

May 14, 2024



Cemtrex Reports Second Quarter 2024 Financial Results

Q2'24 Revenue Increased 7% to \$17.2M; Management to Host Conference Call Today at 5:00 p.m. ET

Hauppauge, NY, May 14, 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 fiscal second quarter ended March 31, 2024.

Key Second Quarter FY 2024 and Subsequent Highlights

- Revenue for Q2'24 increased 7% to \$17.2 million, compared to revenue of \$16.1 million for Q2'23.
 - Security segment revenues decreased 18% to \$8.1 million in Q2'24 due to the delay of certain projects for the segment's products and services.
 - Industrial Services segment revenues for Q2'24 increased 47% to \$9.1 million, on increased demand and additional revenue from the Heisey Mechanical acquisition completed in Q4'23.
- Security segment revenues for the six months ended March 31, 2024, increased 2% to \$17.3 million compared to \$16.9 million for the six months ended March 31, 2023. This increase was due to an increased demand for the Security segment's products and services.
- Industrial Services segment revenues for the six months ended March 31, 2024, increased 51%, to \$16.8 million compared to \$11.1 million for the six months ended March 31, 2023.
- Closed \$10 million upsized underwritten public offering to conduct operations, increase marketing efforts, invest in existing business initiatives and products, and for the partial repayment of indebtedness.
- Cash, cash equivalents and restricted cash as of March 31, 2024 was \$4.1 million.

Management Commentary

Cemtrex Chairman and CEO, Saagar Govil, commented on the results: "The second quarter was highlighted by new technology deployments and continued overall growth in our business. Revenue in the quarter grew 7% to \$17.2 million, driven by strong demand for AIS products and services, with Industrial Services segment revenue increasing 47% to \$9.1 million. For Vicon, although the quarter was affected by the delay of some of its projects, for the half fiscal year the segment is still growing year over year. Operating loss for the second quarter was \$1.0 million, compared to operating income of \$0.4 million a year ago, mainly due to decreased gross profit in our Security segment and increased payroll expenses. The

operating loss for the six month period was \$1.8 million compared to \$1.5 million a year ago, despite the higher sales. However, these results include approximately \$1 million in one-time expenses from employee related charges and legal expenses that we do not anticipate incurring in the future. Our goal of reaching a full year operating profit remains and we are working hard to drive revenue and maintain tight cost controls.

“Turning to our Security segment, Vicon continued to push the deployment of new technologies and products, including its innovative new cloud security platform Anavio. The platform enables users to manage their access control, video, and intercom via a single tool, so there’s no shuffling between separate security systems in order to achieve complete situational awareness and control. New features include face authentication that ensures only authorized people can access facilities, and a powerful ‘person of interest’ feature, whereby users can forensically track a specific person (or people) throughout a facility. We continue to make investments into our sales and marketing resources in the segment to drive further sales over the next several quarters. We also were able to reduce our inventory by over \$1 million of this fiscal year as we strive to make our operations more efficient. With the launch of Anavio along with new technologies and continued improvements to our core software platform Valerus, we expect to drive further growth and see additional opportunity to grow gross margin in 2024.

“AIS and our Industrial services segment captured new orders from leading companies, building a pipeline of growth that we believe will produce a record year of revenue. We continue to believe with additional orders ahead, AIS has the potential to reach more than 30% annual revenue growth in FY’24. During the quarter AIS secured orders including a \$1.6 million order for two relocation projects from a leading printing and graphics company, and a \$0.5 million order to remove existing equipment for an engineering and construction company, affirm AIS’ commitment to delivering excellence across its service offerings.

“Looking ahead, strengthened by an improved balance sheet from our \$10 million upsized underwritten public offering, of which a portion of the proceeds were used to pay off some of our indebtedness, we are well positioned to build on our momentum and remain focused on our goal to achieve positive operating income in fiscal year 2024 on a full year basis. We continue to explore acquisition opportunities that can enhance our market reach and service capabilities, and further drive growth in the months and years ahead,” concluded Govil.

Second Quarter FY 2024 Financial Results

Revenue for the three months ended March 31, 2024, and 2023 was \$17.2 million and \$16.1 million, respectively, an increase of 7%. The Security segment revenues for the three months ended March 31, 2024, decreased by 18% to \$8.1 million. The Security segment decrease was due to the delay of multiple projects for the Security segment’s products and services. The Industrial Services segment revenues for the second quarter increased by 47% to \$9.1 million, mainly due to increased demand for the segment’s services as well as additional business from the Heisey acquisition completed during the fourth quarter of fiscal year 2023.

