

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934**

For the quarterly period ended March 31, 2025

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-37464



**CEMTREX, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

135 Fell Ct. Hauppauge, NY  
(Address of principal executive offices)

30-0399914  
(I.R.S. Employer  
Identification No.)

11788  
(Zip Code)

631-756-9116

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading symbol | Name of each exchange on which registered |
|---------------------|----------------|---|
| Common Stock        | CETX           | Nasdaq Capital Market                     |

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

As of May 12, 2025, the issuer had 1,784,581 shares of common stock issued and outstanding.

## CEMTREX, INC. AND SUBSIDIARIES

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**Part I. Financial Information****Item 1. Financial Statements****Centrex, Inc. and Subsidiaries  
Condensed Consolidated Balance Sheets**

|  | (Unaudited)<br>March 31,<br>2025 | September 30,<br>2024 |
|--|----------------------------------|-----------------------|
| <b>Assets</b>  |                                  |                       |
| Current assets   |                                  |                       |
| Cash and cash equivalents  | \$ 4,538,405                     | \$ 3,897,511          |
| Restricted cash  | 1,527,628                        | 1,522,881             |
| Trade receivables, net   | 12,715,992                       | 11,159,676            |
| Trade receivables, net - related party   | 510,613                          | 685,788               |
| Inventory, net   | 6,136,765                        | 6,988,529             |
| Contract assets, net   | 1,156,620                        | 985,207               |
| Prepaid expenses and other current assets  | 2,026,088                        | 1,456,687             |
| Total current assets   | 28,612,111                       | 26,696,279            |
| Property and equipment, net  | 9,813,887                        | 9,133,578             |
| Right-of-use operating lease assets  | 1,676,614                        | 1,933,378             |
| Royalties receivable, net - related party  | 312,423                          | 456,611               |
| Goodwill   | 3,708,347                        | 3,708,347             |
| Other  | 2,113,768                        | 2,187,265             |
| <b>Total Assets</b>  | <b>\$ 46,237,150</b>             | <b>\$ 44,115,458</b>  |
| <b>Liabilities &amp; Stockholders' Equity</b>  |                                  |                       |
| Current liabilities  |                                  |                       |
| Accounts payable   | \$ 4,001,843                     | \$ 4,520,173          |
| Sales tax payable  | 3,970                            | 73,024                |
| Revolving line of credit   | 2,867,425                        | 3,125,011             |
| Current maturities of long-term liabilities  | 9,301,045                        | 4,732,377             |
| Operating lease liabilities - short-term   | 829,644                          | 832,823               |
| Deposits from customers  | 182,855                          | 408,415               |
| Accrued expenses   | 2,764,172                        | 1,393,902             |
| Accrued payable on inventory in transit  | 242,303                          | 640,450               |
| Contract liabilities   | 1,924,425                        | 1,254,204             |
| Deferred revenue   | 1,179,536                        | 1,297,616             |
| Accrued income taxes   | 277,763                          | 314,827               |
| Total current liabilities  | 23,574,981                       | 18,592,822            |
| Long-term liabilities  |                                  |                       |
| Long-term debt   | 9,492,824                        | 13,270,178            |
| Long-term operating lease liabilities  | 902,223                          | 1,159,204             |
| Other long-term liabilities  | 282,200                          | 274,957               |
| Deferred Revenue - long-term   | 509,882                          | 658,019               |
| Warrant liabilities  | 4,747,468                        | 5,199,436             |
| Total long-term liabilities  | 15,934,597                       | 20,561,794            |
| Total liabilities  | 39,509,578                       | 39,154,616            |
| Commitments and contingencies  | -                                | -                     |
| Stockholders' equity   |                                  |                       |
| Preferred stock, \$0.001 par value, 10,000,000 shares authorized, Series 1, 3,000,000 shares authorized, 2,579,994 shares issued and 2,515,894 shares outstanding as of March 31, 2025 and 2,456,827 shares issued and 2,392,727 shares outstanding as of September 30, 2024 (liquidation value of \$10 per share) | 2,580                            | 2,457                 |
| Series C, 100,000 shares authorized, 50,000 shares issued and outstanding at March 31, 2025 and September 30, 2024   | 50                               | 50                    |
| Common stock, \$0.001 par value, 70,000,000 shares authorized, 1,784,581 shares issued and outstanding at March 31, 2025 and 14,176 shares issued and outstanding at September 30, 2024  | 1,785                            | 14                    |
| Additional paid-in capital   | 95,879,333                       | 73,262,536            |
| Accumulated deficit  | (91,726,811)                     | (71,355,386)          |
| Treasury stock, 64,100 shares of Series 1 Preferred Stock at March 31, 2025, and September 30, 2024  | (148,291)                        | (148,291)             |
| Accumulated other comprehensive income   | 2,394,376                        | 2,949,297             |
| Total Centrex stockholders' equity   | 6,403,022                        | 4,710,677             |
| Non-controlling interest   | 324,550                          | 250,165               |
| <b>Total liabilities and stockholders' equity</b>  | <b>\$ 46,237,150</b>             | <b>\$ 44,115,458</b>  |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

