

June 16, 2025



Coda Octopus Group Reports Fiscal Second Quarter 2025 Financial Results

ORLANDO, FL, June 16, 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 second quarter ended April 30, 2025 (SQ2025).

Annmarie Gayle, CODA's Chairman and CEO, commented: "I am pleased with our overall results of operations in SQ2025 especially the increase in revenue by 31.8%.

Despite the fluid global policy setting environment, we continue to invest in our growth strategy and have made good progress under the DAVD Program. In the SQ2025 we received orders for DAVD tethered system having a contract value of \$1.53m. These new DAVD systems will be distributed to additional commands thereby increasing the user base to around 12 Navy Commands. We believe that this will propel the DAVD's broader adoption. We are also pleased to see that the continued customer adoption model under the DAVD Program includes the Echoscope® real time 3D Volumetric Imaging Sonar, paving the way for long tail recurring revenue under this program.

Looking forward to other key milestone, during our third fiscal quarter 2025, we expect to deliver 16 DAVD untethered system (DUS) for integration into the MK16 Underwater Breathing Apparatus (UBA) system for SPECWAR and EOD applications. We believe this to be the pre-cursor to broader adoption once the system evaluation is completed. The DUS is the largest addressable market for the 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.

As mentioned previously, the DAVD technology is the subject of various evaluation programs. Recent assessment as to the state of readiness of the technology from several major defense field trials on the DAVD confirms its effectiveness in dive operations. The report also emphasized the benefits and critical nature of combining the DAVD with Echoscope in low visibility environments – again giving us good insight that the full-scale adoption by user groups is likely to include Echoscope, thus expanding the opportunities for the Company. As a result, in this year alone, we have 5 DAVD related development projects where various other sensors are being integrated into the DAVD to ensure that all US Defense sensors used by various missions are compatible with the DAVD. We believe we have created the DAVD solution ecosystem which is well positioned to serve the global defense and commercial diving market.

The Echoscope® was part of the ongoing assessment for the defense market and this report concluded that this technology represents a notable improvement over existing solutions and

offers a new capability for detailed underwater imaging and object detection.

The numbers shown below have been rounded to one decimal point, unless two decimal points are required for clarity. The full SQ2025 financials can be found in CODA's Form 10-Q filed with the SEC on June 16, 2025.

- Total revenue was approximately \$7.0 million compared to \$5.3 million in SQ2024, representing an increase of 31.8%.
- Revenues from our core business (Marine Technology Business) were \$3.9 million compared to \$3.5 million in SQ2024, representing a 10.0% increase.
- Revenues from our Marine Engineering Business were \$1.84 million compared to \$1.80 million in SQ2024, representing a 2.3% increase.
- Revenues from the Acoustics Sensors and Material segment were \$1.3 million in SQ2025 (no prior comparative data is available as this business unit was acquired on October 29, 2024).
- Gross profit was \$4.5 million compared to \$3.7 million in SQ2024. Gross margin was 64.1% compared to 70.2% in SQ2024, reflecting lower gross profit margins from our core business in conjunction with the mix and geography of sales reported in the period.
- Operating income was \$1.1 million in SQ2025 compared to \$1.4 million in SQ2024, a reduction of 19.5%. Operating margin was 15.5% compared to 25.4% in SQ2024, driven by the increase in Selling, General and Administrative costs and the addition of the Acoustics Sensor and Material Business.
- Pre-tax income was approximately \$1.3 million in SQ2025 compared to \$1.6 million in SQ2024, representing a decrease of 22.9%. Net income after taxes was \$0.9 million in SQ2025 compared to \$1.4 million in SQ2024, a decrease of 35.8%.
- Diluted earnings per share in SQ2025 was \$0.08 compared to \$0.13 in SQ2024.
- Pre-tax income as a percentage of revenues for SQ2025 was approximately 18.0% compared to 30.8% in SQ2024. Research and Development expenditures for SQ2025 were approximately \$0.7 million, an increase of 27.2%, compared to approximately \$0.5 million in SQ2024. SG&A in SQ2025 was approximately \$2.7 million, an increase of 47.4% over \$1.8 million in SQ2024.
- The income statement comparisons to the corresponding period last year (SQ2024) do not include the Acoustics Sensors and Materials segment.

