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Cemtrex Reports Second Quarter 2022 Financial Results

Second Quarter Revenues Increase 37% to \$12.7 Million

Brooklyn, NY, May 17, 2022 (GLOBE NEWSWIRE) -- - [Cemtrex Inc.](#) (NASDAQ: CETX, CETXP), 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, 2022.

Key Second Quarter 2022 and Subsequent Highlights

- Revenue increased 37% to \$12.7 million compared to \$9.3 million in Q2'21.
- Announced a strategic shift towards prioritizing its core businesses, in particular Vicon Industries, its security technology brand to maximize shareholder value, drive long term growth, and profitability. In conjunction with the strategy shift to bolster its Advanced Technologies segment, Cemtrex is exploring the divestiture of one or more business units to support its refocus.
- Received a \$1.2 million order through its Advanced Technology Segment from a large correctional facility, and current customer, in Oregon to upgrade its security technology system with new hardware and software.
- Second investment of \$0.5 million into Masterpiece Studio (formerly MasterPieceVR), a developer of a professional desktop and VR application suite that offers 3D content creation tools, primarily for virtual reality and the Metaverse.
- onXRP.com, a leading technology and content platform which provides user-driven innovation to the XRP Ledger (XRPL), and CXR, a subsidiary of Cemtrex, partnered to create a set of modular extensions that will help further develop the onXRP ecosystem.
- Regained compliance with Nasdaq Audit Committee composition requirements.
- Showcased Vicon's end-to-end technology solutions at ISC West Conference.

Management Commentary

Cemtrex Chairman and CEO, Saagar Govil, commented on the results: "During the second quarter we continued to see significant revenue improvement in our Advanced Technologies and Industrial Services segments from the improved economic climate. This momentum, combined with a thorough review of our business units, created the opportunity for us to commence a strategic shift toward refocusing efforts on our core businesses going forward. In particular, we believe Vicon Industries has enormous untapped potential with escalating demand as end-users seek a reliable source of video surveillance and access control technologies fit for today's highly dynamic environment. During the quarter, Vicon received an upgrade order for \$1.2 million from a from a large correctional facility, and current

customer, in Oregon that further validated its technology. We expect Vicon to move 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.

“In conjunction with this new focus, we continue to evaluate a range of operational and financial alternatives including the sale of one or more of the company’s business units. We are also taking steps to address rising costs by increasing prices and reducing overhead where possible. We believe these steps will improve gross margins back to higher levels with the goal to return to positive EBITDA for FY 2023. We believe this approach is the best path to unlocking significant shareholder value in moving forward and will allow us to prioritize our security business and our Industrial Services segment that continues to be a strong source of cash flow with high repeat business and a well-known reputation.

“Along with improving year over year revenues, the second quarter of 2022 was highlighted by the development of key partnerships with technology companies in blockchain and VR. Looking ahead, we remain focused on our top line growth with investments in our sales and marketing program, ongoing research and development, and advancing our technology partnerships. Vicon will be launching a proprietary AI based analytics solution later this year as well as major improvements to its core software platform Valerus, which will further drive growth. We believe our new focus will further position us for long-term growth and remain optimistic that our revenue will continue to improve,” concluded Govil.

Second Quarter 2022 Financial Results

Revenue for the three months ended March 31, 2022, and 2021 was \$12.7 million and \$9.3 million, respectively, an increase of 37%. Revenue for the six months ended March 31, 2022, and 2021 was \$23.4 million and \$18.1, respectively, an increase of 29%. This increase is mainly due to an improvement in economic conditions from the impact of the COVID-19 crisis during the same period last year. The Advanced Technologies segment revenues for the three months ended March 31, 2022, increased by 41% to \$7.7 million, and the Industrial Services segment revenues for quarter increased by 33%, to \$5.0 million.

Gross Profit for the second quarter of 2022 was \$4.1 million, or 32% of revenues as compared to gross profit of \$3.9 million, or 42% of revenues for the year ago period. Gross profit decreased primarily due to increased freight charges and supply chain shortages.

Total operating expenses for three months ended March 31, 2022, were \$7.9 million, compared to \$5.9 million in the prior year’s quarter.

Operating activities for continuing operations used \$7.2 million for the six months ended March 31, 2022 compared to using \$2.9 million of cash for the six months ended March 31, 2021.

Net loss for the quarter ended March 31, 2022 was \$4.7 million, as compared to a net income of \$2.4 million in 2021. Net loss increased in the first quarter as compared to the same period last year primarily due to costs of revenues and operating expenses.

Cash and cash equivalents totaled \$9.0 million at March 31, 2022, as compared to \$15.4 million at September 30, 2021.

About Centrex

Centrex, 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.centrex.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 an offering, gross proceeds from an 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.

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