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Cemtrex Reports Second Quarter 2021 Financial Results

Brooklyn, NY, June 24, 2021 (GLOBE NEWSWIRE) -- - [Cemtrex Inc.](#) (NASDAQ: CETX, CETXP, CETXW), a technology company driving innovation in Internet of Things (IoT), security, machine vision & artificial intelligence, and augmented & virtual reality, has reported its financial and operational results for the second quarter ended March 31, 2021.

Second Quarter 2021 Financial Results

Revenue for the three months ended March 31, 2021, and 2020 was \$9.3 million and \$12.1 million, respectively, a decrease of 24%. Revenue for the six months ended March 31, 2021, and 2020 was \$18.1 million and \$24.3, respectively, a decrease of 26%. The decrease in revenue was primarily due to shutdowns and limited operations of businesses due to the COVID-19 crisis. The Advanced Technologies segment revenues for the three months ended March 31, 2021, decreased by 11% to \$5.5 million, and the Industrial Services segment revenues for quarter decreased by 36%, to \$3.8 million.

Gross Profit for the second quarter of 2021 was \$3.9 million, or 42% of revenues as compared to gross profit of \$5.3 million, or 44% of revenues for the year ago period. Gross profit decreased due to lower sales and varies from product to product and from customer to customer.

Total operating expenses for three months ended March 31, 2021 were \$5.9 million, compared to \$5.9 million in the prior year's quarter.

Operating activities for continuing operations used \$2.9 million for the quarter ended March 31, 2021 compared to using \$1.4 million of cash for the quarter ended March 31, 2020.

Net income for the quarter ended March 31, 2021 was \$2.5 million, as compared to a net loss of \$1.6 million in 2020. Net income increased in the second quarter as compared to the same period last year primarily due to other income items including a one-time settlement agreement and unrealized gains on marketable securities.

Cash and cash equivalents totaled \$15.6 million at March 31, 2021, as compared to \$15.9 million at December 31, 2020 and \$19.5 million at September 30, 2020.

Management Commentary

Cemtrex's Chairman and CEO, Saagar Govil, commented on the results: "In the second quarter of 2021 we continued to see a weakness due to COVID-19 which affected our overall business. Looking ahead we continue to focus on driving top line growth as markets return to normal and spending returns. We continue to further develop our product lines, with ongoing R&D in our Advanced Technologies Segment's proprietary technology, including Virtual Reality solutions, SmartDesk, and Artificial Intelligence (AI) based, next generation

solutions associated with security and surveillance systems software. We believe with ongoing investments in our core technologies and a rebounding economy, we continue to be well positioned for a return to growth that will create long term value for our shareholders,” concluded Govil.

About Cemtrex

Cemtrex, Inc. (CETX) is a leading multi-industry technology company that is driving innovation in markets such as Internet of Things (IoT), Augmented and Virtual Reality (AR & VR), and Artificial Intelligence and Computer Vision (AI & CV) in a wide range of sectors, including consumer products, industrial manufacturing, digital applications, and intelligent security & surveillance systems. www.cemtrex.com.

Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements relating to the closing of the offering, gross proceeds from the offering, our new product offerings, expected use of proceeds, 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. Statements made herein are as of the date of this press release and should not be relied upon as of any subsequent date. These risks and uncertainties are 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.

Investor Relations

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Cemtrex, Inc. and Subsidiaries Condensed Consolidated Balance Sheets

Condensed Consolidated Balance Sheets - USD (\$)	Mar. 31, 2021	Sep. 30, 2020
Current assets		
Cash and equivalents	\$ 15,573,734	\$ 19,490,061
Restricted cash	1,706,926	1,582,798
Short-term investments	522,612	887,746
Trade receivables, net	5,403,292	6,686,797
Trade receivables - related party	1,498,776	1,432,209
Inventory -net of allowance for inventory obsolescence	7,358,808	6,793,806
Prepaid expenses and other assets	1,820,031	1,188,317