Our cash balance at the end of SQ2025 of \$24.5 million represents an increase of \$2.0 million over October 31, 2024, when this figure was \$22.5 million.

Annmarie Gayle, CODA's Chairman and CEO, commented: "Despite the uncertain global policy environment, I am pleased with our overall financial results in our SQ2025 and the

diversification of our revenue structure. In our SQ205 all business units increased revenue. Our core business, the Marine Technology Business, sells its products and solutions worldwide and in the SQ2025, we saw a 65.5% increase in equipment sales which were \$3,319,322 compared to \$2,005,128 in the comparable SQ2024 period. However, we also saw an underutilization of our rental assets, which led to rental revenue decreasing by 75.9% and which were \$168,791 compared to \$699,664 in the comparable SQ2024 period, reflecting the reduction in offshore renewable projects as a result of the change in U.S. Administration energy policy. 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. Defense budgets are set to increase in Europe and the United Kingdom, which favors our business and, in the SQ2025 we saw an increase in the pipeline of opportunities both in the U.S and the UK. Of note, we also saw opportunities to work directly with the U.S. Department of Defense (as opposed to through Prime Defense Contractors), which, in itself, is expected to create new opportunities .

The Company's full financial results, including its results for the SQ2025, are available at www.nasdaq.com/symbol/coda/sec-filings.

Conference Call

CODA will host a conference call today, June 16, 2025, at 10:00 a.m. Eastern Time (7:00 a.m. Pacific Time) to discuss its results for the fiscal quarter ended April 30, 2025.

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

Date: Monday, June 16, 2025

Time: 10:00 a.m. Eastern time (7:00 a.m. Pacific time)

U.S. dial-in numbers: 1-877-451-6152 or 1-201-389-0879

International number: 1-201-389-0879

Conference ID: 13753929

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 June 30, 2025 at 11:59 p.m.

Telephone replay numbers: 1-844-512-2921 or 1-412-317-6671

International replay number: 1-412-317-6671

Access ID: 13753929

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.

Contact:

coda.ir@codaoctopusgroup.com

Coda Octopus Group, Inc.

1- 407-735 2406

CODA OCTOPUS GROUP, INC. Consolidated Balance Sheets April 30, 2025 and October 31, 2024

| | 2025 | 2024 |
|-----------------------------|---------------|---------------|
| | Unaudited | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 24,462,301 | \$ 22,479,072 |
| Accounts Receivable, net | 4,720,117 | 3,493,463 |
| Inventory | 13,527,744 | 13,975,529 |
| Unbilled Receivables | 2,370,530 | 1,657,827 |
| Prepaid Expenses | 842,252 | 537,289 |
| Other Current Assets | 393,273 | 838,835 |
| Total Current Assets | 46,316,217 | 42,982,015 |
| FIXED ASSETS | | |
| Property and Equipment, net | 6,801,586 | 6,822,990 |
| Right of Use Assets | 403,228 | 413,171 |
| Total Fixed Assets | 7,204,814 | 7,236,161 |
| OTHER ASSETS | | |

| | | |
|------------------------|----------------------|----------------------|
| Goodwill | 3,639,334 | 3,639,334 |
| Intangible Assets, net | <u>3,429,779</u> | <u>3,687,034</u> |
| Total Other Assets | <u>7,069,113</u> | <u>7,326,368</u> |
| Total Assets | <u>\$ 60,590,144</u> | <u>\$ 57,544,544</u> |

CODA OCTOPUS GROUP, INC.
Consolidated Balance Sheets (Continued)
April 30, 2025 and October 31, 2024