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

|   | For the three months ended |                              | For the six months ended      |                              |
|---|----------------------------|------------------------------|-------------------------------|------------------------------|
|   | March 31, 2025             | March 31, 2024               | March 31, 2025                | March 31, 2024               |
| Revenues  | \$ 27,250,269              | \$ 17,159,595                | \$ 40,990,168                 | \$ 34,037,761                |
| Cost of revenues  | 15,084,814                 | 10,220,179                   | 23,122,777                    | 20,015,946                   |
| Gross profit  | <u>12,165,455</u>          | <u>6,939,416</u>             | <u>17,867,391</u>             | <u>14,021,815</u>            |
| Operating expenses  |                            |                              |                               |                              |
| General and administrative  | 6,770,742                  | 7,020,157                    | 13,864,031                    | 13,992,123                   |
| Research and development  | 777,889                    | 951,400                      | 1,667,972                     | 1,800,205                    |
| Total operating expenses  | <u>7,548,631</u>           | <u>7,971,557</u>             | <u>15,532,003</u>             | <u>15,792,328</u>            |
| Operating income/(loss)   | <u>4,616,824</u>           | <u>(1,032,141)</u>           | <u>2,335,388</u>              | <u>(1,770,513)</u>           |
| Other (expense)/income  |                            |                              |                               |                              |
| Other income, net   | (150,165)                  | 144,765                      | (115,192)                     | 223,176                      |
| Interest expense  | (452,998)                  | (592,804)                    | (936,911)                     | (1,176,487)                  |
| Loss on exercise of warrant liabilities                             | -                          | -                            | (15,796,105)                  | -                            |
| Changes in fair value of warrant liability                          | 4,707,374                  | -                            | (5,312,838)                   | -                            |
| Total other income/(expense), net                                   | <u>4,104,211</u>           | <u>(448,039)</u>             | <u>(22,161,046)</u>           | <u>(953,311)</u>             |
| Net income/(loss) before income taxes                               | <u>8,721,035</u>           | <u>(1,480,180)</u>           | <u>(19,825,658)</u>           | <u>(2,723,824)</u>           |
| Income tax expense  | 110,525                    | 100,004                      | 231,063                       | 170,755                      |
| Income/(loss) from Continuing operations                            | <u>8,610,510</u>           | <u>(1,580,184)</u>           | <u>(20,056,721)</u>           | <u>(2,894,579)</u>           |
| Income/(loss) from discontinued operations, net of tax              | 26,969                     | 10,463                       | (240,319)                     | 20,955                       |
| Net income/(loss)   | <u>8,637,479</u>           | <u>(1,569,721)</u>           | <u>(20,297,040)</u>           | <u>(2,873,624)</u>           |
| Less net income/(loss) in noncontrolling interest                   | 254,537                    | (96,510)                     | 74,385                        | (192,919)                    |
| <b>Net income/(loss) attributable to Cemtrex, Inc. stockholders</b> | <b><u>\$ 8,382,942</u></b> | <b><u>\$ (1,473,211)</u></b> | <b><u>\$ (20,371,425)</u></b> | <b><u>\$ (2,680,705)</u></b> |
| Income/(loss) per share - Basic & Diluted                           |                            |                              |                               |                              |
| Continuing Operations   | <u>\$ 4.10</u>             | <u>\$ (3,054.05)</u>         | <u>\$ (10.62)</u>             | <u>\$ (5,497.36)</u>         |
| Discontinued Operations   | <u>\$ 0.01</u>             | <u>\$ 20.80</u>              | <u>\$ (0.13)</u>              | <u>\$ 41.83</u>              |
| Weighted Average Number of Shares-Basic & Diluted                   | <u>2,032,744</u>           | <u>503</u>                   | <u>1,897,797</u>              | <u>501</u>                   |

