
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

☒ **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended October 31, 2025

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-38154

CODA OCTOPUS GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

34-2008348
(I.R.S. Employer
Identification Number)

3300 S Hiawassee Rd, Suite 104-105, Orlando, Florida, 32835
(Address, Including Zip Code of Principal Executive Offices)

407 735 2406
(Issuer's telephone number)

Securities registered under Section 12(b) of the Exchange Act:
COMMON STOCK, \$0.001 PAR VALUE PER SHARE

Securities registered under Section 12(g) of the Exchange Act:
NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

• Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer or a smaller reporting company.

Large accelerated filer ☐
Non-accelerated filer ☒
Emerging growth company ☐

Accelerated filer ☐
Smaller reporting company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

- State issuer's revenues for its most recent fiscal year: \$26,563,126
 - State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of April 30, 2025 representing the last business day of the registrant's most recently completed second fiscal quarter: approximately \$37,100,000.
 - State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date 11,270,575 as of January 25, 2026.
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FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K (this “Annual Report”) contains forward-looking statements, which are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact but rather reflect our current expectations, estimates and predictions about future results and events. These statements may use words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “predict,” “project” and similar expressions or variations of such words are intended to identify forward-looking statements but are not the exclusive means of identifying forward-looking statements in this Annual Report. The identification of certain statements as “forward-looking” is not intended to mean that other statements not specifically identified are not forward-looking. All statements other than statements about historical facts are statements that could be deemed forward-looking statements, including, but not limited to, statements that relate to our future revenue, product development, customer demand, market share, growth rate, competitiveness, gross margins, levels of research, development and other related costs, expenditures, tax expenses, cash flows, our management’s plans and objectives for our current and future operations, the levels of customer spending, general economic conditions, and the sufficiency of financial resources to support future operations and capital expenditures.

When we make forward-looking statements, we are basing them on our management’s beliefs and assumptions, using information currently available to us. These forward-looking statements are subject to risks, uncertainties, and assumptions, including but not limited to, risks, uncertainties and assumptions discussed in this Annual Report. Factors that can cause or contribute to these differences include those described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we projected. Any forward-looking statement you read in this Annual Report reflects our current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. All subsequent written and oral forward-looking statements attributable to us, or individuals acting on our behalf are expressly qualified in their entirety by this paragraph. You should specifically consider the factors identified in this Annual Report, which would cause actual results to differ before making an investment decision. We are under no duty to update any of the forward-looking statements after the date of this Annual Report or to conform these statements to actual results.

PART I

ITEM 1. BUSINESS

Overview

Coda Octopus Group, Inc. (“Coda” “the Company” or “we”), through its wholly owned subsidiaries, operates three distinct segments:

- the Marine Technology Business (also referred to in this Form 10-K as “Products Business”, or “Products Segment” or “Core Business”);
- Acoustic Sensors and Materials Business (also referred to in this Form 10-K as “PAL”);
- the Defense Engineering Services Business (also referred to in this Form 10-K as “Engineering Business”, or “Engineering Segment” or “Services Business”).

Marine Technology Business

Our Marine Technology Business provides technology solutions to the underwater market and constitutes our core business. We are allocating most of our resources to this segment. It owns key proprietary and unique technology comprising its real time volumetric imaging sonar technology (Echoscope[®] technology) and diving technology (“DAVD” (Diver Augmented Vision Display)), both of which are intended for the underwater market, and which are used in the commercial offshore and defense sectors. It also sells other proprietary subsea products such as its geophysical hardware and software solutions, inertial navigation systems and digital audio communications system for underwater applications. All innovations, design, development and manufacturing of our products are performed within the Company. As part of our patent strategy, we endeavor to actively protect our innovations by seeking, where appropriate, patent protection.

Our imaging sonar series which is marketed under the name Echoscope[®], Echoscope PIPE[®] and Echoscope PIPE *NANO Gen Series*[®] are used primarily in the underwater construction, offshore renewables, and offshore oil and gas, complex underwater mapping, salvage operations, dredging, bridge inspection, navigation of underwater hazard, port and harbor security, ship hull scanning, mining, commercial and defense diving, robotics, autonomous underwater vehicle market, marine sciences sectors and more broadly applications for real time 3D monitoring, inspection and visualization underwater. Uniquely, the Echoscope[®] technology is a single sensor for multiple underwater applications that can be used to image in 3D, moving objects in zero visibility water conditions. Competing technologies such as the multibeam is intended for mapping the seabed. However, they are not designed for imaging moving objects.

Our diving technology marketed under the name “CodaOctopus[®] DAVD” targets the global defense and commercial diving markets. We have two variants of the DAVD, (the tethered and untethered variants). The tethered variant is used with a connection to a surface vessel, and the untethered variant is not connected to a surface mothership for air supply. The target market for the untethered variant is the military and special forces operations divers.

The DAVD solution has the potential to radically change how diving operations are performed globally because it delivers real time information simultaneously to the divers underwater and their surface-based dive supervisors. The DAVD Head- Up Display (“HUD”) is used as a data portal for the diver while underwater. Various types of information are displayed to the diver in the HUD in real time, thereby increasing the capability of the interaction between the diver and the dive supervisor and therefore the overall effectiveness of the dive operations. When paired with our Echoscope[®] technology it forms a comprehensive solution for diving in zero-visibility water conditions, which is one of the biggest challenges for diving operations.

The DAVD untethered solution (“DUS”) is designed for the Defense and Military market where diving is performed without connection to a surface vessel. These divers typically performs special forces operations, mine detection and clearance or reconnaissance and surveillance. Similar to the tethered variant, the DAVD HUD is used for displaying a range of mission-related information to the diver.

DAVD’s concept of using a pair of glasses, which is capable of augmented reality display, inside the face mask, helmet or other diving suits is protected by a patent. The Company has an exclusive license to exploit this utility patent.

The Marine Technology Business operates through the Company’s wholly owned subsidiaries Coda Octopus Products, Inc., (Orlando), Coda Octopus Products Ltd (UK), Coda Octopus Products A/S (Denmark).

Acoustics Sensors and Materials Business

The Company acquired Precision Acoustics Limited (PAL) on October 29, 2024. PAL is a supplier of acoustic sensors materials, and consultancy services in the field of acoustics. PAL serves a broad base of markets such as the medical, subsea, defense, universities and research and development institutes. PAL also performs calibration services for medical devices and is accredited to ISO/IEC 17025 standard. PAL is one of only two organizations in the United Kingdom with this certification, alongside the National Physical Laboratory (NPL). Globally, only a handful of facilities hold ISO/IEC 17025 accreditation for these measurements. Ultrasonic free-field sensitivity calibration is critical for markets that require precision ultrasonic measurement, strict safety compliance, and full metrological traceability. These include regulated and high-risk applications, such as diagnostic and therapeutic medical ultrasound and defense and underwater acoustics, where free-field calibration is essential to ensure accurate beam sensitivity and minimal interference. PAL’s operations are based in the United Kingdom.

Defense Engineering Services Business (Services Segment)

Our Defense Engineering Services Businesses are suppliers of embedded solutions and sub-assemblies which they design, manufacture and sell as a component of mission critical integrated defense systems. The Defense Engineering Services Business established its business in 1977 and has been supporting a number of significant defense programs for over 40 years, including Raytheon’s Close in Weapon Support (CIWS) and Northrop Grumman’s Mine Hunting Systems Program (AQS-24). The Defense Engineering Services business model entails engineering components for integration into broader defense programs, such as the CIWS program. Typically, they are contracted to develop and supply prototypes units which are validated for broader integration into these Defense programs and thereafter, subject to meeting the acceptance criteria, these lead to contracts for manufacture, repair and upgrade for the life of the program, which can span decades. We enjoy sole source status for the parts that we design and supply into these programs. This business model ensures recurring and long tail revenues. Coda Octopus Engineering, Inc. and Coda Octopus Martech Ltd, qualify as small businesses. This opens opportunities under state requirements to collaborate with Prime Defense Contractors on these programs. A significant part of the revenue generated by the Defense Engineering Services Business is highly concentrated and is usually derived from a small number of prime defense contractors such as Raytheon, Northrop, Atlas Electronics or Thales Underwater. In any one financial year, between 20% to 30% of our consolidated revenues may be derived from these customers either alone or collectively.

The Defense Engineering Services Businesses operate through our wholly owned subsidiaries, Coda Octopus Engineering, Inc (“COEI”), which is based in Salt Lake City, Utah and which we acquired in 2007, and Coda Octopus Martech Limited (“Martech”), which is based in Portland, United Kingdom which we acquired in 2006.

Cross-Group Synergies

Our Marine Technology business, PAL, and the Defense Engineering Services Business operate as a fully integrated capability, combining shared customer relationships, complementary technologies, and deep specialist engineering expertise. Together, they deliver end-to-end solutions in underwater acoustics and measurement, supported by the design and manufacture of robust, ruggedized systems engineered for deployment in demanding and hostile environments. These capabilities span the entire technology value chain, from acquisition and processing through to computation, analysis, and visualization.

The Group increasingly operates on a collaborative basis, with each business drawing on the strengths of the others to deliver complex customer programs and coordinated responses to broader-scope tenders. Our Defense Engineering Services Business plays a central role in the Group’s growth strategy, providing the engineering depth and systems expertise required to accelerate innovation and enhance the delivery of technology solutions across the Marine Technology portfolio.

This integrated operating model enhances the Group’s control over intellectual property and reinforces its competitive position. PAL’s recognized expertise in ultrasonic and acoustic measurement underpins the Group’s core technologies and continues to shape the development and evolution of integrated, value-led solutions based on proprietary technology.

Key Pillars for our Growth Plans

Our volumetric real time 3D imaging sonar technology (the Echoscope® technology) and our DAVD are our most promising products for the Company’s near-term growth.

The Echoscope® is widely used in the commercial offshore marine market for a wide range of activities from real time 3D monitoring, salvage and recovery, placements and landings, mining, etc. The biggest market opportunity for scalable growth around the Echoscope is in the defense sector which is undergoing structural and transformational changes through the deployment of new classes of underwater vehicles, including manned, unmanned surface, and fully autonomous platforms. These platforms vary in size, from large vehicles exceeding 85 feet in length and weighing over 85 tons, to compact, one-person-deployable systems. A common requirement across all platforms is the need for reliable underwater vision. This capability is essential for safe and accurate navigation, situational awareness, environmental understanding, data collection, and mission execution. The Echoscope directly addresses these needs by providing high-resolution, real-time 3D imaging in complex underwater environments. The defense sector deploys these underwater vehicles for a range of mission-critical applications, most notably Mine Countermeasures, Anti-Submarine Warfare, Surveillance and Reconnaissance, and Infrastructure Protection (such as undersea cables). The Echoscope is currently being evaluated for integration into active future defense programs.

All next-generation defense vehicle programs share a common objective of integrating advanced technologies and enhanced capabilities. Central to this evolution is the development of smarter vehicles equipped with tools like the Echoscope® which deliver real-time, three-dimensional data (live XYZ data) for informed real time decision-making. Its versatility across a wide range of defense mission applications supports the consolidation of sensor suite requirements on these platforms. A key advantage lies in addressing SWaP (Size, Weight, and Power) constraints. With the potential to reduce the number of active sensors on these platforms the Echoscope offers the opportunity to lower power consumption and overall vehicle weight and directly contributing to extended mission durations. This capability represents a unique and valuable benefit which the Echoscope brings to the defense underwater vehicles programs.

The launch by the Company of its Echoscope PIPE *NANO Gen Series*® in fiscal year 2025, our ultra-compact real time 3D imaging sonar marks a critical step in enabling next-generation subsea AI enabled autonomy. As the subsea industry transitions from vessel-intensive, human -in-the-loop workflows, *NANO Gen Series* provides the real time 3D perception required to unlock scalable, software driven autonomy across a growing range of platforms. It functions as a core perception sensor for AI-enabled platforms, supporting navigation, obstacle avoidance, target recognition and guidance and adaptive mission execution with reliance on bandwidth limited communications or post-processing capability. The introduction of our *NANO Gen Series* which is a shade bigger than a smartphone, is a significant leap forward as it positions the Company to address a broad swathe of the underwater vehicle market, where these vehicles are increasingly becoming smaller. With the introduction of our *NANO Gen* sonar series in fiscal year 2025 we saw real progress in the Defense underwater vehicle market and have had several key and successful trials with the new *NANO* sonar as it is aligned with the strongest growth drivers in the subsea market for autonomy, Edge AI, reduced operational costs and scalable deployment. By enabling higher levels of autonomy and mission efficiency in a single, compact sensor, *NANO Gen Series* strengthens the Echoscope’s role as a critical sensor to the next generation of intelligent subsea platforms.

We also believe that the DAVD system, which is a relatively new technology and presents significant capabilities to the diving market, is poised to radically change the way diving operations are performed globally by providing a fully integrated suite of sensor data shared in real time by the diver and the dive supervisor on the surface. Current diving is done largely by voice command missions from the topside using disparate suite of systems for video data, communications, and positioning.

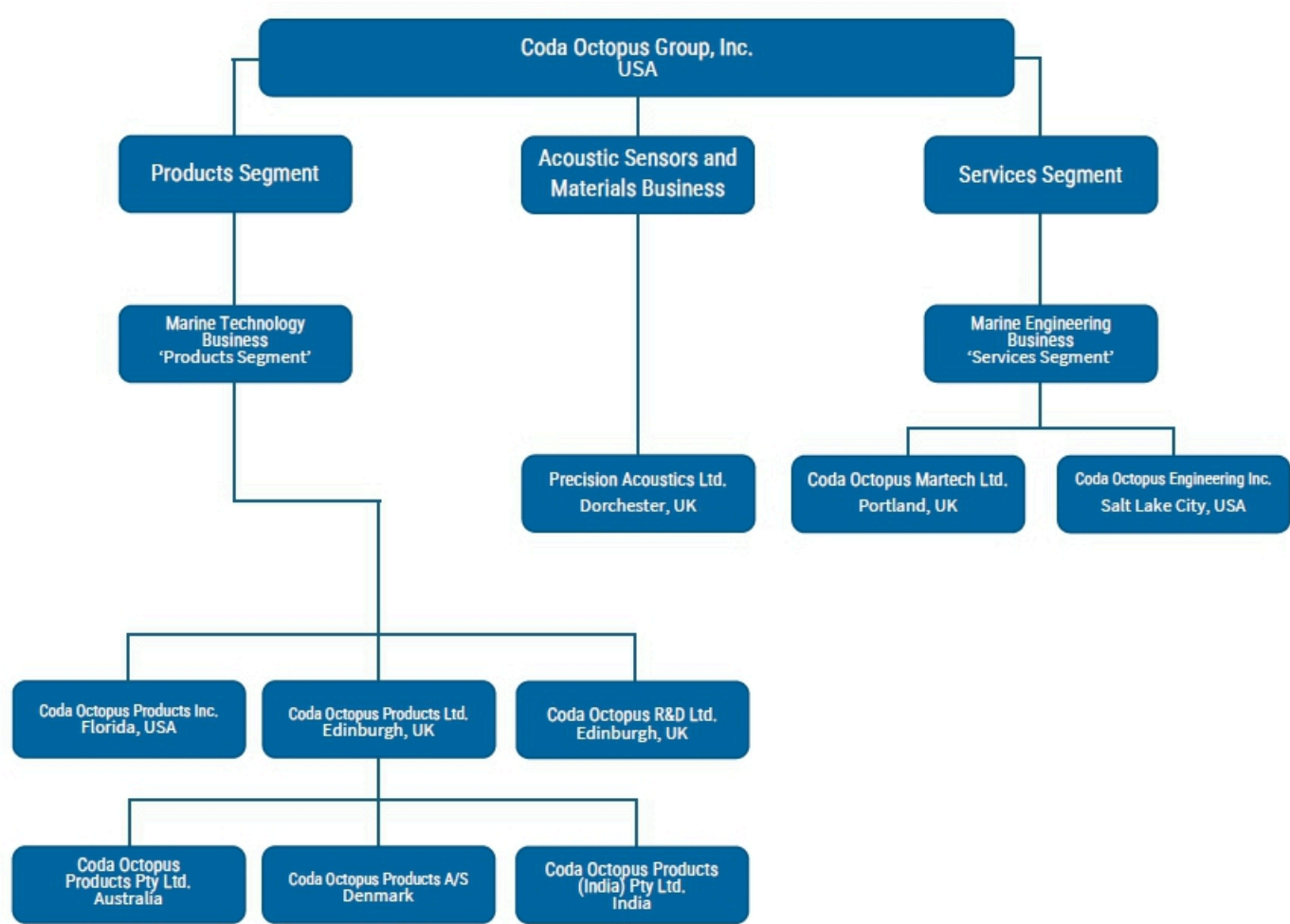
The DAVD tethered variant is now a commercial offering and is in the early stages of adoption with the US Navy in over 14 commands. We continue to work to achieve adoption in the global market.

The DAVD untethered solution (DUS) presents the biggest market opportunity for DAVD technology. In the USA alone there are over 14,000 divers that could utilize this solution including U.S. Special Operations Forces (SOF), EOD (Explosive Ordnance Disposal), US Army, Marine Corps, US Coast Guard, first responders and law enforcement.

In the Fiscal Year 2024, the DAVD untethered solution was the subject of a joint funded U.S and Foreign Navy program, the DUS Hardening Program, under which the DAVD technology was adapted and hardened for SOF applications. During the fiscal year 2024 we made significant progress by delivering major project deliverables such as a new generation head up display (DAVD HUD), which is in a much smaller form factor and higher resolution. Following the successful completion of the DUS Hardening Program, we made further progress during the fiscal year 2025 when we received the first production order for the untethered variant and delivered 16 DAVD Untethered Systems for the U.S Navy MK16 Rebreather system. These are the culmination of extensive field testing and direct feedback from operational divers. The production unit is now undergoing final approval for Authorization for Navy Use (ANU). This is an essential approval process which permits the system to be used in live operation. We also delivered all program deliverables under the DUS Hardening Program to a foreign navy sponsor including training on the DUS, which now enables this navy to move to the next stage of their evaluation by introducing this technology to their internal users. In the 2025 FY we also received our first small batch order for DAVD system from a very influential European-based foreign navy, and we are contracted to provide training in our second quarter of fiscal 2026 to this navy.

The concept of utilizing a pair of transparent glasses in the HUD underwater for this purpose, is protected by patent. All component parts of the DAVD system are proprietary to the Company and include software (4G USE[®] DAVD Edition), Diver Processing Pack – telemetry system (DPP), topside Supervisor Console Controller and real time 3D Sonar. The Company benefits from the exclusive license from the U.S. Department of the Navy at Naval Surface Warfare Center Panama City Division to utilize the utility patent covering the concept of using the pair of transparent glasses as a data hub underwater. The DAVD tethered variant is classified as an “Authorization for Navy Use” item and also benefits from CE marking certifying that the DAVD system meets the essential health, safety and environmental requirements of the UK and European Union. The untethered variant is currently going through validation process.

Our corporate structure is as follows:



Corporate History

The Company began as Coda Technologies Limited. This company now operates under the name Coda Octopus Products Limited, a United Kingdom corporation formed in 1994 as a start-up company with its origins as a research group at Heriot-Watt University, Edinburgh, Scotland. Initially, its operations consisted primarily of developing software for subsea mapping and visualization using sidescan sonar (a technology widely used in commercial offshore geophysical survey and naval mine-hunting to detect objects on, and textures of, the surface of the seabed).

In June 2002, we acquired Octopus Marine Systems Ltd, a UK corporation, and changed our name to Coda Octopus Limited. At the time of its acquisition, Octopus Marine Systems was producing geophysical products broadly similar to those of Coda, but targeted at the less sophisticated, easy-to-use, “workhorse” market.

In December 2002, Coda Octopus Ltd acquired OmniTech AS, a Norwegian corporation, which became a wholly owned subsidiary of the Company, and which subsequently changed its name to Coda Octopus R&D A/S. At the time of acquisition, this company had been engaged for over ten years in developing a revolutionary imaging sonar technology capable of producing real time three-dimensional (“3D”) underwater images for use in subsea activities. Coda Octopus Products Limited (Edinburgh based) then developed our visualization software (Underwater Survey Explorer) to control and display the images from the real time 3D sonar device. This technology is now marketed by us under the brand name “Echoscope®”, Echoscope PIPE® and Echoscope PIPE *NANO Gen Series*®. All activities of this now-defunct Norwegian subsidiary, Coda Octopus R&D A/S, have been transferred to Coda Octopus Products Limited (Edinburgh).

On July 13, 2004, the Company effected a reverse merger pursuant to the terms of a share exchange agreement between The Panda Project, Inc. (“Panda”), a Florida corporation, and a now defunct entity affiliated with Coda Octopus Ltd. (“Coda Parent”). Panda acquired the shares of Coda Octopus Limited, a UK corporation and a wholly owned subsidiary of Coda Parent, in consideration for the issuance of a total of 1,432,143 shares of common stock to Coda Parent and other shareholders of Coda Octopus Limited. The shares issued represented approximately 90.9% of the issued and outstanding shares of Panda. The share exchange was accounted for as a reverse acquisition of Panda by Coda. Subsequently, Panda was reincorporated in Delaware and changed its name to Coda Octopus Group, Inc.

In June 2006, the Company acquired Coda Octopus Martech Limited (“Martech”), which is part of our Defense Engineering Services Business. This is an English corporation.

In April 2007, the Company acquired Coda Octopus Engineering, Inc. (“COEI”), formerly known as Colmek Inc., which is part of our Defense Engineering Services Business. This is a Utah corporation.

In December 2013 Coda Octopus Products Limited established Coda Octopus Products Pty Ltd (Australia) to grow our presence in Australia and New Zealand. These activities were interrupted by the Coronavirus Pandemic in 2020 and since then we have not had personnel on the ground and therefore these operations have been slow to regain momentum.

On October 29, 2024, we acquired into the Group, Precision Acoustics Limited - “PAL” - a company established under the laws of England. This company was acquired to gain access to its expertise and expand our capabilities and offering to the market. It was also acquired to leverage its existing technologies and expertise, which are used in other market sectors, into one of our main markets, the subsea market.

Coda Octopus Group, Inc., is organized under the laws of the State of Delaware as a holding company that conducts its business through its subsidiaries, several of which are organized under the laws of foreign jurisdictions, including England, Scotland, Denmark, Australia and India. This may have an adverse impact on the ability of U.S. investors to enforce a judgment obtained in U.S. courts against these entities, or to effect service of process on the officers and directors managing the foreign subsidiaries. These companies’ operations must comply with the laws of the countries under which they are incorporated, and these laws are likely to be different from the equivalent laws of the United States.

Corporate Information

Our principal executive offices are located at 3300 S. Hiawassee Rd, Orlando, FL 32835. Our telephone number is +1 (407) 735-2406. We maintain a corporate website at www.codaoctopusgroup.com. The reference to the Company’s website address does not constitute incorporation by reference of the information on the Company’s website into this Form 10-K.

Marine Technology Business (“Products Segment”)

Our Marine Technology Business develops proprietary solutions for both the commercial and defense subsea market. The range of solutions which it offers to the market are complementary and include:

<i>Product</i>	<i>Family</i>	<i>Composition</i>
Real time volumetric imaging sonar	Echoscope [®] / Echoscope PIPE [®] range, Echoscope PIPE <i>NANO</i> <i>Gen Series</i> [®] range	Hardware and Software
Diving Technology	DAVD range	Hardware and Software
Digital Audio Communications System	Voice HUB_4	Hardware and Software
GNSS-Aided Navigation Systems (providing heading, pitch, yaw and roll data at sea)	F280 Series [®]	Hardware and Software
Geophysical Solutions (used in conjunction with sidescan and sub-bottom data acquisition)	DA4G [®] , GeoSurvey [®] and Survey Engine	Hardware and software

These products and/or solutions are sold, rented or leased into various marine sectors such as:

- Marine geophysical survey
- Offshore Renewables (“Wind Energy”)
- Underwater construction, inspection and monitoring
- Diving Companies
- Commercial and Defense Diving
- Salvage and decommissioning
- Oil and Gas (O&G”)
- Robotics
- Autonomous underwater vehicles
- Commercial fisheries
- Environmental, mammal and habitat monitoring
- Underwater Defense Applications
- Underwater vehicles
- Port and Harbor Security, law enforcement and first responders
- Research and education

1. Geophysical Range of Products

The Geophysical range of products is marketed under the brands DA4G[®], GeoSurvey[®] and Survey Engine[®]. We started our business in 1994 designing and developing the GeoSurvey[®] software and hardware package for acquisition and processing of sidescan sonar and sub-bottom profiler data. For over two decades, our GeoSurvey has been an industry leading software package in the market for data acquisition and interpretation and provides feature rich solutions and productivity enhancing tools for the most exacting survey requirements. Designed specifically for sidescan and sub-bottom data acquisition, GeoSurvey[®] has been purchased by numerous leading survey companies throughout the world and has been the workhorse for processing data for Oil & Gas companies for many years. DA4G is a hardware acquisition system and both GeoSurvey[®] and Survey Engine[®] are complementary software packages which are used for processing the data post-acquisition.

2. Inertial Positioning and Attitude Measurement Systems (“Motion Products”)

We have been selling our GNSS Aided Inertial Measurement Systems for over 20 years. Our current generation of F280 Series[®] was released to the market in 2021 and is used to provide data on accurate positioning, heading, pitch, roll and yaw at sea. The F280 Series[®] is an advancement of our F180[®] series and is highly complementary to our real time Echoscope[®] sonar series and they are packaged together to provide a more comprehensive solution. The products within the F280 Series[®] range can be sold with or without our Echoscope[®].

3. Real Time Volumetric Imaging Sonars (ranging from 3D/4D, 5D and 6D)

We design, develop and supply what we believe is the world’s most advanced series of real time volumetric imaging sonar (Echoscope[®], Echoscope PIPE[®] and recently added Echoscope PIPE[®] *NANO Gen Series*). This is the culmination of over 25 years of research and development. Our sonar innovations are multi-tiered and extend to hardware, firmware and software, all of which co-exist and are co-dependent on each other. In other words, hardware, firmware and software operate as sub-systems to each other. We believe that the highly complex nature of this new technology will make it extremely difficult to reverse engineer our sonar products.

Prior to 2018, we were selling our third generation of Echoscope imaging sonar (3G Sonar Series which were of limited application due to size, weight, power and price (SWAPs)). In January 2018, we launched our 4G Sonar Series which were largely form factor revisions, and removed the SWAPs issues. Building on our 4G developments, we continued our innovation and in 2021 released our latest generation of sonar, Echoscope PIPE[®] to the market which advanced the capabilities of the technology and antecedent sonar products significantly. We continued investing in our Echoscope Technology and in 2025 based on our breakthrough technology chip set, we were able to introduce our new Echoscope PIPE *NANO Gen Series*[®] which is significantly reduced in form factor (a shade bigger than smartphones) and further opens the opportunities for our technology in the small underwater vehicles space, drones and robotics and platforms designed for autonomy and AI driven requirements.

We believe that the Echoscope PIPE[®] technology is superior to the other imaging sonars in the market as it generates real time 3D, 4D, 5D and 6D images of the underwater environment irrespective of low or zero visibility conditions and, unlike conventional sonars, can image a volume of data (as opposed to a slice of data). The capability of our volumetric imaging sonars covers a broad breadth of activities underwater particularly for any form of real time monitoring in 3D, underwater construction, salvaging, placements, decommissioning, obstacle avoidance, complex underwater mapping and real time 3D navigation in zero visibility conditions. Uniquely also, using a single sensor (our Echoscope PIPE[®]) range we can provide different data outputs to the various parts of the survey team, thus reducing the number of different sensors required on these underwater projects, and ultimately reducing the costs associated with these operations.

About the Company's 5D and 6D PIPE Sonars Innovations

The acronym PIPE stands for Parallel Intelligent Processing Engine.

5D and 6D imaging sonars are new to the subsea market and constitute an innovation by the Company.

