

February 12, 2024



Cemtrex Reports First Quarter 2024 Financial Results

Q1'24 Revenue Increased 41% to \$16.9M; Management to Host Conference Call Today at 5:00 p.m. ET

Brooklyn, NY, Feb. 12, 2024 (GLOBE NEWSWIRE) -- - [Cemtrex Inc.](#) (NASDAQ: CETX, CETXP), an advanced security technology and industrial services company, has reported its unaudited financial and operational results for the first quarter ended December 31, 2023.

Key First Quarter FY 2024 and Subsequent Highlights

- Revenue for Q1'24 increased 41% to \$16.9 million, compared to revenue of \$12.0 million for Q1'23.
 - Security segment revenues increased 31% to \$9.2 million in Q1'24 on increased demand for Vicon's products and services.
 - Industrial Services segment revenues for Q1'24 increased by 55% to \$7.7 million, on increased demand and additional revenue from Heisey Mechanical acquisition.
- Operating loss for the first quarter improved to \$0.7 million, compared to an operating loss of \$2.0 million a year ago.
- Vicon Industries subsidiary:
 - Received a \$0.8 million second phase order from a current school district customer in New Jersey to develop its security technology system with new solutions, expanding on the customer's previous order.
 - Launched a new cloud security platform, called Anavio (www.anavio.ai), that integrates video, access, and intercom in one easy-to-use system, powered by AI and face-based authentication.
- Advanced Industrial Services ("AIS") subsidiary:
 - Received \$3.8 million in new orders for two projects, including a \$2.2 million order for a geothermal system update for a Northeastern School District, and a \$1.6 million order for the fabrication of a key component for a motion control technologies company.
- Cash, cash equivalents and restricted cash as of December 31, 2023 was \$4.0 million.

Management Commentary

Cemtrex Chairman and CEO, Saagar Govil, commented on the results: "The first quarter continued our momentum with ongoing growth in our Security and Industrial segments. Revenue in the quarter grew 41% to \$16.9 million, driven by continued sales execution by Vicon, and strong demand for AIS products and services. Our Security segment revenues

increased 31% to \$9.2 million, and Industrial Services segment revenues increased by 55% to \$7.7 million. For the first quarter, our gross margin held at 42%, supported by operational improvements. We continue to believe there is additional runway for gains in gross margin as we make further enhancements in our business. Operating loss for the first quarter improved to \$0.7 million, compared to an operating loss of \$2.0 million a year ago. During the quarter we took additional steps to reduce operating expenditures, with an approximately \$1 million reduction in overhead in our Security segment that should start to be realized in fiscal second quarter.

“Turning to our Security segment, Vicon orders reflected its ability to capture repeat customers with a recent \$0.8 million second phase order from a current school district customer in New Jersey to develop its security technology system with new solutions, expanding on the customer’s previous order. Schools and universities are increasingly utilizing security platforms in their facilities to protect the safety of students and staff. Vicon’s award-winning Roughneck cameras and Valerus video management software solutions are being chosen to meet the unique challenges in locations ranging from border protection, correction facilities and schools that require an advanced solution of technologies to monitor people and protected areas. To support this growth, Vicon launched a new cloud security platform, called Anavio, that integrates video, access, and intercom in one easy-to-use system, powered by AI and face-based authentication. This new cloud platform allows us to create more value in our business by evolving Vicon into a recurring revenue business model. With the launch of Anavio along with continued improvements to our core software platform Valerus, we expect to drive further growth and see additional opportunity to grow gross margin in 2024.

“Our Industrial services segment, AIS, continues to see strong growth, highlighted by our recent announcement of \$3.8 million in new orders for two projects, including a \$2.2 million order for a geothermal system update for a Northeastern School District, and a \$1.6 million order for the fabrication of a key component for a motion control technologies company. With its expanded capabilities from the acquisition of Heisey Mechanical Ltd, AIS continues to build profitable revenue growth with additional wins in new government and industrial verticals in a variety of service industries and new geographies.

“Looking ahead, Vicon’s next generation version of state-of-the-art surveillance cameras and VMS software, and evolution into a recurring revenue business model, will help drive additional market share gains. AIS is rapidly expanding into new markets and customer opportunities, supported by its acquisition. We also continue to explore additional acquisition opportunities that could drive further growth and expansion within our business segments. Taken together, we are driving growth, and combined with tight expense control, are committed to achieving positive operating income in fiscal year 2024 on a full year basis. We look forward to providing additional updates in the months to come as accelerate our efforts to build long-term value for our shareholders,” concluded Govil.

