

December 21, 2023



Cemtrex Reports Unaudited Fourth Quarter and Full Fiscal Year 2023 Financial Results

Q4'23 Revenue Increased 46% to \$16.9M with 3rd Consecutive Quarter of Positive Operating Income of \$0.2M

Fiscal Full Year 2023 Revenue Increased 33% to \$59.7M

Fiscal Full Year 2023 Gross Margin up 680 Basis Points to 44%

Management to Host Conference Call Today at 5:00 p.m. ET

Brooklyn, NY , Dec. 21, 2023 (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 fourth quarter and fiscal year ended September 30, 2023.

Cemtrex expects to file its Form 10-K with the Securities and Exchange Commission ("SEC") after the market close on Wednesday, December 27, 2023.

Key Full Fiscal Year 2023, Fourth Quarter and Subsequent Highlights

- Revenue for FY'23 increased 33% to \$59.7 million, compared to revenue of \$45.0 million for FY'22.
 - Security segment revenues increased 46% to \$34.7 million in FY'23 as border protection vertical drives new order volumes for Vicon.
 - Industrial Services segment revenues for FY'23 increased by 18% to \$25.0 million, on increased demand and additional revenue from Heisey Mechanical acquisition.
- Revenues for Q4'23 increased 44% to \$16.9 million, compared to \$11.8 million for Q4'22.
- Gross margin up 680 basis points to 44% in FY'23 from 37% in the prior year.
- Operating income of \$0.2 million for Q4'23 compared to operating loss of \$3.1 million in Q4'22, and third consecutive positive quarter, up from \$0.1 million in Q3'23.
- Vicon Industries subsidiary:
 - 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.
 - Received a \$1.5 million order subsidiary for a large correctional facility, and

current end-customer, in Maryland to upgrade its security technology system with new Valerus software and hardware.

- Advanced Industrial Services (“AIS”) subsidiary:
 - Received a \$1.0 million order for the Pennsylvania Stewartstown Borough Authority, Stewartstown WWTP Sludge Dewatering improvements project.
- Closed the acquisition of Heisey Mechanical Ltd., a leading service contractor and steel fabricator that specializes in industrial and water treatment markets, on July 1st, 2023, adding approximately \$11 million in revenue, positive cash flow and expands capabilities and customers into new markets.
- Authorized a share repurchase program under which the Company may repurchase up to 2,300,000 shares of its outstanding Series 1 Preferred Stock from time-to-time.
- Cash, cash equivalents and restricted cash as of September 30, 2023 was \$6.3 million.

Management Commentary

Cemtrex Chairman and CEO, Saagar Govil, commented on the results: “The fourth quarter was a strong finish to a transformational year for Cemtrex, capped by significant growth in our Security and Industrial segments. We ended the year with substantial revenue growth and improved gross margins, contributing to our third consecutive quarter of positive operating income. For the fourth quarter, revenue grew 44% to \$16.9 million, and for the full year increased 33% to \$59.7 million, driven by continued sales execution by Vicon with multiple large orders, and strong demand for AIS products and services. For the full year, our gross margin improved 680 basis points to 44%, supported by operational improvements. We believe there is runway for additional gains in gross margin as we make further enhancements in our business. Operating income for the fourth quarter increased to \$0.2 million, compared to an operating loss of \$3.1 million a year ago, and was our third quarter of consecutive positive operating income. Taken together, our efforts on building Vicon’s dominant security technology brand, capitalizing on the increasing demand for security solutions, and our monetization efforts for AIS, including the acquisition of Heisey Mechanical, combined to deliver a record fiscal 2023.

“Turning to our Security segment, Vicon full year revenues improved 46% to \$34.7 million, driven by orders from border protection, correction facilities and other customers for its award-winning Roughneck cameras and Valerus video management software solutions. During the fourth quarter, a large correctional facility, and current end-customer, upgraded its security technology system with new Valerus software and hardware with a \$1.5 million order. As customers seek to modernize their current security infrastructure, Vicon continues to stand out with its advanced technologies and products. Recently 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. Additionally, with AI at the core of our roadmap for Anavio, we’re excited to layer in new capabilities and benefits for our customers to deliver the most cutting-edge security solutions over the months and years to come. 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.