5D Sonars (Echoscope PIPE®)

The Company's 5D Sonars is capable of processing and utilizing much more of the data that is acquired and processed by our latest PIPE volumetric imaging sonars. Prior to this, due to limitation of processing technologies, there was an upper limit to the amount of data our antecedent sonars could acquire and process. This meant that in the previous generation of sonars (3G and 4G series) when a signal was emitted, they returned a single range and intensity value per beam. In our 5D Sonars we return multiple range and intensity values per beam (Full Time Series data). This new capability provides more information about the underwater environment.

6D Sonars (Echoscope PIPE®)

The Company's 6D Sonars process and utilize much more of the data acquired by the sonar. 6D Sonars generate multiple real time 3D full time series images. The latest PIPE technology generates multiple 3D images simultaneously in real time using different sonar/acoustic parameters (such as different beamforming methods, frequency, range, field of view, pulse length and other acoustic filters or shading). This allows for different data sets to be provided to different parts of the survey team in real time (thus consolidating the sensors and the associated costs and effectiveness of the solution). We are not aware of any sonar that offers either 5D or 6D Capability.

Echoscope PIPE *NANO Gen Series*®

The Company's *NANO Gen Series* sonars were introduced during third fiscal quarter of 2025. *The NANO Gen Series* is pivotal for the Company as it addresses the small underwater vehicles, drones, autonomous and robotics platforms which is a growing part of the underwater vehicles market – where these are getting increasingly smaller. The biggest market opportunity for our scalable growth around the Echoscope is in the defense sector which is undergoing a major transformation through the deployment of new classes of underwater vehicles, including manned, unmanned surface, and fully autonomous platforms which are becoming increasingly small. The introduction of *NANO* is important as it positions the Company to address a broader swathe of the imaging sonar market. We believe our *NANO Gen Series* is aligned with the strongest growth drivers in the subsea market by enabling higher levels of autonomy and mission efficiency with a single ultra compact sensor supporting multiple high-value use cases including subsea navigation, inspection, 3D modeling, 3D perception, seabed imaging and change detection and therefore allowing operators to consolidate hardware, reduce integration complexity and lower the total system cost. This multi-mission flexibility positions *NANO Gen Series* as a platform-agnostic technology for AUVs, ROVs, hybrid vehicles, resident subsea systems and future autonomous fleets.

Echoscope® Software

The Echoscope® technology is used in conjunction with our internally developed software (USE, Construction Monitoring System (CMS), 4G USE®, 4G USE® DAVD Edition and 4G USE® DAVD *Flex* Edition). The software is a critical component of the capabilities and features of our sonar series.

Our software development capability is an important part of our strategy to maintain our lead in designing, manufacturing, and selling state-of-the-art real-time volumetric imaging sonars and our DAVD System. It also allows us to be responsive to our customers' requirements for new features and capabilities around our solutions.

We have now launched our fourth-generation multi-sensor software platform which is marketed under the name "4G USE®", which is a multi-sensor platform allowing users to bring in and utilize a variety of sensor data including sonar, positioning, camera, lidar, video processing and other sources of point cloud data and seamlessly merging above and below the water data captured from the sonar and camera. It is also the platform for our DAVD software, and this module is marketed under the brands 4G USE® DAVD Edition and 4G USE® DAVD *Flex* Edition and our new 4G USE® Obstacle Detection/Avoidance software.

Diver Augmented Vision Display (DAVD) System – Diving Technology

Funded by the Office of Naval Research ("ONR") through its Future Naval Capabilities (FNC) program, and in close collaboration with NAVSEA 00C3 and Naval Surface Warfare Center, Panama City Division ("NSWC PCD") we have developed a cutting-edge Augmented Reality (AR) technology (DAVD), purpose-built product to enhance diver safety, performance and situational awareness in low-visibility and technically demanding underwater environments.

DAVD is a complete end-to-end diver management solution incorporating as a key element a high-resolution, fully transparent glass head-up display ("DAVD HUD"), integrated directly inside the diving helmet (for hard hat surface air supply diving) or full-facemask (for tethered and untethered defense, commercial and recreational diving applications) or diving suits.

Problem In Context

The concept of using a pair of transparent glasses in the HUD to render real time information for underwater applications is protected by patent and Coda Octopus has an exclusive license from United States Department of the Navy at NSWC PCD to exploit this patent for all underwater diving activities.

The US Government, as represented by Secretary of the Navy (Arlington, VA), describes the challenge for divers in an abstract from their patent application as follows:

"By their very nature, underwater dive missions are difficult and inherently dangerous. Furthermore, the complexity of underwater missions can make it difficult or impossible for a diver to retain all pre-mission briefing information. For these reasons, it is critical for underwater divers to have access to environmental data and mission data while in the water. However, in low visibility water environments, divers can rarely see handheld displays or gauges. Accordingly, divers are generally supplied with audio-communicated information from a topside location. The topside-supplied information can include descriptions of sonar images, blueprints, maps, pictures, etc. Unfortunately, it can be very difficult and confusing for a diver to interpret a topside personnel's audio description of the topside personnel's visual interpretation. Combining this with unreliable audio communication can lead to mission failures or disasters."

It further describes the objective of the Invention as:

“Accordingly, it is an object of the present invention to provide an underwater diver with real-time visual information available to topside personnel.

Another object of the present invention is to provide real-time visual information to an underwater diver for viewing in water environments irrespective of water visibility levels.

Other objects and advantages of the present invention will become more obvious hereinafter in the specification and drawings.”

How does DAVD Change this?

The DAVD system addresses all the challenges described above including removing the interpretation of the underwater scene to the topside by providing the diver with real time data and first-person interpretation. The DAVD technology benefits not only the diver and direct supervisor on the surface, but also engineers, end-clients, rescue workers and support personnel who all have a vested interest in a successful and safe diving mission. DAVD provides the location of the diver, the dive support vessel, work site assets and any hazards that are known or discovered in real-time. Real-time compass and depth are also displayed to the diver to reduce disorientation. Visibility for the diver and team is significantly enhanced with both real-time camera and 3D sonar data (providing underwater night-vision) and also high-resolution maps and models of the entire work site and surroundings. Communication is transformed from low quality audio speech to high quality digital audio and video, text messaging, visual alerts and automated navigation guidance. The safety of the diver and team is paramount. DAVD ensures the Diver and Supervisor are visually synchronized and can safely coordinate movement, tasks and instructions with full health monitoring and logging of the entire mission. Using the current method of diving, data and information sharing end when the diver leaves the surface.

The DAVD solution is currently in early-stage adoption with the US Navy and enjoys the benefit of the classification Authorization for Navy Use (ANU) item for the Tethered variant. DAVD also is certified for CE markings which covers compliance with the European Union and the United Kingdom health environmental and health and safety requirements.

We continue to evolve the DAVD technology. We delivered the new generation of DAVD HUD at the end of fiscal year 2024 and following the completion of the DUS Hardening Program, which funded the adaptation of the DAVD technology for the special forces sector, we delivered 16 DUS new generation systems which are now the subject of evaluation for broader adoption by this community of users.

During fiscal 2025 we received contracts for several funded programs for the incorporation of the DAVD technology into diving apparatus including diving masks and diving suits including DSEND (Deep Sea Expeditionary with No Compression System). DAVD is being leveraged as a critical life support and visualization component, enhancing diver safety and mission effectiveness by delivering real time life support data via the DAVD HUD and 3D situational awareness through Echoscope technology. These initiatives exemplify the growing recognition of DAVD and Echoscope technologies as mission-critical tools in the evolving landscape of advanced military diving and underwater operations.

Marine Technology Business Accreditations

Coda Octopus Products Limited has the requisite accreditations for its business including being Lloyds Register accredited to ISO 9001:2015 and Cyber Essentials Plus certification.

Acoustic and Materials Business (Precision Acoustics Limited (“PAL”))

PAL 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. PAL also performs calibration services for medical devices and is accredited to ISO/IEC 17025 standard. PAL is one of only two organizations in the United Kingdom with this certification, alongside the National Physical Laboratory (NPL). Globally, only a handful of facilities hold ISO/IEC 17025 accreditation for these measurements. Ultrasonic free-field sensitivity calibration is critical for markets that require precision ultrasonic measurement, strict safety compliance, and full metrological traceability. These include regulated and high-risk applications, such as diagnostic and therapeutic medical ultrasound and defense and underwater acoustics, where free-field calibration is essential to ensure accurate beam sensitivity and minimal interference.

PAL has the requisite accreditations for its business including being Lloyds Register accredited to ISO 9001:2015 and Cyber Essentials Plus certification and ISO/IEC 17025 covering ultrasonic hydrophone calibration capabilities—specifically in Ultrasonic Free-Field Sensitivity.

Defense Engineering Services Businesses (“Services Segment”)

Our Defense Engineering Services Businesses comprise Coda Octopus Engineering, Inc. (“COEI”) which is based in Salt Lake City and Coda Octopus Martech Limited which is based in Portland, UK.

They largely operate as sub-contractors to prime defense contractors, and their engineering solutions typically constitute sub-components designed for integration into larger defense programs of record where high levels of reliability and quality are essential pre-requisites for securing and maintaining these agreements with their customers. Typically, they prototype subassemblies for their customers and after going through various acceptance tests, including first article inspection approvals, they are then awarded the manufacturing contracts. Many of these manufacturing contracts have a repeat orders profile which typically follows the life cycle of the defense program that is using the subassembly component within the broader program.

These arrangements often give the Defense Engineering Services Businesses long term preferred/sole supplier status for the sub-components they supply into these programs and provide them with opportunity to participate in any requirements for technology refresh or obsolescence management for the components supplied. They generally use these long-standing relationships to win more contracts with these customers.

In order to grow, the Defense Engineering Business relies on increasing the number of new programs it attracts annually. In addition, we are increasingly combining our engineering capabilities with our product offerings. This enables us to offer systems which are complete with installation and support to maximize the utilization of our collective expertise to advance our technologies.

Coda Octopus Martech Limited (“Martech”)

Martech, which is UK-based, operates in the specialized niche of bespoke design and manufacturing services mainly to the United Kingdom defense and subsea industries. Its services are provided on a custom subcontract basis where high quality and high integrity devices are required in small quantities. Their skill set includes both hardware and software design.

Martech enjoys pre-approvals to allow it to be short-listed for certain types of government contracts. Much of the more significant business secured by Martech is through the formal government or government contractor tendering process. Martech has the requisite accreditations for its business including being Lloyds Register accredited to ISO 9001:2015 and Cyber Essentials Plus certification.

Coda Octopus Engineering, Inc. (“COEI”)

COEI, which is US-based, is a supplier of embedded solutions and sub-assemblies which they design and manufacture and sell into mission critical integrated defense systems such as the Close-In-Weapons System (CIWS). This business was established 1977 and has been supporting several significant US defense programs for over 45 years, including Raytheon’s CIWS and Northrop Grumman’s Mine Hunting Systems Program (AQS-24). This business was at the heart of technology for search and recovery of the Titanic in 1985 with its long-range telemetry system for underwater instrumentation. COEI’s business model entails designing sub-assemblies which are components of broader defense programs. COEI is the sole source for the hardware and software components that they supply to these programs. This business model ensures recurring and long tail revenues since we continue to supply parts, typically for the life of the program, which can span decades. Their work scope typically extends to both hardware and software design.

COEI has the requisite accreditations for its business, including being Lloyds Register accredited to ISO 9001:2015 and NIST (National Institute of Science and Technology) 800-171 certification.

Sales and Marketing

The Marine Technology Business markets its products through its internal sales team, website, industry events such as trade shows, webinars, live demonstrations of the technology, industry relationships and a network of non-exclusive agents in foreign countries such as Japan, China, Korea and South Africa.

PAL markets its products through its internal sales team, its website and a network of non-exclusive agents in Japan, China, India and Korea.

COEI markets its products through its internal sales team, website, industry events and a network of non-exclusive agents in the US and Canada.

Martech markets its products through its internal sales team, website and industry events.

Competition

Marine Technology Business

In our Marine Technology Business, we are exposed to the following competitive challenges:

Real Time 3D/4D/5D and 6D Volumetric Sonar (Echoscope^e® Technology)

A significant portion of our revenue is generated from our Echoscope[®] technology.

Within the domain of real-time 3D imaging, we are aware of only a single recent entrant to the market: WaterLinked AS. The specific capabilities and intended applications of their sonar system remain uncertain; however, publicly available datasheets indicate that it is designed solely as an acoustic camera with a notably limited imaging range and crucially limited resolution. Consequently, the product appears to offer limited performance and remains at a nascent stage of technological development.

Entry into this market depends upon specialized marine electronics, acoustic, know-how, and software development skills. The learning curve, which has resulted in the advancement of our real time 3D sonar device, is the culmination of two decades of research and development in this field.

Companies such as Kongsberg Gruppen, R2Sonic, LLC, Tritech International Ltd., United Kingdom, BlueView Technologies Inc., USA (now a part of Teledyne Technologies Incorporated), and Norbit Group AS Norway and Kraken Robotics are examples of companies offering imaging sonar solutions (such as multibeam sonars, SAS sonars and/or 2D scanning sonars), but none of these sonar offerings are directly comparable or competitors to our real time volumetric 3D/4D/5D and 6D sonar solutions as their scanning sonar, single beam or multibeam sonars are not real time 3D imaging sonars and therefore cannot image moving targets underwater.

Specifically, we believe that they do not have the same capabilities as our Echoscope[®] technology in terms of real time inspection and monitoring by generating 3D, 4D, 5D and 6D images of moving objects underwater including in environments in low or zero visibility conditions. Notwithstanding it should be noted that Teledyne has acquired a significant number of substantial subsea companies (examples are Reson and BlueView). Teledyne has much greater resources, liquidity and market reach than our Company and has many operating verticals. We therefore can give no assurance that companies such as these will not enter this market. Furthermore, companies such as Kongsberg Gruppen and Teledyne can expend significantly more in any one fiscal year on R&D and Business Development, key pillars for increasing market share of underwater imaging sonars, than the Company. Notwithstanding, we believe that our recent development and introduction of 5D/6D - Echoscope PIPE[®] sonar capability in conjunction with our software (4G USE[®] a multi-sensor platform) further distinguishes our volumetric sonars and significantly extends our lead in real time 3D/4D/5D and 6D Imaging of moving objects underwater over competitors in the subsea imaging market. Furthermore, we believe that the addition of Precision Acoustic's expertise in this area will help the Company in maintaining its lead in this area. We are not aware of any other imaging sonars in the market capable of generating real time 5D and 6D imagery underwater, which are Coda Octopus inventions. The innovations around Echoscope PIPE[®] are the subject of numerous patent applications. We have been awarded US 10,718,865 and US 10,816,652 patents which concerns a method of compressing beamformed data and method of compressing sonar data, respectively. These two patents are important "method patents" since we are handling significantly more data than in our previous generation of sonars.

We seek to compete on the basis of producing high quality products employing cutting edge technology that is easy to use by the operators without specialized skills in sonar technology. We intend to continue our research and development activities to continually improve our products, seek new applications for our existing products, develop new innovative products and grow the market for our products and expertise.

Diver Augmented Vision Display System (“DAVD”)

A material portion of our revenue is generated from our DAVD technology.

There are various diving systems in the market that provide a combination of different aspects of our DAVD system but no systems that directly compete in the form of embedded fully transparent glasses mounted internally within the diver helmet or mask for visual display of a range of data and augmented reality information which can be directly consumed by the diver underwater. This concept is protected by US Patent 10,877,282.

The DAVD system provides a unique diver centric system with localized and external sensors to provide increased safety, scene awareness and vital communication in the form of Digital Audio, Ultra-Low-Light Video, Text and technical instruction and access to a complete media hub for effective communication between diver and supervisor. The DAVD system provides the following capabilities:

- Fully Transparent High-Definition HUD mounted internally within supported Dive Helmets and Dive Masks, including Kirby Morgan KM37, KM37SS, KM97 and SL17 Helmets, as well as the Interspiro Divator MK II, OTS Guardian and Dräger Panorama Nova Dive, Diveways and DSEnDs.
- Fully integrated 1st person perspective digital low-light camera with advanced video processing and real-time edge enhancement for Diver and Dive Supervisor
- Fully integrated noise-cancelling Digital Audio at source, replacing legacy communications
- Integrated Diver Head Tracking for accurate 3D scene visualization with full support for subsea positioning systems for accurate Diver positioning
- Telemetry Information on demand including Dive Timers, Depth and Compass Heading, Live position Lat/Long (when connected to external diving positioning system), Waypoint Range and Bearing as well as external Dive Computer data
- Instant Digital Voice and Text Communication between Dive Supervisor and Diver, including auto and pre-defined messaging
- Transmit unlimited on-demand media to Diver including Images, Instructional Videos, Technical Drawings and other assets to assist in live operations
- Creation and transfer of unlimited step-by-step mission instructions with text, video and image support for common diver tasks and operations
- Full Mixed-Reality 3D Display for Diver using live Sonar, pre-surveyed Sonar data and 3D models
- Divers HUD Display fully adjustable between 2D Mode, and 3D Mode with 1st person and 3rd person perspective

There are several diver related products and sensors that can be worn by the diver such as telemetry systems, navigational aids, dive computers, video and sonar systems and probes and sensors such as magnetic and thickness. Each of these systems typically have an independent display, typically on the device or wrist worn.

Video systems generally provide no direct benefit to the diver and are intended for top-side visualization. The DAVD provides video data directly to the diver.

More recent advances in technology have introduced head mounted display (HMD) as either replacement or as additional display close to the divers’ eyes. These are typically presented in the form of a monocular display mounted externally to the divers’ mask in which the diver must look at this display through a single eye. These are not intended for long term use and are more for occasional glance at data for reference. Dual HMDs are also provided in certain products to replace what the diver can see through the mask with a computer display.

The drawback of such HMD is that the diver loses all sense of the natural surrounding and the real environment is placed using the computer display. Examples of monocular and dual lens HMD include Shearwater Nerd 2, Tritech DMD (Diver Mounted Display) and Blueprint Subsea Artemis HMD.

Furthermore, a significant challenge for diving is the operating environment where zero visibility conditions typically prevail. Combining our DAVD with our Echoscope® removes this barrier for diving operations.

Acoustic Sensors and Materials Business

PAL sells several products, some of which are customized for the customer's specific application. It is exposed to the following competitive challenges:

Needle and Membrane Hydrophones and Fibre-Optic Hydrophones Market.

For its needle and membrane hydrophone ranges, which are a highly specialized range of products, competition is limited. The principal competitors offering both needle and membrane hydrophones are Onda Corporation, Sunnyvale, CA, USA and Gampt, Merseberg, Germany. For its fibre-optic hydrophones range of products, its main competitors are Onda Corporation, Sunnyvale, CA, USA, RP Acoustics, Stuttgart, Germany and Muller Instruments, Oberursel, Germany.

Single element Transducers Market

PAL supplies single element transducers. There are many suppliers of ultrasonic transducers including Olympus, USA, Imasonic, Besancon, France; Vermon, France; Sonatest, UK; Waygate Technologies, USA as well as numerous smaller organizations in China. However, these competitors offer commercial-off-the-shelf (COTs) products whereas PAL offers custom design single element transducers based on its customers' specifications and therefore competition is limited for this specialist customization capability.

Automated Measurement Systems Market

PAL supplies Automated Measurement Systems. Its main competitors in this area are Onda Corporation, Sunnyvale, CA, USA; Acertara Acoustic Laboratories, Longmont, CO, USA and Gampt, Merseberg, Germany. These companies offer acoustic measurement systems which are comparable with the PA UMS system. However, PAL faces less competition for its Automated Measurement Systems since its focus is on customization to their customers' specifications.

Passive Acoustic materials Market

PAL supplies passive acoustic materials. Competition is limited as it has a license from the UK National Physical Laboratory to distribute a wide range of ultrasonic absorbers and encapsulants incorporating NPL's intellectual property.

Measurements and Calibration Market

As a provider of measurements and calibration services in the UK, PAL's main competitor is National Physical Laboratory (NPL), UK who is the only provider of ISO17025 accredited hydrophone calibration services, in addition to the ultrasonic power calibration service. They also provide ultrasonic and underwater acoustic field characterization services. However, there is a long-established collaboration between PAL and NPL, and both organizations act as supplier and customer of each other. Elsewhere, numerous notified bodies or national measurement institutions (TuV, Germany; SGS, France; GUM Poland; PTB, Germany) offer some specific measurement services.

Defense Engineering Services Businesses

COEI and Martech compete with larger contractors, such as the primes, in the defense industry. Typical among these are Ultra Electronics, Atlas, BAE Systems, Thales Underwater, Raytheon and Northrop Grumman, all of whom are also partners on various projects. The strongest competitors are often the prime contractors themselves as they predominantly have the option to execute the work package internally as opposed to subcontracting with us.

Intellectual Property

We operate in an industry in which innovation, investment in new ideas and protection of our intellectual property rights are critical for our continued success. When we can, we protect our innovations and inventions through a variety of means, including, but not limited to, applying for patent, copyright, and trademark protection domestically and internationally, and protecting our trade secrets. We incentivize our employees to innovate through our Patent Reward Scheme.

Patents

Our patented inventions along with our strategy to enhance these inventions are at the heart of the Company's strategy for growth and development. We expend a material part of our resources in building our Patent Portfolio. We also incentivize our staff to contribute to our Patent Portfolio by having in place a competitive Patent Reward Scheme.

Our patent portfolio consists of the following:

Patent No.	Description	Expiration Date
US 7,466,628	Concerns a method of constructing mathematical representations of objects from reflected sonar signals	January 1, 2027
US 7,489,592	Concerns a method of automatically performing a patch test for a sonar system, where data from a plurality of overlapping three-dimensional (3D) sonar scans of a surface, as the platform is moved, are used to compensate for biases in mounting the sonar system on the platform	March 5, 2027
US 7,898,902	Concerns a method of representation of sonar images allowing 3D sonar data to be represented by a two-dimensional image	June 13, 2028
US 8,059,486	Concerns a method of rendering volume representation of sonar images.	April 16, 2028
Japan 5565964	Concerns a method for drilling/levelling by an underwater drilling/levelling construction device	January 13, 2031
Japan 5565957	Concerns a method of construction management for a 3D sonar device	October 13, 2030
US 8,854,920	Concerns a method of volumetric rendering of 3D sonar data sets	June 22, 2033
US 9,019,795	Concerns a method of object tracking using sonar imaging through point matching between 3D data sets	November 30, 2033
US 10,088,566	Concerns a method of object tracking using sonar imaging using a bounding sphere for object tracking	November 25, 2036
US 10,718,865	Concerns a method of compressing beamformed sonar data	March 1, 2039
US 10,816,652	Concerns a method of compressing sonar data	October 28, 2038
US 11,061,136	Concerns a method of tracking unknown possible objects with sonar	March 28, 2039
US 11,204,108	Concerns a method of predicting and adjusting the laying of cable using sonar imaging.	March 22, 2039
US 11,448,755	Concerns a method of correcting beamformed data through split aperture beamforming	June 3, 2041
US11,579,288	Concerns a method of pseudo random frequency sonar ping generation for the purposes of data and hardware cost reduction	April 14, 2038
JP7224959	Concerns a method of compressing sonar data	February 28, 2038
US10, 877,282	Head Up Display System for Underwater Face Plate (within an underwater dive helmet or dive mask)	License for exclusive use granted to Coda Octopus.
US 11,846,733	Concerns a method of stabilizing sonar images	October 30, 2035
JP 7403226	Concerns a method of pseudo random frequency sonar ping generation to reduce data and hardware cost	April 14, 2038
US 11,874,407	Concerns technologies for dynamic, real time, four-dimensional volumetric multi-object underwater scene segmentation	September 30, 2041
US11,789,146	Concerns a combined method of location of sonar detection device	August 5, 2039

Trademarks

We own the registered trademarks listed below and they are used in conjunction with the products that we market and sell:

Coda[®], Octopus[®], CodaOctopus[®], CodaOctopus & Design[®], Octopus & Design[®], F180[®], F280[®], F280 Series[®], Echoscope[®], Echoscope 4G[®], Echoscope 5D[®], 5D Echoscope[®], Echoscope 6D[®], 6D Echoscope[®], Echoscope PIPE[®], Ping-Pong Echoscope Sonar[®], Ping-Pong Echoscope[®], Ping-Pong Sonar[®], Echoscope Sequencer[®] 4G Underwater Survey Explorer[®], 4G USE[®], Echoscope Sequencer[®], Survey Engine[®], Dimension[®], DAseries[®], Echoscope PIPE *NANO Gen Series*[®], Echoscope PIPE 6G NANO[®], GeoSurvey[®] CodaOctopus[®] Air, CodaOctopus[®] Vantage[®]; CodaOctopus[®] UIS; CodaOctopus[®] USE, Sentiris[®], Thermite[®]; PA and PA Precision Acoustics.

In addition, we have registered several internet domain names including www.codaoctopus.com; www.codaoctopusgroup.com; www.codaoctopusengineering.com; www.colmek.com and www.martechsystems.co.uk; www.codaoctopusmartech.com; and www.acoustics.co.uk.

Research and Development (“R&D”)

Research and Development is foundational to our business strategy to ensure our growth strategy and maintain our competitiveness. The main costs that are incurred in this area are wages and salaries, researching, prototyping, and validation and testing. The acquisition of PAL into the Group on October 29, 2024, may result in an increase in R&D expenditure as we seek to take advantage of PAL’s expertise with a view to bringing more products and solutions to the market.

Our products are complex and therefore we can give no assurance that even with spending a significant part of our resources on R&D, we will be successful in our development goals or realize significant monetization of these developments or new technologies may not surpass our R&D innovation by the time these are realized as products or capabilities. Furthermore, even following the launch of any product we may not succeed. Moreover, we may incur significant research and development expenditures without realizing viable products.

Government Regulation

We sell our products and services internationally and therefore we are subject to numerous laws concerning general business regulations in the various jurisdictions in which we operate. Governmental actions (such as trade protection measures, including export duties and quotas and custom duties and tariffs) may have a material impact on our business and directly affect our revenue and business prospects. We are also subject to compliance with the U.S. Foreign Corrupt Practices Act and other applicable U.S. and foreign laws prohibiting corrupt payments to government officials and other third parties. We are subject to laws and policies of the U.S. and other jurisdictions affecting trade, foreign investment, loans, and taxes.

Furthermore, many of our products are subject to export control regimes including in the United States, United Kingdom, Denmark, and Australia. Where our products are subject to such export control requirements, they may only be exported to our customers if there is a valid export license granted by the relevant government body. Moreover, these regulations may change from time to time in these jurisdictions, including the United States, depending on the existing relationship with the country to which the goods are exported. Increasingly the area of export control of technologies is used as a political tool and therefore inherently fluid and uncertain – making business decisions even more complex. Our international activities are significant to our revenues and profits (see Note 16 “Disaggregation of Revenue”). We are therefore dependent on obtaining, on a timely basis, export licenses to many foreign jurisdictions including China. Furthermore, we may expend significant financial and other resources, including investment capital in a country to increase sales. However, changes in government trade policy including policy on exporting technology may affect our ability to sell our technology and therefore impact on our growth prospects.

In addition, as a supplier to US Government Bodies such as the Department of Defense (“DoD”), we may be subject to numerous laws and regulations relating to the award, administration, Defense Federal Acquisition Regulations (“DFARS”) and performance of US Government contracts, including the False Claims Act. Non-compliance found by any one agency could result in fines, penalties, debarment, or suspension from receiving additional contracts with all US Government agencies. Given our dependence on US Government business, suspension or debarment could have a material adverse effect on our business and results of operations. In addition, the costs of complying with some of the regulations including DFARS may be prohibitive.

We are dependent on Government funding for a significant part of our revenue generation. To secure certain types of Defense contracts, we need as a pre-requisite to meet DFAR on security (including regulations on the type of IT system which must be in place, receiving, handling and storing certain classes of materials). In many instances we do not hold these credentials, and we may therefore not qualify to compete for such contracts.

We are also required to maintain certain accreditations including ISO 900 accreditation, Cyber Essentials, Cyber Essential Plus.

Employees

As of the date hereof, we employ approximately 100 employees worldwide, of which 10 hold management positions. A large majority of our employees have a background in science, technology, software and hardware engineering, with a substantial part being educated to a degree level. A number of our employees hold PhD’s in the area of their specialization. None of our employees are employed under a collective agreement and we have not experienced any organized labor difficulties in the past.

