

August 15, 2022



Cemtrex Reports Third Quarter 2022 Financial Results

Third Quarter Revenues Increase 32% to \$13.6 Million, Management to Host Webcast and Conference Call Today At 5:00 p.m. ET

Brooklyn, NY, Aug. 15, 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 third quarter ended June 30, 2022.

Key Third Quarter 2022 and Subsequent Highlights

- Revenue increased 32% to \$13.6 million compared to \$10.3 million in Q3'21, marking third straight quarter of increasing revenue.
- Q3 gross margin up 310 basis points to 43% in Q3'22 from 40% in the prior year quarter and up from 32% in Q2' 22.
- Net Income was a \$983,491 loss for the third quarter FY 22, compared to a \$5,082,222 loss in the second quarter FY 22, achieving approximately a \$4.1 million reduction in expenses over those sequential periods.
- 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.

Management Commentary

Cemtrex Chairman and CEO, Saagar Govil, commented on the results: "Along with third straight quarter and year over year improving revenues, the third quarter of 2022 was highlighted by continued quarterly improvement in our Advanced Technologies and Industrial Services segments due to increased demand for our products and services. During the quarter we continued to make significant progress in our strategic shift toward refocusing efforts on our core businesses Vicon Industries and AIS going forward. We believe Vicon can move towards \$5-10 million of recurring revenue in the next three to five years as a global leader in advanced security and surveillance technology to safeguard businesses, schools, municipalities, hospitals and cities across the world. Vicon is seeing growing demand for its video surveillance and access control technologies as the industry is rapidly shifting to SaaS solutions leveraging AI and cloud technology solutions for today's highly dynamic environment.

"To support Vicon's growth, we recently appointed Haim Shain as Senior Vice President of Product Management at Vicon, a dynamic and accomplished leader in the surveillance

industry. In this new role, Shain will oversee the strategy and implementation behind Vicon's expanding product line, from our award-winning Roughneck® surveillance cameras and VAX access control system, to our centralized video management platform, Valerus™ VMS. Under his leadership, Vicon's product teams will further drive innovation, including cloud-based video management and AI-enabled video analytics solutions.

"Growth driven by an increase in demand for predictive maintenance services and the rise in the complexity of equipment is driving demand for AIS, our single source industrial contractor and premier provider of industrial contracting services including millwrighting, rigging, piping, electrical, welding. With its strong balance sheet empowering the ability to offer more comprehensive services due to inventory of equipment, we believe the company has enormous untapped potential in the industrial services market.

"For Cemtrex, we continue to evaluate a range of operational and financial alternatives including the sale of one or more of the company's non-core business units. During the quarter we addressed rising costs by increasing prices and reducing overhead where possible. These steps helped to improve gross margins from 32% in the second quarter of 2022 to 43% in the third quarter. Our operating loss came down sequentially in the second quarter due to increased sales, but we see opportunity to reduce overhead in certain areas and plan to do so in the coming months to drive better financial results.

"Looking ahead, we remain focused on disciplined top line growth with room for further gross margin improvement to drive towards positive EBITDA in FY 23. We continue to make strategic investments in our sales and marketing program, ongoing research and development, and advancing our technology partnerships. 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 will further drive growth. We continue to work to position the Company for long-term growth and refocus efforts on our core businesses, which we believe will provide long term value for our shareholders," concluded Govil.

Third Quarter 2022 Financial Results

Revenue for the three months ended June 30, 2022, and 2021 was \$13.6 million and \$10.3 million, respectively, an increase of 32%. Revenue for the nine months ended June 30, 2022, and 2021 was \$37.0 million and \$28.4, respectively, an increase of 30%. This increase is mainly due to an increased demand for the Company's products and services. The Advanced Technologies segment revenues for the three months ended June 30, 2022, increased by 40% to \$8.2 million, and the Industrial Services segment revenues for quarter increased by 22%, to \$5.5 million.

Gross Profit for the third quarter of 2022 was \$5.9 million, or 43% of revenues as compared to gross profit of \$4.1 million, or 40% of revenues for the year ago period, and compared to 32% in the second quarter of FY 2022. Gross profit increased primarily due to price increases implemented throughout the Company in response to rising costs of goods and transportation costs.

The Operating loss for the for three months ended June 30, 2022, was \$2.1 million, compared to \$3.8 million in the second quarter ended March 31st, 2022, a reduction of \$1.7 million or 45%.

Operating activities for continuing operations used \$10.4 million for the nine months ended June 30, 2022, compared to using \$6.2 million of cash for the nine months ended June 30, 2021.

Net loss for the quarter ended June 30, 2022, was \$0.7 million, as compared to a net income of \$1.1 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 \$11.1 million at June 30, 2022, as compared to \$15.4 million at September 30, 2021.

Third Quarter 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:	Monday August 15, 2022
Time:	5:00 p.m. Eastern time, 2:00 p.m. Pacific time
Toll-free dial-in number:	1-844-826-3033
International dial-in number:	1-412-317-5185
Conference ID:	10170222

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://viaid.webcasts.com/starthere.jsp?ei=1563547&tp_key=b5b432ffa7 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 August 29, 2022.