“For our Industrial services segment, AIS, the fourth quarter was highlighted by the closing of our acquisition of Heisey Mechanical Ltd., which contributed to our 18% revenue growth to \$25.0 million for the full year, along with increased demand for AIS services. Heisey Mechanical is an established contractor in a growth market that is highly synergistic with AIS, focused on steel fabrication and contracting primarily to the commercial and industrial water treatment industry, as well as other service industries. Beginning in the fourth quarter, the acquisition brought over approximately \$11 million in immediately accretive annual revenue. With the acquisition enabling AIS to expand into new markets, including government and industrial verticals, during the quarter AIS received a \$1.0 million order for the Pennsylvania Stewartstown Borough Authority’s WWTP Sludge Dewatering improvements project. Looking ahead, we believe that continued reshoring of manufacturing to the US as well investments in US infrastructure will play a key role in AIS’ long-term growth.

“2023 has shown continued growth in our customer roster and revenue for our segments’ products and services, demonstrating momentum that positions Cemtrex for an even stronger 2024. 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. Combined with expanded services from the Heisey Mechanical acquisition, AIS is also well positioned for ongoing growth.

“Looking ahead, after achieving operating profit consecutively for the most recent three quarters, we are committed to achieving positive operating income in fiscal year 2024 on a full year basis. We continue to drive attractive top line and bottom line growth, combined with tight expense control. We also believe that there is room within our inventory and asset base to draw extra liquidity in order to continue to maintain a healthy cash position. Taken together, we are confident that will deliver strong long-term value to our shareholders and drive sustainable growth for years to come,” concluded Govil.

Fourth Quarter and Full Year 2023 Financial Results

Revenue for the full year of 2023 totaled \$59.7 million, compared to revenue of \$45.0 million for the full year of 2022, a 33% increase year over year. Revenues for the fourth quarter of 2023 were \$16.9 million, compared to \$11.8 million in the fourth quarter of 2022, an increase of 44%. The increase in revenue for the year was due to increased demand for the Company’s products and services as well as additional revenue due to the Heisey acquisition.

The Security segment revenues for the years ended September 30, 2023, and 2022 were \$34.7 million and \$23.8 million, respectively, an increase of 46%. The increase was due to an increased demand for security technology products under the Vicon brand. Industrial Services segment revenues for the full year 2023 increased by 18% to \$25.0 million, up from \$21.2 million in 2022, primarily due to the increase in demand for its products and services, and the additional revenue from the business related to the acquisition of Heisey Mechanical.

Gross profit for the full year of 2023 was \$26.0 million, or 44% of revenues, compared to gross profit of \$16.6 million, or 37% of revenues for the year ago period, mainly attributed to increased demand for products and services along with increased prices and lower subcontractor costs. Fourth quarter gross profit of \$7.2 million increased 58% from \$4.5 million in the prior year quarter.

Total operating expenses for 2023 were \$27.3 million compared to \$30.7 million in 2022. Total operating expenses for the fourth quarter of 2023 were \$6.9 compared to \$7.6 in the fourth quarter of 2022. The decrease in total operating expenses was primarily driven by decreases in depreciation, legal, accounting fees, and research and development expenses related to the Security Segment's development of proprietary technology and next generation solutions associated with security and surveillance systems software.

Operating loss for the full year of 2023 improved to \$1.3 million as compared to an operating loss of \$14.1 million for the full year of 2022, due to increased revenues, increased gross profit and reduced operating expenses. Operating income for the fourth quarter of 2023 was \$0.2 million as compared to an operating loss of \$3.1 million for the fourth quarter of 2022. The increase was primarily due to an increase in gross profit for the period.

Comprehensive Net loss for the full year of 2023 was \$8.5 million, as compared to a net loss of \$13.5 million in 2022. Comprehensive Net loss in the fourth quarter of 2023 totaled \$0.5 million compared to a net loss of \$0.5 million in the fourth quarter of 2022.

Cash, cash equivalents and restricted cash totaled \$6.3 million at September 30, 2023, as compared to \$11.5 million at September 30, 2022.

Inventories increased to \$8.7 million at September 30, 2023, from \$8.5 million at September 30, 2022.

Fourth Quarter and Full Fiscal Year 2023 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:	Thursday, December 21, 2023
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:	13742072

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=1639169&tp_key=6bd720168c 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 January 04, 2024.