**Condensed Consolidated Statements of Comprehensive Income/(Loss)**  
**(Unaudited)**

|  | For the three months ended |                       | For the six months ended |                       |
|--|----------------------------|-----------------------|--------------------------|-----------------------|
|  | March 31, 2025             | March 31, 2024        | March 31, 2025           | March 31, 2024        |
| Other comprehensive loss   |                            |                       |                          |                       |
| Net income/(loss)  | \$ 8,637,479               | \$ (1,569,721)        | \$ (20,297,040)          | \$ (2,873,624)        |
| Foreign currency translation loss                                      | (423,482)                  | (530,686)             | (554,921)                | (302,922)             |
| Comprehensive income/(loss)  | <u>8,213,997</u>           | <u>(2,100,407)</u>    | <u>(20,851,961)</u>      | <u>(3,176,546)</u>    |
| Less net income/(loss) in noncontrolling interest                      | 254,537                    | (96,510)              | 74,385                   | (192,919)             |
| Comprehensive income/(loss) attributable to Cemtrex, Inc. stockholders | <u>\$ 7,959,460</u>        | <u>\$ (2,003,897)</u> | <u>\$ (20,926,346)</u>   | <u>\$ (2,983,627)</u> |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

**Centrex, Inc. and Subsidiaries**  
**Condensed Consolidated Statement of Stockholders' Equity**  
**(Unaudited)**

|   | Preferred Stock<br>Series I |                 | Preferred Stock<br>Series C |              | Common Stock<br>Par    |                 | Additional<br>Paid-in<br>Capital | Accumulated<br>Deficit | Treasury<br>Stock,<br>64,100<br>shares of<br>Series I<br>Preferred<br>Stock | Accumulated<br>other<br>Comprehensive<br>Income | Centrex<br>Stockholders'<br>Equity | Non-<br>controlling<br>interest |
|---|-----------------------------|-----------------|-----------------------------|--------------|------------------------|-----------------|----------------------------------|------------------------|---|---|------------------------------------|---------------------------------|
|   | Par Value \$0.001           |                 | Par Value \$0.001           |              | Value \$0.001          |                 |                                  |                        |   |   |                                    |                                 |
|   | Number<br>of<br>Shares      | Amount          | Number<br>of<br>Shares      | Amount       | Number<br>of<br>Shares | Amount          |                                  |                        |   |   |                                    |                                 |
| <b>Balance at September 30, 2024</b>                  | <b>2,456,827</b>            | <b>\$ 2,457</b> | <b>50,000</b>               | <b>\$ 50</b> | <b>14,176</b>          | <b>\$ 14</b>    | <b>\$73,262,536</b>              | <b>\$ (71,355,386)</b> | <b>\$(148,291)</b>  | <b>\$ 2,949,297</b>                             | <b>\$ 4,710,677</b>                | <b>\$ 250,165</b>               |
| Foreign currency translation loss                     |                             |                 |                             |              |                        |                 |                                  |                        |   | (131,439)                                       | (131,439)                          |                                 |
| Share-based compensation                              |                             |                 |                             |              |                        |                 | 4,087                            |                        |   |   |                                    | 4,087                           |
| Dividends paid in Series 1 preferred shares           | 123,167                     | 123             |                             |              |                        |                 |                                  | (123)                  |   |   |                                    | -                               |
| Exercise of Series A warrants                         |                             |                 |                             |              | 1,436,749              | 1,437           | 21,514,340                       |                        |   |   | 21,515,777                         |                                 |
| Exercise of Series B warrants                         |                             |                 |                             |              | 333,650                | 334             | 1,095,397                        |                        |   |   | 1,095,731                          |                                 |
| Income/(loss) attributable to noncontrolling interest |                             |                 |                             |              |                        |                 |                                  |                        |   |   |                                    | (180,152)                       |
| Net loss  |                             |                 |                             |              |                        |                 |                                  | (28,754,367)           |   |   | (28,754,367)                       |                                 |
| <b>Balance at December 31, 2024</b>                   | <b>2,579,994</b>            | <b>\$ 2,580</b> | <b>50,000</b>               | <b>\$ 50</b> | <b>1,784,575</b>       | <b>\$ 1,785</b> | <b>\$95,876,237</b>              | <b>\$(100,109,753)</b> | <b>\$(148,291)</b>  | <b>\$ 2,817,858</b>                             | <b>\$ (1,559,534)</b>              | <b>\$ 70,013</b>                |
| Foreign currency translation loss                     |                             |                 |                             |              |                        |                 |                                  |                        |   | \$ (423,482)                                    | (423,482)                          |                                 |
| Share-based compensation                              |                             |                 |                             |              |                        |                 | \$ 3,096                         |                        |   |   |                                    | 3,096                           |
| Rounding shares                                       |                             |                 |                             |              | 6                      |                 |                                  |                        |   |   |                                    | -                               |
| Income/(loss) attributable to noncontrolling interest |                             |                 |                             |              |                        |                 |                                  |                        |   |   |                                    | -                               |
| Net income  |                             |                 |                             |              |                        |                 |                                  | \$ 8,382,942           |   |   | 8,382,942                          | \$ 254,537                      |
| <b>Balance at March 31, 2025</b>                      | <b>2,579,994</b>            | <b>\$ 2,580</b> | <b>50,000</b>               | <b>\$ 50</b> | <b>1,784,581</b>       | <b>\$ 1,785</b> | <b>\$95,879,333</b>              | <b>\$ (91,726,811)</b> | <b>\$(148,291)</b>  | <b>\$ 2,394,376</b>                             | <b>\$ 6,403,022</b>                | <b>\$ 324,550</b>               |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

