

May 14, 2020



# Cemtrex, Inc. (CETX) Announces Results for the Second Quarter Ending March 31, 2020

## Gross Margin Improves to 44%, 6 Month EBITDA of \$1,041,316

Brooklyn, NY, May 14, 2020 (GLOBE NEWSWIRE) -- [Cemtrex Inc.](#) (Nasdaq: CETX, CETXP, CETXW), a leading multi-industry technology company that is driving innovation in a wide range of commercial sectors such as Internet of Things (IoT), Augmented and Virtual Reality (AR & VR), and Artificial Intelligence and Computer Vision (AI & CV) announced its financial results for the quarter ending March 31<sup>st</sup>, 2020.

### Fiscal Second Quarter Highlights:

Six Month EBITDA: \$1,041,316  
Six Month EBITDA Margin %: 4.3%  
Gross Margin: 44%  
Sales: \$12,113,847  
Cash on Hand: \$2,809,591  
Total Assets: \$50,273,206  
Total Stockholder's Equity: \$22,997,460

### Results of Operations:

	For the Six Months Ending Mar 31 of Each Year	
	2020	2019
Total Revenues	\$ 24,333,930	\$ 17,442,996
Total Operating (loss)/income	(668,160 )	(4,165,370 )
Depreciation and amortization	1,709,476	2,470,169
EBITDA (Non-GAAP)	1,041,316	(1,695,201 )
EBITDA Margin %	4.3 %	(9.7 %)

Cemtrex's Chairman and CEO, Saagar Govil, commented on the results, "We continue to see improvement in our businesses with a positive overall EBITDA for the fiscal year and better gross margins. Our Company is highly focused on executing our development roadmap consisting of exciting high tech products in IoT, AR & VR, as well as in Artificial Intelligence and Machine Vision over the coming 18 months. Our shift into these technology areas in recent years has placed us in markets that will continue to thrive despite the short-term effects of COVID-19. In particular, we have a new SmartDesk slated for release later this year that will be the ideal solution for many workers at their home office."

"Additionally, despite the challenges presented by COVID-19 and the overall anemic economic outlook, we continue to be fully operational and win new business. While the short-

term outlook due to the coronavirus has created an enormous amount of uncertainty and unpredictability, we remain optimistic about the Company's medium-term prospects. Based on the types of businesses we are in, we believe the second half of 2020 will see an increase in demand as the economy returns to a more normal state and stay at home orders are lifted," he continued.

#### **For the Six Months Ending March 31, 2020:**

- **Revenues:** Total revenue for the six months ended March 31, 2020 and 2019 was \$24,333,930 and \$17,442,996, respectively, an increase of \$6,890,934, or 40%. Total revenue for the first two quarters increased, as compared to total revenue in the same period last year, due to sales increases in the Advanced Technologies Segment.
  - Our Advanced Technologies segment revenues for the six months ended March 31, 2020, increased by \$6,016,020 or 81% to \$13,411,633 from \$7,395,613 for the six months ended March 31, 2019. This increase represents mainly the consolidation of Vicon Industries, Inc starting in the second quarter of fiscal year 2019.
  - Our Industrial Services segment revenues for the six months ended March 31, 2020, increased by \$874,914 or 9%, to \$10,922,297 from \$10,047,383 for the six months ended March 31, 2019. The increase was primarily due to the timing and recognition of revenue.
- **Gross Profit:** Gross Profit for the six months ended March 31, 2020 was \$10,694,590 or 44% of revenues as compared to gross profit of \$6,994,384 or 40% of revenues for the six months ended March 31, 2019. Gross profit increased in the six months ended March 31, 2020, compared to the six months ended March 31, 2019 due to a shift by management in the last fiscal year to focus on products with higher gross margins.
- **EBITDA:** EBITDA for the six months ended March 31, 2020 was \$1,041,476 or 4.3% of revenues as compared to a loss of \$1,695,201, or -9.7% of revenues for the six months ended March 31, 2019. EBITDA increased due an overall reduction in general and administration expenses, an increase in revenues, and an increase in gross profit margin.
- **Comprehensive Loss:** The Company had a comprehensive loss of \$4,474,570 or 18% of revenues, for the six-month period ended March 31, 2020 as compared to a comprehensive loss of \$6,146,707 or 35% of revenues, for the six months ended March 31, 2019. Comprehensive loss decreased in the first and second quarters as compared to comprehensive loss in the same period last year, as a result of a decrease in general and administrative expenses.

