

December 28, 2022



Cemtrex Reports Fourth Quarter and Full Fiscal Year 2022 Financial Results

Fiscal Full Year 2022 Revenue Increased 17% to a \$50.3M

Strategic Divestiture of Non-Core Assets and Transformative Restructuring to Accelerate Vicon and AIS Brands Reducing Overhead by \$6.2M

Management to Host Conference Call January 5, 2023 at 5:00 p.m. Eastern Time

Brooklyn, NY, Dec. 28, 2022 (GLOBE NEWSWIRE) -- - December 28, 2022 - [Cemtrex Inc.](https://www.cemtrex.com) (NASDAQ: CETX, CETXP), an advanced security technology and industrial services company, has reported its financial and operational results for the fourth quarter and fiscal year ended September 30, 2022.

Key Fourth Quarter 2022 and Subsequent Highlights

- Completed divestiture of non-core assets to focus on accelerating its Vicon and AIS brands, a transformative business restructuring that will result in operating expense reduction of over \$5.2 million per year on a go forward basis.
- The Company has also identified another \$1M in corporate overhead from legal, accounting, and development expenses that were incurred in FY 2022 that will not be incurred in FY 2023. This will result in approximately \$6.2M in operating expense reduction to be realized going forward from Nov 2022.
- Revenue for the full year of 2022 increased 17% to \$50.3 million, compared to revenue of \$43.1 million for the full year of 2021.
- Gross margin up 634 basis points to 40% in Q4'22 from 33% in the prior year quarter
- Cash and equivalents as of September 30th, 2022 was \$10.6M
- Appointed Shane Compton as Chief Operating Officer of Vicon, a 20-year operations veteran who will lead operational growth, oversee sales and engineering, and spearhead efficiency initiatives.

Management Commentary

Cemtrex Chairman and CEO, Saagar Govil, commented on the results: "2022 was a transformative year for Cemtrex, marked by our decision to undertake a significant restructuring in which we divested the Smartdesk and VR subsidiaries to focus exclusively on our Vicon Industries and Advanced Industrial Services (AIS) businesses. We continue to see escalating demand for these businesses and believe this shift in focus to capture significant near-term opportunities will help us to reach positive operating income by 2024 and maximize shareholder value over the next several years.

“Year over year improving revenues in our Advanced Technologies segment were led by Vicon, with strong demand from major customers for its award winning, Roughneck cameras and Valerus video management software solutions. Vicon has become a global leader in advanced security and surveillance technology to safeguard businesses, schools, municipalities, hospitals, and cities across the world. We continue to believe Vicon is on a strong path towards \$5-10 million of recurring revenue in the next three to five years as the industry shifts to SaaS solutions leveraging AI and cloud technology solutions. Furthermore, Vicon is on track to launch a proprietary AI based analytics solution early next year as well as major improvements to its core software platform Valerus, which we expect to further drive sales.”

“To continue executing on Vicon’s business plan, we recently appointed Shane Compton as Chief Operating Officer at Vicon Industries. Shane is an accomplished leader in the physical security industry, bringing over 20 years of experience as Chief Operations Officer, Chief Technology Officer, and Chief Product Officer at industry-leading companies like Costar Technologies and Pelco. He is now leading the company’s global sales, support, operations, and engineering teams to create operational efficiencies and deepen Vicon’s commitment to world-class support and customer experience.

“Fiscal 2022 revenue for our Industrial services segment, AIS, grew 12% on rising demand for its industrial contracting services. With over 35 years in the industry and high repeat business, AIS has a strong reputation as a single source industrial contractor and premier provider of industrial contracting services. We continue to see considerable monetizing opportunities for AIS services with the need for predictive maintenance services, reshoring of manufacturing back to the US, and an increasing complexity in industrial equipment. With its strong balance sheet and cash flow, and as the industrial economy expands, we believe AIS has significant potential for expansion, particularly with bolt on acquisitions.

“Looking ahead for Cemtrex, the restructuring of our business and divestment of non-core assets is expected to result in substantial cost savings of approximately \$6.2M. With the restructuring and additional operational improvements that we have made, we expect gross margins and better financial results moving into 2023.