Available Information

Our internet address is www.codaoctopusgroup.com, where we make available, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities Exchange Commission (“SEC”). Our SEC reports can be accessed through the investor relations section of our website. With the exception of our annual and periodic reports (Form 10-K and Form 10-Q), the information found on the Company’s website is not intended to be incorporated by reference into this or any other report we file with or furnish to the SEC and are expressly excluded from any such form or reporting.

ITEM 1A. RISK FACTORS

Not required for smaller reporting companies.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 1C. CYBERSECURITY.

Risk Management

The Company has designed and implemented processes to identify, address and mitigate risks from cybersecurity threats. Our current processes, which are subject to change as best practices evolve, include:

- (I) maintenance of cyber security certifications (such as Cyber Essential Plus). The Cyber essential scheme is a certification scheme designed to show that an organization has a minimum level of protection in cyber security through annual assessments to maintain the certification. This certification is issued by third party service providers who annually review the Company's security controls around its Information Technology Infrastructure ("ITI") and business practices to determine the Company's vulnerability to cyber security threats. We also implement all recommendations which may come out of the certification assessments process.
- (II) As part of our day-to-day management of our business, we perform ongoing monitoring of ITI for access violations to our IT systems, weaknesses, changes or other threats.
- (III) We actively monitor the bulletins that may be issued by National Cyber Security Bodies, which are a good source of information on current trends and methods relating to cyber-attacks. We review this information and adapt our business practices as may be prudent and feasible.
- (IV) We have established an internal cross-group committee (Cyber Security Management Committee ("CSMC")) designating the area of cyber security risk management as "business critical". The CSMC, under the guidance of the Board of Directors, is responsible for the risk management strategy and governance of this critical business area. Under the CSMC, a formal monthly reporting on cyber security related matters has been implemented and this is provided to the Management of the Company for ongoing review. The monthly reporting covers: (i) the outcome of random testing designed to identify threats, access violations and risks; (ii) compliance with the Company's ITI access protocol; (iii) confirmation that in the reporting period that there were no cyber security incidents; (iv) the assessment and identification of any gaps in the Company's cyber security risk management protocol; and (v) confirmation that we continue to be compliant with our cyber security certifications and no action or omission has caused this certification to be invalid.
- (V) We run monthly cybersecurity awareness training with our employees, and this is documented in our internal periodic reporting.

Governance

Our Board of Directors holds oversight over the Company's cyber security risk management strategy and protocols. The Company's internal CSMC works closely with the Board's expert appointee. All ITI changes, proposed through the CSMC, are routed through approval processes, and testing before implementation.

Our business strategy, results of operations, and financial condition have not been materially affected by risks from cybersecurity threats, but we cannot provide assurance that they will not be materially affected in the future by such risks or any future material incidents.

ITEM 2. PROPERTIES

Orlando, Florida

Our corporate offices are co-located with our subsidiary Coda Octopus Products, Inc. in Orlando. We own these business premises comprising 3,000 square feet, that include office space, a training center and light manufacturing facilities.

Edinburgh, Scotland, UK

Coda Octopus Products Limited (Edinburgh based) operates from two premises together comprising 21,313 square feet of internal space and includes office space, R&D Facilities, a Training Facility, Manufacturing and Warehousing. These premises are owned by Coda Octopus Products Limited.

Copenhagen, Denmark

Coda Octopus Products A/S, a Danish Subsidiary was established as a mitigation strategy in relation to the UK leaving the European Union which has limited trade relations with EU member states. It leases business premises comprising 1,450 square feet for its operations. The lease is subject to 6 months' notice of termination.

Annual rent is currently DKK 165,763 plus Value Added Tax (being an equivalent of \$24,286 per annum) with an annual increase of 3%.

Salt Lake City, Utah, USA

Coda Octopus Engineering, Inc operates from its premises which comprises 16,000 square feet and includes manufacturing, R&D Facilities, and office space. These premises are owned by Coda Octopus Engineering, Inc.

Portland, Dorset, UK

Martech uses premises owned by Coda Octopus Products Limited. These premises are located in the Marine Center in Portland, Dorset, United Kingdom, and comprise 9,890 square feet. The building comprises both office space and manufacturing and testing facilities. The rent paid to Coda Octopus Products Limited is currently \$63,568 per annum.

Higher Bockhampton, Dorset, United Kingdom

PAL leases business premises comprising 6,501 square feet used for both office space, manufacturing and testing facilities. The lease is for a fixed period (with no provision for early termination) and expires on March 31, 2033. The annual rent for these premises is currently \$61,500 per annum.

All non-US Dollar denominated rents are stated according to prevailing exchange rates as of the date of each respective lease agreement.

ITEM 3. LEGAL PROCEEDINGS.

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock has been traded on the Nasdaq Capital Market under the symbol "CODA" since July 19, 2017. The following table sets forth the range of high and low bid prices of our common stock as reported and summarized on the Nasdaq, for the periods indicated. These prices are based on inter-dealer bid and asked prices, without markup, markdown, commissions, or adjustments and may not represent actual transactions.

Year Ended October 31, 2025	HIGH		LOW	
First Quarter	\$	9.89	\$	7.73
Second Quarter	\$	8.58	\$	5.76
Third Quarter	\$	8.75	\$	5.98
Fourth Quarter	\$	10.54	\$	7.01

Year Ended October 31, 2024	HIGH		LOW	
First Quarter	\$	7.12	\$	5.21
Second Quarter	\$	7.04	\$	5.26
Third Quarter	\$	7.49	\$	5.86
Fourth Quarter	\$	9.03	\$	6.80

We have not declared or paid any cash dividends on our common stock, and we currently intend to retain future earnings, if any, to finance the expansion of our business, and we do not expect to pay any cash dividends in the foreseeable future. The decision whether to pay cash dividends on our common stock will be made by our board of directors, in their discretion, and will depend on our financial condition, operating results, capital requirements and other factors that the board of directors considers significant.

As of October 31, 2025, we had no authorized share repurchase programs.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OPERATIONS

Forward-Looking Statements

This Annual Report on Form 10-K includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act 1995. All statements other than statements of historical fact made herein are forward looking. In particular, the statements herein regarding industry prospects and future results of operations or financial position are forward-looking statements. These forward-looking statements can be identified by the use of words such as “believes,” “estimates,” “could,” “possibly,” “probably,” “anticipates,” “projects,” “expects,” “may,” “will,” or “should” or other variations or similar words. No assurance can be given that the future results anticipated by the forward-looking statements will be achieved. Forward-looking statements reflect management’s current expectations and are inherently uncertain. Our actual results may differ significantly from management’s expectations. Actual results and outcomes could differ materially for a variety of reasons, including, among others, fluctuations in foreign exchange rates, changes in global economic conditions, tariff and trade policies, reduction in government spending in the Defense sector and customer demand and spending, inflation, interest rates, and world events, risks of inventory management, variability in demand, economic and geopolitical conditions and additional or unforeseen circumstances, developments, or events may give rise to or amplify many of these risks.

This section of Form 10-K discusses fiscal 2025 and 2024 items and year-to-year comparisons between 2025 and 2024. Discussions of 2023 items and year-to-year comparisons between 2024 and 2023 that are not included in this Form 10-K can be found in “Management Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”)” in our Form 10-K, filed with the SEC on January 29, 2025, which is available free of charge on the SEC’s website at www.sec.gov and our Investor Relations website at www.codaoctopusgroup.com.

General Overview

We operate three distinct business segments: the Marine Technology business, Acoustic Sensors and Material Business and the Defense Engineering Services Business. PAL was acquired on October 29, 2024 and had no material income statement activity in the two days from the acquisition date October 29, 2024 through to October 31, 2024, the date of the Company’s fiscal year end. Therefore, the Company’s audited Consolidated Statements of Income and Comprehensive Income for fiscal year 2024 and reported in its Form 10-K for the year ended October 31, 2024 does not include PAL. Accordingly, no income statement data is available for PAL in the 2024 FY and is therefore excluded from our MD&A discussion below.

Marine Technology Business

Our Marine Technology Business has operations in the USA, UK and Denmark – see the organization chart set out in the Section Item 1 (Business). This business is an established technology solution provider to the underwater imaging, surveying and diving market. It has been operating in this market as a supplier of solutions comprising both hardware and software products for over 30 years and it owns key proprietary technology including its Echoscope[®] and DAVID technology, that are used in both the underwater defense and commercial markets. All design, development and manufacturing of our technology and solutions are performed within the Company. We sell our products and solutions globally and have a combination of direct sales and indirect sales (via our agents’ network). In Asia and Africa, we largely sell via agents while in the USA, Europe and the Middle East we sell directly. We also rent our products and solutions, particularly to tier-one offshore service providers who prefer accounting for offshore equipment as an operating expense rather than capital expense.

Although the Marine Technology Business generates most of its revenue from its range of real time 3D sonars and DAVD, it supplies several other products to the marine offshore market such as its F280 Series[®], DA4G-USB, GeoSurvey software, Survey Engine[®] software and Voice_HUB_4, (a recently developed digital audio communications system which advances the current analog-based communication technology to a digital based communication technology). Its customers include offshore service providers to major oil and gas companies, renewable energy companies, underwater construction companies, law enforcement agencies, ports, mining companies, underwater vehicle manufacturers, defense bodies, prime defense contractors, navies, research institutes and universities and diving companies. It also provides customization of technology services, particularly in the defense market and around our DAVD solutions where this is tailored for particular markets and applications.

Newly acquired Acoustics Sensors and Materials Business

PAL, which is UK based, was acquired by the Group on October 29, 2024. 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. PAL also performs calibration services for medical devices and is accredited to ISO/IEC 17025 standard. PAL is one of only two organizations in the United Kingdom with this certification, alongside the National Physical Laboratory (NPL). Globally, only a handful of facilities hold ISO/IEC 17025 accreditation for these measurements.

Defense Engineering Services Business

The Defense Engineering Services Business has operations in the USA and UK. It is a trusted long-term DoD supplier. Its central business model consists of working with Prime Defense Contractors to design and manufacture sub-assemblies for utilization into larger Defense mission critical integrated systems (“MCIS”). An example of such MCIS is the US Close-In-Weapons Support (CIWS) Program for the Phalanx radar-guided cannon used on combat ships. These proprietary sub-assemblies, once approved within the MCIS program, afford the Services Business the status of preferred supplier. Such status permits it to supply these sub-assemblies and upgrades in the event of obsolescence or advancement of technology for the life of the MCIS program. Customers include prime Defense contractors such as Raytheon, Northrop Grumman, Thales Underwater and BAE Systems. The typical scope of services provided by this business extends to concept, design, prototype, manufacture, and post-sale support including maintenance and obsolescence management.

We have long-standing relationships with Prime Defense Contractors, and we use these credentials to secure more business. We support some significant Defense programs of record by supplying and maintaining proprietary parts (or parts for which we are preferred suppliers) through obsolescence management programs. These services provide recurring stream of revenues for our Services segment.

These business units have established synergies in terms of customers and specialized engineering skills sets (hardware, firmware, and software) encompassing capturing, computing, processing and displaying data in harsh environments.

Factors Affecting our Business

Our business is affected by a number of factors including those set out below:

A. Change in Global Trade Policy including Tariffs

We sell our goods and services globally and a large percentage of our revenue emanates from international sales. The recent change in trade policy has created significant uncertainties and certain monetary trade barriers for goods being imported into the US. Furthermore, some of our products sold in the U.S. market are manufactured in the UK. Therefore, we are subject to a 10% tariff on items which are imported into the U.S. from the UK. In the 2025 FY approximately 32% of our Marine Technology Business revenue was generated from sales made in the U.S. on which we have been subject to tariffs. Furthermore, approximately 18.9% of PAL's sales are made to the US and are also subject to tariffs.

B. Change in Funding Policy for Offshore Renewables

Our Core Business revenue mix is a combination of outright sales and rentals. Rentals are an important part of our revenue generating activities and are driven by offshore development projects such as installation of infrastructure cables or remediation of subsea assets. Typically, we are contracted by the major offshore service providers to provide our Echoscope technology and support services (such as offshore engineers) to provide training and support. However, since the change in the U.S. Administration's policy on the funding for offshore renewables programs, we have seen reduced demand (and underutilization of our rental assets) from our European customers who had been down-selected for development of many of the offshore renewable Programs in the USA.

C. Foreign Exchange Risks

We are subject to foreign exchange risks. The Company's operations are split between the United States, United Kingdom and Denmark. A significant proportion of our consolidated net revenues are generated outside of the United States by our foreign subsidiaries in the United Kingdom ("UK") and Denmark. For context, in the 2025 FY our foreign subsidiaries generated \$17,596,977, representing 66.2% of our consolidated revenue. In addition, a significant part of our assets and liabilities are held in British Pounds, Danish Kroner and Euros by these foreign subsidiaries. Foreign Currency translations of our assets and liabilities are translated at the prevailing exchange rate at the balance sheet date, and revenue and expenses are translated using the average exchange rates in effect during the 12-month reporting period. Significant currency fluctuations (particularly the British Pound and/or the Danish Kroner, Euros, against the US Dollar) may (positively or negatively) affect our financial results including our income statement transactions and the value of our assets and therefore we are subject to foreign currency fluctuation risks. In the 2025 FY, for the purpose of reporting revenue and expenses, the value of the British Pound and Danish Kroner when compared to the 2024 FY increased against the USD by 2.3% and 2.1%, respectively. For the purpose of reporting assets and liabilities, the British Pound and the Danish Kroner both increased by 2.4% and 6.5%, respectively, against the USD when compared to the 2024 FY. We also hold cash and cash equivalents in foreign currencies such as the British Pound, Euros and the Danish Kroner. When the U.S. Dollar strengthens compared to these currencies, cash and cash equivalents balances when translated, may be materially less than expected and vice versa. The impact of currency fluctuations is discussed more fully below under Item 2 - "Inflation and Foreign Currency". See also Note 2 (Summary of Accounting Policies) – "Foreign Currency Translation" to the audited consolidated financial statements.

Furthermore, we sell our goods and services globally. The exchange rate of the foreign currency used by our customers for the purchase of our goods and services against our functional currencies (British Pounds purchase, Danish Kroner or USD purchase) may make the purchasing of our products unattractive from a pricing point of view. For example, a significant strategic market for our Echoscope® technology is Japan. The Japanese Yen has been under significant pressure and as a result we have seen reduced demand for our technology in Japan in the 2025 FY.

D. Macroeconomic Factors

Macroeconomic factors, including changes in inflation and interest rates, global economic and geopolitical developments, have direct and indirect impacts on our results of operations that are difficult to isolate and quantify. These could affect customer demand for our products and services, our ability to predict growth needs, expenses, and the benefits we gain from new technologies. We expect some or all of them to continue to impact our operations in the 2026 FY.

E. Geopolitical Landscape

(i) Relationship with the Second Largest Economy in the World: China

We sell our products globally and increasingly to Asia. Asia is the fastest growing economies for our technology and solutions. The change in the political stance of both the U.S. and UK Governments towards trade with China, directly affects the sale of our products to customers based in China. Our real time 3D sonars which are depth rated above 300 meters along with our inertial navigation and attitude measurement sensors (F280[®] series) are subject to export control for certain countries, including China and therefore requires an export license. Many Chinese entities have been included on the US Bureau of Industry and Security blacklist where there is a presumption of denial of grant of export licenses.

The UK Government is generally in lock step with the US Government's position and has refused to grant export licenses for several end users in China. The curtailment of access to this market due to refusal to issue export licenses is likely to significantly impact our revenues from Asia.

The removal of China as a trading partner (the second largest economy in the world) is likely to have a significant negative impact on our revenues and growth strategy. China has one of the largest planned and funded investment programs for offshore renewables, the market for which most of our technology is used for in China. After significant business development in China, we had started to see persistent and credible growth for our products in this market. However, with the ongoing geopolitical climate, we do not expect to see increased sales in China. We also believe that where technologies are made unavailable to China, China will endeavor to find alternative source of supply or innovate in the areas where restrictions are placed by Western governments and will be more harmful to companies and competition in general.

(ii) Global instability caused by ongoing conflicts

In general, conflicts create global instability in many ways including disrupting the supply chain and shipping routes. Such conflicts may reduce demand for our products and also increase inflation.

F. Significant Increase in the Price of Raw Materials caused by increased global demand for Artificial Intelligence (AI) processing

Our Business is affected by increased costs of raw materials such as chips and processors, due to the increasing demand from AI businesses. These increases may make the costs of our products uncompetitive and affect demand and margins.

G. Shortage of Key Skills/Resourcing Levels and significant increase in cost of operations due to inflation

We are experiencing skill shortages in areas that are critical for our business operations. The inflationary conditions coupled with the shortage of skilled workers in the countries in which we operate make it difficult for us to compete for these skills. Furthermore, the competitive marketplace for labor also results in high turnover in the workforce which impacts our business in several areas.

Furthermore, as a small business, we are hindered in our ability to compete for certain specialized electronic engineering skills or technology skills, as our remuneration package is not as competitive as those offered by bigger companies which are competing for the same skills.

H. Technological Advancement

A significant part of our growth strategy is built on our flagship real time volumetric imaging sonar technology, the Echoscope® and our DAVD solution. The technology space is inherently uncertain due to the fast pace of innovations including in the area of AI and the capabilities this may bring, and therefore we can give no assurance that we can maintain our leading position in these areas or that innovations in other areas may not surpass our solutions that we currently supply to the subsea market. An example of new technology entering the subsea market is lidar and photogrammetry technologies. However, unlike our sonar technology, Lidar and Photogrammetry technology cannot be employed in zero visibility conditions and cannot generate a volume pulse or image moving objects required for real time inspection and monitoring underwater.

I. Concentration of Business Opportunities Where the Sales Cycle is Long and Unpredictable

The Defense Engineering Services Business revenues are highly concentrated and are largely generated from subcontracts with a small number of Prime Defense Contractors. The sales cycle is generally protracted, which may affect our revenues. It is also dependent on the US federal government appropriating budget for Defense projects and where the federal government is unable to find consensus in the US Congress, this affects the timely award of sub-contracts from Prime Defense Contractors to our Services Business, which is reliant on these awards. Furthermore, the Marine Technology Business' key opportunities which are critical to its growth strategy are in the Defense market and therefore this business segment is also reliant on funding from Defense Programs. Due to the protracted nature of the government procurement process and cycle for Defense spending under federal and/or state budgets, the sales cycle can be long, unpredictable and subject to variation by the different Administrations, thus affecting timing of orders, revenues and our overall growth plans.

J. U. S. Government Shutdown and funding of Programs through the use of Continuing Resolutions (CR).

The U.S Government shutdown has impacted on our business and most Defense programs that we work on remain unfunded or have limited funding available to them. This has impacted order intake in our fourth quarter, and we expect this uncertainty to continue until a budget is adopted and appropriation of funding to these programs made. Furthermore, many US defense programs are being funded through the use of CR. This continues to affect many opportunities which the Company is pursuing as while the existing sustenance programs continue to be funded, new programs awards have slowed significantly.

K. The Loss of Key Senior Management or the Failure to Hire and Retain Highly Skilled Personnel

We depend on our senior management and other key personnel, including our CEO and President of Technology. We do not have "key person" life insurance policies. We also rely on other highly skilled personnel within our innovation team, some of whom are of retirement age and who have vast and concentrated experience of our innovations and technologies. Competition for qualified personnel in the industries in which we operate is intense. For example, we experience significant competition in the technology industry for software engineers, analogue hardware engineers, computer scientists and other technical staff. In addition, the nature of our work prevents the adoption of remote working policies, which is very attractive for employees in general.

Critical Accounting Policies and Estimates

The Management's discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements. These financial statements have been prepared in conformity with GAAP in the United States which requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty. We evaluate our estimates based on our historical experience and various other assumptions that are believed to be reasonable under the circumstances. These estimates relate to revenue recognition, the assessment of recoverability of goodwill and intangible assets and the recognition and measurement of deferred income tax assets and liabilities. Actual results could differ from those estimates and may have material effects on our operating results and financial position.

We believe the following accounting estimates are most critical to understanding our consolidated financial statements. See "Note 2 - Summary of Significant Accounting Policies" of the Notes to Consolidated Financial Statements for a full description of our accounting policies.

Revenue Recognition

Revenues are earned under formal contracts with our customers.

We have three operational segments that generate revenue.

Our Marine Technology Business revenues are derived from both sales and rental of underwater technologies.

PAL revenues are derived from sale of acoustic sensors and materials, in addition to the provision of calibration services.

Our Engineering Business revenues are derived from the supply of engineering services.

Our contracts do not include the possibility for additional contingent consideration and therefore when making a determination of the contract price we do not have to consider potential variable additional consideration. Our product sales do not include a right of return from the customer.

Regarding our Marine Technology Business and PAL, all our products are sold on a stand-alone basis and those market prices are evidence of the value of the products. To the extent that we also provide services (e.g., installation, training, etc.), those services are either included as part of the product or are subject to written contracts based on the stand-alone value of those services.

Revenue from sales of engineering services there are contracts in place that specify the fixed hourly rate and other reimbursable costs to be billed and recognized based on material and direct labor hours incurred. Revenues from fixed-price contracts are recognized on the percentage-of-completion method, measured by the percentage of costs incurred (materials and direct labor hours) to date to estimated total costs to be incurred (materials and direct labor hours) for each contract. This method is used as we consider expenditures for direct materials and labor hours to be the best available measure of progress on these contracts.

For further discussion of our revenue recognition accounting policies, refer to "Note 4 Revenue Recognition" in our Consolidated Financial Statements.

Income Taxes

The Company accounts for income taxes in accordance with Accounting Standards Codification Topic 740, Income Taxes (ASC 740). Under ASC 740, deferred income tax assets and liabilities are recorded for the income tax effects of differences between the bases of assets and liabilities for financial reporting purposes and their bases for income tax reporting. The Company's differences arise principally from the use of various accelerated and modified accelerated cost recovery system lives for income tax purposes versus straight line depreciation used for book purposes and from the utilization of net operating loss carry-forwards.

Deferred tax assets and liabilities are the amounts by which the Company's future income taxes are expected to be impacted by these differences as they reverse. Deferred tax assets are based on differences that are expected to decrease future income taxes as they reverse. Correspondingly, deferred tax liabilities are based on differences that are expected to increase future income taxes as they reverse. "Note 11 Income Taxes" to the Consolidated Financial Statements discusses the amounts of deferred tax assets and liabilities and also presents the impact of significant differences between financial reporting income and taxable income.

For income tax purposes, the Company uses the percentage of completion method of recognizing revenues on long-term contracts which is consistent with the Company’s financial reporting under U.S. GAAP.

Goodwill and Intangible Assets

Goodwill and intangible assets consist principally of the excess of cost over the fair value of net assets acquired (i.e., goodwill), customer relationships, value of technology, non-compete agreements and licenses. Goodwill was allocated to our reporting units based on the original purchase price allocation. Goodwill is not amortized and is evaluated for impairment annually or more often if circumstances indicate impairment may exist. Customer relationships, value of technology, non-compete agreements, patents and licenses are amortized on a straight-line basis over periods of 4 to 15 years. The Company amortizes its intangible assets using the straight-line method over their estimated period of benefit. We evaluate annually the recoverability of goodwill and intangible assets and carefully consider events or circumstances that warrant revised estimates of useful lives or that indicate that impairment exists.

Step 1 of the goodwill impairment test used to identify potential impairment compares the fair value of the reporting unit with its’ carrying amount, including goodwill. If the fair value, which is based on future discounted cash flows, exceeds the carrying amount, goodwill is not considered impaired. The Company has adopted Accounting Standards Codification 2017 – 04, Simplifying the Test for Goodwill Impairment, which permits the Company to impair the difference between the carrying amount in excess of the fair value of the reporting unit as the reduction in goodwill.

At the end of each financial year, we evaluate goodwill on a separate reporting unit basis to assess recoverability, and impairments, if any, are recognized in earnings. An impairment loss would be recognized in an amount equal to the excess of the carrying amount of the reporting unit compared to the fair value of the reporting unit. To date, the Company has not had any goodwill impairments.

Results of Operations

In this Form 10-K, the following meanings are ascribed to the terminologies set out immediately below:

FY	Means Fiscal Year
2025 FY	Means the Fiscal Year ended October 31, 2025
2024 FY	Means the Fiscal Year ended October 31, 2024
Current FY	Means the Fiscal Year ended October 31, 2025
Previous FY	Means the Fiscal Year ended October 31, 2024

Our audited Consolidated Statements of Income and Comprehensive Income (“Income Statement”) for the 2024 FY do not include PAL which was acquired into the Group on October 29, 2024 (two days prior to the Company’s fiscal year end on October 31, 2024) and therefore when we compare our 2025 FY to 2024 FY, there is no comparative income statement data for PAL in our 2024 FY Income Statement.

In the Current FY our overall consolidated financial results were up when compared to the Previous FY. Our consolidated results of operations include the results of the Company’s foreign subsidiaries which are translated from their respective functional currencies into United States Dollar (USD) for reporting purposes. Currency fluctuations can therefore (positively or negatively) impact on our consolidated results including revenue, profitability and the value of our assets and liabilities included on the consolidated balance sheets. For a discussion of the effect of foreign exchange rates on sales growth, see “Effect of Foreign Exchange Rates” below.

In the Current FY our consolidated net revenue was \$26,563,126 compared to \$20,316,161 in the Previous FY, representing an increase of 30.7%. A significant part of the increase in our consolidated net revenue in the 2025 FY is due to the addition of PAL to the Group which contributed 20.4% or \$5,409,954 to our consolidated net revenue. Without PAL, our consolidated net revenue would have increased by 4.1% to \$21,153,172. Gross Profit Margin decreased by 3.3% points, reflecting changes in the mix of sales in the reporting period in conjunction with an increase in commission costs incurred in the period which was \$896,046 in the Current FY compared to \$740,507 in the Previous FY, representing an increase of 21.0%. Total operating expenses increased by 24.0% in the Current FY and were \$13,126,340 compared to \$10,588,974 in the Previous FY, largely due to the inclusion of PAL which added 17.8% or \$2,335,355 to our total operating expenses. Income from operations increased by 26.6% and was \$4,536,028 in the Current FY compared to \$3,584,131 in the Previous FY. Net income before taxes in the Current FY increased by 19.5% and was \$5,512,217 compared to \$4,611,288 in the Previous FY.

Effect of Foreign Exchange Rates

As mentioned above, exchange rate fluctuations may affect our overall financial results.

Revenue Impact – Percentage of Revenue and Costs from our Foreign Subsidiaries:

In the Current FY 66.6% of our consolidated net revenue was attributable to the Company's foreign subsidiaries. When translating this amount from the native functional currencies of British Pound and Danish Kroner in the Current FY this \$17,684,353 compared to \$17,290,179 when using the exchange rate applied in the Previous FY and therefore an increase in net revenue of \$394,174.

Cost of Revenue and Operating Costs Impact from our Foreign Subsidiaries

In the Current FY 66.6% of our consolidated Operating Expenses and Cost of Revenue was attributable to the Company's foreign subsidiaries and this was \$14,674,223 ("Foreign Subsidiary Costs") of our total costs of \$22,027,098. When translating the Foreign Subsidiary Costs from the native functional currencies of British Pound and Danish Kroner to USD in the Current FY this was \$331,622 higher than when using the exchange rate of the Previous FY.

Segment Summary

Marine Technology Business

In the 2025 FY, the Marine Technology Business generated \$13,221,339 or 49.8% of our consolidated net revenues compared to \$12,806,603 or 63.0% in the 2024 FY, representing an increase of 3.2%. Gross Profit Margin was lower at 74.5% in the 2025 FY compared to 77.9% in the 2024 FY, representing a decrease of 3.4 % points, reflecting the mix of sales. A notable factor in the Current FY is a significant decrease in rentals and associated services revenue which we attribute to the reduction in funding for offshore renewables by the US Administration. This has resulted in reduced demand for our rental solutions for the offshore renewable sector. In 2025 FY total operating expenses increased in the Marine Technology Business by 2.0% and were \$5,949,560, compared to \$5,833,972 in the 2024 FY. Income from operations in the Marine Technology Business was \$3,895,857.