**Centrex, Inc. and Subsidiaries**  
**Condensed Consolidated Statement of Stockholders' Equity (Continued)**  
**(Unaudited)**

|   | Preferred Stock<br>Series 1<br>Par Value \$0.001 |                 | Preferred Stock<br>Series C<br>Par Value \$0.001 |              | Common Stock<br>Par<br>Value \$0.001 |             | Additional<br>Paid-in<br>Capital | Accumulated<br>Deficit | Treasury<br>Stock,<br>64,100<br>shares of<br>Series 1<br>Preferred<br>Stock | Accumulated<br>other<br>Comprehensive<br>Income | Centrex<br>Stockholders'<br>Equity | Non-<br>controlling<br>interest |
|---|--|-----------------|--|--------------|--------------------------------------|-------------|----------------------------------|------------------------|---|---|------------------------------------|---------------------------------|
|   | Number<br>of<br>Shares                           | Amount          | Number<br>of<br>Shares                           | Amount       | Number<br>of<br>Shares               | Amount      |                                  |                        |   |   |                                    |                                 |
| <b>Balance at September 30,<br/>2023</b>              | <b>2,293,016</b>                                 | <b>\$ 2,293</b> | <b>50,000</b>                                    | <b>\$ 50</b> | <b>498</b>                           | <b>\$ 1</b> | <b>\$68,882,750</b>              | <b>\$(64,125,895)</b>  | <b>\$(148,291)</b>  | <b>\$ 3,076,706</b>                             | <b>\$ 7,687,614</b>                | <b>\$ 656,179</b>               |
| Foreign currency translation gain                     |  |                 |  |              |                                      |             |                                  |                        |   | 227,764   | 227,764                            |                                 |
| Share-based compensation                              |  |                 |  |              |                                      |             | 7,558                            |                        |   |   | 7,558                              |                                 |
| Shares issued to pay notes payable                    |  |                 |  |              | 5                                    |             | 40,000                           |                        |   |   | 40,000                             |                                 |
| Dividends paid in Series 1 preferred shares           | 115,037  | 115             |  |              |                                      |             | (115)                            |                        |   |   |                                    | -                               |
| Income/(loss) attributable to noncontrolling interest |  |                 |  |              |                                      |             |                                  |                        |   |   |                                    | - (96,409)                      |
| Net loss  |  |                 |  |              |                                      |             |                                  | (1,207,494)            |   |   | (1,207,494)                        |                                 |
| <b>Balance at December 31,<br/>2023</b>               | <b>2,408,053</b>                                 | <b>\$ 2,408</b> | <b>50,000</b>                                    | <b>\$ 50</b> | <b>503</b>                           | <b>\$ 1</b> | <b>\$68,930,193</b>              | <b>\$(65,333,389)</b>  | <b>\$(148,291)</b>  | <b>\$ 3,304,470</b>                             | <b>\$ 6,755,442</b>                | <b>\$ 559,770</b>               |
| Foreign currency translation gain                     |  |                 |  |              |                                      |             |                                  |                        |   | \$ (530,686)                                    | (530,686)                          |                                 |
| Share-based compensation                              |  |                 |  |              |                                      |             | \$ 7,558                         |                        |   |   | 7,558                              |                                 |
| Purchase of treasury stock                            |  |                 |  |              |                                      |             |                                  |                        | \$ (69,705)   |   | (69,705)                           |                                 |
| Income/(loss) attributable to noncontrolling interest |  |                 |  |              |                                      |             |                                  |                        |   |   |                                    | - \$ (96,510)                   |
| Net loss  |  |                 |  |              |                                      |             |                                  | \$ (1,473,211)         |   |   | (1,473,211)                        |                                 |
| <b>Balance at March 31,<br/>2024</b>                  | <b>2,408,053</b>                                 | <b>2,408</b>    | <b>50,000</b>                                    | <b>50</b>    | <b>503</b>                           | <b>1</b>    | <b>68,937,751</b>                | <b>(66,806,600)</b>    | <b>(217,996)</b>  | <b>2,773,784</b>                                | <b>4,689,398</b>                   | <b>463,260</b>                  |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