Gross Profit for the three months ended March 31, 2024, was \$6.9 million, or 40% of revenues, as compared to gross profit of \$7.3 million, or 46% of revenues, for the three months ended March 31, 2023.

Total operating expenses for three months ended December 31, 2023, were \$8.0 million, compared to \$7.0 million in the prior year's quarter.

Operating loss for the second quarter of 2024 was \$1.0 million as compared to an operating income of \$0.4 million for the second quarter of 2023. The operating loss was primarily due to a decrease in gross profit in the Security segment and overall increased payroll expenses.

Net loss for the quarter ended March 31, 2024 was \$1.6 million, as compared to a net loss of \$0.5 million in 2023.

Cash, cash equivalents and restricted cash totaled \$4.1 million at March 31, 2024, as compared to \$6.3 million at September 30, 2023.

Inventories decreased to \$7.4 million at March 31, 2024, from \$8.7 million at September 30, 2023.

Second 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:	Tuesday, May 14, 2024
Time:	5:00 p.m. Eastern time, 2:00 p.m. Pacific time
Toll-free dial-in number:	1-800-717-1738
International dial-in number:	1-646-307-1865
Conference ID:	1182838

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=1668765&tp_key=084fe1071c 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 May 28, 2024.

Toll-free replay number:	1-844-512-2921
International replay number:	1-412-317-6671
Replay ID:	1182838

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) March 31, 2024	September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 2,916,120	\$ 5,329,910
Restricted cash	1,172,416	1,019,652
Short-term investments	13,853	13,663
Trade receivables, net	11,535,880	9,209,695
	1,479,703	1,143,342
Trade receivables, net - related party		
Inventory, net	7,397,747	8,739,219
Contract assets, net	1,979,679	1,739,201
Prepaid expenses and other current assets	1,910,415	2,098,359
Total current assets	28,405,813	29,293,041

Property and equipment, net	8,902,051	9,218,701
Right-of-use operating lease assets	2,193,011	2,287,623
Royalties receivable, net - related party	440,049	674,893
Note receivable, net - related party	761,585	761,585
Goodwill	4,381,891	4,381,891
Other	2,161,862	1,836,009
Total Assets	\$ 47,246,262	\$ 48,453,743

Liabilities & Stockholders' Equity

Current liabilities		
Accounts payable	\$ 5,741,091	\$ 6,196,406
Accounts payable - related party	9,214	68,509
Sales tax payable	37,487	35,829
Revolving line of credit	4,019,234	-
Current maturities of long-term liabilities	914,170	14,507,711
Operating lease liabilities - short-term	792,141	741,487
Deposits from customers	207,708	57,434
Accrued expenses	2,676,079	2,784,390
Contract liabilities	1,899,409	980,319
Deferred revenue	1,404,608	1,583,406
Accrued income taxes	404,288	388,627
Total current liabilities	18,105,429	27,344,118
Long-term liabilities		
Long-term debt	21,553,920	9,929,348
Long-term operating lease liabilities	1,462,545	1,607,202
Other long-term liabilities	317,093	501,354
	654,617	727,928
Deferred Revenue - long-term		
Total long-term liabilities	23,988,175	12,765,832
Total liabilities	42,093,604	40,109,950
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 2,272,002 shares outstanding as of March 31, 2024 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 March 31, 2024 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 March 31, 2024 and 1,045,783 shares issued and outstanding at September 30, 2023	1,056	1,046
Additional paid-in capital	68,936,696	68,881,705
Accumulated deficit	(66,806,600)	(64,125,895)
Treasury stock, 136,051 shares of Series 1 Preferred Stock at March 31, 2024 and 64,100 shares of Series 1 Preferred Stock at September 30, 2023	(217,996)	(148,291)
Accumulated other comprehensive income	2,773,784	3,076,706
Total Cemtrex stockholders' equity	4,689,398	7,687,614
Non-controlling interest	463,260	656,179
Total liabilities and stockholders' equity	\$ 47,246,262	\$ 48,453,743