First Quarter 2023 Financial Results

Revenue for the three months ended December 31, 2023, and 2022 was \$16.9 million and \$12.0 million, respectively, an increase of 41%. The Security segment revenues for the three months ended December 31, 2023, increased by 31% to \$9.2 million. The Security segment increase was due to an increased demand for security technology products under the Vicon brand. The Industrial Services segment revenues for the quarter increased by 55% to \$7.7

million, mainly due to increased demand for the segment's services as well as additional revenue due to the Heisey acquisition.

Gross Profit for the three months ended December 31, 2023, was \$7.1 million, or 42% of revenues, as compared to gross profit of \$5.0 million, or 42% of revenues, for the three months ended December 31, 2022.

Total operating expenses for three months ended December 31, 2023, were \$7.8 million, compared to \$7.0 million in the prior year's quarter.

Operating loss for the first quarter of 2024 was \$0.7 million as compared to an operating loss of \$2.0 million for the first quarter of 2022. The improvement was primarily due to an increase in gross profit for the period, due to growing revenues in both segments of our business.

Net loss for the quarter ended December 31, 2023 was \$1.2 million, as compared to a net loss of \$6.3 million in 2022, an improvement of \$5.1 million.

Cash, cash equivalents and restricted cash totaled \$4.0 million at December 31, 2023, as compared to \$6.3 million at September 30, 2023.

Inventories decreased to \$7.9 million at December 31, 2023, from \$8.7 million at December 31, 2022.

First Quarter FY 2024 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, February 12, 2024
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:	13744216

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=1654825&tp_key=8056b6a8eb 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 February 28, 2024.

Toll-free replay number:	1-844-512-2921
International replay number:	1-412-317-6671
Replay ID:	13744216

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.

Cemtrex, Inc. and Subsidiaries Condensed Consolidated Balance Sheets

	(Unaudited) December 31, 2023	September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 2,835,216	\$ 5,329,910

Restricted cash	1,181,516	1,019,652
Short-term investments	13,307	13,663
Trade receivables, net	9,904,555	9,209,695
Trade receivables, net - related party	1,496,692	1,143,342
Inventory, net	7,938,617	8,739,219
Contract assets, net	1,694,135	1,739,201
Prepaid expenses and other current assets	1,347,298	2,098,359
Total current assets	<u>26,411,336</u>	<u>29,293,041</u>
Property and equipment, net	9,170,376	9,218,701
Right-of-use operating lease assets	2,094,342	2,287,623
Royalties receivable - related party	498,174	674,893
Note receivable - related party	761,585	761,585
Goodwill	4,381,891	4,381,891
Other	1,990,601	1,836,009
Total Assets	\$ 45,308,305	\$ 48,453,743

Liabilities & Stockholders' Equity

Current liabilities		
Accounts payable	\$ 4,124,014	\$ 6,196,406
Accounts payable - related party	68,730	68,509
Sales tax payable	10,713	35,829
Revolving line of credit	3,357,324	-
Current maturities of long-term liabilities	15,717,081	14,507,711
Operating lease liabilities - short-term	728,875	741,487
Deposits from customers	83,613	57,434
Accrued expenses	1,842,692	2,784,390
Contract liabilities	988,725	980,319
Deferred revenue	1,562,107	1,583,406
Accrued income taxes	212,249	388,627
Total current liabilities	<u>28,696,123</u>	<u>27,344,118</u>
Long-term liabilities		
Loans payable to bank	1,852,620	1,909,739
Long-term operating lease liabilities	1,426,684	1,607,202
Notes payable	1,600,000	4,679,743
Mortgage payable	3,267,355	3,289,303
Other long-term liabilities	405,624	501,354
Paycheck Protection Program Loans	40,443	50,563
Deferred Revenue - long-term	694,245	727,928
Total long-term liabilities	<u>9,286,971</u>	<u>12,765,832</u>
Total liabilities	<u>37,983,094</u>	<u>40,109,950</u>
Commitments and contingencies	-	-
Stockholders' equity		
Preferred stock , \$0.001 par value, 10,000,000 shares authorized, Series 1, 3,000,000 shares authorized, 2,408,053 shares issued and 2,343,953 shares outstanding as of December 31, 2023 and 2,293,016 shares issued and 2,228,916 shares outstanding as of September 30, 2023 (liquidation value of \$10 per share)	2,408	2,293
Series C, 100,000 shares authorized, 50,000 shares issued and outstanding at December 31, 2023 and September 30, 2023	50	50
Common stock, \$0.001 par value, 50,000,000 shares authorized, 1,055,636 shares issued and outstanding at December 31, 2023 and 1,045,783 shares issued and outstanding at September 30, 2023	1,056	1,046
Additional paid-in capital	68,929,137	68,881,705
Accumulated deficit	(65,323,389)	(64,125,895)
Treasury stock, 64,100 shares of Series 1 Preferred Stock at December 31, 2023 and September 30, 2023	(148,291)	(148,291)
Accumulated other comprehensive income	<u>3,304,470</u>	<u>3,076,706</u>

