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Cemtrex (CETX) Reports Operating Profit & 114% Sales Increase for the First Quarter Ended December 31, 2019

EBITDA over \$900K for First Quarter, EBITDA Margin 7.4% of Revenues

BROOKLYN, N.Y., Feb. 19, 2020 (GLOBE NEWSWIRE) -- [Cemtrex Inc.](#) (Nasdaq: CETX, CETXP, CETXW), a leading multi-industry technology company that is driving innovation in a wide range of consumer and commercial sectors, announced its financial results for the quarter ending December 31st, 2019 by reporting an operating income of \$118,943, EBITDA of \$909,162 and an increase of 114% in sales.

First Quarter Highlights:

Sales: \$12,220,083
EBITDA: \$909,162
EBITDA Margin %: 7.4%
Operating Profit: \$118,943
Cash and Equivalents: \$3,963,958
Total Assets: \$48,713,569
Total Stockholder's Equity: \$21,966,080

First Quarter Results:

- **Sales:** Total Revenue for the three months ended December 31, 2019 and 2018 was \$12,220,083 and \$5,717,589, respectively, an increase of \$6,502,494, or 114%. Total revenue for the fiscal year increased, as compared to total revenue in the same period last year, due to increased sales in the *Advanced Technology* segment. Our *Advanced Technologies* segment revenues for the three months ended December 31, 2019, increased by \$6,757,398 or 1,444% to \$7,225,233 from \$467,835 for the three months ended December 31, 2018. This increase represents mainly the Consolidation of Vicon Industries, Inc.
- **Gross Profit:** Gross Profit for the three months ended December 31, 2019 was \$5,348,486 or 44% of revenues as compared to gross profit of \$2,187,586 or 38% of revenues for the three months ended December 31, 2018. 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.
- **Operating Income:** The Company had an operating income of \$118,943 or 1% of revenues, for the three-month period ended December 31, 2019 as compared to an

operating loss of \$1,526,492 or 26.7% of revenues, for the three months ended December 31, 2018. Operating Income increased \$1,645,435, or 108% in the first quarter as compared to the same period last year, as a result of the reduction of general and administrative expenses in proportion to Revenues.

- **Comprehensive Income / Loss:** The Company had a comprehensive loss of \$829,218 or 6.8% of revenues, for the three-month period ended December 31, 2019 as compared to a comprehensive loss of \$3,991,630 or 70% of revenues, for the three months ended December 31, 2018, a decrease of 79%. Comprehensive loss decreased in the first quarter as compared to comprehensive loss in the same period last year, as a result of the reduction of general and administrative expenses.

Cemtrex’s Chairman and CEO, Saagar Govil, commented on the results, “We are thrilled with the tremendous progress we have made in restructuring our businesses for the future as we generated over 900K in EBITDA this quarter. We have demonstrated improvement in our gross margins which we believe will continue to strengthen as we grow our top line. Our Company is back to generating an operating profit which will provide the foundation for future growth and creating more shareholder value.”

“We continue to receive new orders across all our business segments and are bullish on our security, software development, and IoT businesses going forward. We believe our Company is well positioned in several high growth, exciting markets that will lead to gross and net margin expansion over the next couple years. We will continue to balance our desire for growing our operating cash flow with making investments in our businesses that will create long-term value. Furthermore, we are always on the lookout for synergistic and opportunistic acquisitions that can help drive value over the long term.”

| EBITDA Reconciliation | For the Three Months Ending | |
|---------------------------------|-----------------------------|---------------|
| | Dec 31 of Each Year | |
| | 2020 | 2019 |
| Total Operating (loss)/income | \$118,943 | \$(1,526,492) |
| Depreciation and amortization | \$695,319 | \$796,301 |
| Non-Cash Series C Stock Expense | \$94,900 | \$0 |
| EBITDA (Non-GAAP) | \$909,162 | \$(730,191) |
| Total Revenues | \$12,220,083 | \$5,717,589 |
| EBITDA Margin % | 7.4% | (12.8%) |

Earnings before interest, taxes, and depreciation and amortization (EBITDA) are non-GAAP measures. In defining Non-GAAP EBITDA, the Company excludes the impact of non-recurring, non-cash stock-based compensation, and depreciation and amortization. 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.

About Cemtrex

Cemtrex, Inc. (NASDAQ:CETX) is the manufacturer of the [SmartDesk](#), the world’s most

advanced workstation. Cemtrex is a diversified technology company that is driving innovation in a wide range of sectors, including smart technology, virtual and augmented realities, advanced electronic systems, industrial solutions, and intelligent security systems. 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.

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Source: Cemtrex Inc.