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

	For the three months ended		For the six months ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Revenues	\$ 17,159,595	\$ 16,073,397	\$ 34,037,761	\$ 28,043,639
Cost of revenues	10,220,179	8,734,916	20,015,946	15,662,543
Gross profit	6,939,416	7,338,481	14,021,815	12,381,096
Operating expenses				
General and administrative	7,020,157	5,318,267	13,992,123	10,482,605
Research and development	951,400	1,615,341	1,800,205	3,445,054
Total operating expenses	7,971,557	6,933,608	15,792,328	13,927,659
Operating (loss)/income	(1,032,141)	404,873	(1,770,513)	(1,546,563)
Other (expense)/income				
Other income/(expense), net	144,765	376,504	223,176	359,421
Interest expense	(592,804)	(1,335,138)	(1,176,487)	(2,463,372)
Total other (expense)/income, net	(448,039)	(958,634)	(953,311)	(2,103,951)
Net loss before income taxes	(1,480,180)	(553,761)	(2,723,824)	(3,650,514)
Income tax expense	(100,004)	-	(170,755)	-
Loss from Continuing operations	(1,580,184)	(553,761)	(2,894,579)	(3,650,514)
Income/(loss) from discontinued operations, net of tax	10,463	14,232	20,955	(3,225,389)
Net loss	(1,569,721)	(539,529)	(2,894,579)	(6,875,903)
Less (loss)/income in noncontrolling interest	(96,510)	55,265	(192,919)	(3,898)
Net loss attributable to Cemtrex, Inc. stockholders	\$ (1,473,211)	\$ (594,794)	\$ (2,680,705)	\$ (6,872,005)
(Loss)/income per share - Basic & Diluted				
Continuing Operations	\$ (1.46)	\$ (0.82)	\$ (2.62)	\$ (4.70)
Discontinued Operations	\$ 0.01	\$ 0.02	\$ 0.02	\$ (4.09)
Weighted Average Number of Shares-Basic & Diluted	1,055,636	815,498	1,051,630	788,265

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

	For the six months ended	
	March 31,	
	2024	2023
Cash Flows from Operating Activities		
Net loss	\$ (2,873,624)	\$ (6,875,903)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	673,190	448,388
Gain on disposal of property and equipment	-	64,908
Noncash lease expense	389,125	420,411
Bad debt expense	35,213	(1,543)
Share-based compensation	15,116	66,577
Income tax expense	(96,750)	-
Interest expense paid in equity shares	-	32,145
Accounts payable paid in equity shares	40,000	102,500
Accrued interest on notes payable	657,355	1,290,615
Non-cash royalty income	(26,564)	-
Gain/(loss) on marketable securities	(190)	58
Amortization of original issue discounts on notes payable	-	883,467
Amortization of loan origination costs	36,267	-
Changes in operating assets and liabilities net of effects from acquisition of subsidiaries:		
Trade receivables	(2,317,074)	(1,870,729)
Trade receivables - related party	(178,980)	(408,464)
Inventory	1,341,472	(73,209)
Contract assets	(240,478)	(12,597)

Prepaid expenses and other current assets	483,043	(141,562)
Other assets	(225,853)	(185,165)
Accounts payable	(455,315)	256,584
Accounts payable - related party	408	(15,765)
Sales tax payable	1,658	90,204
Operating lease liabilities	(388,516)	(356,176)
Deposits from customers	150,274	1,618
Accrued expenses	(108,311)	701,414
Contract liabilities	919,090	554,966
Deferred revenue	(252,109)	(86,106)
Income taxes payable	(146,422)	(37,698)
Other liabilities	(184,261)	(231,998)
	<u>(2,752,236)</u>	<u>(5,383,060)</u>
Net cash used by operating activities - continuing operations		
Net cash provided by operating activities - discontinued operations	-	2,488,144
Net cash used by operating activities	(2,752,236)	(2,894,916)

Cash Flows from Investing Activities

Purchase of property and equipment	(355,308)	(263,732)
Proceeds from sale of property and equipment	-	11,026
Investment in MasterpieceVR	(100,000)	-
Net cash used by investing activities	(455,308)	(252,706)

Cash Flows from Financing Activities

Proceeds on revolving line of credit	19,360,672	-
Payments on revolving line of credit	(15,413,971)	-
Payments on debt	(2,429,743)	(544,370)
Payments on Paycheck Protection Program Loans	(20,242)	(10,033)
Proceeds on bank loans	28,331	-
Payments on bank loans	(204,802)	(365,724)
Purchases of treasury stock	(69,705)	-
Net cash provided by/(used by) financing activities	1,250,540	(920,127)

Effect of currency translation	(304,022)	(126,593)
Net decrease in cash, cash equivalents, and restricted cash	(1,957,004)	(4,067,749)
Cash, cash equivalents, and restricted cash at beginning of period	6,349,562	11,473,676
Cash, cash equivalents, and restricted cash at end of period	\$ 4,088,536	\$ 7,279,334

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

Cash and cash equivalents	\$ 2,916,120	\$ 6,634,037
Restricted cash	1,172,416	645,297
Total cash, cash equivalents, and restricted cash	\$ 4,088,536	\$ 7,279,334

Investor Relations
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Source: Centrex Inc.