Toll-free replay number:	1-844-512-2921
International replay number:	1-412-317-6671
Replay ID:	13742072

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 Consolidated Balance Sheets

	September 30, 2023	September 30, 2022
Assets		
Current assets		
Cash and equivalents	\$ 5,329,910	\$ 9,895,761

Restricted cash	1,019,652	1,577,915
Short-term investments	13,663	13,721
Trade receivables, net	9,209,695	5,399,216
Trade receivables - related party	1,143,342	-
Inventory –net of allowance for inventory obsolescence	8,739,219	8,487,817
Contract assets	1,739,201	781,819
Prepaid expenses and other assets	2,057,940	1,639,825
Assets of discontinued operations	-	3,971,693
Total current assets	<u>29,252,622</u>	<u>31,767,767</u>
Property and equipment, net	9,218,701	5,280,442
Right-of-use assets	2,287,623	2,641,198
Royalties receivable - related party	674,893	-
Note receivable - related party	761,585	761,585
Goodwill	4,381,891	3,906,891
Other	1,836,009	1,399,745
Total Assets	\$ 48,413,324	\$ 45,757,628

Liabilities & Stockholders' Equity

Current liabilities		
Accounts payable	\$ 6,196,406	\$ 3,050,937
Accounts payable - related party	68,509	19,133
Sales tax payable	35,829	20,095
Short-term liabilities, net of unamortized original issue discounts	14,507,711	16,894,743
Lease liabilities - short-term	741,487	754,495
Deposits from customers	57,434	73,144
Accrued expenses	2,861,540	2,251,093
Contract liabilities	980,319	369,890
Deferred revenue	1,583,406	1,181,198
Accrued income taxes	304,110	94,848
Liabilities of discontinued operations	-	805,219
Total current liabilities	<u>27,336,751</u>	<u>25,514,795</u>
Long-term liabilities		
Loans payable to bank	1,909,739	110,331
Long-term lease liabilities	1,607,202	1,822,468
Notes payable	4,679,743	-
Mortgage payable	3,289,303	2,160,169
Other long-term liabilities	501,354	807,898
Paycheck Protection Program Loans	50,563	97,120
Deferred Revenue - long-term	727,928	607,309
Total long-term liabilities	<u>12,765,832</u>	<u>5,605,295</u>
Total liabilities	<u>40,102,583</u>	<u>31,120,090</u>
Commitments and contingencies	-	-
Stockholders' equity		
Preferred stock , \$0.001 par value, 10,000,000 shares authorized, Series 1, 3,000,000 shares authorized, 2,293,016 shares issued and 2,228,916 shares outstanding as of September 30, 2023 and 2,079,122 shares issued and 2,015,022 shares outstanding as of September 30, 2022 (liquidation value of \$10 per share)	2,293	2,079
Series C, 100,000 shares authorized, 50,000 shares issued and outstanding at September 30, 2023 and September 30, 2022	50	50
Common stock, \$0.001 par value, 50,000,000 shares authorized, 1,045,789 shares issued and outstanding at September 30, 2023 and 754,711 shares issued and outstanding at September 30, 2022	1,046	755
Additional paid-in capital	68,881,705	66,641,698
Accumulated deficit	(64,181,949)	(54,929,020)
Treasury stock, 64,100 shares of Series 1 Preferred Stock at September 30, 2023 and September 30, 2022	(148,291)	(148,291)

Accumulated other comprehensive income	3,099,708	2,377,525
Total Cemtrex stockholders' equity	7,654,562	13,944,796
Non-controlling interest	656,179	692,742
Total liabilities and stockholders' equity	\$ 48,413,324	\$ 45,757,628