Full Year 2022 Financial Results

Revenue for the full year of 2022 totaled \$50.3 million, compared to revenue of \$43.1 million for the full year of 2021, a 17% increase year over year. The increase in revenue for the year was due to increased demand for the Company’s products and services. The Advanced Technologies segment revenues for the years ended September 30, 2022, and 2021 were \$29.1 million and \$24.2 million, respectively, an increase of 20%. The Advanced Technologies segment increase was due to an increased demand for security technology products under the Vicon brand. Industrial Services segment revenues for the full year 2022 increased by 12% to \$21.2 million, primarily due to the increase in demand for its services.

Gross Profit for the year ended September 30, 2022, was \$19,055,518 or 38% of revenues as compared to gross profit of \$16,968,352 or 39% of revenues for the year ended September 30, 2021. The decrease in gross profit as a percentage of revenue for the year ended September 30, 2022, as compared to the prior year, was due to increased cost of revenues as a result of increased costs for goods, and increased transportation costs for goods.

Total operating expenses for 2022 were \$35.9 million, compared to \$25.7 million for 2021. The increase in total operating expenses was primarily driven by increases in personnel costs, insurance, travel, legal, and research and development.

Net loss for the full year of 2022 was \$13 million, as compared to a net loss of \$7.8 million in 2021. Net loss in the fourth quarter of 2022 totaled \$3.2 million compared to a net loss of \$9.7 million in the fourth quarter of 2021.

Cash and cash equivalents totaled \$10.6 million at September 30, 2022, as compared to \$11.4 million at June 30, 2022, and \$15.4 million at September 30, 2021.

Inventories increased by \$3,874,395 or 68% to \$9,531,682 at September 30, 2022, from \$5,657,287 at September 30, 2021. The increase in inventories is attributable to the company's purchase of inventory for the security business of its Advanced Technology segment to maintain sufficient stock on hand for sale to overcome the recent supply chain delays.

Fiscal Year 2023 Outlook

Govil continued, "Looking ahead, we believe revenues for Vicon Industries, based on our current demand, should increase by approximately 16% to \$28.0 million for fiscal year 2023 given the launch of its AI based analytics solution, improvements to Valerus and additional sales. We also believe AIS will continue to expand revenues by 3% to \$21.8 million driven by continued strength in the Industrial Services market. Additionally, based on steps the Company has taken for the full fiscal year 2023, Gross Profit Margin % for Vicon Industries is expected to increase to approximately 48%. Similarly, based on operational improvements made we believe Gross Profit Margin % for AIS is expected to improve to approximately 34% for the FY 2023 for Advanced Industrial Services.

"We have taken steps to reduce expenses at the Centrex corporate level as well to drive improvement in our overall operating expenses. With all the combined actions taken we believe the Operating Loss over the next four quarters to be under approximately \$2.5 million. The effects of these changes will be partially demonstrated in our December quarter performance due to the timing of the restructurings and we expect our March quarter performance to reflect the improvements more fully. We also believe that we can reduce inventory by more than \$1.5 million over the course of FY 2023 as we have seen supply chain constraints improve. This will allow us to offset the cash loss from the expected operating loss over the next couple quarters by the cash obtained from the reduction in inventory, reducing the burden on our overall cash position.

With approximately \$10.0 million in cash and a dramatic reduction in expenses, we believe we have sufficient capital in the near term to focus on executing on our roadmap both financially and operationally without the need for immediate capital. Our expectation is that the Company reach a positive Operating Income in FY 2024. We continue to work to position the Company on the path to a sustainable financial model and for long term growth which we believe will provide long term value for our shareholders," concluded Govil.

<i>\$ in Millions except percentages</i>	FY2022 (Internal - Actual)	FY2023 (Outlook)	Increase/Decrease
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Revenues			
Vicon Industries	23.6	28.0	15.7%
Advanced Industrial Services	21.2	21.8	2.7%
Gross Profit			
Vicon Industries	8.8	13.5	34.8%
Advanced Industrial Services	6.3	7.3	13.1%
Gross Profit Margin %			
Vicon Industries	37%	48%	1094 bps
Advanced Industrial Services	30%	34%	359 bps
Operating Income			
Vicon Industries	(5.7)	(1)	-82%
Advanced Industrial Services	.6	1.5	138%
Corporate Expenses	\$ 4.2	\$ 2.5	(1.7)
Cemtrex Post-Divestiture Operating Income	(9.3)	(2.0)	-78%
Vicon Inventory	8.7	7.2	-17.0%

Fourth Quarter and Full Fiscal Year 2022 Results Conference Call

Cemtrex Chief Executive Officer Saagar Govil and Chief Financial Officer Paul Wyckoff will host the conference call, followed by a question-and-answer period.

