,580</u>
Total Other Comprehensive Income	<u>\$ (1,028,586)</u>	<u>\$ 1,029,580</u>
COMPREHENSIVE INCOME	<u>\$ (115,611)</u>	<u>\$ 1,659,468</u>



Source: Coda Octopus Group, Inc.