

Cemtrex, Inc. (CETX) Announces Results for the Third Quarter Ending June 30, 2020

9 Month Revenues Increase by 16% YoY

Brooklyn, NY, Aug. 13, 2020 (GLOBE NEWSWIRE) -- – [Cemtrex Inc.](#) (Nasdaq: CETX, CETXP, CETXW), a leading technology company that is driving innovation in a wide range of commercial sectors such as Internet of Things (IoT), Augmented and Virtual Reality (AR & VR), and Artificial Intelligence and Computer Vision (AI & CV), announced its financial results for the quarter ending June 30, 2020.

Fiscal Third Quarter Highlights:

Nine Months Revenue: \$32,774,797
 Nine Months EBITDA: (\$1,167,965)
 Nine Months EBITDA Margin: (3.56%)
 Nine Months Gross Margin: 43%
 Third Quarter Sales: \$8,440,867
 Cash on Hand: \$12,939,493
 Total Assets: \$62,826,021
 Total Stockholder's Equity: \$32,509,875

Results of Operations:

	For the Nine Months Ending Jun 30 of Each Year	
	2020	2019
Total Revenues	\$32,774,797	\$28,371,927
Total Operating (loss)/income	(3,326,903)	(4,450,293)
Depreciation and amortization	2,158,938	3,208,933
EBITDA (Non-GAAP)	(1,167,965)	(1,241,360)
EBITDA Margin %	(3.56%)	(4.38%)

Cemtrex's Chairman and CEO, Saagar Govil, commented on the results, "Our Company continued to perform well during the global pandemic with only a modest decrease in revenue for the period while the entire world remained largely closed. Our Company remained fully operational, largely remotely, during the shutdown but many customers were closed and postponed purchasing during this June Quarter. For the nine-month period our year over year revenues are up 16% and we believe that as the global shutdowns wind down we will be able to see continued top line growth. Our Advanced Technology bookings for July were better on a YoY basis which gives us confidence in our overall outlook. Many of our customers who were shut down for the last several months are now resuming their operations and looking to pick up where they left off." "During the most recent quarter the Company continued its progress on its exciting product roadmap. We released several new products under our security technology brand, Vicon, including a Thermal Camera for assisting in the detection of COVID-19 symptoms, as well as a new line of cameras with on board AI based analytics technology. We remain on track for the release of our new SmartDesk later this year which we believe has strong potential due to the enormous need for a solution like ours in the home office segment."

"The Company also received a major cash infusion of over \$10 million from institutional investors during the period which has bolstered the balance sheet and fueled the Company for positive growth over the coming months. It has also provided the Company

with cash to pursue strategic acquisition opportunities. With a strong cash position and many new product releases planned over the next few months we believe the next 18 months will be an exciting growth period for our Company. While uncertainties remain due to the COVID-19 pandemic we remain cautiously optimistic looking forward,” continued Mr. Govil.

For the Nine Months Ending June 30, 2020:

- **Revenues:** Total revenue for the nine months ended June 3, 2020 and 2019 was \$32,774,797 and \$28,371,927, respectively, an increase of \$4,402,870, or 16%. Total revenue for the three quarters increased, as compared to total revenue in the same period last year, due to sales increases in the Advanced Technologies Segment.
- **Gross Profit:** Gross Profit for the nine months ended June 30, 2020 was \$13,974,442 or 43% of revenues as compared to gross profit of \$11,052,395 or 39% of revenues for the nine months ended June 30, 2019. Gross profit increased in the nine months ended June 30, 2020, compared to the nine months ended June 30, 2019 due to a shift by management in the last fiscal year to focus on products with higher gross margins.
- **Comprehensive Loss:** The Company had a comprehensive loss of \$8,623,905 or 26% of revenues, for the nine-month period ended June 30, 2020 as compared to a comprehensive loss of \$9,249,975 or 33% of revenues, for the nine months ended June 30, 2019. Comprehensive loss decreased in the first three quarters as compared to comprehensive loss in the same period last year, as a result of the increased sales and foreign currency translation gain.