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

	For the year ended	
	September 30, 2023	September 30, 2022
Revenues	\$ 59,706,825	\$ 45,026,780
Cost of revenues	33,682,736	28,460,852
Gross profit	26,024,089	16,565,928
Operating expenses		
General and administrative	24,006,490	22,934,555
Research and development	3,267,994	4,444,488
Goodwill impairment	-	3,316,000
Total operating expenses	27,274,484	30,695,043
Operating loss	(1,250,395)	(14,129,115)
Other (expense)/income		
Other income, net	476,693	7,180,738
Interest expense	(4,966,298)	(3,878,703)
Total other (expense)/income, net	(4,489,605)	3,302,035
Net loss before income taxes	(5,740,000)	(10,827,080)
Income tax (expense)/benefit	(350,174)	209,345
Loss from Continuing operations	(6,090,174)	(10,617,735)
Loss from discontinued operations, net of tax	(3,199,318)	(2,674,507)
Net loss	(9,289,492)	(13,292,242)
Less loss in noncontrolling interest	(36,563)	(271,284)
Net loss attributable to Cemtrex, Inc. stockholders	\$ (9,252,929)	\$ (13,020,958)
Loss per share - Basic & Diluted		
Continuing Operations	\$ (7.33)	\$ (14.83)
Discontinued Operations	\$ (3.68)	\$ (3.77)
Weighted Average Number of Shares-Basic & Diluted	870,121	709,488

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

	For the year ended	
	September 30,	
	2023	2022
Cash Flows from Operating Activities		
Net loss	\$ (9,289,492)	\$ (13,292,242)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	1,026,075	1,752,098
Loss on disposal of property and equipment	69,601	78,707
Noncash lease expense	702,747	590,656
Goodwill Impairment	-	3,316,000
Bad debt expense (recovery)	(14,515)	73,696
Loss on write off of related party receivables	-	708,512
Share-based compensation	106,839	155,505

Income tax expense/ (benefit)	-	(208,545)
Interest expense paid in equity shares	409,541	926,646
Accounts payable paid in equity shares	-	50,000
Accrued interest on notes payable	2,707,262	1,043,346
Amortization of original issue discounts on notes payable	1,264,111	1,544,622
Gain/(loss) on marketable securities	58	(8,399,152)
Discharge of Paycheck Protection Program Loans	-	(971,500)
Changes in operating assets and liabilities net of effects from acquisition of subsidiaries:		
Trade receivables	(3,795,964)	1,813,511
Trade receivables - related party	(1,143,342)	-
Inventory	48,598	(3,731,742)
Contract assets	(290,123)	
Prepaid expenses and other current assets	(418,115)	2,578
Other assets	(336,264)	(277,308)
Accounts payable	3,361,269	(811,678)
Accounts payable - related party	49,376	41,205
	15,734	(4,021)
Sales tax payable		
Operating lease liabilities	(577,446)	(498,728)
Deposits from customers	(15,710)	(400,104)
Accrued expenses	552,948	654,184
Contract liabilities	393,960	
Deferred revenue	522,827	(207,119)
Income taxes payable	209,262	(180,385)
Other liabilities	(306,544)	(31,273)
Net cash used by operating activities - continuing operations	(4,747,307)	(16,262,531)
Net cash provided by operating activities - discontinued operations	2,491,581	169,027
Net cash used by operating activities	(2,255,726)	(16,093,504)
Cash Flows from Investing Activities		
Purchase of property and equipment	(2,761,314)	(1,773,712)
Proceeds from sale of property and equipment	26,205	554,335
Investment in MasterpieceVR	(100,000)	(500,000)
Acquisitions, Net of Cash Acquired	(2,793,291)	-
Proceeds from sale of marketable securities	-	28,302,309
Purchase of marketable securities	-	(19,901,897)
Net cash (used in)/provided by investing activities - continuing operations	(5,628,400)	6,681,035
Net cash used by investing activities - discontinued operations	-	(70,908)
Net cash (used in)/provided by investing activities	(5,628,400)	6,610,127
Cash Flows from Financing Activities		
Proceeds from notes payable	240,000	8,000,000
Proceeds on bank loans	3,360,000	-
Payments on debt	(1,044,370)	(1,751,763)
Payments on Paycheck Protection Program Loans	(30,286)	-
Payments on bank loans	(488,689)	(1,225,700)
Net cash provided by financing activities	2,036,655	5,022,537
Effect of currency translation	723,357	(537,387)
Net decrease in cash, cash equivalents, and restricted cash	(5,847,471)	(4,460,840)
Less cash attributed to discontinued operations	-	(714,420)
Cash, cash equivalents, and restricted cash at beginning of period	11,473,676	17,186,323
Cash, cash equivalents, and restricted cash at end of period	\$ 6,349,562	\$ 11,473,676

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Source: Cemtrex Inc.