Total current assets	33,884,179	38,061,734
Property and equipment, net	7,335,201	6,961,751
Right-of-use assets	2,862,154	2,728,380
Assets held for sale	8,323,321	8,323,321
Goodwill	5,886,096	4,370,894
Other	1,074,861	744,207
Total Assets	59,365,812	61,190,287
Current liabilities		
Accounts payable	2,314,545	2,857,817
Short-term liabilities	6,595,935	7,034,510
Lease liabilities - short-term	764,108	721,036
Deposits from customers	96,468	29,660
Accrued expenses	2,676,724	2,392,487
Deferred revenue	1,473,041	1,651,784
Accrued income taxes	553	89,318
Total current liabilities	13,921,374	14,776,612
Long-term liabilities		
Loans payable to bank	1,323,989	1,871,201
Long-term lease liabilities	2,106,545	2,027,406
Notes payable	3,154,743	6,029,999
Mortgage payable	2,306,834	2,355,542
Other long-term liabilities	1,075,171	1,063,733
Paycheck Protection Program Loans	5,406,477	2,169,437
Deferred Revenue - long-term	784,667	467,329
Total long-term liabilities	16,158,426	15,984,647
Total liabilities	30,079,800	30,761,259
Commitments and contingencies		
Shareholders' equity		
Preferred stock value	1,795	2,157
Common stock, \$0.001 par value, 50,000,000 shares authorized, 18,711,463 shares issued and outstanding at March 31, 2021 and 17,622,539 shares issued and outstanding at September 30, 2020	18,711	17,623
Additional paid-in capital	58,320,570	60,221,766
Retained earnings (accumulated deficit)	(31,758,563)	(32,520,084)
Treasury stock at cost	(148,291)	(148,291)
Accumulated other comprehensive income (loss)	1,824,350	1,777,112
Total Cemtrex stockholders' equity	28,258,622	29,351,383
Non-controlling interest	1,027,390	1,077,645
Total liabilities and shareholders' equity	59,365,812	61,190,287
Series A and C Preferred Stock [Member]		
Shareholders' equity		
Preferred stock value	\$ 50	\$ 100

Cemtrex, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive
Income/(Loss)

Condensed Consolidated Statements of Operations and Comprehensive Income/(Loss) (Unaudited) - USD (\$)	3 Months Ended		6 Months Ended	
	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020
Income Statement [Abstract]				
Revenues	\$ 9,260,385	\$12,113,847	\$18,096,461	\$24,333,930
Cost of revenues	5,331,501	6,767,743	10,162,107	13,639,340
Gross profit	3,928,884	5,346,104	7,934,354	10,694,590
Operating expenses				
General and administrative	5,249,985	5,458,071	10,667,181	10,032,481
Research and development	641,497	404,933	1,275,722	781,519
Total operating expenses	5,891,482	5,863,004	11,942,903	10,814,000
Operating income/(loss)	(1,962,598)	(516,900)	(4,008,549)	(119,410)
Other income/(expense)				
Other income/(expense)	1,679,944	447,792	2,630,932	672,117
Settlement Agreement - Related Party	3,674,165		3,674,165	
Interest Expense	(849,076)	(1,348,298)	(1,458,017)	(1,830,820)
Total other income/(expense), net	4,505,033	(900,506)	4,847,080	(1,158,703)
Net loss before income taxes	2,542,435	(1,417,406)	838,531	(1,278,113)
Income tax benefit/(expense)	(98,477)	(189,543)	(127,431)	(189,543)
Net income/(loss)	2,443,958	(1,606,949)	711,100	(1,467,656)
Less income in noncontrolling interest	(10,174)	(7,848)	(50,421)	187,063
Net income/(loss) attributable to Cemtrex, Inc. shareholders	2,454,132	(1,599,101)	761,521	(1,654,719)
Net income/(loss)	2,443,958	(1,606,949)	711,100	(1,467,656)
Other comprehensive income/(loss)				
Foreign currency translation gain/(loss)	(87,972)	(749,826)	(40,491)	(166,800)
Defined benefit plan actuarial gain/(loss)	87,895		87,895	
Comprehensive income/(loss)	2,443,881	(2,356,775)	758,504	(1,634,456)
Less comprehensive income/(loss) attributable to noncontrolling interest	19,625	(897)	50,255	(214,237)
Comprehensive income/(loss) attributable to Cemtrex, Inc. shareholders	\$ 2,424,256	\$ (2,355,878)	708,249	\$ (1,420,219)
Income/(loss) Per Share-Basic	\$ 0.13	\$ (0.26)	\$ 0.04	\$ (0.31)
Income/(loss) Per Share-Diluted	\$ 0.13	\$ (0.26)	\$ 0.04	\$ (0.31)