| | <u>2025</u> Unaudited | <u>2024</u> |
|---|--------------------------|----------------------|
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 882,988 | \$ 1,034,488 |
| Current portion of operating lease liabilities | 35,863 | 32,298 |
| Accrued Expenses and Other Current Liabilities | 1,450,573 | 1,604,596 |
| Deferred Revenue | <u>1,877,350</u> | <u>1,225,634</u> |
| Total Current Liabilities | 4,246,774 | 3,897,016 |
| LONG TERM LIABILITIES | | |
| Deferred Tax Liability, net | 41,855 | 82,011 |
| Non-current operating lease liabilities | 385,819 | 380,873 |
| Deferred Revenue, less current portion | <u>27,199</u> | <u>56,121</u> |
| Total Long Term Liabilities | <u>454,873</u> | <u>519,005</u> |
| Total Liabilities | <u>4,701,647</u> | <u>4,416,021</u> |
| Commitments and contingencies | | |
| STOCKHOLDERS' EQUITY | | |
| Common Stock, \$.001 par value; 150,000,000 shares authorized, 11,232,514 issued and outstanding as of April 30, 2025 and 11,195,487 shares issued and outstanding as of October 31, 2024 | 11,233 | 11,195 |
| Preferred Stock \$.001 par value; 5,000,000 shares authorized, zero issued and outstanding as of April 30, 2025 and October 31, 2024 | - | - |
| Treasury Stock | (61,933) | (61,933) |
| Additional Paid-in Capital | 63,262,929 | 63,096,583 |
| Accumulated Other Comprehensive Loss | (1,738,978) | (2,510,831) |
| Accumulated Deficit | <u>(5,584,754)</u> | <u>(7,406,491)</u> |
| Total Stockholders' Equity | <u>55,888,497</u> | <u>53,128,523</u> |
| Total Liabilities and Stockholders' Equity | <u>\$ 60,590,144</u> | <u>\$ 57,544,544</u> |

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

| | Three Months Ended April 30, | | Six Months Ended April 30, | |
|---|------------------------------|--------------|----------------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| Net Revenues | \$ 7,017,459 | \$ 5,323,178 | \$ 12,227,174 | \$ 9,784,369 |
| Cost of Revenues | 2,520,178 | 1,584,744 | 4,301,423 | 2,959,199 |
| Gross Profit | 4,497,281 | 3,738,434 | 7,925,751 | 6,825,170 |
| OPERATING EXPENSES | | | | |
| Research & Development | 689,995 | 542,481 | 1,233,121 | 1,028,458 |
| Selling, General & Administrative | 2,719,602 | 1,845,570 | 4,942,924 | 3,890,945 |
| Total Operating Expenses | 3,409,597 | 2,388,051 | 6,176,045 | 4,919,403 |
| INCOME FROM OPERATIONS | 1,087,684 | 1,350,383 | 1,749,706 | 1,905,767 |
| OTHER INCOME | | | | |
| Other Income (Expense) | 32,332 | (2,636) | 110,999 | 32,384 |
| Interest Income | 145,594 | 293,468 | 339,765 | 486,008 |
| Total Other Income | 177,926 | 290,832 | 450,764 | 518,392 |
| INCOME BEFORE INCOME TAX EXPENSE | 1,265,610 | 1,641,215 | 2,200,470 | 2,424,159 |
| INCOME TAX (EXPENSE) BENEFIT | | | | |
| Current Tax (Expense) | (374,701) | (191,073) | (423,575) | (157,058) |
| Deferred Tax Benefit (Expense) | 17,853 | (34,904) | 44,842 | (221,975) |
| Total Income Tax (Expense) | (356,848) | (225,977) | (378,733) | (379,033) |
| NET INCOME | \$ 908,762 | \$ 1,415,238 | \$ 1,821,737 | \$ 2,045,126 |
| NET INCOME PER SHARE: | | | | |
| Basic | \$ 0.08 | \$ 0.13 | \$ 0.16 | \$ 0.18 |
| Diluted | \$ 0.08 | \$ 0.13 | \$ 0.16 | \$ 0.18 |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING: | | | | |
| Basic | 11,221,080 | 11,168,493 | 11,223,528 | 11,148,565 |
| Diluted | 11,306,828 | 11,288,210 | 11,309,276 | 11,268,282 |
| COMPREHENSIVE INCOME, net of tax | \$ 908,762 | \$ 1,415,238 | \$ 1,821,737 | \$ 2,045,126 |
| Foreign Currency Translation Adjustment | 1,800,439 | (437,683) | 771,853 | 591,897 |
| Total Other Comprehensive Income (Loss) | \$ 1,800,439 | \$ (437,683) | \$ 771,853 | \$ 591,897 |
| COMPREHENSIVE INCOME | \$ 2,709,201 | \$ 977,555 | \$ 2,593,590 | \$ 2,637,023 |



Source: Coda Octopus Group, Inc.