Although revenue in the Marine Technology Business increased by 3.2% in the 2025 FY, this segment was impacted by reduced rental revenue from the offshore renewables market due to the change in offshore renewable funding policy by the U.S. Administration. In addition, the shutdown of the U.S. Government also impacted order intake in the fourth quarter of our 2025 FY. Gross Profit Margins were slightly weaker due to the mix of sales in the Current FY where we had an increase in equipment sales by 30.5% and a reduction in rental revenue by 36.6%, which yield a higher gross profit margin than outright sales. Commission costs were broadly in line with the Previous Financial year and were \$720,289 in the 2025 FY as compared to \$719,491 in the 2024 FY, representing a 0.1% change.

Acoustics Sensors and Materials Business (PAL)

PAL was acquired into the Group on October 29, 2024, and therefore we have no comparative 2024 FY Income Statement data. In the 2025 FY, PAL contributed 20.4% or \$5,409,954 to our consolidated net revenue. Gross Profit Margin was 58.6%. Total operating expenses for PAL were \$2,335,355 and Income from operations was \$837,169.

Defense Engineering Services Business

In the 2025 FY, the Defense Engineering Services Business generated \$7,931,833 or 29.9% of our consolidated net revenue compared to \$7,509,558 or 37.0% in the 2024 FY, representing an increase of 5.6%. Gross Profit Margin was higher at 58.6% in the 2025 FY compared to 55.8% in the 2024 FY, representing an increase of 2.8% points. This increase reflects the mix of engineering services provided during the reporting period (more units of manufacturing compared to design work). Total operating expenses increased in the Defense Engineering Services Business by 6.9% and were \$2,641,594 in the 2025 FY compared to \$2,471,810 in 2024 FY. This is largely related to an increase in wages and salaries. Although we have a lower staff headcount, wages have remained inflationary due to shortage of skills. This, in general, has resulted in higher volatility in the workforce, resulting in higher payroll costs. Income from operations in the 2025 FY was \$2,002,833 compared to \$1,719,233 in the 2024 FY, representing a 16.5% increase

This segment is comprised of the UK Operations (Martech) and the US Operations (COEI) and is reliant on funding being available under Defense Programs. During the 2025 FY, the US Operations were affected by the US Government Shutdown which resulted in lower order take in the last quarter of 2025 FY.

We continue to work on the diversification of the Defense Engineering Services Business revenue, which is highly concentrated and reliant on Defense funding being available, by investing in our Thermite® Octal range of mission computers.

Comparison of fiscal year ended October 31, 2025, to fiscal year ended October 31, 2024

The information provided below pertains to the Company's consolidated financial results of operations. For information on the performance of each Segment including the disaggregation of revenues and geographical split, see "Note 15 – Segment Analysis" and "Note 16 – Disaggregation of Revenue" of our audited Consolidated Financial Statements as of October 31, 2025, and 2024.

Revenue:

Year Ended October 31, 2025	Year Ended October 31, 2024	Percentage Change
\$ 26,563,126	\$ 20,316,161	Increase of 30.7%

Our consolidated net revenue increased by 30.7% in the 2025 FY when compared to the 2024 FY. Revenue increased in the Marine Technology Business by 3.2% and was \$13,221,339 and the Defense Engineering Services Business revenue increased by 5.6% and was \$7,931,833. PAL contributed 20.4% or \$5,409,954 to our consolidated net revenue. Without the inclusion of PAL, our consolidated net revenue in 2025 FY would have increased by 4.1% to \$21,153,172.

Gross Margin:

Year Ended October 31, 2025	Year Ended October 31, 2024	Percentage Change
66.5% (Gross profit of \$17,662,368)	69.8% (Gross profit of \$14,173,105)	Decrease of 3.3% points

Gross profit margins reported in our financial results may vary according to several factors. These include:

- The percentage of consolidated net sales attributed to the Marine Technology Business versus the Defense Engineering Services Business and PAL. The Marine Technology Business gross profit margin may vary with the mix of products, the percentage of rental revenue and associated services; and geography from which our sales in the reporting period are derived (most sales from Asia incur commission costs which impact margins). The gross profit margin yielded by the Marine Technology Business is generally higher than that of the Defense Engineering Services Business and PAL.
- The percentage of consolidated net sales attributed to the Defense Engineering Services Business. The Defense Engineering Services Business yields a lower gross profit margin on generated sales which are largely based on DOD sub-contracts which are time and materials based.
- The percentage of consolidated net sales attributed to PAL. PAL supplies acoustic sensors and materials and its gross margin for these are typically between 55 – 62%. This may vary with the mix of products and also the percentage of reported sales that are performed through sales agents on which commission costs are incurred.
- The geography from which the sales are derived. Sales from Asia typically incur commission costs.
- Level of commission on products which may vary according to volume. All our business units work with sales/distribution agents. Most of the Marine Technology Business and PAL's sales in Asia are completed via agents or distributors. See Note 3 "Cost of Goods Sold" of our audited Consolidated Financial Statements of October 31, 2025, and 2024, for more discussion on this.
- The composition of our sales. Hardware sales margins are lower than software sales margins. Rentals yield a higher margin and therefore the more units of rentals in our mix of sales, the higher our margins.
- The percentage of sales that are attributed to custom engineering around our technology versus field support services provided by our technical support engineers.
- Level of Rental Assets in the Marine Technology Business' Rental Pool depreciation expenses may vary accordingly.
- The mix of engineering projects performed by our Defense Engineering Services. Gross profit margins may vary depending on whether we perform prototyping designs versus manufacturing.

In the 2025 FY gross profit margins for the Marine Technology Business were 74.5% compared to 77.9% in FY 2024. For PAL these were 58.6% and for the Defense Engineering Services Business, these were 58.6% in the 2025 FY compared to 55.8% in the 2024 FY.

The Marine Technology Business incurred commission costs in the 2025 FY of \$720,289 compared to \$719,491 in the 2024 FY, representing a marginal increase of 0.1%. For PAL these were \$124,764 and the Defense Engineering Services Business \$50,993 compared to \$21,016 in 2024 FY.

Since there are more variable factors affecting Gross Profit Margins in the Marine Technology Business, our core business, a table showing a summary disaggregation of sales generated by the Marine Technology Business in the 2025 FY compared to the 2024 FY is set out below:

	2025 FY Products	2024 FY Products	Percentage Change
Equipment Sales	\$ 9,407,469	\$ 7,210,169	30.5%
Equipment Rentals	1,476,713	2,328,781	(36.6)%
Software Sales	752,312	878,516	(14.4)%
Services	1,584,845	2,389,137	(33.7)%
Total Net Sales	\$ 13,221,339	\$ 12,806,603	3.2%

The increase in Equipment sales is largely attributable to an increase in DAVD and DAVD-related sales and increase in sales emanating from the strategic region of Asia where sales increased by 7.7% to \$5,897,362 compared to \$5,475,401. Rental revenue decreased and reflects the impact of the change in funding policy related to offshore renewables programs. Since the change in the U.S. Administration's policy on the funding for offshore renewables programs, we have seen reduced demand for our rental and associated solutions from our European customers who were down-selected for developing many offshore renewables projects in the USA. For more detailed information on the composition and disaggregation of our revenues, please refer to "Note 16 Disaggregation of Revenue" of our audited Consolidated Financial Statements of October 31, 2025, and 2024.

Research and Development (R&D):

Year Ended October 31, 2025		Year Ended October 31, 2024		Percentage Change
\$	2,447,762	\$	2,242,429	Increase of 9.2%

R&D in the 2025 FY increased by 9.2% and was \$2,447,762 compared to \$2,242,429 in the 2024 FY. The main reason for the increase in R&D expenditure is the inclusion of PAL which had R&D expenditures of \$414,370. Without PAL R&D expenditures would have decreased by 9.3% or would have been \$2,033,392, reflecting a reduction in payroll costs in this area – driven by the skills shortage discussed earlier.

- Marine Technology Business

During the 2025 FY our Marine Technology Business R&D expenditure decreased by 8.0% and was \$1,858,139 as compared to \$2,019,112 in the 2024 FY. R&D expenditure is incurred by this business in connection with investments it makes in developing its products and solutions and a significant component of these expenditures comprises wages and salaries. This expenditure is an essential part of our business, as we need to continue to innovate our solutions on an ongoing basis. The decrease in R&D expenditure in the 2025 FY reflects reduced headcount and less R&D projects ongoing in the reporting period. In 2024 FY R&D expenditure of this business included technology custom chip development costs for our *NANO Gen Series* which we finalized and launched in our fourth quarter of 2025 FY.

- *Acoustics and Materials Business (PAL)*

This is a newly acquired business unit and therefore there is no comparative financial data for the 2024 FY. During the 2025 FY, PAL incurred R&D expenditure of \$414,370. R&D expenditure is incurred by this business in connection with investments it makes in developing its acoustic sensors, solutions and materials. A significant component of these expenditures comprises wages and salaries.

- *Defense Engineering Services Business*

During the 2025 FY, the Defense Engineering Services Business R&D expenditure decreased by 21.5% and was \$175,253 compared to \$223,317 in the 2024 FY. The Defense Engineering Services Business incurs research and development expenses mainly on advancing its Thermite® Octal range of mission computer products with the strategic goals of increasing and diversifying its revenues and improving gross profit margins.

Changes in this category by Segment are set out immediately below:

Description	Amount	% change
Marine Technology Business (Products Segment) 2025 FY	\$ 1,858,139	Decrease 8.0 %
Marine Technology Business (Products Segment) 2024 FY	\$ 2,019,112	
Acoustics Sensors and Materials Business 2025 FY	\$ 414,370	infinite
Acoustics Sensors and Materials Business 2024 FY	-	
Defense Engineering Services Business (Services Segment) 2025 FY	\$ 175,253	Decrease 21.5 %
Defense Engineering Services Business (Services Segment) 2024 FY	\$ 223,317	

Selling, General and Administrative Expenses (SG&A):

Year Ended October 31, 2025	Year Ended October 31, 2024	Percentage Change
\$ 10,678,578	\$ 8,346,545	Increase of 27.9%

In 2025 FY, SG&A expenditure increased by 27.9% when compared to the 2024 FY.

Notable factors in the change in our SG&A expenses for the 2025 FY are:

- The inclusion of PAL into the Group has resulted in an increase in SG&A in the 2025 FY by 18.0% or \$1,920,985. Without the inclusion of PAL our SG&A expenses would be 4.9% higher or \$8,757,593.
- The realization of the conditions precedent for year one “earn out” payments under the Acquisition Agreement relating to PAL and for which we have incurred a liability of \$213,343.
- The increase in non-cash charges as a component of SG&A which in the 2025 FY were 15.9% or \$1,697,959 of our total SG&A expenses compared to 12.4% or \$1,032,463 of our total SG&A expenses in the 2024 FY, representing an increase of non-cash charges of 64.5%. SG&A includes both cash charges and non-cash charges. The non-cash charges comprise Depreciation, Amortization, Stock-based compensation, Exchange Rate Variance charges and Credit Losses Allowance. In the Current Fiscal Year, the most significant factors which account for the increase in non-cash charges component were (i) stock based compensation expenses increased by 63.3% and were \$224,786 compared to \$137,676 in the 2024 FY (ii) Overhead Depreciation expenses increased by 51.2% to \$645,484 in the 2025 FY compared to \$426,966 in the 2024 FY, largely due to the inclusion of PAL; (iii) Credit Losses Allowance decreased to \$89,456 compared to \$119,405 in the 2024 FY; and (iv) Amortization expenses increased by 776.7% and were \$530,218 compared to \$60,476 in the 2024 FY, as a result of the acquisition of PAL.

Further discussions on SG&A are set out immediately below.

Key Areas of SG&A Expenses across the Group for the year ended October 31, 2025, compared to the year ended October 31, 2024

Expenditure	October 31, 2025	October 31, 2024	Percentage Change
Wages and Salaries	\$ 4,300,487	\$ 3,627,748	Increase of 18.5%
Legal and Professional Fees (including accounting, audit, tax and investor relations)	\$ 1,876,124	\$ 1,658,648	Increase of 13.1%
Rent for our various locations	\$ 71,476	\$ 29,330	Increase of 143.7%
Contingent Liability	\$ 213,343	\$ -	N/A
Marketing (excluding associated travel)	\$ 370,043	\$ 382,440	Decrease of 3.2%
Travel associated with Marketing activities	\$ 152,003	\$ 70,120	Increase of 116.8%

In the 2025 FY compared to the 2024 FY:

Wages and Salaries increased by 18.5%. This category of expenses increased primarily due to the inclusion of PAL into the Group, which added \$522,380 or 12.1% of our total Wages & Salaries in the 2025 FY. Without PAL, this category would have increased by 4.1% or to \$3,778,107, reflecting wages inflation as we are operating on a lower head count than in the Previous FY.

Legal and Professional Fees increased by 13.1%. The main reason for the increase is the inclusion of PAL.

Rent expenditure increased by 143.7% due to the lease we acquired as part of the acquisition of PAL. We own most of our business premises. This category of expenditure is not material for our business and relates to our Copenhagen office space and the existing PAL lease.

Commitment and Contingent Liability – The Company has made provision of \$213,343 (or £163,000 British Pound – the currency of the earn out obligation) since PAL has met the pre-conditions for the payment of the year one earn out, relating to revenue and pre-tax income targets as stipulated in the Acquisition Agreement.

Marketing and associated travel costs: Marketing and associated travel expenses increased by 15.4%. We incur marketing expenses in connection with the promotion of our goods and services. These expenses include the wages and salaries of our Digitalization Team, which is responsible for content digital creation and video production relating to our products and solutions. They also include costs associated with participation in industry trade shows, marketing events and travel for marketing activities. Marketing costs attributable to PAL in the Current Fiscal Year were negligible.

Corporate expenses as a percentage of revenue for the year ended October 31, 2025, compared to the year ended October 31, 2024

General corporate administrative expenses in the 2025 FY were \$2,199,831 or approximately 8.3% of net revenue and \$2,283,192 or 11.2% of net revenue in the 2024 FY, respectively, reflecting an increase in net revenue by 30.7% in the 2024 FY. For more information on general corporate administrative expenses, please see Note 15 (Segment Analysis) of our audited Consolidated Financial Statements of October 31, 2025, and 2024.

Operating Income:

Year Ended October 31, 2025	Year Ended October 31, 2024	Percentage Change
\$ 4,536,028	\$ 3,584,131	Increase of 26.6%

In 2025 FY, Operating Income increased by 26.6%. This is largely due to the increase in our consolidated net revenue and gross profit.

Other Income:

Year Ended October 31, 2025	Year Ended October 31, 2024	Percentage Change
\$ 976,189	\$ 1,027,157	Decrease of 5.0%

In the 2025 FY, we had “Other Income” of \$976,189 compared to \$1,027,157, representing a decrease of 5.0% from the 2024 FY. In the 2025 FY, \$708,097 of this amount represents interest income earned on our certified deposit accounts. In the 2024 FY we had interest income of \$938,775. The decrease in interest income reflects the change in interest rates that are applied to these amounts. These accounts are fixed for up to 3-month rolling periods and constitute “cash equivalents” in our current audited Consolidated Financial Statements for the year ended October 31, 2025. See “Note 6 - Composition of Certain Financial Statement Captions” (Other Income) to the audited Consolidated Financial Statements for the year ended October 31, 2025, where this is discussed further.

Income before Income Tax Expense for the year ended October 31, 2025, compared to the year ended October 31, 2024

Year Ended October 31, 2025	Year Ended October 31, 2024	Percentage Change
\$ 5,512,217	\$ 4,611,288	Increase of 19.5%

In the 2025 FY, we had income before income taxes of \$5,512,217 as compared to \$4,611,288 in the 2024 FY, representing an increase of 19.5%. Net income before income taxes increased largely due to an increase in our consolidated net revenues and gross profit.

Net Income for the year ended October 31, 2025, compared to the year ended October 31, 2024

Year Ended October 31, 2025	Year Ended October 31, 2024	Percentage Change
\$ 4,129,930	\$ 3,645,996	Increase of 13.3%

In the 2025 FY we had Net Income of \$4,129,930 compared to \$3,645,996 in the 2024 FY, representing an increase of 13.3%. This is a reflection of the increase in our pre-tax income for the reasons discussed earlier. In the 2025 FY our tax expenses increased, and we recorded a Current Tax Expense of \$1,149,815 compared to \$713,670 in the 2024 FY and a Deferred Tax Expense of \$232,472 compared to \$251,622 in the 2024 FY. Our effective tax rate is subject to significant variation due to several factors including variability in our pre-tax income and the mix of jurisdictions to which such income or losses relate, the applicability of special tax regimes, changes in tax regulations, changes in our stock price, changes in our deferred tax assets and liabilities, their valuation, foreign currency gains (losses). The mix of jurisdictions and related income or losses also affects our tax liability for Global Intangible Low-Taxed Income (GILTI) and increase in foreign subsidiaries pre-tax income is likely to increase our GILTI tax liability. Furthermore, our tax liability is also affected by the availability of net operating loss carryforward losses and R&D tax credits in the UK subsidiaries. The Company’s UK subsidiaries benefit from carryforward losses (NOLs) and research and development (R&D) tax credits. These have been applied to offset a portion of the 2025 FY tax liability for the Company’s UK subsidiaries resulting in a current provision of \$265,434 for Current Tax Expense and \$293,052 for Deferred tax expense compared to \$267,759 for Current Tax Expense and \$2,511 for Deferred tax expense in the 2024 FY. Our Danish subsidiary does not benefit from any carryforwards or other tax relief in its tax jurisdiction and therefore for 2025 FY we have recorded a Current Tax Expense of \$162,189, a decrease from FY 2024 FY where we recorded a Current Tax Expense of \$218,670 and a Deferred Tax Expense of \$11,003.

Comprehensive Income for the year ended October 31, 2025, compared to the year ended October 31, 2024

Year Ended October 31, 2025	Year Ended October 31, 2024	Percentage Change
\$ 4,762,104	\$ 4,577,714	Increase of 4.0%

In 2025 FY Comprehensive income was \$4,762,104 compared to \$4,577,714 for the 2024 FY, representing an increase of 4.0%. This category is affected by fluctuations in foreign currency exchange transactions both relating to our income and expenses and our assets and liabilities on our balance sheet and are largely paper losses or gains, as may be applicable, in the reporting period. In 2025 FY we recorded a lower gain of \$632,174 on foreign currency translation adjustment transactions compared to a higher gain on these transactions of \$931,718 in the 2024 FY. A significant part of the Company’s operations is based in the UK and Denmark, and therefore a major part of the Company’s assets and liabilities recorded in its consolidated balance sheet and income and expenses account are translated from the functional currencies of these subsidiaries into USD for reporting purposes, thus accounting for the changes. See Table under the section of the MD&A which concerns “Foreign Currency & Inflation”, and which shows the impact of the currency adjustments on our Income Statement and Balance Sheet in 2025 FY compared to 2024 FY.

Segment Analysis

We operate three reportable segments, “Marine Technology Business”, “Acoustic Sensors and Materials Business” and the “Defense Engineering Services Business”. These segments are managed separately based upon fundamental differences in their operations, market segments and allocation of resources. Segment operating income is total segment revenue reduced by cost of revenues and operating expenses, R&D and SG&A identifiable with the reporting business segment. Corporate expenses include general corporate administrative costs.

The Acoustic Sensors and Materials Business (“PAL”) was acquired on October 29, 2024 and had no material income statement activity for the remaining two days up to October 31, 2024. Therefore, there is no comparative financial data for PAL for 2024 FY. However, the fair value of assets acquired, and liabilities assumed for PAL have been included in our audited Consolidated Balance Sheet for the 2024 FY and in respect of the Segment Disclosure for 2024 FY PAL was included in the Supplemental Disclosures relating to the Marine Technology Business. The Segment Disclosure information for the 2025 FY includes full Income Statement information for PAL.

Our Chief Operating Decision Maker (CODM) evaluates the operating results and performance of all three of our segments using GAAP reporting for revenue, expenses and net income by segment. This financial metric is used to view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions, take decisions on business investments and to monitor budget to actual performance on a monthly, quarterly and annual basis.

Inter-company sales are eliminated from our income statement. However, for information purposes only we have disclosed below inter-company sales for the reporting period.

The following tables summarize certain balance sheets and statement of operations information by reportable segment for the financial years ending October 31, 2025, and October 31, 2024, respectively, except that for 2024 FY there is no comparative Income Statement data for PAL for the reasons stated previously:

	Marine Technology Business ("Products")	Acoustic Sensors and Materials Business ("PAL")	Defense Engineering Services Business ("Services")	Corporate	Total
Year Ended October 31, 2025					
Net Revenues	\$ 13,221,339	\$ 5,409,954	\$ 7,931,833	\$ -	\$ 26,563,126
Cost of Revenues	3,375,922	2,237,430	3,287,406	-	8,900,758
Gross Profit	9,845,417	3,172,524	4,644,427	-	17,662,368
Research & Development	1,858,139	414,370	175,253	-	2,447,762
Selling, General & Administrative	4,091,421	1,920,985	2,466,341	2,199,831	10,678,578
Total Operating Expenses	5,949,560	2,335,355	2,641,594	2,199,831	13,126,340
Income (Loss) from Operations	3,895,857	837,169	2,002,833	(2,199,831)	4,536,028
Other Income					
Other Income	73,331	194,761	-	-	268,092
Interest Income	505,465	5,661	107,106	89,865	708,097
Total Other Income	578,796	200,422	107,106	89,865	976,189
Income (Loss) before Income Taxes	4,474,653	1,037,591	2,109,939	(2,109,966)	5,512,217
Income Tax Expense					
Current Tax Expense	201,167	43,118	183,338	722,192	1,149,815
Deferred Tax Expense (Benefit)	188,755	91,045	13,252	(60,580)	232,472
Total Income Tax Expense	389,922	134,163	196,590	661,612	1,382,287
Net Income (Loss)	\$ 4,084,731	\$ 903,428	\$ 1,913,349	\$ (2,771,578)	\$ 4,129,930
Supplemental Disclosures					
Total Assets	\$ 38,279,403	\$ 7,100,814	\$ 14,766,853	\$ 4,346,492	\$ 64,493,562
Total Liabilities	\$ 2,969,095	\$ 1,376,533	\$ 1,198,902	\$ 833,618	\$ 6,378,148
Revenues from Intercompany Sales - eliminated from sales above	\$ 6,144,638	\$ 51,896	\$ 374,311	\$ 2,600,000	\$ 9,170,845
Depreciation and Amortization	\$ 563,530	\$ 710,565	\$ 65,480	\$ 51,935	\$ 1,391,510
Purchases of Long-lived Assets	\$ 531,792	\$ 248,560	\$ 53,980	\$ 336,386	\$ 1,170,718

	Marine Technology Business ("Products")	Defense Engineering Services Business ("Services")	Corporate	Total
Year Ended October 31, 2024				
Net Revenues	\$ 12,806,603	\$ 7,509,558	\$ -	\$ 20,316,161
Cost of Revenues	2,824,541	3,318,515	-	6,143,056
Gross Profit	9,982,062	4,191,043	-	14,173,105
Research & Development	2,019,112	223,317	-	2,242,429
Selling, General & Administrative	3,814,860	2,248,493	2,283,192	8,346,545
Total Operating Expenses	5,833,972	2,471,810	2,283,192	10,588,974
Income (Loss) from Operations	4,148,090	1,719,233	(2,283,192)	3,584,131
Other Income				
Other Income	53,960	34,422	-	88,382
Interest Income	657,817	198,239	82,719	938,775
Total Other Income	711,777	232,661	82,719	1,027,157
Income (Loss) before Income Taxes	4,859,867	1,951,894	(2,200,473)	4,611,288
Income Tax (Benefit) Expense				
Current Tax Expense	316,955	169,374	227,341	713,670
Deferred Tax (Benefit) Expense	(5,655)	19,169	238,108	251,622
Total Income Tax Expense	311,300	188,543	465,449	965,292
Net Income (Loss)	<u>\$ 4,548,567</u>	<u>\$ 1,763,351</u>	<u>\$ (2,665,922)</u>	<u>\$ 3,645,996</u>
*Supplemental Disclosures				
Total Assets	\$ 40,922,453	\$ 13,404,567	\$ 3,217,524	\$ 57,544,544
Total Liabilities	\$ 3,072,876	\$ 842,450	\$ 500,695	\$ 4,416,021
Revenues from Intercompany Sales - eliminated from sales above	\$ 3,367,839	\$ 238,143	\$ 1,266,000	\$ 4,871,982
Depreciation and Amortization	\$ 632,882	\$ 88,166	\$ 49,487	\$ 770,535
Purchases of Long-lived Assets	\$ 345,191	\$ 23,786	\$ 89,103	\$ 458,080

* In the 2024 FY Supplemental Disclosures Information, the Marine Technology Business Disclosure under "Total Assets" includes \$4,529,648 of assets pertaining to PAL and under "Total Liabilities" includes \$1,455,145 of liabilities pertaining to PAL. There was no Revenue from Intercompany Sales, Depreciation and Amortization or Purchases of Long-lived Assets pertaining to PAL.

The Company's reportable business segments sell their goods and services in four geographic locations:

- Americas
- Europe
- Australia/Asia
- Middle East/Africa

Liquidity and Capital Resources

As of October 31, 2025, the Company had an accumulated deficit of \$3,276,561 working capital of \$44,365,153 and stockholders’ equity of \$58,115,414. For the year then ended, the Company generated cash flow from operations of \$7,211,168.

Assuming that the current global macroeconomic environment remains stable, we believe that our current level of cash and cash generation will be sufficient to meet our short and medium-term liquidity needs. As of October 31, 2025, we had cash and cash equivalents on hand of \$28,682,615 and both billed and unbilled receivables of \$6,721,585. Our current cash balance represents approximately 32 months of Selling, General and Administrative Expenses. The Company continues to critically evaluate the level of expenses that it incurs and reduces its expenses as may be appropriate within its business priorities.

We also have access to a revolving line of credit of \$4 million from HSBC NA. All amounts under the Revolving Line of Credit are payable at the end of each financial year. The facility is subject to annual renewal by HSBC in its sole discretion on April 30th of each year. As of January 29, 2026, there are no amounts outstanding under this facility.

Operating Activities

Net cash generated from operating activities for the year ended October 31, 2025, was \$7,211,168. We recorded net income for the period of \$4,129,930. Other items in uses and sources of funds from operations included non-cash charges related to depreciation of fixed assets, amortization of intangible assets, deferred tax asset, gain on sale of asset, allowance for credit loss and stock-based compensation, which collectively amounted to \$2,151,567. Changes in operating assets decreased net cash from operating activities by \$491,815 and changes in current liabilities decreased net cash from operating activities by \$1,421,486.

Investing Activities

Net cash used in investing activities, for the year ended October 31, 2025, was \$1,196,069. These investing activities include costs associated with the implementation costs to date of our new ERP system, new plant and equipment, and the acquisition of a new survey vessel (COCO II) for our research and development testing, production testing and customer training.

Financing Activities

Net cash used in financing activities for the year ended October 31, 2025, was \$0.

Foreign Currency and Inflation

The Company’s consolidated results are a combination of its U.S. operations and foreign subsidiaries. The foreign subsidiaries maintain their accounts in the native currencies of their operations, and which are:

US Dollars	For U.S. Operations
British Pound	For United Kingdom Operations
Danish Kroner	For Danish Operations
Australian Dollars	For Australian Operations (operations are currently effectively dormant)
Indian Rupees	For Indian Operations (operations are currently effectively dormant)

The Company’s consolidated financial results therefore include the translation of its foreign subsidiaries functional currencies into USD. See “Note 2 Summary of Accounting Policies” (Foreign Currency Translation) of our audited Consolidated Financial Statements as of October 31, 2025, for more information on the applicable rates used for our Balance Sheet transactions and Statements of Income and Comprehensive Income.