To access the call, please use the following information:

Date: Thursday, January 5, 2023
Time: 5:00 p.m. Eastern time, 2:00 p.m. Pacific time
Toll-free dial-in number: 1-877-407-0792
International dial-in number: 1-201-689-8263

Conference ID: 13734858

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact MZ Group at 1-949-491-8235.

The conference call will be broadcast live and available for replay at https://viaavid.webcasts.com/starthere.jsp?ei=1588112&tp_key=fbaddf3b91 and via the investor relations section of the Company's website at www.cemtrex.com.

A replay of the conference call will be available after 8:00 p.m. Eastern time through January 19, 2023.

Toll-free replay number:	1-844-512-2921
International replay number:	1-412-317-6671
Replay ID:	13734858

About Cemtrex

Cemtrex Inc. (CETX) is a company that owns two operating subsidiaries: Vicon Industries Inc and Advanced Industrial Services Inc.

Vicon Industries, a subsidiary of Cemtrex Inc., is a global leader in advanced security and surveillance technology to safeguard businesses, schools, municipalities, hospitals and cities. Since 1967, Vicon delivers mission-critical security surveillance systems, specializing in engineering complete security solutions that simplify deployment, operation and ongoing maintenance. Vicon provides security solutions for some of the largest municipalities and businesses in the U.S. and around the world, offering a wide range of cutting-edge and compliant security technologies, from AI-driven video analytics to fully integrated access control solutions. For more information visit www.vicon-security.com

AIS – Advanced Industrial Services, a subsidiary of Cemtrex, Inc., is a premier provider of industrial contracting services including millwrighting, rigging, piping, electrical, welding. AIS Installs high precision equipment in a wide variety of industrial markets including automotive, printing & graphics, industrial automation, packaging, and chemicals. AIS owns and operates a modern fleet of custom designed specialty equipment to assure safe and quick installation of your production equipment. Our talented staff participates in recurring instructional training, provided to ensure that the most current industry methods are being utilized to provide an efficient and safe working environment. For more information visit www.ais-york.com

For more information visit 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

Assets	September 30, 2022	September 30, 2021
Current assets		
Cash and equivalents	\$ 10,610,181	\$ 15,426,976
Restricted cash	1,577,915	1,759,347
Short-term investments	13,721	14,981
Trade receivables, net	5,960,686	7,810,896
Trade receivables - related party	-	1,487,155
Inventory –net of allowance for inventory obsolescence	9,531,682	5,657,287
Prepaid expenses and other assets	2,575,105	2,585,652
Total current assets	<u>30,269,290</u>	<u>34,742,294</u>
Property and equipment, net	6,106,292	6,738,944
Right-of-use assets	2,641,198	2,940,127
Note receivable - related party	761,585	-
Goodwill	4,505,283	7,821,283
Other	1,473,980	697,240
Total Assets	<u>\$ 45,757,628</u>	<u>\$ 52,939,888</u>

Liabilities & Stockholders' Equity (Deficit)

Current liabilities		
Accounts payable	\$ 3,256,559	\$ 4,235,002
Accounts payable - related party	19,133	-
Short-term liabilities	16,894,743	9,977,972
Lease liabilities - short-term	818,730	830,791