#### **Fiscal Second Quarter Results:**

- **Revenues:** Total revenue for the three months ended March 31, 2020 and 2019 was \$12,113,847 and \$11,725,407, respectively, an increase of \$388,440, or 3%. Total revenue for the quarter increased, as compared to total revenue in the same period

last year, due to sales increases in the Industrial Services Segment.

- Our Advanced Technologies segment revenues for the three months ended March 31, 2020, decreased by \$741,738 or 11% to \$6,186,400 from \$6,927,778 for the three months ended March 31, 2019. This decrease is mainly due to the impact of the COVID-19 crisis.
- Our Industrial Services segment revenues for the three months ended March 31, 2020, increased by \$1,129,818 or 24%, to \$5,927,447 from \$4,797,629 for the three months ended March 31, 2019. The increase was primarily due to the timing and recognition of revenue.
- **Gross Profit:** Gross Profit for the three months ended March 31, 2020 was \$5,346,104 or 44% of revenues as compared to gross profit of \$4,806,798 or 41% of revenues for the three months ended March 31, 2019. Gross profit increased in the three months ended December 31, 2019, compared to the three months ended December 31, 2018 due shift to by management in the last fiscal year to focus on products and services with higher gross margins.
- **G & A:** General and administrative expenses for the three months ended March 31, 2020 decreased \$1,355,920 or 19% to \$5,728,274 from \$7,084,194 for the three months ended March 31, 2019. General and administrative expenses as a percentage of revenue was 47% and 60% of revenues for the three-month periods ended March 31, 2020 and 2019. The decrease in General and Administrative Expenses both as a percentage of revenue and on a dollar per dollar basis is the result of reduction in overhead expenses.
- **Operating loss:** The Company had an operating loss of \$787,103 or 6.5% of revenues, for the three-month period ended March 31, 2020 as compared to an operating loss of \$2,749,007 or 23.5% of revenues, for the three months ended March 31, 2019. Operating Income increased in the second quarter as compared to the same period last year, as a result of the reduction of general and administrative expenses.
- **Comprehensive Income / Loss:** The Company had a comprehensive loss of \$3,645,352 or 30% of revenues, for the three-month period ended March 31, 2020 as compared to a comprehensive loss of \$2,155,075 or 18% of revenues, for the three months ended March 31, 2019. Comprehensive loss increased in the second quarter as compared to comprehensive loss in the same period last year, as a result of an increase in non-operating expenses such as interest expense, foreign currency translation, and the accrual of the Series 1 Preferred Stock dividend.

## About Cemtrex

Cemtrex, Inc. ([CETX](#)) is a technology company specializing in the development of Internet of Things (IoT), artificial Intelligence (AI) and Virtual Reality (VR) enabled technologies that's driving innovation in a wide range of sectors, including consumer products, industrial manufacturing, digital applications, and intelligent security & surveillance systems.

[www.cemtrex.com](http://www.cemtrex.com)

## Safe Harbor Statement

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements relating to our new product offerings or any proposed fundraising activities. These forward-looking statements are based on management's current expectations and are subject to certain risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by such forward looking statements. These risks and uncertainties include, but are not limited to: operational losses and negative cash flows; any need for additional financing; market acceptance of our products; our ability to manufacture and develop effective products and solutions; indebtedness to our lenders; current and future economic conditions that may adversely affect our business and customers; potential fluctuation of our revenues and profitability from period to period which could result in our failure to meet expectations; our ability to maintain adequate levels of working capital; our ability to incentivize and retain our current senior management team and continue to attract and retain qualified scientific, technical and business personnel; our ability to expand our product offerings or to develop other new products and services; our ability to generate sales and profits from current product offerings; rapid technological changes and new technologies that could render certain of our products and services to be obsolete; competitors with significantly greater financial resources; introduction of new products and services by competitors; challenges associated with expansion into new markets; and, other factors discussed under the heading "Risk Factors" contained in our Form 10-K filed with the Securities and Exchange Commission. All information in this press release is as of the date of the release and we undertake no duty to update this information unless required by law.

*Use of Non-GAAP Measures: Earnings before interest, taxes, and depreciation and amortization (EBITDA) and Adjusted EBITDA are non-GAAP measures. In defining Non-GAAP EBITDA, the Company excludes the impact of non-cash stock-based compensation and other non-recurring items, such as R&D expenses and equity interest loss. EBITDA has limitations as an analytical tool and should not be evaluated in isolation or as a substitute for analysis of results as reported under U.S. GAAP. Management utilizes this metric as a basis for evaluating our ongoing operations, and believes investors' understanding of our performance is enhanced by including this non-GAAP financial measure as a reasonable basis for evaluating our ongoing results of operations, without the effects of interest, taxes, depreciation, and amortization and other non-recurring expenses.*

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