Fluctuations in currency exchange rates can directly (positively and negatively) impact on the Company’s sales, profitability and financial position when the transactions of the foreign subsidiaries are translated from their functional currencies into USD for financial reporting. In addition, the Company is also subject to currency fluctuation risk with respect to certain foreign currency denominated receivables and payables incurred in the ordinary course of its business operations (cross-border transactions such as inventory purchasing). In general, the Company’s subsidiaries perform financial transactions in their native currencies. As necessary and on an exceptional basis, a subsidiary may perform financial transactions in foreign currencies (such as purchasing inventory from a foreign supplier, for example, in foreign currency). Furthermore, the Company holds significant cash balances in foreign currencies, such as the British Pound, the Euro and the Danish Kroner. The Company cannot predict the extent to which currency fluctuations may affect its business and financial position, and there is a risk that such fluctuations may have an adverse impact on the Company’s sales, profits and financial position. The Company does not hedge its exposure to currency fluctuation risks.

The impact of currency fluctuations (using the Constant Rate) in the 2025 FY compared to 2024 FY is set out in the table below. Constant Rate is defined as:

For Revenue and Expenses Transactions for the 2025 FY means

The “prevailing weighted average” exchange rate in the current 12-month period for the Current FY compared to the “prevailing weighted average” exchange rate

For Balance Sheet Transactions for the 2025 FY means

The prevailing exchange rate as of October 31, 2025, when compared to the prevailing exchange rate as of October 31, 2024.

These are the values we have used in the calculations below which show the impact of these currency fluctuations on our operations in the 2025 FY when applying the Constant Rate:

	Based British Pounds		Based Danish Kroner		Actual Results (\$)	TOTAL USD	
	Actual Results (\$)	Constant Rates (\$)	Actual Results (\$)	Constant Rates (\$)		Constant Rates (\$)	*Total Effect (\$)
Revenues	13,158,114	12,857,720	4,526,239	4,432,460	17,684,353	17,290,179	394,174
Costs	13,890,469	13,573,355	753,429	737,819	14,674,223	14,342,601	331,622
Net profit (losses)	(732,355)	(715,635)	3,772,810	3,694,641	3,010,130	2,947,578	62,552
Assets	32,144,733	31,405,896	1,729,545	1,624,639	33,904,953	33,061,791	843,162
Liabilities	(4,137,193)	(4,042,101)	(597,937)	(561,669)	(4,763,634)	(4,633,585)	(130,049)
Net assets	28,007,540	27,363,795	1,131,608	1,062,970	29,141,319	28,428,206	713,113

The effect of exchange rate movements between the 2024 FY and the 2025 FY increased net assets by \$713,113.

The table above does not show separately the effect of exchange rate impact for Australian Dollars or Indian Rupees since these operations are non-trading dormant entities, and therefore the impact of foreign exchange movements is not material.

*Total Effect summary column data is the difference between the Actual Results in the reporting period and the results when the Constant Rate is applied.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Inflation

Inflation affects our Business in several ways including:

- Cost of Operations (including wages, salaries, utilities) and therefore our overheads.
- Bill of Material (BOM) Costs of our Products and Input Materials for Engineering Services.
- Our revenue. An inflationary environment is likely to reduce demand for our goods and services.
- Impacts on our ability to compete for key skills required for our Business

High inflation affects our business in a number of areas including costs of operations, including wages and salaries which have increased in relation to the number of staff in the Current FY (which has reduced) compared to the number of staff in the Previous FY. In addition, our general costs of operations have increased along with raw material costs for our products and solutions.

Inflation is also an inherently destabilizing factor for both retaining staff and recruiting staff and therefore impacts on our business plans and the effectiveness of our assembled workforce.

Furthermore, our revenue continues to be affected in strategic markets and geographies due to inflationary pressures which have made the pricing for our solutions unattractive for those markets such as Japan which is a strategically important market for our technology.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to the Index of Financial statements following Part III of this Report for a listing of the Company's Consolidated Financial Statements and Notes thereto.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Interim Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13(a)- 15(e) under the Exchange Act), as of the end of the period covered by this Report. Based on the evaluation of our disclosure controls and procedures as of October 31, 2025, our Chief Executive Officer and Interim Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of this date.

Attached as exhibits to this Form 10-K are certifications of the Company's Chief Executive Officer and Interim Chief Financial Officer, which are required in accordance with Rules 13a-15(e) and 15d-15(e) of the Exchange Act.

This "Controls and Procedures" section includes information concerning the controls and controls evaluation referred to in the certifications and it should be read in conjunction with the certifications, for a more complete understanding of the topics presented.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive and financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed by, or under the supervision of, a public company's principal executive and principal financial officers, or persons performing similar functions, and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US generally accepted accounting principles ("US GAAP") including those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with US GAAP, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our management, with the participation of our Chief Executive Officer and Interim Chief Financial Officer, has assessed the effectiveness of our internal control over financial reporting as of October 31, 2025. In making this assessment, our management used the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013 Framework). Based on its assessment, our management believes that, as of October 31, 2025, our internal control over financial reporting was effective based on those criteria.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Under SEC rules, the management's report was not subject to attestation by the Company's independent registered public accounting firm.

Changes in Internal Control over Financial Reporting

During the year ended October 31, 2025, there were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. Other Information

Not Applicable

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Directors and Executive Officers

The following persons are the executive officers and directors as of the date hereof:

Name	Age	Position
Annmarie Gayle	61	Chief Executive Officer and Chairman
Gayle Jardine	55	Interim Chief Financial Officer
Blair Cunningham	56	Director & President of Technology
Michael Hamilton	78	Director
Robert Harcourt	80	Director
Gwenael Rouy-Poirier	51	Director

Annmarie Gayle has been our Chief Executive Officer and a member of the Board of Directors since 2011 and our Chairman since March 2017. She is also our Chief Executive Officer for our flagship products business, Coda Octopus Products, Limited (UK) since 2013. Prior thereto, she spent two years assisting with the restructuring of our Company. She previously served with the Company as Senior Vice President of Legal Affairs between 2006 and 2007. Earlier in her career she worked for a leading City-London law firm specializing in Intellectual Property Rights, the United Nations in various legal positions and the European Union. Ms. Gayle has a strong background in restructuring and has spent more than 12 years in a number of countries where she has been the lead adviser to a number of transitional administrations on privatizing banks and reforming state-owned assets in the Central Eastern European countries including banking, infrastructure, mining and telecommunications assets. Ms. Gayle has also managed a number of large European Union funded projects providing transitional support and capacity. Ms. Gayle holds a Law degree gained at the University of London and a Master of Law degree in International Commercial Law from Cambridge University and has completed her professional law exams to practice law in England & Wales. Because of her wealth of experience in corporate governance, large-scale project management, restructuring, strategy, structuring and managing corporate transactions, we believe that she is highly qualified to act as our Chief Executive Officer.

Gayle Jardine joined the Company as European Director of Finance on September 1, 2015. She was appointed as the Interim CFO on February 14, 2024. From 2009 to 2015, she was the Controlling Director of Pentland Accounting Ltd providing management accounting services to a variety of businesses related to software provision and commercial property offerings. Between 2004 and 2009 she held senior finance management roles in Wireless Fiber Systems, Scottish Water Solutions and Honeywell. The majority of her earlier career from 1992-2002 was spent at Hewlett Packard (HP) / Agilent Technologies where she started as a Graduate Financial Analyst and worked her way through various roles to be Financial Operations Manager of a worldwide product line managing teams in UK, Germany and the USA. From 1995-1996 she had a foreign services assignment to Santa Rosa, California with HP as a Financial Business Consultant in their Test & Measurement Business. Ms. Jardine qualified as a Chartered Management Accountant (CIMA) in 1996 and has a BA (Hons) in Business Studies from Robert Gordon University in Aberdeen.

Blair Cunningham joined the Company in July 2004. He was elected as a director in September 2025. He has held several roles in the Company including Chief Technology Officer between July 2004 and July 2005. He is currently our President of Technology and Divisional CEO of Coda Octopus Products, Inc. Mr. Cunningham received an HND in Computer Science in 1989 from Moray College of Further Education, Elgin, Scotland. Because of Mr. Cunningham's expertise in technology, systems software development and project management, the Company believes that he is highly qualified to serve in his current roles.

Michael Hamilton was our Chairman of the Board between June 2010 and March 2017. He is currently serving as an independent director of our Board. He has been a member of the board of directors of both public and private companies. Since 2014, Mr. Hamilton has provided accounting and valuation services for a varied list of clients. He was Senior Vice President of Powerlink Transmission Company from 2011 through 2014. From 1988 to 2003, he was an audit partner at PricewaterhouseCoopers. He holds a Bachelor of Science in Accounting from St. Frances College and is a certified public accountant and is accredited in business valuation. Because of Mr. Hamilton's background in auditing, strategic corporate finance solutions, financial management and financial reporting, we believe that he is highly qualified to be a member of our Board of Directors.

Robert Harcourt has been a member of Coda's Board of Directors since June 26, 2023. Mr. Harcourt is a retired Audit and Advisory Partner of KPMG with a professional career spanning over 40 years where he executed a variety of roles at the partnership level during the time with KPMG, including Assurance Partner from 1978 – 1999 and Advisory Partner from 1999- 2007. He also worked as Associate Director, Division of Registration and Inspection of the Public Company Accounting Oversight Board (PCAOB) from 2011-2016. He most recently worked for the Analysis Group and Cornerstone Research from 2018-2021. He is a Certified Public Accountant and holds a BBA in Accountancy from Pace University and has completed course work at Harvard University and Stanford University. As a result of Mr. Harcourt's background, we believe that he is highly qualified to be a member of our Board of Directors.

Gwenaél Rouy-Poirier was elected as a director in April 2024. Since January 2024, he has been an independent consultant for companies in the aerospace and defense sectors. From May to December 2023, he was Chief Financial Officer for SHL (Scandinavian Health Ltd.) Medical, a private company backed up by private equity operating as a leading solutions provider in the design, development, and manufacturing of advanced medical delivery devices such as autoinjectors and pen injectors. From April 2021 to December 2022, he was Chief Financial Officer of GKN Aerospace, one of the world's leading multi-technology Tier 1 aerospace suppliers, serving 90% of the world's aircraft and engine manufacturers. From 2019 to 2021, he was Chief Financial Officer of Nobel Biocare Systems, a premium dental implant leader whose portfolio also included restorative solutions, dentist hardware equipment and digital treatment technologies. Prior thereto, he worked for Honeywell mostly in the Aerospace division, as well as in its Homes & Building Technologies and Specialty Materials division), l'Oréal and Arthur Andersen, among others. He earned a Bachelor (Mathematics) from Lycée Victor Duruy and a Master of Management in Corporate Finance from EDHEC Business School in France. As a result of Mr. Rouy-Poirier's background, we believe that he is highly qualified to be a member of our Board of Directors.

Family Relationships

None of our Directors are related by blood, marriage, or adoption to any other Director, executive officer, or other key employees.

Board Leadership Structure

The Board of Directors is currently chaired by the Chief Executive Officer of the Company, Annmarie Gayle. The Company believes that combining the positions of Chief Executive Officer and Chairman of the Board of Directors helps to ensure that the Board of Directors and management act with a common purpose. Integrating the positions of Chief Executive Officer and Chairman can provide a clear chain of command to execute the Company's strategic initiatives. The Company also believes that it is advantageous to have a chairman with an extensive history with, and knowledge of, the Company. Notwithstanding the combined role of Chief Executive Officer and Chairman, key strategic initiatives and decisions involving the Company are discussed and approved by the entire Board of Directors. The Company believes that the current leadership structure and processes maintain an effective oversight of management and independence of the Board of Directors as a whole without separate designation of a lead independent director. However, the Board of Directors will continue to monitor its functioning and will consider appropriate changes to ensure the effective independent function of the Board of Directors in its oversight responsibilities.

Independence of the Board of Directors and its Committees

After review of all relevant transactions or relationships between each director, or any of his or her family members, and the Company and its senior management, the Board of Directors has determined that all the Company's directors are independent within the meaning of the applicable NASDAQ listing standards, except Ms. Gayle, the Company's Chair Person and Chief Executive Officer and Mr. Blair Cunningham, the Company's President of Technology and Divisional CEO of Coda Octopus Products, Inc. The Board of Directors met 4 times and acted by unanimous written consent 4 times during the fiscal year ended October 31, 2025. Each member of the Board of Directors attended all meetings of the Board of Directors held in the last fiscal year during the period for which he or she was a director and of the meetings of the committees on which he or she served in the last fiscal year during the period for which he or she was a committee member.

The Board of Directors has three committees: the Audit Committee, the Compensation Committee and the Nominating Committee. Below is a description of each committee of the Board of Directors. The Board of Directors has determined that each member of each committee meets the applicable rules and regulations regarding "independence" and that each member is free of any relationship that would interfere with his or her individual exercise of independent judgment with regard to the Company.

Audit Committee

The Audit Committee of the Board of Directors oversees the Company's corporate accounting and financial reporting process. For this purpose, the Audit Committee performs several functions. The Audit Committee, among other things: evaluates the performance, and assesses the qualifications, of the Independent Registered Public Accounting Firm; determines and pre-approves the engagement of the Independent Registered Public Accounting Firm to perform all proposed audit, review and attest services; reviews and pre-approves the retention of the Independent Registered Public Accounting Firm to perform any proposed, permissible non-audit services; determines whether to retain or terminate the existing Independent Registered Public Accounting Firm or to appoint and engage a new independent registered Public Accounting Firm for the ensuing year; confers with management and the Independent Registered Public Accounting Firm regarding the effectiveness of internal control over financial reporting; establishes procedures as required under applicable law, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; reviews the financial statements to be included in the Company's Annual Report on Form 10-K and the Company's periodic quarterly filings on Form 10-Q, recommends whether or not such financial statements should be so included; and discusses with management and the Independent Registered Public Accounting Firm the results of the annual audit and review of the Company's quarterly financial statements.

The Audit Committee is currently composed of three outside directors: Michael Hamilton (Chairperson), Robert Harcourt, and Gwenaél Rouy-Poirier. The Audit Committee met four times during the fiscal year ended October 31, 2025. The Audit Committee Charter is available on the Company's website, www.codaoctopusgroup.com.

The Board of Directors periodically reviews the NASDAQ listing standards' definition of independence for Audit Committee members and has determined that all members of the Company's Audit Committee are independent (as independence is currently defined in Rule 5605(c)(2)(A) of the NASDAQ listing standards and Rule 10A-3(b)(1) of the Securities Exchange Act, as amended). The Board of Directors has determined that Michael Hamilton qualifies as an "audit committee financial expert," as defined in applicable SEC rules. The Board of Directors made a qualitative assessment of Mr. Hamilton's level of knowledge and experience based on a number of factors, including his formal education and his service in executive functions and his long experience in the area of financial oversight responsibilities.

Compensation Committee

The Compensation Committee of the Board of Directors reviews, modifies and approves the overall compensation strategy and policies for the Company. The Compensation Committee, among other things, reviews and approves corporate performance goals and objectives relevant to the compensation of the Company's officers; determines and approves the compensation and other terms of employment of the Company's Chief Executive Officer; determines and approves the compensation and other terms of employment of the other officers of the Company; and administers the Company's stock option and purchase plans, pension and profit sharing plans and other similar programs.

The Compensation Committee is composed of three outside directors: Michael Hamilton (Chairperson), Robert Harcourt and Gwenaël Rouy-Poirier. All members of the Compensation Committee are independent (as independence is currently defined in Rule 5605(a)(2) of the NASDAQ listing standards). The Compensation Committee met three times during the fiscal year ended October 31, 2025. The Compensation Committee Charter is available on the Company's website at: www.codaoctopusgroup.com.

Compensation Committee Interlocks and Insider Participation

No member of our compensation committee has at any time been an employee of ours. None of our executive officers serves as a member of the board of directors or the compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Nominating Committee

The Nominating Committee of the Board of Directors is responsible for, among other things, identifying, reviewing and evaluating candidates to serve as directors of the Company; reviewing, evaluating and considering incumbent directors; recommending to the Board of Directors candidates for election to the Board of Directors; making recommendations to the Board of Directors regarding the membership of the committees of the Board of Directors, and assessing the performance of the Board of Directors.

The Nominating and Governance Committee is currently composed of three outside directors: Robert Harcourt (Chairperson), Michael Hamilton and Gwenaël Rouy-Poirier. All members of the Nominating Committee are independent (as independence is currently defined in Rule 5605(a)(2) of the NASDAQ listing standards). The Nominating Committee met three times during the fiscal year ended October 31, 2025. The Nominating Committee Charter is available on the Company's website at www.codaoctopusgroup.com.

The Nominating Committee has not established any specific minimum qualifications that must be met for recommendation for a position on the Board of Directors. Instead, in considering candidates for director the Nominating Committee will generally consider all relevant factors, including among others the candidate's applicable education, expertise and demonstrated excellence in his or her field, the usefulness of the expertise to the Company, the availability of the candidate to devote sufficient time and attention to the affairs of the Company, the candidate's reputation for personal integrity and ethics and the candidate's ability to exercise sound business judgment. Other relevant factors, including diversity, experience, and skills, will also be considered. Candidates for directors are reviewed in the context of the existing membership of the Board of Directors (including the qualities and skills of the existing directors), the operating requirements of the Company and the long-term interests of its stockholders.

The Nominating Committee considers each director's executive experience and his or her familiarity and experience with the various operational, scientific and/or financial aspects of managing companies in our industry.

With respect to diversity, the Nominating Committee seeks a diverse group of individuals who have executive leadership experience and a complementary mix of backgrounds and skills necessary to provide meaningful oversight of the Company's activities. The Nominating Committee annually reviews the Board's composition in light of the Company's changing requirements. The Nominating Committee uses the Board of Director's network of contacts when compiling a list of potential director candidates and may also engage outside consultants. Pursuant to its charter, the Nominating Committee will consider but not necessarily recommend to the Board of Directors potential director candidates recommended by stockholders. All potential director candidates are evaluated based on the factors set forth above, and the Nominating Committee has established no special procedure for the consideration of director candidates recommended by stockholders.

Employment Agreements

Annmarie Gayle

Pursuant to the terms of an employment agreement dated March 16, 2017, the Company employs Ms. Gayle as its Chief Executive Officer on a full-time basis and a member of its Board of Directors. Effective July 1, 2019, Ms. Gayle's annual salary is \$305,000. She is also entitled to an annual performance bonus of up to \$100,000, upon achieving certain targets that are to be defined on an annual basis. The agreement provides for 30 days of paid vacation in addition to public holidays observed in Denmark where she is resident.

The agreement has no definitive term and may be terminated upon twelve months' prior written notice by Ms. Gayle. In the event that the Company terminates her at any time without cause, she is entitled to a payment equal to her annual salary as well as a separation bonus of \$150,000. The Company may terminate the agreement for cause, immediately and without notice. Among others, "for cause" includes gross misconduct, a serious or repeated breach of the agreement and negligence and incompetence as reasonably determined by the Company's Board. The agreement includes a 12-month non-compete and non-solicitation provision.

Blair Cunningham

Under the terms of an employment contract dated January 1, 2013, our wholly owned subsidiary Coda Octopus Products, Inc. employs Blair Cunningham as its Chief Executive Officer and President of Technology. On January 24, 2025, Mr. Cunningham's annual salary was increased to \$270,000 from \$225,000, effective February 1, 2025. Mr. Cunningham is entitled to 25 vacation days in addition to any public holiday. The Company also makes a contribution to certain benefits such as 401(k), dental and medical cover.

The agreement may be terminated only upon twelve-month prior written notice without cause. The Company may terminate the agreement for cause, immediately and without notice. Among others, "for cause" includes gross misconduct, a serious or repeated breach of the agreement and negligence and incompetence as reasonably determined by the Company's Board. The agreement includes an 18-month non-compete and non-solicitation provision.

Gayle Jardine

Under the terms of an employment contract dated September 2015, our wholly owned subsidiary Coda Octopus Products, Limited. employs Gayle Jardine as its European Finance Director. She is being paid an annual base salary of £82,000 (equivalent of \$107,326). Mrs. Jardine is entitled to 25 vacation days in addition to any public holiday.

In February 2024, Mrs. Jardine was appointed as Interim Chief Financial Officer of the Company. As an inducement for assuming the additional duties as Interim CFO, she is paid an additional short-term incentive payment of £6,000 (approximately \$7,853) for each month that she acted in such a capacity.

The total compensation package paid by the Company to Mrs. Jardine is \$201,562.

The company may terminate the agreement by giving ten weeks prior written notice without cause.

Code of Ethics

We have adopted a code of ethics for all our employees, including our chief executive officer, principal financial officer and principal accounting officer or controller, and/or persons performing similar functions, which is available on our website, under the link entitled "Code of Ethics".

Claw Back Policy

We have adopted a Claw Back Policy with effect from September 7, 2023. The Claw Back policy applies to Covered Executive of the Company and provide for the recovery of (i) Erroneously Awarded Compensation from Covered Executives, and (ii) Recoverable Amounts from Covered Executives. This Policy is designed to comply with Nasdaq Rule 5608 and with Section 10D and Rule 10D-1 of the Exchange Act.

ITEM 11. EXECUTIVE COMPENSATION

The Summary Compensation Table shows certain compensation information for services rendered for the fiscal years ended October 31, 2025, and 2024, by our executive officers. The following information includes the dollar value of base salaries, bonus awards, stock options grants and certain other compensation, if any, whether paid or deferred.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Restricted Stock Awards (\$)	Option Awards (\$)	* All Other Compensation (\$)	Total (\$)
Annmarie Gayle <i>Chief Executive Officer</i>	2025	305,000	100,000	-0-	-0-		405,000
	2024	305,000	100,000			-0-	405,000
Gayle Jardine** <i>Interim Chief Financial Officer</i>	2025	107,326	94,236	-0-	-0-	18,993	220,555
	2024	82,600	71,622	-0-	-0-	17,426	171,648
Kevin Kane*** <i>Divisional Chief Executive Officer</i>	2025	-	-0-	-0-	-0-	-	-
	2024	67,582	-0-	-0-	-0-	23,918	91,500
John Price <i>Chief Financial Officer****</i>	2025		-0-	-0-	-0-	-	-
	2024	52,198				26,737	78,935
Blair Cunningham <i>President of Technology</i>	2025	266,539		-0-	-0-	37,287	303,826
	2024	225,000	8,000	-0-	-0-	32,932	265,932

*The amounts described in the category of “All Other Compensation” comprise Health, Dental, Vision, Short Term Disability, Long Term Disability and Accidental Death and Dismemberment insurance premiums which the Company contributed to the officers’ identified plan.

** Mrs. Gayle Jardine was appointed as Interim Chief Financial Officer of the Company in February 2024.

*** Mr. Kevin Kane vacated his role in March 2024.

**** Mr. John Price was Chief Financial Officer from November 27, 2023 until February 12, 2024.

Grants of restricted stock awards as of October 31, 2025

Name	Grant Date	All other restricted awards; number of securities underlying restricted stock awards	Exercise or base price of restricted stock awards	Grant date fair value of restricted stock awards
None				

Outstanding option awards as of October 31, 2025

Name	Option Awards			Option expiration date
	Number of securities underlying unexercised options exercisable	Number of securities underlying unexercised options unexercisable	Exercise or base price of option awards	
None				

Option exercises for October 31, 2025

Name	Option Awards	
	Number of shares acquired on exercise	Value realized on exercise
Gayle Jardine	1,756	\$ 17,413

DIRECTOR COMPENSATION

The following table sets forth the compensation paid to each of our directors (who are also not officers of the Company) for the fiscal year ended October 31, 2025, in connection with their services to the company. In accordance with the SEC's rules, the table omits columns showing items that are not applicable. Except as set forth in the table, no other persons were paid any compensation for director services.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Total (\$)
Michael Hamilton	\$ 50,000	\$ 15,000	\$ 65,000
Mr. Gwenael Rouy-Poirier	\$ 50,000	\$	\$ 50,000
Dr. Angus McFadzean*	\$ 37,500	\$	\$ 37,500
G. Tyler Runnels**	\$ 25,000	\$	\$ 25,000
Robert Harcourt	\$ 50,000	\$	\$ 50,000
Anthony Tata***	\$ 25,000	\$	\$ 25,000

*Due to restriction on the number of insiders which may be on the Board, Dr. Angus McFadzean was not put forward for re-election at the Company's Annual Meeting of Stockholders on September 10, 2025.

** Mr. Runnels resigned from the Board of Directors for personal reasons effective May 27, 2025. There were no disagreements which resulted in Mr. Runnels resignation.

***Mr. Tata resigned from the Board of Directors effective July 16, 2025 to take up a position in the U.S. Administration

Stock Incentive Plans

The Company has two active Stock Incentive Plans - 2017 Stock Incentive Plan and 2021 Stock Incentive Plan.

2017 Stock Incentive Plan

On December 6, 2017, the Board of Directors adopted the 2017 Stock Incentive Plan (the "2017 Plan"). The purpose of the Plan is to advance the interests of the Company and its stockholders by enabling the Company and its subsidiaries to attract and retain qualified individuals through opportunities for equity participation in the Company, and to reward those individuals who contribute to the Company's achievement of its economic objectives. The Plan, which was adopted subject to stockholders' approval, was approved by Stockholders at its meeting held on July 24, 2018.

The maximum number of shares of Common Stock that will be available for issuance under the Plan is 913,612. The shares available for issuance under the Plan may, at the election of the Committee, be either treasury shares or shares authorized but unissued, and, if treasury shares are used, all references in the Plan to the issuance of shares will, for corporate law purposes, be deemed to mean the transfer of shares from treasury.

The Plan is administered by the Compensation Committee of the Board of Directors which has the authority to determine all provisions of Incentive Awards as the Committee may deem necessary or desirable and as consistent with the terms of the Plan, including, without limitation, the following: (i) eligible recipients; (ii) the nature and extent of the Incentive Awards to be made to each Participant; (iii) the time or times when Incentive Awards will be granted; (iv) the duration of each Incentive Award; and (v) the restrictions and other conditions to which the payment or vesting of Incentive Awards may be subject.

During the fiscal year ended October 31, 2025, pursuant to the terms of the 2017 Plan, the Company granted 17,646 restricted stock awards for an aggregate share of common stock of 17,646 to various eligible individuals. During this period 2,500 restricted stock awards were forfeited. During the fiscal year ended October 31, 2025, 99,671 options were exercised on a cashless basis pursuant to which 46,469 shares of common stock were issued and 53,202 were returned to the 2017 Plan. As a result, as of October 31, 2025, there were 406,808 shares available for future issuance under the 2017 Plan.

2021 Stock Incentive Plan

On July 12, 2021, the Board of Directors adopted the 2021 Stock Incentive Plan (the "2021 Plan"), which was approved by the Company's stockholders at its meeting held on August 2, 2021. The 2021 Plan is identical to the 2017 Plan in all material respects, except that the number of shares available for issuance is 1,000,000.

During 2025 FY the Company issued a total of 75,088 shares of common stock.

Section 16(a) Beneficial Ownership Reporting Compliance

Under the Exchange Act, our directors, our executive officers, and any persons holding more than 10% of our common stock are required to report their ownership of the common stock and any changes in that ownership to the SEC. To our knowledge, based solely on our review of the copies of such reports received or written representations from certain reporting persons that no other reports were required, except as set forth below, we believe that during our fiscal year ended October 31, 2025, no reports relating to our securities required to be filed by current reporting persons were filed late.

We will continue monitoring Section 16 compliance by each of our directors and executive officers and will assist them where possible in their filing obligations.

ITEM 12. SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth information as of January 25, 2026, regarding the beneficial ownership of our Common Stock, based on information provided by (i) each of our executive officers and directors; (ii) all executive officers and directors as a group; and (iii) each person who is known by us to beneficially own more than 5% of the outstanding shares of our Common Stock. The percentage ownership in this table is based on 11,270,575 shares issued and outstanding as of January 25, 2026.

Unless otherwise indicated, we believe that all persons named in the following table have sole voting and investment power with respect to all shares of Common Stock that they beneficially own.