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

|  | For the six months ended |                     |
|--|--------------------------|---------------------|
|  | March 31,                |                     |
|  | 2025                     | 2024                |
| <b>Cash Flows from Operating Activities</b>  |                          |                     |
| Net loss   | \$ (20,297,040)          | \$ (2,873,624)      |
| Adjustments to reconcile net loss to net cash used by operating activities                   |                          |                     |
| Depreciation and amortization  | 648,025                  | 673,190             |
| Loss on disposal of property and equipment   | 19,668                   | -                   |
| Noncash lease expense  | 461,490                  | 389,125             |
| Goodwill impairment  | -                        | -                   |
| Bad debt expense   | 10,572                   | 35,213              |
| Contract modification - related party  | 280,545                  | -                   |
| Share-based compensation   | 7,183                    | 15,116              |
| Income tax expense   | -                        | (96,750)            |
| Shares issued to pay for services  | -                        | 40,000              |
| Accrued interest on notes payable  | 530,404                  | 657,355             |
| Non-cash royalty income  | (71,464)                 | (26,564)            |
| Amortization of original issue discounts on notes payable                                    | 16,667                   | -                   |
| Loan origination costs   | 5,000                    | 36,267              |
| Loss on exercise of warrant liabilities  | 15,796,105               | -                   |
| Changes in fair value of warrant liability   | 5,312,838                | -                   |
| Changes in operating assets and liabilities net of effects from acquisition of subsidiaries: |                          |                     |
| Trade receivables  | (1,536,888)              | (2,317,074)         |
| Trade receivables - related party  | 66,057                   | (178,980)           |
| Inventory  | 851,764                  | 1,341,472           |
| Contract assets  | (171,413)                | (240,478)           |
| Prepaid expenses and other current assets  | (569,401)                | 482,853             |
| Other assets   | 173,497                  | (225,853)           |
| Accounts payable   | (518,330)                | (455,315)           |
| Accounts payable - related party   | -                        | 408                 |
| Sales tax payable  | (69,054)                 | 1,658               |
| Operating lease liabilities  | (464,886)                | (388,516)           |
| Deposits from customers  | (225,560)                | 150,274             |
| Accrued expenses   | 972,123                  | (108,311)           |
| Contract liabilities   | 670,221                  | 919,090             |
| Deferred revenue   | (266,217)                | (252,109)           |
| Income taxes payable   | (38,617)                 | (146,422)           |
| Other liabilities  | 7,243                    | (184,261)           |
| <b>Net cash provided/(used) by operating activities</b>                                      | <b>1,600,532</b>         | <b>(2,752,236)</b>  |
| <b>Cash Flows from Investing Activities</b>  |                          |                     |
| Purchase of property and equipment   | (1,359,963)              | (355,308)           |
| Proceeds from sale of property and equipment   | 13,511                   | -                   |
| Royalties on related party revenues  | 10,000                   | -                   |
| Investment in MasterpieceVR  | (100,000)                | (100,000)           |
| <b>Net cash used by investing activities</b>   | <b>(1,436,452)</b>       | <b>(455,308)</b>    |
| <b>Cash Flows from Financing Activities</b>  |                          |                     |
| Proceeds on revolving line of credit   | 18,925,223               | 19,360,672          |
| Payments on revolving line of credit   | (19,182,809)             | (15,413,971)        |
| Payments on debt   | (240,510)                | (2,634,545)         |
| Payments on Paycheck Protection Program Loans  | (20,247)                 | (20,242)            |
| Proceeds on bank loans   | -                        | 28,331              |
| Proceeds from notes payable  | 500,000                  | -                   |
| Proceeds from warrant exercises  | 1,050,597                | -                   |
| Purchases of treasury stock  | -                        | (69,705)            |
| <b>Net cash provided by financing activities</b>   | <b>1,032,254</b>         | <b>1,250,540</b>    |
| Effect of currency translation   | (550,693)                | (304,022)           |
| Net increase/(decrease) in cash, cash equivalents, and restricted cash                       | 645,641                  | (2,261,026)         |
| Cash, cash equivalents, and restricted cash at beginning of period                           | 5,420,392                | 6,349,562           |
| <b>Cash, cash equivalents, and restricted cash at end of period</b>                          | <b>\$ 6,066,033</b>      | <b>\$ 4,088,536</b> |