Toll-free replay number:	1-844-512-2921
International replay number:	1-412-317-6671
Replay ID:	10170222

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 but not limited to 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 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.

Cemtrex, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

	(Unaudited)	
	June 30, 2022	September 30, 2021
Assets		
Current assets		
Cash and equivalents	\$ 11,442,487	\$ 15,426,976
Restricted cash	1,518,720	1,759,347
Short-term investments	280,571	14,981
Trade receivables, net	7,564,382	7,810,896
Trade receivables - related party	1,472,514	1,487,155
Inventory –net of allowance for inventory obsolescence	8,458,530	5,657,287
Prepaid expenses and other assets	2,407,116	2,585,652
Total current assets	<u>33,144,320</u>	<u>34,742,294</u>
Property and equipment, net	6,239,239	6,738,944
Right-of-use assets	2,641,960	2,940,127
Goodwill	7,821,283	7,821,283
Other	1,356,766	697,240
Total Assets	<u>\$ 51,203,568</u>	<u>\$ 52,939,888</u>
Liabilities & Stockholders' Equity (Deficit)		
Current liabilities		
Accounts payable	\$ 5,401,538	\$ 4,235,002
Short-term liabilities	17,146,234	9,977,972
Lease liabilities - short-term	819,488	830,791

Deposits from customers	113,106	536,220
Accrued expenses	1,176,787	1,621,053
Deferred revenue	2,594,517	2,004,170
Accrued income taxes	141,465	448,194
Total current liabilities	<u>27,393,135</u>	<u>19,653,402</u>
Long-term liabilities		
Loans payable to bank	141,239	767,279
Long-term lease liabilities	1,799,002	2,017,408
Notes payable	228,893	2,350,000
Mortgage payable	2,184,404	2,257,785
Other long-term liabilities	825,629	839,171
Paycheck Protection Program Loans	97,120	1,032,200
Deferred Revenue - long-term	584,003	467,967
Total long-term liabilities	<u>5,860,290</u>	<u>9,731,810</u>
Total liabilities	<u>33,253,425</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 June 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 June 30, 2022 and September 30, 2021	50	50
Common stock, \$0.001 par value, 50,000,000 shares authorized, 26,263,296 shares issued and outstanding at June 30, 2022 and 20,782,194 shares issued and outstanding at September 30, 2021	26,263	20,782
Additional paid-in capital	66,522,085	61,727,834
Retained earnings (accumulated deficit)	(51,788,053)	(41,908,062)
Treasury stock at cost	(148,291)	(148,291)
Accumulated other comprehensive income (loss)	2,555,441	2,896,452
Total Cemtrex stockholders' equity	<u>17,169,574</u>	<u>22,590,650</u>
Non-controlling interest	<u>780,569</u>	<u>964,026</u>

Total liabilities and shareholders' equity

\$ 51,203,568 \$ 52,939,888

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

	For the three months ended	For the nine months ended		
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Revenues	13,630,846	10,326,431	37,031,550	28,422
Cost of revenues	<u>7,754,490</u>	<u>6,198,715</u>	<u>23,233,389</u>	<u>16,360</u>
Gross profit	<u>5,876,356</u>	<u>4,127,716</u>	<u>13,798,161</u>	<u>12,062</u>
Operating expenses				
General and administrative	6,948,959	5,670,019	20,318,196	16,337
Research and development	1,048,246	757,966	3,474,674	2,033
Total operating expenses	<u>7,997,205</u>	<u>6,427,985</u>	<u>23,792,870</u>	<u>18,370</u>
Operating income/(loss)	<u>(2,120,849)</u>	<u>(2,300,269)</u>	<u>(9,994,709)</u>	<u>(6,308)</u>
Other income/(expense)				
Other income/(expense)	2,072,265	3,901,658	3,337,365	6,532
Settlement Agreement - Related Party	-	-	-	3,674
Interest Expense	<u>(931,059)</u>	<u>(433,009)</u>	<u>(3,654,045)</u>	<u>(1,891)</u>
Total other income/(expense), net	1,141,206	3,468,649	(316,680)	8,315
Net loss before income taxes	<u>(979,643)</u>	<u>1,168,380</u>	<u>(10,311,389)</u>	<u>2,006</u>
Income tax benefit/(expense)	<u>247,941</u>	<u>(40,759)</u>	<u>247,941</u>	<u>(168)</u>
Net income/(loss)	<u>(731,702)</u>	<u>1,127,621</u>	<u>(10,063,448)</u>	<u>1,838</u>

