

November 4, 2024



Coda Octopus Group Announces Acquisition of Precision Acoustics Limited

ORLANDO, FL, Nov. 04, 2024 (GLOBE NEWSWIRE) -- Coda Octopus Group, Inc. (“CODA” or the “Company”) (Nasdaq: CODA), a global market leader in 3D/4D/5D/6D imaging sonar technology for real time subsea intelligence and cutting-edge diving technology, today announced that it has completed the acquisition of Precision Acoustics Limited, based in Dorchester, UK, in close proximity to the Company’s subsidiary, Coda Octopus Martech Limited.

Precision Acoustics was formed in 1997 and is well established as a leading technical authority to the MHz ultrasound and acoustic measurement markets and is a global leader in the field of hydrophone design and other acoustic-related technologies which have wide application but are currently primarily used in the medical imaging and Non-Destructive Testing (NDT) markets. It is a leading innovator, developer and worldwide supplier of products, materials and customized services to the MHz ultrasound markets and has a sizable market share. Over many years, it has formed close working relationships with a number of national and global standard setting bodies (whose mandate is to set the national primary and measurement standards) and with academic institutions worldwide to further ultrasound research. Precision Acoustics has also authored many leading publications in this area.

Prior to the acquisition, the Company worked with Precision Acoustics on a number of underwater acoustic related research and development projects, and they have supplied the Company with their proprietary acoustic materials used for the Echoscope[®] and DAVD technology solutions.

They bring to the Group substantial acoustic thought leadership and expertise combined with years of domain knowledge and a complementary range of acoustic-related technologies which are today unleveraged in the underwater acoustics space (since their primary focus has been on medical imaging and NDT). Many of the Precision Acoustics technologies have subsea applications and the Company believes that it can leverage these in the underwater acoustic market which it has been a supplier to over 30 years. The acquisition of Precision Acoustics positions the Group to expand its offerings and solutions.

Annmarie Gayle, CODA’s Chairman and CEO, commented: “This was a carefully considered acquisition, and we are excited to have gained the trust and confidence of the Precision Acoustics team and complete the acquisition. It brings deep and established expertise in acoustics along with a wide range of products currently used in the medical imaging space and NDT fields, which is leverageable in the underwater commercial marine and Defense market. The combined strengths of Precision Acoustic and the rest of our Group companies, positions the Group to offer much more to the Defense Engineering space and the offshore underwater space and will bolster the Groups growth strategy. Finally, in their financial year ended December 2023, they generated \$4m in revenue and net profit of approximately

\$450k. We believe that combining our marketing and sales resources will also help to increase their footprint and therefore revenue and profits. The purchase price was paid in cash and no equity was allocated as part of this transaction. This is the first of a number of acquisitions we are considering. As I have always said, we have built the foundation for organic growth around our underwater technologies – the Echoscope® and DAVD. We are now looking to complement our growth opportunities through our well-architected and executed M&A strategy”.

Dr. Andrew Hurrell, Principal Research Physicist of Precision Acoustics said “My colleagues and I are very excited to be able to bring our expertise, knowledge and skills to the broader Coda Octopus Group, where there are significant synergies in our skills set and customer base. We see the opportunities to join forces and combine our joint offerings thus providing a more complete solution for our common customers. At Precision Acoustics, we already have a large portfolio of clients that use our hydrophones, acoustic materials and test environments both for research and increasingly in non-destructive testing and medical applications, and the resources of a larger Group with electro-mechanical engineering capability and leading products in underwater technologies, will enable us to provide more functional solutions and even more complete solutions to our customers. It also opens opportunities to establish Precision Acoustics offerings and capabilities in the underwater market”.

The Company paid a net cash purchase price of \$5,160,000. The acquisition agreement also provides for a contingent payment of up to \$1,290,000 over 3 years subject to meeting the performance milestone targets (earn out targets) provided for in the acquisition agreement.

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. The 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 also includes two discrete Defense engineering businesses Coda Octopus Martech Ltd (UK based) and Coda Octopus Colmek, Inc. (US 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 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, 2023, filed with the Securities and Exchange Commission on January 29, 2024. 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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