Weighted Average Number of Shares-Basic	18,559,113	6,250,761	18,195,731	5,292,167
Weighted Average Number of Shares-Diluted	18,629,064	6,250,761	18,200,974	5,292,167

Condensed Consolidated Statements of Cash Flows
(Unaudited/Restated)

Condensed Consolidated Statements of Cash Flows (Unaudited) - USD (\$)	6 Months Ended	
	Mar. 31, 2021	Mar. 31, 2020
Cash Flows from Operating Activities		
Net income/(loss)	\$ 711,100	\$ (1,467,656)
Adjustments to reconcile net loss to net cash provided/(used) by operating activities:		
Depreciation and amortization	680,004	888,391
Gain on disposal of property and equipment	9,219	311
Amortization of right-of-use assets	438,539	281,758
Change in allowance for inventory obsolescence	(948,733)	(19,569)
Change in allowance for doubtful accounts	(137,356)	(6,416)
Share-based compensation	65,318	143,208
Income tax expense/ (benefit)	127,431	189,543
Interest expense paid in equity shares	657,329	1,004,518
Accrued interest on notes payable	41,833	291,384
Amortization of original issue discounts on notes payable	475,000	317,667
Gain on marketable securities	(1,869,338)	(338,057)
Settlement Agreement - Related Party	(3,674,165)	
Changes in operating assets and liabilities net of effects from acquisition of subsidiaries:		
Accounts receivable	1,420,861	(62,013)
Accounts receivable - related party	(71,581)	(90)
Inventory	383,731	(419,711)
Prepaid expenses and other current assets	(631,714)	(297,176)
Other assets	169,346	(834,561)
Other liabilities	11,438	(90,121)
Accounts payable	(543,272)	(854,616)
Operating lease liabilities	(450,102)	(293,138)
Deposits from customers	66,808	9,166
Accrued expenses	161,820	(143,160)
Deferred revenue	138,595	227,172
Income taxes payable	(88,765)	102,463
Net cash used by operating activities	(2,856,654)	(1,370,703)
Cash Flows from Investing Activities		
Purchase of property and equipment	(944,601)	(4,340,023)
Investment in Virtual Driver Interactive	(900,000)	

Investment in MasterpieceVR	(500,000)	
Proceeds from sale of marketable securities	7,080,375	13,083,547
Purchase of marketable securities	(4,845,903)	(12,347,199)
Purchases of treasury stock		(190,483)
Note Receivable - Related party		
Net cash used by investing activities	(110,129)	(3,794,158)
Cash Flows from Financing Activities		
Proceeds from notes payable		2,990,000
Payments on notes payable	(2,070,257)	(676,640)
Proceeds on bank loans		2,476,000
Payments on bank loans	(655,276)	(133,414)
Proceeds from Paycheck Protection Program Loans	1,970,785	
Proceeds from securities purchase agreements		1,580,100
Expenses on securities purchase agreements		(58,950)
Revolving line of credit		387,598
Net cash provided/(used) by financing activities	(754,748)	6,564,694
Effect of currency translation	(70,668)	(193,974)
Net increase in cash, cash equivalents, and restricted cash	(3,721,531)	1,399,833
Cash, cash equivalents, and restricted cash at beginning of period	21,072,859	2,858,085
Cash, cash equivalents, and restricted cash at end of period	17,280,660	4,063,944
Balance Sheet Accounts Included in Cash, Cash Equivalents, and Restricted Cash		
Cash and equivalents	15,573,734	2,809,591
Restricted cash	1,706,926	1,254,353
Total cash, cash equivalents, and restricted cash	17,280,660	4,063,944
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for interest	283,855	342,268
Cash paid during the period for income taxes	88,765	188
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Investment in Virtual Driver Interactive	439,774	
Stock issued to pay for products and/or services		198,583
Stock issued to pay notes payable	\$ 1,707,327	\$ 3,632,518



Source: Cemtrex Inc.