Name and Address of Beneficial Owner ⁽¹⁾	Amount and Nature of Beneficial Ownership of Common Stock	Percent of Common Stock
Michael Hamilton	5,533	*
Annmarie Gayle ⁽²⁾	2,171,582	19.3%
Gayle Jardine ⁽³⁾	3,159	*
Blair Cunningham	38,211	*
Robert Harcourt	6,273	*
Gwenael Rouy-Poirier	7,898	*
<i>All Directors and Executive Officers as a Group</i>		
(Six persons) ⁽²⁾⁽³⁾ :	2,232,656	19.8%
Niels Sondergaard ⁽²⁾ Carit Etlars Vej 17A 8700 Horsens Denmark	2,171,582	19.3%
J. Steven Emerson ⁽⁴⁾ 1522 Ensley Avenue Los Angeles, CA 90024	1,301,232	11.5%
Bryan Ezralow ⁽⁵⁾ 23622 Calabasas Rd. Suite 200 Calabasas, CA 91302	1,073,120	9.5%
G. Tyler Runnels ⁽⁶⁾ 45 S. Arroyo Pkwy Pasadena, CA 91105	875,685	7.8%
Jonathan Honig ⁽⁷⁾ 5825 Windsor Court Boca Raton, FL 33496	629,921	5.6%

*) Less than 1%.

(1) Unless otherwise indicated, the address of all individuals and entities listed below is c/o Coda Octopus Group, Inc. 3300 S Hiawassee Rd, Suite 104-105, Orlando, Florida, 32835.

(2) Consists of 126,371 shares held by Ms. Gayle and 2,045,211 shares beneficially owned by Ms. Gayle's spouse, Niels Sondergaard. Ms. Gayle disclaims any beneficial ownership in those shares.

(3) Includes 1,756 shares issued upon the cashless exercise of 3,333 options issued under the Company's Stock Incentive Plan 2017.

(4) Includes the following: 217,081 held by J. Steven Emerson IRA R/O II; 350,000 shares held by J. Steven Emerson Roth IRA; 49,328 shares held by Brian Emerson IRA; 310,928 shares held by Emerson Partners; 217,250 shares held by 1993 Emerson Family Trust; 8,286 shares held by the Alleghany Meadows IRA; 8,286 shares held by the Jill Meadows IRA; and 144,073 shares held by the Emerson family Foundation. The Company has been advised that Mr. Emerson has voting and dispositive power with respect to all of these shares.

(5) Consists of 896,079 shares held by the Bryan Ezralow 1994 Trust u/t/d 12/22/1994; and 177,041 shares held by EZ MM&B Holdings, LLC. According to filings made with the SEC, Mr. Ezralow has voting and dispositive power with respect to these shares.

(6) Includes 609,331 shares held by the G. Tyler Runnels and Jasmine Niklas Runnels TTEES of The Runnels Family Trust DTD 1-11-2000 of which Mr. Runnels is a trustee; 227,700 shares held by T.R. Winston; 24,368 shares held by TRW Capital Growth Fund, Ltd.; and 14,286 shares held by Pangaea Partners. The Company has been advised that Mr. Runnels has voting and dispositive power with respect to all of these shares.

(7) Based on the Company's review of the reporting person's most recently publicly filed Schedule 13G, includes the following: 386,900 shares of Common Stock held by Jonathan Honig individually; 2,000 shares of Common Stock held by Jonathan Honig as UTMA custodian for Jett Honig; 18,600 shares of Common Stock held by Titan Multi-Strategy Fund I, Ltd., of which Jonathan Honig is the beneficial owner; 197,808 shares of Common Stock held by Elizabeth Honig TR FBO Elizabeth Honig Lifetime Trust UA July 9, 2013; 8,547 shares of Common Stock held by Elizabeth Honig as UTMA custodian for Jett Honig; 7,886 shares of Common Stock held by Elizabeth Honig as UTMA custodian for Morgan Honig; and 8,180 shares of Common Stock held by Elizabeth Honig as UTMA custodian for Skylar Honig. Jonathan Honig is the President of Titan Multi-Strategy Fund, Inc., the general partner of Titan Multi-Strategy Fund I, Ltd. Jonathan Honig is also the husband of Elizabeth Honig, who is the sole trustee and beneficial owner of the Elizabeth Honig TR FBO Elizabeth Honig Lifetime Trust UA July 9, 2013. Jonathan Honig and Elizabeth Honig are the parents of Jett Honig, Morgan Honig and Skylar Honig. Jonathan Honig and Elizabeth Honig share voting and dispositive power of the Elizabeth Honig TR FBO Elizabeth Honig Lifetime Trust UA July 9, 2013, but Jonathan Honig disclaims beneficial ownership of the Common Stock held by Elizabeth Honig TR FBO Elizabeth Honig Lifetime Trust UA July 9, 2013.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

During the 2025 FY, we granted 10,000 shares of common stock to a related party for consulting services.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees. The aggregate fees billed by Frazier & Deeter, LLC, our principal accountants, for professional services rendered for the audit and audit related services of the Company's annual financial statements for the last two fiscal years and for the reviews of the financial statements included in the Company's Quarterly reports on Form 10-Q during the last two fiscal years 2025 and 2024 were \$469,000 and \$361,125 respectively.

Tax Fees. The Company did not engage its principal accountants to render any tax services to the Company during the last two fiscal years.

All Other Fees. The Company did not engage its principal accountants to render services to the Company during the last two fiscal years, other than as reported above.

Prior to the Company's engagement of its independent auditor, such engagement is approved by the Company's Audit Committee. The services provided under this engagement may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. Pursuant to the Company's Audit Committee Charter, the independent auditors and management are required to report to the Company's audit committee at least quarterly regarding the extent of services provided by the independent auditors in accordance with this pre-approval, and the fees for the services performed to date. The audit committee may also pre-approve particular services on a case-by-case basis. All audit-related fees, tax fees and other fees incurred by the Company for the year ended October 31, 2025, were approved by the Company's Audit Committee.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Exhibit Number	Description
2.1	Plan and Agreement of Merger dated July 12, 2004 by and between Panda and Coda Octopus ⁽¹⁾
3.1	Restated Certificate of Incorporation ⁽²⁾
3.2	By-Laws ⁽¹⁾
10.30	Employment Contract dated January 1, 2013 between Coda Octopus Products, Inc. and Blair Cunningham ⁽³⁾
10.31	Employment Contract dated March 16, 2017 between the Company and Annmarie Gayle ⁽⁴⁾
10.32	2017 Stock Incentive Plan ⁽⁵⁾
10.33	Employment Agreement dated May 7, 2021 between Coda Octopus Colmek, Inc and Kevin Kane ⁽⁶⁾
10.34	2021 Stock Incentive Plan ⁽⁷⁾
10.35	Employment Agreement dated August 30, 2023, between the Company and John Price ⁽⁸⁾
10.36	Share Purchase Agreement dated October 29, 2024, between LG Motion and Others and Coda Octopus R&D Limited ⁽⁹⁾
14	Code of Ethics ⁽¹⁰⁾
23.1	Consent of Frazier & Deeter, LLC (filed herewith)
31.1	Chief Executive Office and Interim Chief Financial Officer Certification
32	Certificate Pursuant to 18 U.S.C Section 1350
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

- (1) Incorporated by reference to the Company's Registration Statement on Form SB-2 (SEC File No.143144)
- (2) Incorporated by reference to the Company's Registration Statement on Form 10.
- (3) Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended October 31, 2010
- (4) Incorporated by reference to the Company's Registration Statement on Form 10/A filed March 29,2017
- (5) Incorporated by reference to the Company's Annual Report on Form 10 for the year ended October 31, 2017
- (6) Incorporated by reference to the Company's Form 10-K for the year ended October 31, 2021, filed February 14, 2022
- (7) Incorporated by reference to the Company's Definitive Statement filed August 2, 2021
- (8) Incorporated by reference to the Company's Current Report on Form 8-K filed September 5, 2023
- (9) Incorporated by reference to the Company's Form 10-K for the year ended October 31, 2024, filed January 29, 2025.
- (10) Incorporated by reference to the Company's Form 10-K for the year ended October 31, 2017, filed January 30, 2018

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: January 29, 2026

CODA OCTOPUS GROUP, INC.

/s/ Annmarie Gayle
Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Annmarie Gayle, his or her true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, severally, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this annual report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney may be executed in counterparts.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Annmarie Gayle</u> Annmarie Gayle	Chief Executive Officer and Chairman (Principal Executive Officer)	January 29, 2026
<u>/s/ Gayle Jardine</u> Gayle Jardine	Interim Chief Financial Officer (Principal Financial and Accounting Officer)	January 29, 2026
<u>/s/ Michael Hamilton</u> Michael Hamilton	Director	January 29, 2026
<u>/s/ Robert Harcourt</u> Robert Harcourt	Director	January 29, 2026
<u>/s/ Gwenael Rouy-Poirier</u> Gwenael Rouy-Poirier	Director	January 29, 2026
<u>/s/ Blair Cunningham</u> Blair Cunningham	Director	January 29, 2026

CODA OCTOPUS GROUP, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Coda Octopus Group, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Coda Octopus Group, Inc. and subsidiaries (the “Company”) as of October 31, 2025 and 2024, and related consolidated statements of income and comprehensive income, changes in stockholders’ equity, and cash flows for the years then ended, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 2025 and 2024, and the results of their operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

We have served as the Company’s auditor since 2014.
Atlanta, Georgia
January 29, 2026

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

	2025	2024
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 28,682,615	\$ 22,479,072
Accounts Receivable, net	3,732,806	3,493,463
Inventory	13,636,512	13,975,529
Unbilled Receivables	2,988,779	1,657,827
Prepaid Expenses	434,021	537,289
Other Current Assets	531,469	838,835
Total Current Assets	50,006,202	42,982,015
FIXED ASSETS		
Property and Equipment, net	7,295,791	6,822,990
Right of Use Asset, net	372,647	413,171
Total Fixed Assets	7,668,438	7,236,161
OTHER ASSETS		
Goodwill	3,639,334	3,639,334
Intangible Assets, net	3,179,588	3,687,034
Total Other Assets	6,818,922	7,326,368
Total Assets	\$ 64,493,562	\$ 57,544,544

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

	2025	2024
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,407,439	\$ 1,034,488
Current portion of operating lease liabilities	34,862	32,298
Accrued Expenses and Other Current Liabilities	2,475,952	1,604,596
Deferred Revenue	1,722,796	1,225,634
Total Current Liabilities	5,641,049	3,897,016
LONG TERM LIABILITIES		
Deferred Tax Liability, net	317,949	82,011
Non-current operating lease liabilities	360,070	380,873
Deferred Revenue, less current portion	59,080	56,121
Total Long Term Liabilities	737,099	519,005
Total Liabilities	6,378,148	4,416,021
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Common Stock, \$.001 par value; 150,000,000 shares authorized, 11,270,575 issued and outstanding as of October 31, 2025 and 11,195,487 shares issued and outstanding as of October 31, 2024	11,271	11,195
Preferred Stock \$.001 par value; 5,000,000 shares authorized, zero issued and outstanding as of October 31, 2025 and 2024	-	-
Treasury Stock	(61,933)	(61,933)
Additional Paid-in Capital	63,321,294	63,096,583
Accumulated Other Comprehensive Loss	(1,878,657)	(2,510,831)
Accumulated Deficit	(3,276,561)	(7,406,491)
Total Stockholders' Equity	58,115,414	53,128,523
Total Liabilities and Stockholders' Equity	\$ 64,493,562	\$ 57,544,544

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

	Year Ended October 31,	
	2025	2024
Net Revenues	\$ 26,563,126	\$ 20,316,161
Cost of Revenues	8,900,758	6,143,056
Gross Profit	17,662,368	14,173,105
OPERATING EXPENSES		
Research & Development	2,447,762	2,242,429
Selling, General & Administrative	10,678,578	8,346,545
Total Operating Expenses	13,126,340	10,588,974
INCOME FROM OPERATIONS	4,536,028	3,584,131
OTHER INCOME		
Other Income	268,092	88,382
Interest Income	708,097	938,775
Total Other Income	976,189	1,027,157
INCOME BEFORE INCOME TAX EXPENSE	5,512,217	4,611,288
INCOME TAX EXPENSE		
Current Tax Expense	1,149,815	713,670
Deferred Tax Expense	232,472	251,622
Total Income Tax Expense	1,382,287	965,292
NET INCOME	\$ 4,129,930	\$ 3,645,996
NET INCOME PER SHARE:		
Basic	\$ 0.37	\$ 0.33
Diluted	\$ 0.37	\$ 0.32
WEIGHTED AVERAGE SHARES:		
Basic	11,232,440	11,166,956
Diluted	11,252,667	11,290,327
NET INCOME	\$ 4,129,930	\$ 3,645,996
Foreign Currency Translation Adjustment	632,174	931,718
Total Other Comprehensive Income	\$ 632,174	\$ 931,718
COMPREHENSIVE INCOME	\$ 4,762,104	\$ 4,577,714

CODA OCTOPUS GROUP, INC.
Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended October 31, 2025 and 2024

	Common Stock		Additional	Other	Accumulated	Treasury	
	Shares	Amount	Paid-in	Comprehensive	Deficit	Stock	Total
			Capital	Income (Loss)			
Balance, October 31, 2023	<u>11,117,695</u>	<u>\$ 11,118</u>	<u>\$ 62,958,984</u>	<u>\$ (3,442,549)</u>	<u>\$ (11,052,487)</u>	<u>\$ (46,300)</u>	<u>\$ 48,428,766</u>
Employee stock-based compensation	-	-	137,676	-	-	-	137,676
Stock issued for options exercised and stock grants	77,792	77	(77)	-	-	(15,633)	(15,633)
Foreign currency translation adjustment	-	-	-	931,718	-	-	931,718
Net Income	-	-	-	-	3,645,996	-	3,645,996
Balance, October 31, 2024	<u>11,195,487</u>	<u>\$ 11,195</u>	<u>\$ 63,096,583</u>	<u>\$ (2,510,831)</u>	<u>\$ (7,406,491)</u>	<u>\$ (61,933)</u>	<u>\$ 53,128,523</u>
Employee stock-based compensation	-	-	224,786	-	-	-	224,786
Stock issued for options exercised and stock grants	75,088	76	(75)	-	-	-	1
Foreign currency translation adjustment	-	-	-	632,174	-	-	632,174
Net Income	-	-	-	-	4,129,930	-	4,129,930
Balance, October 31, 2025	<u>11,270,575</u>	<u>\$ 11,271</u>	<u>\$ 63,321,294</u>	<u>\$ (1,878,657)</u>	<u>\$ (3,276,561)</u>	<u>\$ (61,933)</u>	<u>\$ 58,115,414</u>

CODA OCTOPUS GROUP, INC.
Consolidated Statements of Cash Flows

	Year Ended October 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 4,129,930	\$ 3,645,996
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment	861,292	710,059
Amortization of intangible assets	530,218	60,476
Stock-based compensation	224,786	137,676
Deferred income taxes	232,472	251,622
Gain on sale of asset	-	(33,907)
Earn Out provision	213,343	-
Allowance for credit loss	89,456	119,405
(Increase) decrease in operating assets, net of assets acquired		
Accounts receivable	(242,369)	(506,120)
Inventory	625,090	(707,897)
Unbilled receivables	(1,321,804)	(758,537)
Prepaid expenses	111,296	(284,041)
Other current assets	335,972	73,234
Increase (decrease) in operating liabilities:		
Accounts payable and other current liabilities	957,310	93,685
Deferred revenue	464,176	(349,976)
Net Cash provided by Operating Activities	7,211,168	2,451,675
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,170,718)	(502,525)
Purchases of other intangible assets	(25,351)	(89,103)
Acquisitions, net of acquired cash	-	(4,605,285)
Proceeds from the sale of property and equipment	-	775,821
Net Cash Used in Investing Activities	(1,196,069)	(4,421,092)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury stock	-	(15,633)
Net Cash Used in Financing Activities	-	(15,633)
EFFECT OF CURRENCY TRANSLATION ON CHANGES IN CASH AND CASH EQUIVALENTS	188,444	15,281
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,203,543	(1,969,769)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	22,479,072	24,448,841
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 28,682,615	\$ 22,479,072
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for taxes	\$ 415,221	\$ 363,374

CODA OCTOPUS GROUP, INC.
Notes to the Consolidated Financial Statements
October 31, 2025 and 2024

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Coda Octopus Group, Inc. (“Coda,” “the Company,” or “we”) operates three operating business units. These are the Marine Technology Business (“Products Business,” or “Products Segment”), Acoustics Sensors and Materials Business (“PAL”), and the Defense Engineering Services Business (“Services Business,” “Engineering Business” or “Services Segment”).

The Marine Technology Business is an established supplier of underwater technologies and solutions, to the underwater/subsea market. Its products and solutions comprise both hardware and software for which it is the innovator, developer, manufacturer and distributor. It has key proprietary 3D/4D/5D/6D imaging sonar technology marketed under the name of Echoscope[®], Echoscope PIPE[®] and Echoscope PIPE *NANO Gen Series*[®] and diving technology marketed under the name of DAVD. The Echoscope[®] sonar series is the only sonar that can generate multiple real time 3D images of moving objects underwater in zero visibility conditions. This business also launched the DAVD system in 2021 which emanated from the requirements of the Office of Naval Research as part of its Future Naval Requirements Program. The DAVD embeds a pair of transparent glasses inside of the diver Head up Display (HUD) which is used as the data hub for displaying real time data to the diver. It allows both the diver underwater and the dive supervisor on the surface to see the same data or underwater scene. In addition, by combining the DAVD with the Echoscope[®], dive operations can be performed in zero visibility conditions. These conditions are a common barrier which impinges on the ability to perform these activities and therefore the DAVD combined with the Echoscope[®] is a critical requirement for these operations.

The Company acquired PAL on October 29, 2024. PAL is a supplier of acoustic sensors and materials. PAL serves a broad base of markets such as the medical, subsea, defense, universities and research and development institutes. PAL 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. This business was acquired to gain access to their expertise and leverage this across the group including in the area of advancing the Echoscope[®] technology. We believe the addition of their expertise and capabilities positions the Group to qualify to compete for larger Defense contracts.

The Defense Engineering Services Business is an established sub-contractor (with operations in the U.S. and U.K) to prime defense contractors and generally designs, engineers, manufactures and supplies proprietary sub-assemblies for incorporation into broader mission critical defense systems. These sub-assemblies are typically supplied for the life of the program. The Defense Engineering Services Business’ scope of services for these defense programs typically extends to concept, design, prototype, manufacture, and post-sale support. The manufacturing contracts for these sub-assemblies can run over many years and during this time they enjoy sole supplier status for these sub-assemblies which they supply into these programs.

CODA OCTOPUS GROUP, INC.
Notes to the Consolidated Financial Statements
October 31, 2025 and 2024

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES AND SUPPLEMENTAL DISCLOSURES

Basis of Presentation

The accompanying consolidated financial statements of the Company and its wholly owned subsidiaries have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States ("U.S.") and the applicable rules and regulations of the Securities and Exchange Commission (the "SEC").

The Company's fiscal year ends on October 31. The Company employs a calendar month-end reporting period for its quarterly reporting.

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The accounting estimates and assumptions that require management's most significant, challenging, and subjective judgment include estimates related to the percentage of completion method used to account for contracts including costs and earnings in excess of billings, billings in excess of costs and estimated earnings, the valuation of the deferred tax asset, the valuation of the assets purchased and liabilities assumed in our acquisition of PAL, and the valuation of goodwill. Actual results realized by the Company may differ from management's estimates.

Reclassifications

Certain amounts included in the accompanying Consolidated Balance Sheets, Consolidated Statements of Income and Comprehensive Income, and Consolidated Statements of Cash Flows for the year ended October 31, 2024, have been reclassified to conform to the presentation as of and for the year ended October 31, 2025.

Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to a customer in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services, which may include various combinations of goods and services which are generally capable of being distinct and accounted for as separate performance obligations. See "Note 4 – Revenue" for a detailed discussion on revenue and revenue recognition.

Cost of Revenue

Our Cost of Revenues includes the cost of materials and related direct costs. With respect to sales made through the Company's sales agents distribution network, we include in our costs of revenues the commissions paid to agents for the specific sales that they make. All other sales-related expenses, including those related to unsuccessful bids, are included in selling, general and administrative costs. Sales commissions included as a component of Cost of Revenues were \$896,046 and \$740,507 for the years ended October 31, 2025, and 2024, respectively.

CODA OCTOPUS GROUP, INC.
Notes to the Consolidated Financial Statements
October 31, 2025 and 2024

Foreign Currency Translation

The Company's operations are split between the United States, United Kingdom, Denmark, Australia and India with the latter operations being dormant. The foreign subsidiaries' functional currencies are those of their respective local jurisdictions and are translated into U.S. dollars for the purpose of reporting the Company's consolidated financial results. The translation of assets and liabilities into U.S. dollars for subsidiaries with a functional currency other than the U.S. dollar is performed using exchange rates in effect at the balance sheet date of October 31, 2025 and 2024 respectively. Stockholders' equity, fixed assets and long-term investments are recorded at historical exchange rates. The translation of revenues and expenses into U.S. dollars for subsidiaries with a functional currency other than the U.S. dollar is performed using the average exchange rate for the respective reporting period. Gains or losses from cumulative translation adjustments, net of tax, are included as a component of accumulated other comprehensive loss in the Consolidated Balance Sheets. The Company records net foreign exchange transaction gains and losses in the Consolidated Statements of Income and Comprehensive Income.

For the years ended October 31, 2025, and 2024, the Company recorded an aggregate transaction loss of \$208,015 and \$287,939, respectively. The aggregate transaction losses were recorded as a component of Selling, General & Administrative ("SG&A").

Treasury Stock

Repurchases by the Company of common stock awarded pursuant to the Company's Stock Incentive Plan to provide our employees with funds to pay their tax obligations on such common stock are classified as treasury stock on our Consolidated Balance Sheet. We account for treasury stock under the cost method. When treasury stock is re-issued at a price higher than its cost, the difference is recorded as a component of additional paid-in-capital in our Consolidated Balance Sheet. When treasury stock is re-issued at a price lower than its cost, the difference is recorded as a reduction of retained earnings in our Consolidated Balance Sheet.

Segment Reporting

Operating segments are defined as components of an enterprise for which separate financial information is available and that is evaluated on a regular basis by the chief operating decision-maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing the performance of each segment. Our chief operating decision-maker (CODM), who is our Chairman and Chief Executive Officer, analyzes the results of our business through the following three reportable segments— Marine Technology Business (Products), Acoustic Sensors and Materials Business (PAL) and Defense Engineering Services Business (Services). Our CODM evaluates the operating results and performance of all three of our segments using GAAP-reporting for revenue, expenses and net income by segment. This financial metric is used to view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions, take decisions on business investments and to monitor budget to actual performance on a monthly, quarterly and annual basis.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents are maintained with various financial institutions. As of October 31, 2025, approximately \$27.1 million may be in excess of federal deposit insurance limits.

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Financial Instruments

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash, cash equivalents, accounts receivable, accounts payables, and deferred revenue. The carrying amounts of the Company's cash, cash equivalents, accounts receivables, unbilled receivables, accounts payables, accrued liabilities and deferred revenue, as reflected in the consolidated financial statements approximate fair value due to the short-term maturity of these items. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The long-term deferred revenue approximates its' carrying amounts as assessed by management. The Company's financial instruments are exposed to certain financial risks, primarily concentration risk. Concentration risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash, cash equivalents and trade receivables. The carrying amount of the financial assets represents the maximum credit exposure. The Company limits its exposure to concentration risk on cash by placing these financial instruments with high-credit, quality financial institutions and only investing in liquid, investment grade securities. The Company's bank deposits are held with financial institutions both in and outside the United States. At times, such amounts may be in excess of applicable government mandated insurance limits. The Company has not experienced any losses in such accounts or lack of access to its cash. The Company's accounts receivables are subject to potential concentrations of credit risk, since a significant part of the Company's sales are to a small number of companies and, even though these are generally established businesses, market fluctuations may affect our customers' ability to meet their obligations to us. Furthermore, trade disputes may result in impairment or delays in receivables.

Accounts Receivable

The timing of revenue recognition may differ from the timing of invoicing to customers. The Company records a receivable when revenue is recognized prior to cash collection.

Payment terms and conditions vary by contract type, location of customer and the products or services offered, although terms generally require payment from a customer within 30-60 days (depending on the type of customer) for our Products Business and between 45-60 days from our Services Business. When the timing of revenue recognition differs from the timing of cash collection, an evaluation is performed to determine whether the contract includes a significant financing component. Accounts Receivable, net were \$3,732,806, \$3,493,463 and \$2,643,461 as of October 31, 2025, 2024 and 2023 respectively.

Allowance for Credit Losses

The allowance for credit losses, which includes the allowance for accounts receivable and unbilled accounts receivable, represents the Company's best estimate of lifetime expected credit losses inherent in those financial assets. The Company's lifetime expected credit losses are determined using relevant information about past events (including historical experience), current conditions, and reasonable and supportable forecasts that affect collectability. The Company monitors its credit exposure through ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary. In addition, the Company performs routine credit management activities such as timely account reconciliations, dispute resolution, and payment confirmations. The Company may employ collection agencies and legal counsel to pursue recovery of defaulted receivables. The Allowance for Credit Losses was \$65,253, \$123,885 and \$0 for the years ended October 31, 2025, 2024 and 2023, respectively.

Inventory

Inventories consist primarily of raw materials and finished goods and are stated at the lower of cost or net realizable value on an aggregate basis. Cost is computed using the average of actual cost, on a first-in, first-out basis. Adjustments to reduce the carrying amount of inventory to the lower of cost or net realizable value are made, if required, for excess or obsolete goods, which includes a review of, among other factors, demand requirements and market conditions. This valuation requires us to make judgments, based on currently available information, about the likely method of disposition, such as through sales to individual customers, returns of product to vendors, or liquidations, and expected recoverable values of each disposition category. These assumptions about the future disposition of inventory are inherently uncertain and changes in our estimates and assumptions may cause us to realize material write-downs in the future. In addition, we enter into supplier commitments for certain electronic and mechanical device components such as Printed Circuit Board Assemblies (PCBAs) and certain products particularly those which are subject to very long delivery times. These commitments are based on forecasted customer demand. If we reduce these commitments, we may incur additional costs. The sales cycle for our goods and services is long and also requires us to predict our inventory requirements. However, demand for our products and services can change significantly between the time of inventory or components are ordered and the date of the sale. In addition, when we begin selling or manufacturing a new product or offering a new service, it may be difficult to establish vendor relationships, determine appropriate product or component selection, and accurately forecast demand. The acquisition of certain types of inventory or components requires significant lead time and prepayment, and they may not be returnable. Furthermore, such prepayments may be at risk. We carry broad selection and significant inventory levels of certain products, such as PCBAs, mechanical assemblies and other components which have no after-market value outside of utilization with our products. Any one or more of the inventory risk factors set forth above may adversely affect our operating results.

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Business Combinations

The Company accounts for business combinations using the acquisition method of accounting in accordance with ASC 805, "Business Combinations." Identifiable assets acquired and liabilities assumed are recorded at their fair values on the acquisition date. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Acquisition-related costs are expensed as incurred. Upon acquisition, the accounts and results of operations are consolidated as of and subsequent to the acquisition date. When determining the fair values of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets. The Company utilizes commonly accepted valuation techniques, such as the income, market and cost approaches, as appropriate, in establishing the fair value of intangible assets. Typically, key assumptions include projections of cash flows that arise from identifiable intangible assets of acquired businesses as well as discount rates based on an analysis of the weighted average cost of capital, adjusted for specific risks associated with the assets.

Goodwill and Intangible Assets

Goodwill and intangible assets consist principally of the excess of cost over the fair value of net assets acquired (i.e., goodwill), customer relationships, value of technology, non-compete agreements and licenses. Goodwill was allocated to our reporting units based on the original purchase price allocation. Goodwill is not amortized and is evaluated for impairment annually or more often if circumstances indicate impairment may exist. Customer relationships, non-compete agreements, value of technology, patents and licenses are being amortized on a straight-line basis over periods of 4 to 15 years. The Company amortizes its intangible assets using the straight-line method over their estimated period of benefit. We annually evaluate the recoverability of goodwill and intangible assets and carefully consider events or circumstances that warrant revised estimates of useful lives or that indicate that impairment exists.