Total Cemtrex stockholders' equity	6,765,441	7,687,614
Non-controlling interest	559,770	656,179
Total liabilities and stockholders' equity	\$ 45,308,305	\$ 48,453,743

Cemtrex, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

	For the three months ended	
	December 31, 2023	December 31, 2022
Revenues	\$ 16,878,166	\$ 11,970,242
Cost of revenues	9,795,767	6,927,627
Gross profit	7,082,399	5,042,615
Operating expenses		
General and administrative	6,961,966	5,455,833
Research and development	848,805	1,538,218
Total operating expenses	7,810,771	6,994,051
Operating loss	(728,372)	(1,951,436)
Other (expense)/income		
Other income/(expense), net	78,411	(17,083)
Interest expense	(583,683)	(1,128,234)
Total other (expense)/income, net	(505,272)	(1,145,317)
Net loss before income taxes	(1,233,644)	(3,096,753)
Income tax expense	(70,751)	-
Loss from Continuing operations	(1,304,395)	(3,096,753)
Income/(loss) from discontinued operations, net of tax	10,492	(3,239,621)
Net loss	(1,293,903)	(6,336,374)
Less loss in noncontrolling interest	(96,409)	(59,163)
Net loss attributable to Cemtrex, Inc. stockholders	\$ (1,197,494)	\$ (6,277,211)
Income/(loss) per share - Basic & Diluted		
Continuing Operations	\$ (1.15)	\$ (3.99)
Discontinued Operations	\$ 0.01	\$ (4.25)
Weighted Average Number of Shares-Basic & Diluted	1,047,624	761,571

Cemtrex, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the three months ended	
	December 31,	
	2023	2022
Cash Flows from Operating Activities		
Net loss	\$ (1,293,903)	\$ (6,336,374)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	368,301	530,830
Gain on disposal of property and equipment	-	(3,547)
Noncash lease expense	193,281	197,198
Bad debt expense	1,964	4,510
Share-based compensation	7,557	39,842
Income tax expense	70,751	-
Interest expense paid in equity shares	-	32,145
Accounts payable paid in equity shares	40,000	-
Accrued interest on notes payable	327,132	528,100
Non-cash royalty income	(13,282)	(4,427)

Amortization of original issue discounts on notes payable	-	441,734
Amortization of loan origination costs	18,133	-
Changes in operating assets and liabilities net of effects from acquisition of subsidiaries:		
Trade receivables	(696,824)	(1,541,371)
Trade receivables - related party	(163,349)	(383,710)
Inventory	800,602	(116,942)
Contract assets	45,066	(260,647)
Prepaid expenses and other current assets	564,373	(410,327)
Other assets	(54,592)	(146,356)
Accounts payable	(2,072,392)	(327,945)
Accounts payable - related party	221	(99)
Sales tax payable	(25,116)	(2,387)
Operating lease liabilities	(193,130)	(132,963)
Deposits from customers	26,179	416,523
Accrued expenses	(941,698)	977,328
Contract liabilities	8,406	1,037,897
Deferred revenue	(54,982)	(95,395)
Income taxes payable	(78,574)	(94,848)
Other liabilities	(95,730)	(225,506)
Net cash used by operating activities - continuing operations	(3,211,606)	(5,876,737)
Net cash provided by operating activities - discontinued operations	-	2,505,853
Net cash used by operating activities	(3,211,606)	(3,370,884)
Cash Flows from Investing Activities		
Purchase of property and equipment	(290,666)	(571,658)
Proceeds from sale of property and equipment	-	3,547
Proceeds from sale of marketable securities	356	-
Investment in MasterpieceVR	(100,000)	-
Net cash used by investing activities - continuing operations	(390,310)	(568,111)
Net cash provided by investing activities - discontinued operations	-	207,329
Net cash used by investing activities	(390,310)	(360,782)
Cash Flows from Financing Activities		
Proceeds on revolving line of credit	11,728,468	-
Payments on revolving line of credit	(8,371,144)	-
Payments on debt	(2,204,743)	(294,370)
Payments on Paycheck Protection Program Loans	(10,120)	-
Proceeds on bank loans	28,331	-
Payments on bank loans	(100,160)	(306,550)
Net cash provided by/(used by) financing activities	1,070,632	(600,920)
Effect of currency translation	198,454	229,243
Net decrease in cash, cash equivalents, and restricted cash	(2,531,284)	(4,332,586)
Less cash attributed to discontinued operations	-	(714,420)
Cash, cash equivalents, and restricted cash at beginning of period	6,349,562	12,188,096
Cash, cash equivalents, and restricted cash at end of period	\$ 4,016,732	\$ 7,370,333

Investor Relations
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Source: Centrex Inc.