Deposits from customers	198,178	536,220
Accrued expenses	2,281,324	1,621,053
Deferred revenue	1,951,282	2,004,170
Accrued income taxes	94,848	448,194
Total current liabilities	<u>25,514,797</u>	<u>19,653,402</u>
Long-term liabilities		
Loans payable to bank	110,331	767,279
Long-term lease liabilities	1,822,468	2,017,408
Notes payable	-	2,350,000
Mortgage payable	2,160,169	2,257,785
Other long-term liabilities	807,898	839,171
Paycheck Protection Program Loans	97,120	1,032,200
Deferred Revenue - long-term	607,309	467,967
Total long-term liabilities	<u>5,605,295</u>	<u>9,731,810</u>
Total liabilities	<u>31,120,092</u>	<u>29,385,212</u>
Commitments and contingencies	-	-
Shareholders' equity		
Preferred stock , \$0.001 par value, 10,000,000 shares authorized, Series 1, 3,000,000 shares authorized, 2,079,122 shares issued and 2,015,022 shares outstanding as of September 30, 2022 and 1,885,151 shares issued and 1,821,051 shares outstanding as of September 30, 2021 (liquidation value of \$10 per share)	2,079	1,885
Series C, 100,000 shares authorized, 50,000 shares issued and outstanding at September 30, 2022 and September 30, 2021	50	50
Common stock, \$0.001 par value, 50,000,000 shares authorized, 26,413,296 shares issued and outstanding at September 30, 2022 and 20,782,194 shares issued and outstanding at September 30, 2021	26,413	20,782
Additional paid-in capital	66,616,038	61,727,834
Retained earnings (accumulated deficit)	(54,929,020)	(41,908,062)
Treasury stock, 64,100 shares of Series 1 Preferred Stock at September 30, 2022 and 2021	(148,291)	(148,291)
Accumulated other comprehensive income (loss)	2,377,525	2,896,452
Total Cemtrex stockholders' equity	<u>13,944,794</u>	<u>22,590,650</u>

Non-controlling interest	692,742	964,026
Total liabilities and shareholders' equity	\$ 45,757,628	\$ 52,939,888

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

	For the year ended	
	September 30, 2022	September 30, 2021
Revenues	\$ 50,274,923	\$ 43,130,934
Cost of revenues	<u>31,219,405</u>	<u>26,162,582</u>
Gross profit	<u>19,055,518</u>	<u>16,968,352</u>
Operating expenses		
General and administrative	27,756,159	22,538,496
Research and development	4,851,720	3,171,676
Goodwill impairment	3,316,000	-
Total operating expenses	<u>35,923,879</u>	<u>25,710,172</u>
Operating loss	<u>(16,868,361)</u>	<u>(8,741,820)</u>
Other income/(expense)		
Other income	7,265,293	8,758,212
Settlement Agreement - Related Party	-	3,674,165
Interest Expense	<u>(3,897,719)</u>	<u>(2,921,345)</u>
Total other income/(expense), net	3,367,574	9,511,032
Net (loss)/income before income taxes	<u>(13,500,787)</u>	<u>769,212</u>
Income tax benefit/(expense)	<u>208,545</u>	<u>(375,434)</u>
(Loss)/Income from Continuing operations	<u>(13,292,242)</u>	<u>393,778</u>
Loss from discontinued operations, net of tax	<u>-</u>	<u>(8,280,047)</u>
Net loss	<u>(13,292,242)</u>	<u>(7,886,269)</u>
Less loss in noncontrolling interest	<u>(271,284)</u>	<u>(78,274)</u>
Net loss attributable to Cemtrex, Inc. shareholders	\$(13,020,958)	\$ (7,807,995)
Other comprehensive income/(loss)		

Net loss	\$(13,292,242)	\$ (7,886,269)
Foreign currency translation (loss)/income	(518,927)	996,100
Defined benefit plan actuarial gain	-	87,895
Comprehensive loss	<u>(13,811,169)</u>	<u>(6,802,274)</u>
Less comprehensive loss attributable to noncontrolling interest	(271,284)	(78,274)
Comprehensive loss attributable to Cemtrex, Inc. shareholders	<u>\$(13,539,885)</u>	<u>\$ (6,724,000)</u>
Income/(loss) Per Share-Basic		
Continuing Operations	<u>\$ (0.52)</u>	<u>\$ 0.02</u>
Discontinued Operations	<u>\$ -</u>	<u>\$ (0.44)</u>
Income/(loss) Per Share-Diluted		
Continuing Operations	<u>\$ (0.52)</u>	<u>\$ 0.02</u>
Discontinued Operations	<u>\$ -</u>	<u>\$ (0.44)</u>
Weighted Average Number of Shares-Basic	24,832,056	18,911,746
Weighted Average Number of Shares-Diluted	24,832,056	18,911,746

