

August 14, 2018



## Cemtrex, Inc. Announces Results for the Third Quarter Ended June 30, 2018

FARMINGDALE, N.Y.--(BUSINESS WIRE)-- Cemtrex, Inc. (Nasdaq: CETX, CETXP, CETXW), world leading multi-industry technology company that provides a wide array of solutions to meet today's consumer, commercial, and industrial challenges, announced its third quarter consolidated results of operations for the three and nine months ended June 30, 2018.

### Third Quarter Highlights:

- Net sales for the three months ended June 30, 2018 were \$19,164,314 which comprised of \$11,216,531 in Electronics Manufacturing, \$7,647,445 in Industrial Technology and \$330,338 in Advanced Technologies, and representing a decrease of 31% from \$27,806,656 in sales for the three months ended March 31, 2017, comprising of \$14,339,173 in Electronics Manufacturing and \$13,467,483 in Industrial Technology.
- Research and development (R&D) expenses were \$2.3 million (11.7% of revenue) during the third quarter ended June 30, 2018, as compared to no expenses during the quarter ended June 30, 2017. The company continues to invest in R&D to increase the depth as well as range of the offering in "Smart" products and Virtual Reality applications.
- Net Loss for the three months ended June 30, 2018 was \$2,583,211 down by 318% as compared to net income of \$1,182,582 for three months ended March 31, 2017.
- Earnings per share for the three months ended June 30, 2018 decreased to \$(0.30) per share as compared to \$0.04 per share for the three months ended June 30, 2017.
- **Adjusted EBITDA was income of \$1,914,235 in the third quarter ended June 30, 2018 as compared to \$1,903,342 in the third quarter ended June 30, 2017 which represents slight improvement.**

### Nine Month Ended June 30, 2018 Financial Highlights

- Net sales for the nine months ended June 30, 2018 were \$71,959,510 which comprised of \$41,874,472 in Electronics Manufacturing, \$29,154,029 in Industrial Technology and \$931,009 in Advanced Technologies, representing a decrease of 18% from \$87,708,896 in sales for the nine months ended June 30, 2017, comprising of \$45,684,285 in Electronics Manufacturing and \$42,024,611 in Industrial Technology.
- Net Loss for the nine months ended June 30, 2018 was \$1,427,749 down by 148% as compared to net income of \$3,001,743 for nine months ended June 30, 2017.
- Earnings per share for the nine months ended June 30, 2018 were \$(0.22) per share as compared to \$0.27 per share for the nine months ended June 30, 2017.

- Adjusted EBITDA was income of \$4,837,259 in the nine months ended June 30, 2018 as compared to \$5,896,087 in the nine months ended June 30, 2017.

The Company began taking preorders for its SmartDesk on May 22<sup>nd</sup>, 2018 with customers receiving delivery of the SmartDesk in FY Q1 2019. The SmartDesk's selling price is between \$4000 and \$6000 per desk based upon its configuration. The Company received the following number of preorders for the SmartDesk: May: 9 units, June: 128 units, July: 165 units, August: 355 units for a total number of 657 preorders as of August 10<sup>th</sup>, 2018. The Company expects to convert these preorders in to deliverable orders in its Q1 Fiscal Year 2019 and thus realize the revenue. The Company anticipates that demand will continue to rise for the SmartDesk as the Company increases its marketing efforts and deliveries start taking place.

The Company's Industrial Technology revenues are lower since it continues to experience weakness in new orders in its environmental instruments and control products markets both domestically and internationally. As fewer number of projects are being decided and awarded due to relaxation and non-enforcement of environmental regulations under the current administration, the Company will continue to reduce its presence in the environmental instruments and control products markets in the coming year and shift its focus into smart devices and virtual reality applications. However, Company anticipates the Industrial Technology & Electronics manufacturing quarterly revenues to stabilize at the current level. Company further anticipates that its Advanced Technology revenues will continue to rise as the sales of its SmartDesk increase and the company launches its VR applications.

	<b>For the three months ended June 30,</b>		<b>For the nine months ended June 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Net (loss)/income (US GAAP)	(2,583,211)	1,182,582	(1,427,749)	3,001,743
Income tax expense	182	172,286	101,819	122,197
Interest expense	375,543	204,992	948,371	948,360
Interest income and other	197,880	(154,579)	(600,833)	81,969
Depreciation and amortization	898,933	498,061	2,583,645	1,741,818
Equity investment loss	778,823	-	778,823	-
Research and development expenses	2,246,085	-	2,453,183	-
Adjusted EBITDA (NON-GAAP)	<u>1,914,235</u>	<u>1,903,342</u>	<u>4,837,259</u>	<u>5,896,087</u>

Cemtrex's Chairman and CEO, Saagar Govil, commented on the results, "We had a decrease in sales due to lower sales in our industrial products business arising from a weakness in environmental markets, however we remain optimistic about the long-term demand for our products and services. Based on the incoming orders over the past few months, we anticipate that our legacy business revenues have now stabilized on a quarterly basis and we can expect moderate organic growth over the medium term."

“Our progress in launching SmartDesk and securing orders in 2018 gives us confidence to reach our strategic goal of making Smart Desk a vital part of modern workspace globally. I am proud of our team of dedicated employees and the culture we have created that has worked hard to create and launch this revolutionary product at a rapid pace. We continue to spend on Research & Development which will reduce our earnings in the short-term however the investments that we are making today will provide long-term benefits and I continue to feel excited about our future,” continued Mr. Govil.

#### Adjusted EBITDA

Earnings before interest, taxes, and depreciation and amortization EBITDA and Adjusted EBITDA are non-GAAP measures. Reconciliation table of EBITDA and Adjusted EBITDA as used in this press release to GAAP is included below in this press release. In defining Non-GAAP EBITDA, the Company excludes the impact of non-cash stock-based preferred stock dividend and other non-recurring items, such as R&D expenses of SmartDesk 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.

#### About Cemtrex

Cemtrex, Inc. (NASDAQ:CETX) is the manufacturer of the SmartDesk, the world's most advanced workstation. Cemtrex is a diversified technology company that's driving innovation in a wide range of sectors, including smart technology, virtual and augmented realities, advanced electronic systems, industrial solutions, and intelligent security systems.

[www.cemtrex.com](http://www.cemtrex.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.

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