The goodwill impairment test is conducted once a year, or more frequently if necessary, and is used to identify potential impairment by comparing the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting units, which is based on future discounted cash flows, exceeds the carrying amount, goodwill is not considered impaired. If the fair value of the reporting unit is less than its carrying amount, goodwill is impaired in the amount of the difference between the higher carrying amount and the fair value of the reporting unit. The Company has adopted Accounting Standards Codification 2017 – 04, Simplifying the Test for Goodwill Impairment, which permits the Company to impair the difference between the carrying amount in excess of the fair value of the reporting unit as a reduction in goodwill.

At the end of each year, we evaluate goodwill on a separate reporting unit basis to assess recoverability, and impairments, if any, are recognized in earnings. An impairment loss would be recognized in an amount equal to the excess of the carrying amount of the reporting unit compared to the fair value of the reporting unit. To date, the Company has not had any goodwill impairments.

Finite-lived intangible assets consist of acquired patents, customer relationships, value of technology and non-compete agreements resulting from business combinations. The Company's intangible assets are amortized on a straight-line basis over their estimated useful lives, ranging from 4 to 15 years. The Company makes judgments about the recoverability of finite-lived intangible assets whenever facts and circumstances indicate that the useful life is shorter than originally estimated or that the carrying amount of assets may not be recoverable. If such facts and circumstances exist, the Company assesses recoverability by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. Impairments, if any, are based on the excess of the carrying amount over the fair value of those assets. If the useful life is shorter than originally estimated, the Company would accelerate the rate of amortization and amortize the remaining carrying value over the new shorter useful life. The Company evaluates the carrying value of indefinite-lived intangible assets on an annual basis, and an impairment charge would be recognized to the extent that the carrying amount of such assets exceeds their estimated fair value.

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Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for minor replacements, maintenance and repairs which do not increase the useful lives of the property and equipment are charged to operations as incurred. Major additions and improvements are capitalized.

Depreciation is computed using the straight-line method over their estimated useful lives:

Buildings	50 years
Office machinery and equipment	3-5 years
Software	5-7 years
Rental assets	3-7 years
Furniture, fixtures, and improvements	3-5 years

Depreciation expense is presented as a component of SG&A expense in the Consolidated Statements of Income and Comprehensive Income. Depreciation expense related to the Marine Technology Products Business "Rental Assets" which forms the asset pool utilized for rental services, is allocated 70% to Cost of Revenues and 30% to SG&A expense. For the years ended October 31, 2025, and 2024, our depreciation costs allocated to Cost of Sales for rental assets were \$215,808 and \$271,273, respectively.

Leases

We review our documents to determine if an arrangement is a lease or contains a lease at inception. Even though we own most of our property, we still may have a lease agreement for office and/or production facilities. The determination if these agreements are lease agreements does not require significant estimates or judgments on our part. Our leases may also contain non-lease components such as payments of maintenance, utilities, and taxes ("non-lease components") which we account for separately as these non-lease components are readily determinable. At the commencement date of a lease, we recognize a liability to make lease payments and an asset representing the right to use the asset over the lease term. The lease liability is measured at the present value of the minimum rental payments discounted using our incremental borrowing rate over the lease term. The incremental borrowing rate is the rate of interest that we would have to pay to borrow on a fully collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment at the time of lease initiation. We determine the incremental borrowing rate through discussion with our principal bank. The right-of-use asset is measured at cost, which includes the initial measurement of the lease liability and initial direct costs, net of lease incentives, if any.

The lease term used to measure right-of-use assets and lease liabilities may include renewal options which we deem are reasonably certain to be exercised. Operating lease costs are recognized on a straight-line basis over the lease term. Variable lease expense increases, based on indices that are fixed and included in the lease document, are included in the right-of-use asset and lease liability.

Our lease portfolio consists of one non-cancellable operating lease of office and production space that we assumed as part of our acquisition of PAL. This lease expires in March 2033. There was no operating lease payments included in our consolidated financial statements for this lease expense during the year ended October 31, 2024, although we did establish the right-of-use asset and lease liability in the opening balance sheet of PAL at fair value.

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Other information related to operating leases was as follows:

	Year Ended October 31, 2025	Year Ended October 31, 2024
Lease liability	\$ 394,932	\$ 413,171
Future minimum lease payments	\$ 518,953	\$ 568,076
Remaining life of the lease in Years	7.42	8.42
Discount Rate	6.75%	6.75%

Estimated future minimum lease payments as of October 31, 2025, are as follows:

Years Ending October 31,	Amount
2026	\$ 62,764
2027	64,647
2028	66,586
2029	68,584
2030	70,642
Thereafter	185,730
Totals	\$ 518,953

Impairment of Long-Lived Assets

Management reviews long-lived assets, including property and equipment, right of use assets and intangible assets, for possible impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Such events and changes may include: a significant decrease in market value, changes in asset use, negative industry or economic trends, and changes in the Company's business strategy. The Company measures recoverability of these assets by comparing the carrying amounts to the future undiscounted cash flows that the assets or the asset group are expected to generate. If the carrying value of the assets is not recoverable, an impairment charge is recognized by discounting the undiscounted cash flow and determining the amount by which the carrying amount of the asset exceeds the fair value of the assets.

Research and Development

Research and development costs are comprised primarily of employee-related costs, stock-based compensation expense, engineering consulting expenses associated with new product and technology development which may include significant sunk costs relating to prototyping and testing, investment in certain technology chipset, product commercialization, quality assurance, as well as costs related to information technology, patent applications and examinations, materials, supplies, and an allocation of facilities costs. All research and development costs are expensed as they are incurred.

Stock-Based Compensation

The Company accounts for stock-option compensation expense in accordance with the authoritative guidance on stock-based payments. Under the provisions of the guidance, stock-option based compensation expense is measured at the grant date based on the fair value of the option using a Black-Scholes option pricing model and is recognized as expense on a straight-line basis over the requisite service period, which is generally the vesting period.

The authoritative guidance also requires that the Company measure and recognize stock-based compensation expense upon modification of the term of a stock award. The stock-based compensation expense for such modification is the sum of any unamortized expense of the award before modification and the modification expense. The modification expense is the incremental amount of the fair value of the award before the modification and the fair value of the award after the modification, measured on the date of modification. In the event the modification results in a longer requisite period than in the original award, the Company has elected to apply the pool method where the aggregate of the unamortized expense and the modification expense is amortized over the new requisite period on a straight-line basis. In addition, any forfeiture will be based on the original requisite period prior to the modification.

Calculating stock-based compensation expense requires the input of highly subjective assumptions, including the expected term of the stock-based awards, stock price volatility, and the pre-vesting option forfeiture rate. The Company estimates the expected life of options granted based on historical exercise patterns, which are believed to be representative of future behavior. The Company estimates the volatility of the Company's common stock on the date of grant based on historical volatility. The assumptions used in calculating the fair value of stock-based awards represent the Company's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and the Company uses different assumptions, its stock-based compensation expense could be materially different in the future. In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those shares expected to be vested. The Company estimates the forfeiture rate based on historical experience of its stock-based awards that are granted, exercised and cancelled. If the actual forfeiture rate is materially different from the estimate, stock-based compensation expense could be significantly different from what was recorded in the current period.

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The Company may grant restricted stock units (“RSUs”) to employees or consultants. RSU awards vest upon grant or fixed term, generally 12-36 months. The Company uses the closing trading price of its common stock on the date of RSUs vest as the fair value of awards of restricted stock units. Stock-based compensation from RSU awards is recognized on a straight-line basis over the RSU awards’ vesting period.

Income Taxes

The Company accounts for income taxes in accordance with Accounting Standards Codification 740, Income Taxes (ASC 740). Under ASC 740, deferred income tax assets and liabilities are recorded for the income tax effects of differences between the bases of assets and liabilities for financial reporting purposes and their bases for income tax reporting. The Company’s differences arise principally from the use of various accelerated and modified accelerated cost recovery systems for income tax purposes versus straight line depreciation used for book purposes and from the utilization of net operating loss carry-forwards.

Deferred tax assets and liabilities are the amounts by which the Company’s future income taxes are expected to be impacted by these differences as they reverse. Deferred tax assets are based on differences that are expected to decrease future income taxes as they reverse. Correspondingly, deferred tax liabilities are based on differences that are expected to increase future income taxes as they reverse. Note 11 Income Taxes discloses the amounts of deferred tax assets and liabilities and presents the impact of significant differences between financial reporting income and taxable income.

For income tax purposes, the Company uses the percentage of completion method of recognizing revenues on long-term contracts which is consistent with the Company’s financial reporting under GAAP.

From time to time, the Company engages in transactions in which the tax consequences may be subject to uncertainty. Significant judgment is required in assessing and estimating the tax consequences of these transactions. Accruals for unrecognized tax benefit liabilities, which represent the difference between a tax position taken or expected to be taken in a tax return and the benefit recognized for financial reporting purposes, are recorded when the Company believes it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. Adjustments to unrecognized tax benefits are recognized when facts and circumstances change, such as the closing of a tax audit, notice of an assessment by a taxing authority or the refinement of an estimate. Income tax benefit includes the effects of adjustments to unrecognized tax benefits, as well as any related interest and penalties. The Company currently does not have any uncertain tax positions.

Comprehensive Income

Comprehensive income is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. Comprehensive income includes gains and losses on foreign currency translation adjustments and is included as a component of stockholders’ equity.

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Advertising

Advertising costs are expensed as incurred and are presented as a component of SG&A expense in the Consolidated Statements of Income and Comprehensive Income. Advertising expenses for the years ended October 31, 2025 and 2024, were \$0 and \$2,732 respectively.

Contingencies

From time to time, the Company may be involved in legal and administrative proceedings and claims of various types. The Company records liability in its consolidated financial statements for these matters when a loss is known or considered probable, and the amount can be reasonably estimated. Management reviews these estimates in each accounting period as additional information becomes known and adjusts the loss provision when appropriate. If the loss is not probable or cannot be reasonably estimated a liability is not recorded in the consolidated financial statements. If a loss is probable but the amount of loss cannot be reasonably estimated, the Company discloses the loss contingency and an estimate of possible loss or range of loss (unless such an estimate cannot be made). The Company does not recognize gain contingencies until they are realized. Legal costs incurred in connection with loss contingencies are expensed as incurred. In 2025 FY, the Company made provision of \$213,343 (or £163,000 British Pounds – the currency of the earnout obligation) since it determined that PAL met the pre-conditions for the payment of the Year 1 Earnout, relating to revenue and pre-tax income targets, as stipulated in the Acquisition Agreement.

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Pronouncements to be Adopted

In December 2023, the FASB issued Accounting Standards Update 2023-09 entitled Income Taxes (Topic 740), Improvements to Income Tax Disclosures to enhance the transparency and decision usefulness of income tax disclosures. Essentially ASU 2023-09 requires significantly more granularity regarding the items that impact the determination and disclosure of the effective income tax rate. The effective income tax rate reconciliation will be broken down into nine tax categories, as applicable and requires a lower materiality threshold related to income tax disclosures. This disclosure standard is effective for annual periods beginning after December 15, 2024, which means that the Company will adopt this standard effective November 1, 2026. The Company has all the information available to make these disclosures and is reviewing the best way to present the information in accordance with ASU 2023-09.

In November 2024, the FASB issued Accounting Standards Update 2024-03 entitled Income Statement–Reporting Comprehensive Income–Expense Disaggregation Disclosures, Disaggregation of Income Statement Expense (ASU 2024-03). The FASB issued ASU 2024-03 to improve the disclosure about a public business entity’s expense and to address requests from investors for more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation, amortization and depletion) included in commonly presented expense captions (such as cost of sales, SG&A and research and development. This is a disclosure-only standard, and the Company expects to adopt ASU 2024-03 on November 1, 2026, and include the interim disclosures beginning with our quarterly report on Form 10-Q for the quarter ended January 31, 2027.

In March 2025, the FASB issued Accounting Standards Update 2025-02, Liabilities (Topic 405): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122. Certain Securities and Exchange Commission rules are included in the FASB’s Accounting Standards Codification. ASU 2025-02 incorporates those amendments into the Accounting Standards Codification. This ASU doesn’t change any GAAP, and the Company is already subject to all the SEC’s rules and regulations, so ASU 2025-02 will not have any effect on the Company.

In November 2025, the FASB issued Accounting Standards Update 2025-05, Financial Instruments–Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. There are two amendments in ASU 2025-05, only one of which relates to public companies. That amendment permits a company to assume that the economic conditions at the time of a sale that is recorded in current accounts receivable and any related contract assets are reflective of future economic conditions, such that an entity does not need to consider future economic changes in its determination of its allowance for credit losses. The amendments in ASU 2025-05 will be effective for public companies for annual reporting periods after beginning after December 15, 2025. The Company will adopt ASU 2025-05 on its effective date.

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In December 2025, the FASB issued Accounting Standards Update 2025-10, Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities. The amendments in ASU 2025-10 address when it is appropriate to recognize a government grant and how to account for that government grant. In accordance with ASU 2025-10, government grants will be realized ratably over the life of an asset or as deferred income if the government grant relates to amounts that offset an entity's operating costs. The accounting in ASU 2025-10 is not applicable to transactions within the scope of Topic 740, Accounting for Income Taxes, below-market interest rate loans and government guarantees. The amendments are effective for public companies for annual reporting periods beginning after December 15, 2028, and early adoption is permitted. The Company receives government grants from time to time and will implement the standard on its effective date.

In December 2025, the FASB issued Accounting Standards Update 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements. The amendments in ASU 2025-11 are more organizational in nature in that they are consolidating the interim reporting requirements in other Accounting Standards Codification topics to make Topic 270 more understandable and easier to use and they have added one additional disclosure principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. The amendments are effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, and early adoption is permitted. The amendments in ASU 2025-11 can be applied either prospectively or retrospectively to any or all prior periods presented in the financial statements. The Company will comply with the amendments in this standard beginning on the effective date.

In December 2025, the FASB issued Accounting Standards Update 2025-12 entitled Codification Improvements. ASU 2025-12 is the latest in a series of updates that the FASB makes to the existing GAAP literature to amend or supplement that literature related to minor changes and corrections that have identified and made amendments to 33 Accounting Standard Codification topics. This ASU is effective for annual reporting periods that begin after December 15, 2026, and interim periods within those annual reporting periods. Based on the Company's review of ASU 2025-12, it is not expected that any of the amendments will have any effect on the Company's financial statements.

NOTE 4 – REVENUE

Revenue Recognition

The Company recognizes revenue under the Financial Accounting Standards Board's Topic 606, *Revenue from Contracts with Customers* ("Topic 606").

Topic 606 has established a five-step process to determine the amount of revenue to record from contracts with customers. The five steps are:

- Determine if we have a contract with a customer;
- Determine the performance obligations in that contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations; and
- Determine when to recognize revenue.

Revenues are earned under formal contracts with our customers and are derived from both sales and rental of underwater technologies and equipment for real time 3D imaging, mapping, defense, and survey applications and from the engineering services which we provide primarily to prime defense contractors. Our contracts do not include the possibility for additional contingent consideration so that our determination of the contract price does not involve having to consider potential additional variable considerations. Our sales do not include a right of return by the customer.

For the Marine Technology Business, all of our products are sold on a stand-alone basis and those market prices are evidence of the value of the products. To the extent that we also provide services (e.g., installation, training, post-sales technical support etc.), those services are either included as part of the product or are subject to written contracts based on the stand-alone value of those services. Revenue from the sales of services is recognized when those services have been provided to the customer and evidence of the provision of those services exists.

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Revenue derived from either our subscription package offerings or rental of our equipment is recognized when performance obligations are met, in particular, on a daily basis during the subscription or rental period.

For arrangements with multiple performance obligations, we recognize product revenue by allocating the transaction revenue to each performance obligation based on the relative fair value of each deliverable and recognize revenue when performance obligations are met including when equipment is delivered, and for rental of equipment, when installation and other services are performed.

Our contracts sometimes require customer payments in advance of revenue recognition and are recognized as revenue when the Company has fulfilled its obligations under the respective contracts. Until such time, we recognize this prepayment as deferred revenue.

For software license sales for which any services rendered are not considered distinct to the functionality of the software, we recognize revenue upon delivery of the software.

With respect to revenues related to our Defense Engineering Services Business, there are contracts in place that specify the fixed hourly rate and other reimbursable costs to be billed and recognized based on material and direct labor hours incurred. Revenues from fixed-price contracts are recognized on the percentage-of-completion method, measured by the percentage of costs incurred (materials and direct labor hours) to date to estimated total costs to be incurred (materials and direct labor hours) for each contract. This method is used as we consider expenditures for direct materials and labor hours to be the best available measure of progress on these contracts.

On a quarterly basis, we examine all our fixed-price contracts to determine if there are any losses to be recognized during the period. Any such loss is recorded in the quarter in which the loss first becomes apparent based upon costs incurred to date and the estimated costs to complete as determined by experience from similar contracts. Variations from estimated contract performance could result in adjustments to operating results.

Recoverability of Deferred Costs

In accordance with Topic 606, we defer costs on projects for service revenue. Deferred costs consist primarily of incremental direct costs to customize and install systems, as defined in individual customer contracts, including costs to acquire hardware and software from third parties and payroll costs for our employees and other third parties. The pricing of these service contracts is intended to provide for the recovery of these types of deferred costs over the life of the contract.

We recognize such costs in accordance with our revenue recognition policy by contract. For revenue recognized under the percentage of completion method, costs are recognized as products are delivered or services are provided in accordance with the percentage of completion calculation. For revenue recognized over time, costs are recognized ratably over the term of the contract, commencing on the date of revenue recognition. At each quarterly balance sheet date, we review deferred costs, to ensure they are ultimately recoverable.

Any anticipated losses on uncompleted contracts are recognized when evidence indicates the estimated total cost of a contract exceeds its estimated total revenue.

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Other Revenue Disclosures

See Note 16 – “Disaggregation of Revenue” for a breakdown of revenues from external customers and cost of those revenues between our Product Segment, Acoustic Sensors and Materials Business and Services Segment including information on the split of revenues by geography. The Acoustic Sensors and Materials Business (“PAL”) was acquired on October 29, 2024 and had no material income statement activity for the remaining two days of up to October 31, 2024. Therefore, there is no comparative segment information data for the Acoustics Sensors and Materials Business for the 2024 FY.

Contracts in Progress (Unbilled Receivables and Deferred Revenue)

Unbilled Receivables includes earned revenue in excess of billings on incomplete contracts representing accumulated project expenses plus fees which have not been invoiced to customers as of the date of the balance sheet. The amount of unbilled contracts receivable may not exceed their net realizable value. Unbilled Receivables were \$2,988,779, \$1,657,827 and \$894,251 as of October 31, 2025, 2024 and 2023, respectively.

Sales of equipment include a provision for warranty or through life support (“TLS”) services which may be purchased by customers and are treated as deferred revenue. These amounts are amortized over the relevant warranty or TLS period (12 months is our standard warranty contract obligation or for TLS, 24, 36 or 60 months) from the date of sale.

Deferred Revenue (current) includes customer prepayments prior to delivery of the agreed service, customer prepaid support to be delivered within twelve months, warranty provision or current TLS apportionment. Deferred Revenue was \$1,722,796, \$1,225,634 and \$975,537 as of October 31, 2025, 2024 and 2023, respectively.

Deferred Revenue (current) consisted of the following as of October 31, 2025, 2024 and 2023:

	2025	2024	2023
Deferred Revenue	\$ 1,074,488	\$ 670,339	\$ 420,611
Customer Technical Support Obligations	308,683	275,347	324,218
Product Warranty	339,625	279,948	230,708
Total Deferred Revenue (Current)	<u>\$ 1,722,796</u>	<u>\$ 1,225,634</u>	<u>\$ 975,537</u>

Deferred Revenue (non-current) includes customer prepaid support, TLS, to be delivered past the initial twelve months and provision for TLS services to be provided past the initial twelve months.

Deferred Revenue (non-current) was \$59,080, \$56,121 and \$133,382 as of October 31, 2025, 2024 and 2023, respectively.

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NOTE 5 – FAIR VALUE

The Company carries its financial instruments at fair value. Fair value is defined as an exchange price that would be received for an asset or paid to transfer a liability, (an exit price), in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. At October 31, 2025, and 2024, respectively, the Company's financial assets and liabilities were in cash and cash equivalents. The cash equivalents are highly liquid investments with maturities of three months or less. Our recently acquired subsidiary, PAL, whose financial assets and liabilities were in cash and cash equivalents, follows the Company's existing practice of keeping these assets in highly liquid investments with maturities of three- months or less.

The established fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets.

Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

When applying fair value principles in the valuation of assets, the Company is required to maximize the use of quoted market prices and minimize the use of unobservable inputs. The Company calculates the fair value of its Level 1 and Level 2 instruments based on the exchange traded price of similar or identical instruments, where available, or based on other observable inputs.

There were no marketable securities required to be measured at fair value on a recurring basis as of October 31, 2025 and 2024.

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NOTE 6 – COMPOSITION OF CERTAIN FINANCIAL STATEMENT CAPTIONS

Certified Deposit Interest Bearing Accounts

The Company established certified deposit interest-bearing accounts with its current bankers HSBC NA and Jyske Bank in February 2023. These interest-bearing accounts are for rolling fixed short-term periods not exceeding 3 months and are classified in our financial statements as “cash equivalents”. The Company also maintains an interest-bearing deposit account in the UK that tracks the Bank of England base rate, which has no restrictions on access and has a current rate of 3.75%. The table below indicates the amounts which, at the date hereof, are held in certified deposit and unrestricted interest-bearing accounts, and interest earned in the period:

Country	Deposit October 31, 2025	Interest October 31, 2025	Deposit October 31, 2024	Interest October 31, 2024
USA	\$ 18,693,053	\$ 616,437	\$ 15,156,719	\$ 823,816
UK	3,416,612	82,126	764,659	103,144
*Denmark	-	9,534	-	11,815
	<u>\$ 22,109,665</u>	<u>\$ 708,097</u>	<u>\$ 15,921,378</u>	<u>\$ 938,775</u>

* This amount relates to interest earned on our Jyske bank current account which is not part of our Certified Deposit arrangement

Inventory consisted of the following as of:

	October 31, 2025	October 31, 2024
Raw materials and parts	\$ 10,622,753	\$ 10,368,350
Work in progress	565,147	193,062
Finished goods	2,448,612	3,340,464
Stock in transit	-	73,653
Total Inventory	<u>\$ 13,636,512</u>	<u>\$ 13,975,529</u>

CODA OCTOPUS GROUP, INC.
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Other current assets consisted of the following as of:

	October 31, 2025	October 31, 2024
Deposits and other assets	\$ 59,715	\$ 63,630
Other Tax Receivables	-	240,909
Employee Retention Credit Receivables	212,300	212,300
Other Foreign Tax Receivables	259,454	321,996
Total Other Current Assets	<u>\$ 531,469</u>	<u>\$ 838,835</u>

Fixed assets consisted of the following as of:

	October 31, 2025	October 31, 2024
Buildings	\$ 5,979,758	\$ 5,881,237
Land	200,000	200,000
Office machinery and equipment	2,194,151	1,872,693
Software	364,923	-
Rental assets	2,874,192	2,784,921
Furniture, fixtures and improvements	1,611,168	1,549,965
Totals	<u>13,224,192</u>	<u>12,288,816</u>
Less: accumulated depreciation	<u>(5,928,401)</u>	<u>(5,465,826)</u>
Total Property and Equipment, net	7,295,791	6,822,990
Right of Use Asset (Operating Lease), net	<u>372,647</u>	<u>413,171</u>
Total Fixed Assets, net	<u>\$ 7,668,438</u>	<u>\$ 7,236,161</u>

Depreciation expense for the years ended October 31, 2025 and 2024 were \$861,292 and \$710,059, respectively.

Property and equipment, net, by geographic areas were as follows:

	October 31, 2025	October 31, 2024
USA	\$ 1,990,372	\$ 1,743,840
Europe	5,305,419	5,079,150
Total Property and Equipment, net	<u>\$ 7,295,791</u>	<u>\$ 6,822,990</u>

Accrued Expenses and Other Current Liabilities consisted of the following as of:

	October 31, 2025	October 31, 2024
Accruals	\$ 759,323	\$ 560,986
Other Tax Accrued or Payable	1,664,590	924,735
Employee Related	52,039	118,875
Total Accrued Expenses and Other Current Liabilities	<u>\$ 2,475,952</u>	<u>\$ 1,604,596</u>

CODA OCTOPUS GROUP, INC.
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Total Other Income, net consisted of the following for the year ended:

	October 31, 2025	October 31, 2024
Grant Income	\$ 194,761	\$ 34,422
Other	73,331	53,960
	<u>268,092</u>	<u>88,382</u>
Interest	\$ 708,097	\$ 938,775
Total Other Income, net	<u>\$ 976,189</u>	<u>\$ 1,027,157</u>

NOTE 7 – ACQUISITION OF PRECISION ACOUSTICS LIMITED

On October 29, 2024, the Company acquired all the issued and outstanding shares of PAL for \$6,538,569 in cash. At the acquisition date, the Company had immediate access to PAL's cash balance of \$1,933,284, which resulted in a net cash outlay at the acquisition date of \$4,605,285. The Company agreed to pay the sellers for all cash in PAL's bank account on the date of its acquisition, which was in excess of the agreed working capital amount of \$595,869 and, as part of the transaction, the Company paid the sellers \$1,337,415 for the excess cash balance.

The Company acquired PAL to gain access to its expertise in acoustic and medical imaging technologies which we believe can be leveraged through development for use in the subsea market, the primary sector for the Marine Technology Business and more broadly to expand the Group's collective capabilities in order to qualify to compete for larger Defense-related contracts. Prior to the acquisition, PAL was a non-key supplier to our Marine Technology Business, which purchased on average approximately \$80,000 of acoustic materials from PAL. It expects to continue to purchase these materials, at a similar dollar level, from PAL in the future.

In addition to the cash paid at closing, the share purchase agreement provides for certain earnout payments over a three-year period, and which are conditional upon PAL meeting the defined targets (revenue and pre-tax profit) in each of the earnout years. The potential earnout provision amounts are shown in the table below applying an exchange rate (from British Pound to USD) of \$1.278973, the exchange rate of the transaction:

Earnout	2025 FY	2026 FY	2027 FY
Revenue Target	\$ 5,334,584	\$ 5,867,914	\$ 6,454,962
Pre-Tax Profit Target	\$ 1,046,476	\$ 1,295,597	\$ 1,573,133
Earnout Amount Payable based on Targets	\$ 208,472	\$ 418,223	\$ 652,275

At the time of acquisition and based on the projections the Company used, we did not anticipate that there would be earnouts payable and therefore no contingent liability for earnout payments was recorded in the Company's income statement for the fiscal year ended October 31, 2024. For the fiscal year ended October 31, 2025, PAL's operating results exceeded the Company's initial forecasts, and it achieved the qualifying financial conditions for the payment of the year one earnout. As such, in our 2025 FY we expensed \$213,343 (or £163,000 British Pound – the currency of the earnout obligation) representing the full amount of the year one earnout liability. Future earnout payments, if earned, will be expensed at the point in time that qualifying conditions for the earnouts are met.

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In the event that the business combination between the Company and PAL had occurred at the beginning of the Company's 2024 FY comparable annual reporting period, the unaudited supplemental pro-forma information concerning revenue and expenses for PAL (which have been translated from British Pound to USD using the exchange rate used by the Company for those reporting periods) is shown below:

	October 31, 2025	October 31, 2024
Net Revenue		
Coda Octopus Group	\$ 21,153,172	\$ 20,316,161
Precision Acoustics	5,409,954	4,942,389
Combined Net Revenue	26,563,126	25,258,550
Net Income		
Amortization of acquired intangible assets, pro forma	\$ (480,325)	\$ (477,181)
Coda Octopus Group	3,226,502	3,645,996
Precision Acoustics	1,383,753	483,776
Combined Net Income	\$ 4,129,930	\$ 3,652,591

Purchase Price Allocation

In accordance with the requirements of FASB ASU 805, Business Combinations, the acquisition of PAL was accounted for using the acquisition method of accounting. The Company determined the fair value of the PAL balance sheet as of October 29, 2024, the date of acquisition.

