

August 14, 2024



Cemtrex Reports Third Quarter 2024 Financial Results

Q3'24 Industrial Services Segment Revenue Increased 49% to \$8.5M; Management to Host Conference Call Today at 5:00 p.m. ET

Hauppauge, NY, Aug. 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 third quarter ended June 30, 2024.

Key Third Quarter FY 2024 and Subsequent Highlights

- Revenue for Q3'24 was flat at \$14.7 million, compared to revenue of \$14.7 million for Q3'23.
 - Security segment revenues decreased 31% to \$6.2 million in Q3'24 due primarily to the delay of multiple projects for the segment's products and services.
 - Industrial Services segment revenues for Q3'24 increased 49% to \$8.5 million, on increased demand and additional revenue from the Heisey Mechanical acquisition completed in Q4'23.
- Revenue for the nine months ended June 30, 2024 increased 14% to \$48.7 million, compared to revenue in the prior year period of \$42.8 million.
 - Security segment revenues for the nine months ended June 30, 2024, decreased 10% to \$23.4 million compared to \$25.9 million for the nine months ended June 30, 2023.
 - Industrial Services segment revenues for the nine months ended June 30, 2024, increased 50% to \$25.3 million compared to \$16.8 million for the nine months ended June 30, 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 June 30, 2024 was \$7.6 million, compared to \$6.3 million as of September 30, 2023.

Management Commentary

Cemtrex Chairman and CEO, Saagar Govil, commented on the results: "In the third quarter we continued to see momentum in our segments, sustaining revenue year over year at \$14.7 million. Significant demand for AIS products and services drove a 49% increase in revenue to \$8.5 million, offset by decreases in Vicon revenue due to the delay of multiple projects and a weaker industrywide demand for security solutions.

"Operating loss for the third quarter was \$3.2 million, compared to operating income of \$0.1 million a year ago, mainly due to decreased gross profit in our Security segment and increased G&A expenses. The operating loss for the nine-month period was \$5.0 million

compared to \$1.5 million a year ago, despite the higher sales. However, these results include approximately \$2 million in one-time expenses related to the May 2024 equity financing, employee related one-time charges and legal expenses. Our goal of achieving a full year operating profit remains and we are working hard to drive revenue and maintain tight cost controls.

“In our Security segment, despite project delays, the team at Vicon continues to push the deployment of new technologies and products with investments into sales and marketing resources that we believe will drive sales over the next several quarters. We also were able to reduce our inventory by over \$1 million this fiscal year as we strive to make our operations more efficient. We expect with the launch of the innovative new cloud security platform Anavio, along with new technologies and continued improvements to our core software platform Valerus, there is significant further opportunity to grow revenue and gross margin over the next several quarters.

“Our Industrial services segment delivered another strong quarter on 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, with further room for growth in FY 25.

“During the quarter we took the opportunity to improve our balance sheet with a \$10 million upsized underwritten public offering, of which a portion of the proceeds were used to pay off some of our indebtedness. Looking ahead, we are now well positioned for additional growth and to reach our goal to achieve positive operating income in the future. The strengthened balance sheet also provides the ability to explore acquisition opportunities that can enhance our market reach and service capabilities, as we continue to seek long-term value for our shareholders,” concluded Govil.

Third Quarter FY 2024 Financial Results

Revenue for the three months ended June 30, 2024, and 2023 was \$14.7 million and \$14.7 million, respectively. The Security segment revenues for the three months ended June 30, 2024, decreased by 31% to \$6.2 million. The Security segment decrease was due to the delay of multiple projects for the Security segment’s products and services and overall worsening economic conditions in the industry. The Industrial Services segment revenues for the third quarter increased by 49% to \$8.5 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 June 30, 2024, was \$5.9 million, or 40% of revenues, as compared to gross profit of \$6.5 million, or 44% of revenues, for the three months ended June 30, 2023.

Total operating expenses for three months ended June 30, 2024, were \$9.1 million, compared to \$6.4 million in the prior year’s quarter.

Operating loss for the third quarter of 2024 was \$3.2 million as compared to an operating income of \$0.1 million for the third quarter of 2023. The operating loss was primarily due to a decrease in gross profit in the Security segment and overall increased general and administration expenses.

Net loss for the quarter ended June 30, 2024 was \$9.1 million, as compared to a net loss of \$1.2 million in the prior year's quarter.

Cash, cash equivalents and restricted cash totaled \$7.6 million at June 30, 2024, as compared to \$6.3 million at September 30, 2023.

Inventories decreased to \$7.5 million at June 30, 2024, from \$8.7 million at September 30, 2023.

Third 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:	Wednesday, August 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:	1123331

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=1684288&tp_key=6a1e8a9870 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 28, 2024.