Less loss in noncontrolling interest	(50,909)	29,608	(183,457)	(20)
Net income/(loss) attributable to Cemtrex, Inc. shareholders	<u>\$ (680,793)</u>	<u>\$ 1,098,013</u>	<u>\$ (9,879,991)</u>	<u>\$ 1,859</u>
Other comprehensive income/(loss)				
Net income/(loss)	\$ (731,702)	\$ 1,127,621	\$(10,063,448)	\$ 1,838
Foreign currency translation loss	(200,880)	(193,554)	(341,011)	(234)
Defined benefit plan actuarial gain	-	-	-	87
Comprehensive income/(loss)	<u>(932,582)</u>	<u>934,067</u>	<u>(10,404,459)</u>	<u>1,692</u>
Less comprehensive loss attributable to noncontrolling interest	<u>50,909</u>	<u>(35,731)</u>	<u>183,457</u>	<u>14</u>
Comprehensive income/(loss) attributable to Cemtrex, Inc. shareholders	<u>\$ (983,491)</u>	<u>\$ 969,798</u>	<u>\$(10,587,916)</u>	<u>\$ 1,678</u>
Income/(loss) Per Share-Basic	\$ (0.03)	\$ 0.06	\$ (0.41)	\$
Income/(loss) Per Share-Diluted	\$ (0.03)	\$ 0.06	\$ (0.41)	\$
Weighted Average Number of Shares-Basic	25,777,704	18,711,463	24,316,527	18,368
Weighted Average Number of Shares-Diluted	25,777,704	18,711,463	24,316,527	18,368

Cemtrex, Inc. and Subsidiaries

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

Cash Flows from Operating Activities	For the nine months ended June 30,	
	2022	2021
Net income/(loss)	\$(10,063,448)	\$ 1,838,721
Adjustments to reconcile net income/(loss) to net cash used by operating activities		
Depreciation and amortization	1,346,383	972,186
Loss on disposal of property and equipment	161,814	18,583
Noncash lease expense	615,354	653,175
Change in allowance for doubtful accounts	(7,584)	(161,101)
Share-based compensation	111,402	110,904
Income tax expense/ (benefit)	(247,941)	168,190
Interest expense paid in equity shares	1,627,046	818,348
Accrued interest on notes payable	635,001	64,748
Amortization of original issue discounts on notes payable	908,333	575,000
Gain on marketable securities	(2,234,478)	(2,407,841)
Discharge of Paycheck Protection Program Loans	(971,500)	(3,349,700)
Settlement Agreement - Related Party	-	(3,674,165)
Changes in operating assets and liabilities net of effects from acquisition of subsidiaries:		
Accounts receivable	254,098	1,613,682
Accounts receivable - related party	14,641	(78,594)
Inventory	(2,801,243)	(1,875,591)
Prepaid expenses and other current assets	178,536	(976,050)
Other assets	(159,526)	149,778
Other liabilities	(13,542)	15,019
Accounts payable	1,166,536	30,327
Operating lease liabilities	(546,896)	(650,535)
Deposits from customers	(423,114)	9,567
Accrued expenses	(444,266)	(78,851)
Deferred revenue	706,383	124,637
Income taxes payable	(58,788)	(88,987)
Net cash used by operating activities	(10,246,799)	(6,178,550)
Cash Flows from Investing Activities		

Purchase of property and equipment	(1,003,121)	(1,113,658)
Proceeds from sale of property and equipment	51,262	-
Investment in MasterpieceVR	(500,000)	(500,000)
Investment in related party	-	(1,075,428)
Proceeds from sale of marketable securities	12,182,932	9,134,159
Purchase of marketable securities	(10,214,044)	(6,290,747)
Net cash used by investing activities	517,029	154,326

Cash Flows from Financing Activities

Proceeds from notes payable	8,000,000	-
Payments on notes payable	(1,176,763)	(2,145,257)
Payments on capital lease liabilities	-	(20,061)
Payments on bank loans	(920,939)	(957,186)
Proceeds from Paycheck Protection Program Loans	-	2,942,285
Net cash provided/(used) by financing activities	5,902,298	(180,219)

Effect of currency translation	(397,644)	(386,160)
Defined benefit plan actuarial gain/(loss)	-	87,895
Net decrease in cash, cash equivalents, and restricted cash	(3,827,472)	(6,204,443)
Cash, cash equivalents, and restricted cash at beginning of period	17,186,323	21,072,859
Cash, cash equivalents, and restricted cash at end of period	\$ 12,961,207	\$14,570,151

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

Cash and equivalents	\$ 11,442,487	\$12,879,278
Restricted cash	1,518,720	1,690,873
Total cash, cash equivalents, and restricted cash	\$ 12,961,207	\$14,570,151

Supplemental Disclosure of Cash Flow Information:

Cash paid during the period for interest	\$ 483,665	\$ 432,930
Cash paid during the period for income taxes	\$ 306,729	\$ 88,765

Supplemental Schedule of Non-Cash Investing and Financing Activities

Investment in Virtual Driver Interactive	\$ -	\$ 439,774
Stock issued to pay notes payable	\$ 3,993,124	\$ 2,187,837

Shares issued in connection with note payable	\$	700,400	\$	-
Financing of right of use assets	\$	317,187	\$	-

Investor Relations

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Source: Cemtrex Inc.