**Condensed Consolidated Statements of Cash Flows
(Unaudited)**

Cash Flows from Operating Activities	For the twelve months ended September 30,	
	2022	2021
Net loss	<u>\$(13,292,242)</u>	<u>\$ (7,886,269)</u>
Net loss from discontinued operations	<u>-</u>	<u>(8,280,047)</u>
Net loss from continuing operations	(13,292,242)	393,778
Adjustments to reconcile net income/(loss) to net cash used by operating activities		
Depreciation and amortization	1,862,690	1,335,189
Loss on disposal of property and equipment	78,707	48,981
Noncash lease expense	616,116	870,860
Goodwill Impairment	3,316,000	-
Change in allowance for doubtful accounts	73,696	(161,856)

Loss on write off of related party receivables	708,512	-
Share-based compensation	155,505	156,418
Income tax expense/ (benefit)	(208,545)	375,434
Interest expense paid in equity shares	926,646	1,291,596
Accounts payable paid in equity shares	50,000	-
Accrued interest on notes payable	1,043,346	398,321
Amortization of original issue discounts on notes payable	1,544,622	675,000
Gain on marketable securities	(8,399,152)	(2,612,847)
Discharge of Paycheck Protection Program Loans	(971,500)	(5,320,485)
Settlement Agreement - Related Party	-	(3,674,165)

Changes in operating assets and liabilities net of effects from acquisition

of subsidiaries:

Trade receivables	1,776,514	(962,243)
Trade receivables - related party	-	(59,960)
Inventory	(3,874,395)	(670,838)
Prepaid expenses and other current assets	48,308	(1,411,653)
Other assets	(276,740)	110,534
Other liabilities	(31,273)	70,576
Accounts payable	(978,443)	(512,138)
Accounts payable - related party	36,191	-
Operating lease liabilities	(524,188)	(962,790)
Deposits from customers	(338,042)	33,310
Accrued expenses	660,271	47,389
Deferred revenue	86,454	506,982
Income taxes payable	(182,562)	(16,558)
Net cash used by operating activities	(16,093,504)	(10,051,165)

Cash Flows from Investing Activities

Purchase of property and equipment	(1,844,620)	(1,069,283)
Proceeds from sale of property and equipment	554,335	-
Investment in MasterpieceVR	(500,000)	(500,000)
Investment in Virtual Driver Interactive	-	(1,075,428)
Proceeds from sale of marketable securities	28,302,309	11,477,321
Purchase of marketable securities	(19,901,897)	(7,991,709)
Net cash provided by investing activities	6,610,127	840,901

Cash Flows from Financing Activities

Proceeds from notes payable	8,000,000	5,005,000
Payments on notes payable	(1,751,763)	(2,220,257)
Payments on capital lease liabilities	-	(20,061)
Payments on bank loans	(1,225,700)	(1,261,035)
Proceeds from Paycheck Protection Program Loans	-	2,942,285
Net cash provided by financing activities	5,022,537	4,445,932
Effect of currency translation	(537,387)	880,834
Net decrease in cash, cash equivalents, and restricted cash	(4,460,840)	(4,764,332)
Cash, cash equivalents, and restricted cash at beginning of period	17,186,323	21,069,821
Cash, cash equivalents, and restricted cash at end of period	\$ 12,188,096	\$ 17,186,323

Balance Sheet Accounts Included in Cash, Cash Equivalents, and Restricted Cash

Cash and equivalents	\$ 10,610,181	\$ 15,426,976
Restricted cash	1,577,915	1,759,347
Total cash, cash equivalents, and restricted cash	\$ 12,188,096	\$ 17,186,323

Supplemental Disclosure of Cash Flow Information:

Cash paid during the period for interest	\$ 383,105	\$ 556,428
Cash paid during the period for income taxes	\$ 353,346	\$ (358,876)

Supplemental Schedule of Non-Cash Investing and Financing Activities

Investment in Virtual Driver Interactive	\$ -	\$ 439,774
Shares issued to pay for services	\$ 50,000	\$ -
Shares issued to pay notes payable	\$ 3,993,124	\$ 5,025,652
Shares issued in connection with note payable	\$ 700,400	\$ -
Investment in right of use asset	\$ 317,187	\$ -



Source: Centrex Inc.