Toll-free replay number:	1-844-512-2921
International replay number:	1-412-317-6671
Replay ID:	1123331

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) June 30, 2024	September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 6,468,197	\$ 5,329,910
Restricted cash	1,152,028	1,019,652
Trade receivables, net	7,800,883	9,209,695
Trade receivables, net - related party	755,198	1,143,342
Inventory, net	7,531,955	8,739,219
Contract assets, net	1,115,060	1,739,201
Prepaid expenses and other current assets	1,582,026	2,112,022
Total current assets	<u>26,405,347</u>	<u>29,293,041</u>
Property and equipment, net	8,583,113	9,218,701
Right-of-use operating lease assets	1,936,441	2,287,623
Royalties receivable, net - related party	453,330	674,893
Note receivable, net - related party	-	761,585
Goodwill	4,238,822	4,381,891
Other	2,210,090	1,836,009
Total Assets	\$ 43,827,143	\$ 48,453,743
Liabilities & Stockholders' Equity		

Current liabilities		
Accounts payable	\$ 3,612,634	\$ 6,196,406
Accounts payable - related party	3,797	68,509
Sales tax payable	37,865	35,829
Revolving line of credit	2,730,325	-
Current maturities of long-term liabilities	661,271	14,507,711
Operating lease liabilities - short-term	780,423	741,487
Deposits from customers	246,765	57,434
Accrued expenses	2,347,458	2,784,390
Contract liabilities	1,901,606	980,319
Deferred revenue	1,284,688	1,583,406
Accrued income taxes	398,054	388,627
Total current liabilities	14,004,886	27,344,118
Long-term liabilities		
Long-term debt	16,893,184	9,929,348
Long-term operating lease liabilities	1,216,184	1,607,202
Other long-term liabilities	299,988	501,354
Deferred Revenue - long-term	631,581	727,928
Warrant liabilities	10,428,397	-
Total long-term liabilities	29,469,334	12,765,832
Total liabilities	43,474,220	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, 2,456,827 shares issued and 2,392,727 shares outstanding as of June 30, 2024 and 2,293,016 shares issued and 2,228,916 shares outstanding as of September 30, 2023 (liquidation value of \$10 per share)	2,457	2,293
Series C, 100,000 shares authorized, 50,000 shares issued and outstanding at June 30, 2024 and September 30, 2023	50	50
Common stock, \$0.001 par value, 50,000,000 shares authorized, 16,352,270 shares issued and outstanding at June 30, 2024 and 1,045,783 shares issued and outstanding at September 30, 2023	16,353	1,046
Additional paid-in capital	73,002,738	68,881,705
Accumulated deficit	(75,787,626)	(64,125,895)
Treasury stock, 64,100 shares of Series 1 Preferred Stock at June 30, 2024, and September 30, 2023	(148,291)	(148,291)
Accumulated other comprehensive income	2,962,275	3,076,706
Total Cemtrex stockholders' equity	47,956	7,687,614
Non-controlling interest	304,967	656,179
Total liabilities and stockholders' equity	\$ 43,827,143	\$ 48,453,743

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

	For the three months ended		For the nine months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenues	\$ 14,686,398	\$ 14,730,140	\$ 48,724,159	\$ 42,773,779
Cost of revenues	8,809,251	8,249,497	28,825,197	23,914,249
Gross profit	5,877,147	6,480,643	19,898,962	18,859,530
Operating expenses				
General and administrative	8,192,180	5,376,960	22,184,303	16,456,602
Research and development	864,483	1,049,909	2,664,688	3,895,717
Total operating expenses	9,056,663	6,426,869	24,848,991	20,352,319
Operating (loss)/income	(3,179,516)	53,774	(4,950,029)	(1,492,789)
Other (expense)/income				
Other(expense)/income, net	(933,539)	34,652	(710,363)	394,073
Interest expense	(521,316)	(1,254,185)	(1,697,803)	(3,717,557)
Loss on excess fair value of warrants	(7,255,528)	-	(7,255,528)	-
Changes in fair value of warrant liability	2,807,890	-	2,807,890	-
Total other expense, net	(5,902,493)	(1,219,533)	(6,855,804)	(3,323,484)
Net loss before income taxes	(9,082,009)	(1,165,759)	(11,805,833)	(4,816,273)
Income tax expense	(67,294)	(19,641)	(238,049)	(19,641)
Loss from Continuing operations	(9,149,303)	(1,185,400)	(12,043,882)	(4,835,914)
(Loss)/income from discontinued operations, net of tax	9,984	13,281	30,939	(3,212,108)
Net loss	(9,139,319)	(1,172,119)	(12,012,943)	(8,048,022)
Less loss in noncontrolling interest	(158,293)	(25,595)	(351,212)	(29,493)
Net loss attributable to Cemtrex, Inc. stockholders	\$ (8,981,026)	\$ (1,146,524)	\$ (11,661,731)	\$ (8,018,529)
(Loss)/income per share - Basic & Diluted				
Continuing Operations	\$ (0.29)	\$ (1.36)	\$ (1.06)	\$ (5.90)
Discontinued Operations	\$ 0.00	\$ 0.01	\$ 0.00	\$ (3.89)
Weighted Average Number of Shares-Basic & Diluted	31,346,628	897,897	11,044,569	824,689