Fiscal Third Quarter Results:

- **Revenues:** Total revenue for the three months ended June 30, 2020 and 2019 was \$8,440,867 and \$10,928,933, respectively, a decrease of \$2,488,066, or 23%. Total revenue for the quarter decreased, as compared to total revenue in the same period last year, due to shutdowns and limited operations of businesses due to the COVID-19 crisis.
- **Gross Profit:** Gross Profit for the three months ended June 30, 2020 was \$3,279,852 or 39% of revenues as compared to gross profit of \$4,058,013 or 38% of revenues for the three months ended June 30, 2019. Gross profit decreased in the three months ended June 30, 2020, compared to the three months ended June 30, 2019 due to lower sales, however the percentage increase is due to a shift by management in the last fiscal year to focus on products with higher gross margins.
- **G & A:** General and administrative expenses for the three months ended June 30, 2020 increased \$1,549,578 or 38% to \$5,606,659 from \$4,057,081 for the three months ended June 30, 2019. General and administrative expenses as a percentage of revenue was 66% and 37% of revenues for the three-month periods ended June 30, 2020 and 2019. The increase in General and Administrative Expenses both as a percentage of revenue is the reduction in sales from the same quarter last year and on a dollar per dollar basis is the result of increased salaries expense.
- **R & D:** Research and Development expenses for the three months ended June 30, 2020 was \$331,936 compared to \$285,583 for the three months ended June 30, 2019. Research and Development expenses are primarily related to the Advanced

Technologies Segment's development of proprietary technology and further developments of the SmartDesk and Artificial Intelligence (AI) connected with security and surveillance systems software.

- **Comprehensive Income / Loss:** The Company had a comprehensive loss of \$4,149,335 or 49% of revenues, for the three-month period ended June 30, 2020 as compared to a comprehensive loss of \$3,103,266 or 28% of revenues, for the three months ended June 30, 2019. Comprehensive loss increased in the third quarter as compared to comprehensive loss in the same period last year, as a result of the reduction in sales due to the COVID-19 crisis.

About Centrex

Centrex, Inc. ([CETX](#)) is a technology company specializing in the development of Internet of Things (IoT), artificial Intelligence (AI) and Virtual Reality (VR) enabled technologies that's driving innovation in a wide range of sectors, including consumer products, industrial manufacturing, digital applications, and intelligent security & surveillance systems. www.centrex.com

Safe Harbor Statement This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements relating to our new product offerings 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. These risks and uncertainties include, but are not limited to: operational losses and negative cash flows; any need for additional financing; market acceptance of our products; our ability to manufacture and develop effective products and solutions; indebtedness to our lenders; current and future economic conditions that may adversely affect our business and customers; potential fluctuation of our revenues and profitability from period to period which could result in our failure to meet expectations; our ability to maintain adequate levels of working capital; our ability to incentivize and retain our current senior management team and continue to attract and retain qualified scientific, technical and business personnel; our ability to expand our product offerings or to develop other new products and services; our ability to generate sales and profits from current product offerings; rapid technological changes and new technologies that could render certain of our products and services to be obsolete; competitors with significantly greater financial resources; introduction of new products and services by competitors; challenges associated with expansion into new markets; and, other factors 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.

Use of Non-GAAP Measures: Earnings before interest, taxes, and depreciation and amortization (EBITDA) and Adjusted EBITDA are non-GAAP measures. In defining Non-GAAP EBITDA, the Company excludes the impact of non-cash stock-based compensation and other non-recurring items, such as R&D expenses and equity interest loss. EBITDA has limitations as an analytical tool and should not be evaluated in isolation or as a substitute for analysis of results as reported under U.S. GAAP. Management utilizes this metric as a basis for evaluating our ongoing operations, and believes investors' understanding of our performance is enhanced by including this non-GAAP financial measure as a reasonable basis for evaluating our ongoing results of operations, without the effects of interest, taxes, depreciation, and amortization and other non-recurring expenses.