During the one-year measurement period that began on October 29, 2024, the Company did not make any adjustments to the amounts originally recorded at fair value in the PAL opening balance sheet and the measurement period has now expired. Subsequent adjustment, if any, will be made through the income statement although the Company does not anticipate any such adjustments.

The table below shows the fair value of the assets acquired and liabilities assumed in connection with the PAL acquisition.

Description	October 29, 2024 Amount
Tangible assets and liabilities acquired	
Cash (including excess cash amount purchased of \$1,337,415)	\$ 1,933,284
Accounts receivable	698,595
Inventory	980,594
Property, plant and equipment	509,337
Right of Use Asset	417,881
Accounts payable	(362,305)
Lease liability	(417,881)
Deferred revenues	(498,422)
Accruals and other liabilities	(151,532)
Intangible assets and liabilities at fair value	
Fair value of noncompete agreement	224,637
Value of PA technology	2,947,155
Expected value of earnout provision	-
Goodwill	257,226
Total purchase price	\$ 6,538,569
Acquisition, net of acquired cash	\$ 4,605,285

PAL's technology was valued using the multi-period excess earnings method related to the income approach since this is the main identifiable intangible asset. Significant inputs used to measure the fair value included estimates of projected revenue and costs associated with generating those revenues and a discount rate of 12.36%. The discount rate is a level 2 fair value measurement, and the other assumptions used in the determination of the opening value of the PAL balance sheet at fair value are level 3 inputs. The fair value of the non-compete agreement was developed using the with and without income approach method. Estimates of the potential loss of business resulting from certain employees leaving the business were made and compared to the value of the business assuming the employee did not leave during the four-year non-compete period. Revenue projections and related projected costs of revenue were made and discounted at a 12.36% discount rate. The discount rate is a level 2 fair value measurement, and the other assumptions used in the determination of the opening value of the PAL balance sheet at fair value are level 3 inputs.

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Goodwill represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including an experienced workforce that will help accelerate product development and our go to market strategy, as well as expected future synergies generated by integrating PAL's products with those in our existing platform. None of the goodwill is expected to be deductible for tax purposes.

We recorded as part of our SG&A expenses transaction related costs of \$41,531, in the twelve-months ended October 31, 2024.

During the 2025 FY our Marine Technology Business purchased \$35,263 of acoustic materials from PAL and contracted \$16,633 for R&D efforts These were eliminated from our financial statements.

NOTE 8 – GOODWILL AND IDENTIFIED INTANGIBLE ASSETS

Intangibles consisted of the following as of:

Finite-lived intangible assets	Average Life (Years)	October 31, 2025			October 31, 2024		
		Gross Asset	Accumulated Amortization	Net	Gross Asset	Accumulated Amortization	Net
Customer Relationships	10	\$ 919,503	\$ (919,503)	\$ 0	\$ 919,503	\$ (919,503)	\$ 0
Non-Compete Agreements	4	423,548	(255,744)	167,804	423,548	(198,911)	224,637
Value of Technology	7	2,947,155	(426,070)	2,521,085	2,947,155	-	2,947,155
Patents	10-15	845,906	(355,207)	490,699	820,555	(305,313)	515,242
Total intangible assets		\$ 5,136,112	\$ (1,956,524)	\$ 3,179,588	\$ 5,110,761	\$ (1,423,727)	\$ 3,687,034

Estimated future annual amortization expenses of finite-lived assets as of October 31, 2025, is as follows:

Years Ending October 31,	Amount
2026	\$ 523,996
2027	521,218
2028	521,218
2029	465,059
2030	465,059
Thereafter	683,038
Totals	\$ 3,179,588

Amortization of intangible assets for the years ended October 31, 2025, and 2024 was \$530,218 and \$60,476 respectively, driven by the acquisition of PAL.

Goodwill consisted of the following as of:

	October 31, 2025	October 31, 2024
Coda Octopus Engineering, Inc. (US Based)	\$ 2,038,669	\$ 2,038,669
Coda Octopus Products Limited (UK Based)	62,315	62,315
Coda Octopus Martech Limited (UK Based)	1,281,124	1,281,124
Precision Acoustics Limited (UK Based)	257,226	257,226
Total Goodwill	\$ 3,639,334	\$ 3,639,334

NOTE 9 – NET INCOME PER SHARE

The following table sets forth the computation of basic and fully diluted loss per common share for the years ended:

Fiscal Period	2025	2024
Numerator:		
Net Income	\$ 4,129,930	\$ 3,645,996
Denominator:		
Basic weighted average common shares outstanding	11,232,440	11,166,956
Unexercised portion of options and restricted stock awards	20,227	123,371
Diluted outstanding shares	11,252,667	11,290,327
Net income per share		
Basic	\$ 0.37	\$ 0.33
Diluted	\$ 0.37	\$ 0.32

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NOTE 10 – CAPITAL STOCK

Common Stock

2017 and 2021 Stock Incentive Plan (together “SIPs”)

On December 6, 2017, the Board of Directors adopted the 2017 Stock Incentive Plan (the “2017 Plan”). The purpose of the 2017 Plan is to advance the interests of the Company and its stockholders by enabling the Company and its subsidiaries to attract and retain qualified individuals through opportunities for equity participation in the Company, and to reward those individuals who contribute to the Company’s achievement of its economic objectives. The 2017 Plan was adopted by the Board of Directors and approved by Stockholders at the Company’s Annual General Meeting held on July 24, 2018, and provides for a maximum of 913,612 to be issued under this Plan.

On July 12, 2021, a second plan was adopted by the Board of Directors (“2021 Plan”) and approved by Stockholders at the Company’s Annual General Meeting held on September 14, 2021. The 2021 Plan is identical to the 2017 Plan in all material respects except that the maximum number of shares allocated for issuance is 1,000,000.

The shares available for issuance under the SIPs may, at the election of the Compensation Committee, be either treasury shares or shares authorized but unissued, and, if treasury shares are used, all references in the SIPs to the issuance of shares will, for corporate law purposes, be deemed to mean the transfer of shares from treasury.

As of October 31, 2025, there were 406,808 shares available for future issuance under the 2017 Plan.

As of October 31, 2025, there were a total of 1,406,808 shares available for issuance under the 2017 and 2021 Plans.

A summary of stock options activity is as follows:

	Number of Shares Subject to Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Balance at October 31, 2023	104,671	\$ 4.67	3.4	\$ 202,419
Granted	-	-		
Vested	-	-		
Exercises	-	-		
Forfeited or cancelled	-	-		
Balance at October 31, 2024	104,671	\$ 4.67	2.4	\$ 202,419
Granted	0	-		
Vested	0	-		
Exercises	(99,671)	\$ 4.67		
Forfeited or cancelled	0	-		
Balance at October 31, 2025	5,000	\$ 4.62	1.4	\$ 28,150
Vested and expected to vest at October 31, 2025	5,000	\$ 4.62	1.4	\$ 28,150
Exercisable at October 31, 2025	5,000	\$ 4.62	1.4	\$ 28,150

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value that option holders would have realized had all option holders exercised their options on the last trading day of fiscal years 2025 and 2024. The aggregate intrinsic value is the difference between the Company’s closing stock price on the last trading day of the fiscal year and the exercise price, multiplied by the number of in-the-money options (CODA: NASDAQ).

The following table summarizes information about stock options outstanding and exercisable under the Company’s Stock Option Plan at October 31, 2025:

Options Outstanding				Options Exercisable			
Range of Exercise Prices Per Share	Number Outstanding	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (in years)	Range of Exercise Prices per Share	Number Exercisable	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (in years)
\$ 4.62	5,000	\$ 4.62	1.4	\$ 4.62	5,000	\$ 4.62	1.4

There are no unamortized compensation expenses related to Stock Options.

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A summary of restricted stock award activity is as follows:

	Shares	Weighted Average Grant Date Fair Value	Non-Vested	Weighted Average Grant Date Fair Value
Outstanding at October 31, 2023	87,428	\$ 7.04	85,546	\$ 7.04
Granted	21,208	\$ 6.37	21,208	\$ 6.37
Vested	(72,542)	\$ 7.06	(70,660)	\$ 7.06
Treasury Stock	(2,394)	\$ 7.16	(2,394)	\$ 7.16
Forfeited or cancelled	(15,000)	\$ 7.39	(15,000)	\$ 7.39
Outstanding at October 31, 2024	18,700	\$ 6.42	18,700	\$ 6.42
Granted	17,646	\$ 7.64	15,299	\$ 8.14
Vested	(18,619)	\$ 6.44	(18,619)	\$ 6.44
Treasury Stock	-		-	
Forfeited or cancelled	(2,500)	\$ 8.14	(2,500)	\$ 8.14
Outstanding at October 31, 2025	15,227	\$ 7.52	12,880	\$ 8.14

In certain situations, in 2024 and 2023, certain RSAs that vested were net share settled such that the Company withheld common shares with a value equivalent to the employees' obligation for the applicable income and other employment taxes and remitted the cash to the appropriate taxing authorities. The total shares withheld were zero for both 2025 and 2024, and 109,154 for 2023 and were based on the value of the RSAs on their respective vesting dates as determined by the Company's closing stock price. The Company has classified the withheld common shares as treasury stock and may issue these shares at a future date.

All stock options and restricted stock awards have been made pursuant to the 2017 Plan.

Total stock-based compensation expense from stock options and restricted stock awards was \$224,786 and \$137,676, respectively for the years ended October 31, 2025, and 2024. As of October 31, 2025, there was approximately \$38,635 of total unrecognized stock-based compensation cost related to 15,227 unvested restricted stock awards.

During the 2025 FY, we granted 10,000 shares of common stock to a related party (Item 13) for consulting services. These were issued outside of the SIPs.

Preferred Stock

Series A and Series C Preferred Stock

The Company is authorized to issue 5,000,000 shares of preferred stock with a par value of \$0.001 per share. As of October 31, 2025, there were no shares of Preferred Stock designated, issued or outstanding.

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NOTE 11 - INCOME TAXES

The Company provides for income taxes and the related accounts under the asset and liability method. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates and will be updated if the enacted tax rate changes before the expected reversal dates. Valuation allowances are established when management determines it is more likely than not that some portion, or all, of the deferred tax assets will not be realized.

The provision (benefit) for income taxes comprises:

	October 31, 2025	October 31, 2024
Current federal expense	\$ 594,187	\$ 174,094
Current state income tax expense	128,005	53,147
Foreign tax expense	427,623	486,429
Total current tax expense	1,149,815	713,670
Deferred federal (benefit) expense	(47,205)	249,693
Deferred state (benefit) expense	(13,375)	(11,585)
Deferred foreign tax expense	293,052	13,514
Deferred tax expense	232,472	251,622
Total Income Tax Expense	\$ 1,382,287	\$ 965,292

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The expense for income taxes differed from the U.S. statutory rate due to the following:

	October 31, 2025	October 31, 2024
Statutory tax rate	21.0%	21.0%
R&D Relief	(8.6)%	(8.8)%
Foreign Tax expense	10.4%	7.5%
State Income Tax	2.3%	(1.2)%
Total	25.1%	20.9%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred tax assets and liabilities are as follows:

	October 31, 2025	October 31, 2024
Noncurrent deferred tax assets (liabilities)		
Temporary differences		
Restricted Stock Awards	103,021	42,441
Book/Tax Depreciation	(1,213)	(7,666)
Foreign fixed assets	(519,899)	(213,484)
Foreign short term timing differences	87,890	-
Foreign NOL carryforwards	12,252	96,698
Subtotal Deferred Asset	203,163	139,139
Subtotal Deferred (Liability)	(521,112)	(221,150)
Valuation allowance	-	-
Total Deferred (Liability) Asset, net	\$ (317,949)	\$ (82,011)

As of October 31, 2025, we had no U.S. federal net operating loss (NOLs) carryforwards.

The Company's tax jurisdictions are the USA, UK, Denmark, India, and Australia (our India and Australian operations are currently dormant). As a result, the Company's foreign derived income is subject to GILTI tax in the United States. The Company has elected to treat GILTI inclusions as period costs.

The Company has filed tax returns for federal, state, and foreign jurisdictions. The Company's evaluation of uncertain tax matters was performed for the tax years ended October 31, 2025, and October 31, 2024. The Company has elected to retain its existing accounting policy with respect to the treatment of interest and penalties attributable to income taxes and continues to reflect interest and penalties attributable to income taxes, to the extent they arise, as a component of its income tax provision or benefit as well as its outstanding income tax assets and liabilities. The Company believes that its income tax positions and deductions would be sustained upon audit and does not anticipate any adjustments to result in a material change to its financial position.

The One Big Beautiful Bill Act of 2025 (the "2025 Tax Act") was signed into law on July 4, 2025. The 2025 Tax Act makes changes to the U.S corporate income tax, including reinstating the option to claim 100% accelerated depreciation deductions on qualified property, with retroactive application beginning January 20, 2025 and immediate expensing of domestic research and development costs, with retroactive application beginning January 1, 2025. While we are still carefully evaluating the full extent of the 2025 Tax Act's impact, in 2025 we do not anticipate major changes to our U.S taxes.

In the future (2027) we expect our income tax provision to increase primarily due to a decrease in our foreign income deduction under the Act's global intangible low-taxed income ("GILTI") provisions. In the Current FY 66.6% of our consolidated net revenue was attributable to the Company's foreign subsidiaries.

The Company's UK Operations, under the applicable UK tax rules, have certain carryforward trading losses (referred to in this Form 10-K disclosure as "UK NOLs"). Under the applicable UK tax rules, any trading tax losses incurred from 2017 up to and including the current fiscal year can be surrendered for group relief (between and among the Company's "UK companies") to offset or reduce current year tax liability relating to any of the UK companies. Any UK NOLs arising before 2017 in a UK company can only be used by the UK company to which it pertains (and cannot be used within the UK tax group). The benefit of these UK NOLs is available indefinitely unless the nature of the business with the tax benefit changes substantially. Under UK tax rules, the UK entities are also eligible for research and development (R&D) Tax Credit. The UK Marine Technology Business in any one financial year performs significant R&D work due to the nature of its business (researching and developing products and solutions) and typically receives R&D allowance. Similarly, PAL performs research and development activities which also qualify for R&D tax credit. In the 2025 FY we believe that our UK R&D allowance will be insufficient to completely eliminate our corporate tax liability and as such we have recorded a current income tax provision for UK entities of \$265,434 for 2025 FY, compared to \$267,759 for 2024 FY. We have also made a deferred tax provision in our UK entities of \$293,052 for 2025 FY. Our UK Operations have the equivalent of \$282,273 in NOL carryforwards which, under the applicable rules, are restricted and can only be utilized by the entity in which the loss occurred and therefore is not available for the broader abatement of tax liability of the UK tax group.

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NOTE 12 – LINE OF CREDIT

The Company has in place a \$4,000,000 revolving line of credit facility with HSBC NA which expires on April 2026 but is subject to renewal at the sole discretion of HSBC NA. This line of credit is available to the Company for short-term working capital purposes. All amounts under the Revolving Line of Credit are payable at the end of each financial year. We have not utilized this line of credit and as a result the outstanding balance on the line of credit was \$0 as of October 31, 2025 and 2024.

NOTE 13 – CONCENTRATIONS

Significant Customers

During the year ended October 31, 2025, the Company had no customers from whom it generated sales greater than 10% of net revenues.

During the year ended October 31, 2024, the Company had one customer from whom it generated sales greater than 10% of net revenues. Revenues from this customer were \$3,104,089, or 15.3% of net revenues during the period. Total accounts receivable from this customer as of October 31, 2024, was \$294,149 or 8.1% of accounts receivable.

NOTE 14 - EMPLOYEE BENEFIT PLANS

The Company's U.S. subsidiaries maintain a 401(k)-retirement plan. The plan allows the Company to make matching contributions of 4% of employee compensation, subject to IRS contribution limits. U.S. employees who have at least six months of service with the Company are eligible. In addition, the Company's UK subsidiaries operate statutory pension schemes which provide for the payment of certain contributions by the Company and the Employee. These schemes in the UK operate on a defined contribution money purchase basis and the contributions are charged to operations as they arise. Finally, the Company is obligated to provide pension funding according to the laws in which it operates including in both Denmark, Australia and India. The Company has an arrangement that fulfils this requirement. Costs related to the Company's contribution to these employee benefit plans for the years ended October 31, 2025 and 2024 were \$253,950 and \$130,650, respectively

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NOTE 15 -SEGMENT ANALYSIS

Our segment reporting is in accordance with the new standard ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.

We operate three reportable segments, “Marine Technology Business”, “Acoustic Sensors and Materials Business” and “Defense Engineering Services Business” which are managed separately based upon fundamental differences in their operations. Segment operating income is total segment revenue reduced by cost of revenues and operating expenses, Research and Development (“R&D”), and Selling, General & Administrative (“SG&A”) identifiable with the reporting business segment. Corporate includes general corporate administrative expenses. The Acoustic Sensors and Materials Business (“PAL”) was acquired on October 29, 2024 and had no material income statement activity for the remaining two days of up to October 31, 2024. Therefore, there is no comparative financial data for PAL for 2024 FY. However, the fair value of assets acquired, and liabilities assumed for PAL have been included in our audited Consolidated Balance Sheet for the 2024 FY and in respect of the Segment Disclosure for 2024 PAL was included in the Supplemental Disclosures relating to the Marine Technology Business. The Segment Disclosure information for the 2025 FY includes full Income Statement information for PAL.

Our Chief Operating Decision Maker (CODM) evaluates the operating results and performance of all three of our segments using GAAP-reporting for revenue, expenses and net income by segment. This financial metric is used to view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions, take decisions on business investments and monitor budget-to-actual variances on a quarterly and annual basis.

There are inter-segment sales in the table below which have been eliminated from our financial statements. Inter-company sales are not included in our financial statements. For segment reporting purposes we have shown in the table below our inter-company sales during the reporting period.

Coda Octopus Products (with entities operating in the UK, USA and Denmark) constitute the Marine Technology Business (“Products Segment”) and is an established supplier to the subsea marking where it sells and rents both hardware and software solutions which include imaging sonar technology solutions, diving and diving communications technology, geophysical products, rental equipment, customization, and field operations services. PAL is a supplier of products and services to the ultrasound, acoustic measurement and NDT market. Coda Octopus Engineering, Inc. (a Utah corporation) and Coda Octopus Martech Ltd (a UK corporation) constitute the Defense Engineering Services Business (Services Segment) and are subcontractors mainly to prime Defense contractors where they provide engineering services.

The following table summarizes segment asset and operating balances by reportable segment as of and for the years ended October 31, 2025 and 2024, respectively.

The Company’s reportable business segments sell their goods and services in four geographic locations:

- Americas
- Europe
- Australia/Asia
- Middle East/Africa

CODA OCTOPUS GROUP, INC.
Notes to the Consolidated Financial Statements
October 31, 2025 and 2024

	Marine Technology Business ("Products")	Acoustic Sensors and Materials Business ("PAL")	Defense Engineering Services Business ("Services")	Corporate	Total
Year Ended October 31, 2025					
Net Revenues	\$ 13,221,339	\$ 5,409,954	\$ 7,931,833	\$ -	\$ 26,563,126
Cost of Revenues	3,375,922	2,237,430	3,287,406	-	8,900,758
Gross Profit	9,845,417	3,172,524	4,644,427	-	17,662,368
Research & Development	1,858,139	414,370	175,253	-	2,447,762
Selling, General & Administrative	4,091,421	1,920,985	2,466,341	2,199,831	10,678,578
Total Operating Expenses	5,949,560	2,335,355	2,641,594	2,199,831	13,126,340
Income (Loss) from Operations	3,895,857	837,169	2,002,833	(2,199,831)	4,536,028
Other Income					
Other Income	73,331	194,761	-	-	268,092
Interest Income	505,465	5,661	107,106	89,865	708,097
Total Other Income	578,796	200,422	107,106	89,865	976,189
Income (Loss) before Income Taxes	4,474,653	1,037,591	2,109,939	(2,109,966)	5,512,217
Income Tax Expense					
Current Tax Expense	201,167	43,118	183,338	722,192	1,149,815
Deferred Tax Expense (Benefit)	188,755	91,045	13,252	(60,580)	232,472
Total Income Tax Expense	389,922	134,163	196,590	661,612	1,382,287
Net Income (Loss)	<u>\$ 4,084,731</u>	<u>\$ 903,428</u>	<u>\$ 1,913,349</u>	<u>\$ (2,771,578)</u>	<u>\$ 4,129,930</u>
Supplemental Disclosures					
Total Assets	\$ 38,279,403	\$ 7,100,814	\$ 14,766,853	\$ 4,346,492	\$ 64,493,562
Total Liabilities	\$ 2,969,095	\$ 1,376,533	\$ 1,198,902	\$ 833,618	\$ 6,378,148
Revenues from Intercompany Sales - eliminated from sales above	\$ 6,144,638	\$ 51,896	\$ 374,311	\$ 2,600,000	\$ 9,170,845
Depreciation and Amortization	\$ 563,530	\$ 710,565	\$ 65,480	\$ 51,935	\$ 1,391,510
Purchases of Long-lived Assets	\$ 531,792	\$ 248,560	\$ 53,980	\$ 336,386	\$ 1,170,718

CODA OCTOPUS GROUP, INC.
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	Marine Technology Business ("Products")	Defense Engineering Services Business ("Services")	Corporate	Total
Year Ended October 31, 2024				
Net Revenues	\$ 12,806,603	\$ 7,509,558	\$ -	\$ 20,316,161
Cost of Revenues	<u>2,824,541</u>	<u>3,318,515</u>	<u>-</u>	<u>6,143,056</u>
Gross Profit	9,982,062	4,191,043	-	14,173,105
Research & Development	2,019,112	223,317	-	2,242,429
Selling, General & Administrative	<u>3,814,860</u>	<u>2,248,493</u>	<u>2,283,192</u>	<u>8,346,545</u>
Total Operating Expenses	5,833,972	2,471,810	2,283,192	10,588,974
Income (Loss) from Operations	4,148,090	1,719,233	(2,283,192)	3,584,131
Other Income				
Other Income	53,960	34,422	-	88,382
Interest Income	<u>657,817</u>	<u>198,239</u>	<u>82,719</u>	<u>938,775</u>
Total Other Income	711,777	232,661	82,719	1,027,157
Income (Loss) before Income Taxes	4,859,867	1,951,894	(2,200,473)	4,611,288
Income Tax Expense				
Current Tax Expense	316,955	169,374	227,341	713,670
Deferred Tax (Benefit) Expense	<u>(5,655)</u>	<u>19,169</u>	<u>238,108</u>	<u>251,622</u>
Total Income Tax Expense	311,300	188,543	465,449	965,292
Net Income (Loss)	<u>\$ 4,548,567</u>	<u>\$ 1,763,351</u>	<u>\$ (2,665,922)</u>	<u>\$ 3,645,996</u>
*Supplemental Disclosures				
Total Assets	\$ 40,922,453	\$ 13,404,567	\$ 3,217,524	\$ 57,544,544
Total Liabilities	\$ 3,072,876	\$ 842,450	\$ 500,695	\$ 4,416,021
Revenues from Intercompany Sales - eliminated from sales above	\$ 3,367,839	\$ 238,143	\$ 1,266,000	\$ 4,871,982
Depreciation and Amortization	\$ 632,882	\$ 88,166	\$ 49,487	\$ 770,535
Purchases of Long-lived Assets	\$ 345,191	\$ 23,786	\$ 89,103	\$ 458,080

* In the 2024 FY Supplemental Disclosures Information, the Marine Technology Business Disclosure under "Total Assets" includes \$4,529,648 of assets pertaining to PAL and under "Total Liabilities" includes \$1,455,145 of liabilities pertaining to PAL. There was no Revenue from Intercompany Sales, Depreciation and Amortization or Purchases of Long-lived Assets pertaining to PAL.

CODA OCTOPUS GROUP, INC.
Notes to the Consolidated Financial Statements
October 31, 2025 and 2024

NOTE 16 - DISAGGREGATION OF REVENUE

	For the Year Ended October 31, 2025			
	Marine Technology Business ("Products")	Acoustic Sensors and Materials Business ("PAL")	Defense Engineering Services Business ("Services")	Grand Total
Disaggregation of Total Net Sales				
Primary Geographical Markets				
Americas	\$ 4,228,821	\$ 1,021,809	\$ 3,685,905	\$ 8,936,535
Europe	1,651,453	2,307,790	4,245,928	8,205,171
Australia/Asia	5,897,362	1,967,015	-	7,864,377
Middle East/Africa	1,443,703	113,340	-	1,557,043
Total Revenues	<u>\$ 13,221,339</u>	<u>\$ 5,409,954</u>	<u>\$ 7,931,833</u>	<u>\$ 26,563,126</u>
Major Goods/Service Lines				
Equipment Sales	\$ 9,407,469	\$ 4,537,692	\$ 463,420	\$ 14,408,581
Equipment Rentals	1,476,713	6,214	-	1,482,927
Software Sales	752,312	59,600	-	811,912
Engineering Parts	-	-	6,356,615	6,356,615
Services	1,584,845	806,448	1,111,798	3,503,091
Total Revenues	<u>\$ 13,221,339</u>	<u>\$ 5,409,954</u>	<u>\$ 7,931,833</u>	<u>\$ 26,563,126</u>
Goods transferred at a point in time	\$ 10,159,781	\$ 4,597,292	\$ 478,517	\$ 15,235,590
Services transferred over time	3,061,558	812,662	7,453,316	11,327,536
Total Revenues	<u>\$ 13,221,339</u>	<u>\$ 5,409,954</u>	<u>\$ 7,931,833</u>	<u>\$ 26,563,126</u>

CODA OCTOPUS GROUP, INC.
Notes to the Consolidated Financial Statements
October 31, 2025 and 2024

	For the Year Ended October 31, 2024		
	Marine Technology Business ("Products")	Defense Engineering Services Business ("Services")	Grand Total
Disaggregation of Total Net Sales			
Primary Geographical Markets			
Americas	\$ 2,838,857	\$ 4,448,704	\$ 7,287,561
Europe	3,372,430	3,060,854	6,433,284
Australia/Asia	5,475,401	-	5,475,401
Middle East/Africa	1,119,915	-	1,119,915
Total Revenues	<u>\$ 12,806,603</u>	<u>\$ 7,509,558</u>	<u>\$ 20,316,161</u>
Major Goods/Service Lines			
Equipment Sales	\$ 7,210,169	\$ 1,193,776	\$ 8,403,945
Equipment Rentals	2,328,781	-	2,328,781
Software Sales	878,516	-	878,516
Engineering Parts	-	5,520,032	5,520,032
Services	2,389,137	795,750	3,184,887
Total Revenues	<u>\$ 12,806,603</u>	<u>\$ 7,509,558</u>	<u>\$ 20,316,161</u>
Goods transferred at a point in time	\$ 8,088,685	\$ 1,248,751	\$ 9,337,436
Services transferred over time	4,717,918	6,260,807	10,978,725
Total Revenues	<u>\$ 12,806,603</u>	<u>\$ 7,509,558</u>	<u>\$ 20,316,161</u>

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-224408; No. 333-233524; and No. 333-236029) and Form S-8 (No. 333-227704 and No. 333-260244) of Coda Octopus Group, Inc. of our report dated January 29, 2026, relating to the consolidated financial statements of Coda Octopus Group, Inc., which appear in this Form 10-K.

/s/ Frazier & Deeter, LLC

Atlanta, Georgia
January 29, 2026

CHIEF EXECUTIVE OFFICER AND INTERIM CHIEF FINANCIAL OFFICER CERTIFICATION

I, Annmarie Gayle and Gayle Jardine, certify that:

1. We have reviewed this annual report on Form 10-K of Coda Octopus Group, Inc.:
2. Based on our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on our knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and we are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and we have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 29, 2026

/s/ Annmarie Gayle

Date: January 29, 2026

/s/ Gayle Jardine

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of Coda Octopus Group, Inc. (the “Company”) on Form 10-K for the year ended October 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Annmarie Gayle, Chief Executive Officer, and I, Gayle Jardine, Interim Chief Financial Officer, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) This report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Annmarie Gayle
Chief Executive Officer

Date: January 29, 2026

/s/ Gayle Jardine
Interim Chief Financial Officer

Date: January 29, 2026