Cemtrex, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	For the nine months ended	
	June 30,	
	2024	2023
Cash Flows from Operating Activities		
Net loss	\$ (12,012,943)	\$ (8,048,022)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	998,641	698,269
(Gain)/loss on disposal of property and equipment	(13,595)	69,611
Noncash lease expense	645,695	614,254
Bad debt expense	1,429,791	(155)
Share-based compensation	22,675	93,313
Interest expense paid in equity shares	-	276,151
Accounts payable paid in equity shares	129,000	141,872
Accrued interest on notes payable	937,899	1,858,631
Non-cash royalty income	(39,846)	-
Amortization of original issue discounts on notes payable	-	1,200,200
Amortization of loan origination costs	54,400	-
Loss on excess fair value of warrants	7,255,528	-
Changes in fair value of warrant liability	(2,807,890)	-
Changes in operating assets and liabilities net of effects from acquisition of subsidiaries:		
Trade receivables	1,420,733	(2,108,384)
Trade receivables - related party	(136,277)	(578,388)
Inventory	1,350,333	(231,923)
Contract assets	624,141	215,304

Prepaid expenses and other current assets	548,129	(883,018)
Other assets	(274,081)	(246,658)
Accounts payable	(1,588,439)	674,168
Accounts payable - related party	(5,009)	(15,761)
Sales tax payable	2,036	66,121
Operating lease liabilities	(646,595)	(550,019)
Deposits from customers	189,331	(38,863)
Accrued expenses	(496,932)	1,198,788
Contract liabilities	921,287	369,072
Deferred revenue	(395,065)	156,108
Income taxes payable	11,942	(45,773)
Other liabilities	(201,366)	(278,946)
Net cash used by operating activities - continuing operations	(2,076,477)	(5,394,048)
Net cash provided by operating activities - discontinued operations	-	2,474,863
Net cash used by operating activities	(2,076,477)	(2,919,185)

Cash Flows from Investing Activities

Purchase of property and equipment	(429,334)	(761,470)
Proceeds from sale of property and equipment	77,110	26,205
Investment in MasterpieceVR	(100,000)	-
Royalties on related party revenues	46,000	-
Net cash used by investing activities	(406,224)	(735,265)

Cash Flows from Financing Activities

Proceeds on revolving line of credit	26,682,873	-
Payments on revolving line of credit	(24,025,081)	-
Payments on debt	(7,818,405)	(1,260,837)
Payments on Paycheck Protection Program Loans	(30,365)	(20,154)
Proceeds on bank loans	28,267	-
Royalties on related party revenues	46,000	-
Purchases of treasury stock	(69,705)	-
Proceeds from offerings	10,035,293	-
Expenses on offerings	(935,333)	-
Net cash provided by/(used by) financing activities	3,867,544	(1,280,991)

Effect of currency translation	(114,180)	(104,123)
Net increase/(decrease) in cash, cash equivalents, and restricted cash	1,384,843	(4,935,441)
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	\$ 7,620,225	\$ 6,434,112

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

Cash and cash equivalents	\$ 6,468,197	\$ 5,628,839
Restricted cash	1,152,028	805,273
Total cash, cash equivalents, and restricted cash	\$ 7,620,225	\$ 6,434,112

Supplemental Disclosure of Cash Flow Information:

Cash paid during the period for interest	\$ 1,700,837	\$ 382,575
Cash paid during the period for income taxes, net of refunds	\$ 196,727	\$ 45,773

Supplemental Schedule of Non-Cash Investing and Financing Activities

Shares issued to pay notes payable	\$ -	\$ 1,426,151
Financing of fixed asset purchase	\$ 28,331	\$ -
Purchase of property and equipment through vendor financing	\$ -	\$ 1,125,000
Investment in right of use asset	\$ 294,513	\$ 186,397

Investor Relations
Chris Tyson
Executive Vice President - MZ North America
Direct: 949-491-8235

CETX@mzgroup.us
www.mzgroup.us



Source: Cemtrex Inc.