**Centrex, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows (Continued)**  
**(Unaudited)**

| <b>Balance Sheet Accounts Included in Cash, Cash Equivalents, and Restricted Cash</b> |                     |                     |
|---|---------------------|---------------------|
| Cash and cash equivalents   | \$ 4,538,405        | \$ 2,916,120        |
| Restricted cash   | 1,527,628           | 1,172,416           |
| <b>Total cash, cash equivalents, and restricted cash</b>                              | <b>\$ 6,066,033</b> | <b>\$ 4,088,536</b> |
| <b>Supplemental Disclosure of Cash Flow Information:</b>                              |                     |                     |
| Cash paid during the period for interest  | \$ 389,840          | \$ 482,865          |
| Cash paid during the period for income taxes, net of refunds                          | \$ 269,680          | \$ 146,422          |
| <b>Supplemental Schedule of Non-Cash Investing and Financing Activities</b>           |                     |                     |
| Shares issued to pay for services   | \$ -                | \$ 40,000           |
| Financing of fixed asset purchase   | \$ -                | \$ 28,331           |
| Noncash recognition of new leases   | \$ 204,726          | \$ -                |
| Series A Warrant Exercises  | \$ 21,515,777       | \$ -                |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

**Centrex, Inc. and Subsidiaries**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

NOTE 1 – ORGANIZATION AND PLAN OF OPERATIONS

Centrex was incorporated in 1998 in the state of Delaware and has evolved through strategic acquisitions and internal growth into a leading multi-industry company. Unless the context requires otherwise, all references to “we”, “our”, “us”, “Company”, “registrant”, “Centrex” or “management” refer to Centrex, Inc. and its subsidiaries.

The Company’s reporting segments consist of Security and Industrial Services. Additionally, the Company’s operational structure also reports unallocated corporate expenses.

*Security*

Centrex’s Security segment operates under the brand of its subsidiary, Vicon Industries, Inc. (“Vicon”), which provides end-to-end security solutions to meet the toughest corporate, industrial, and governmental security challenges. Vicon’s products include browser-based video monitoring systems and analytics-based recognition systems, cameras, servers, and access control systems for every aspect of security and surveillance in industrial and commercial facilities, federal prisons, hospitals, universities, schools, and federal and state government offices. Vicon provides innovative, mission critical security and video surveillance solutions utilizing Artificial Intelligence (AI) based data algorithms.

*Industrial Services*

Centrex’s Industrial Services segment operates under the brand, Advanced Industrial Services (“AIS”), which offers single-source expertise and services for rigging, millwrighting, in plant maintenance, equipment erection, relocation, and disassembly to diversified customers. AIS installs high precision equipment in a wide variety of industrial markets like automotive, printing & graphics, industrial automation, packaging, and chemicals, among others. AIS is a leading provider of reliability-driven maintenance and contracting solutions for machinery, packaging, printing, chemical, and other manufacturing markets. We help customers seeking to achieve greater asset utilization and reliability to cut costs and increase production from existing assets, including small projects, sustaining capital, turnarounds, maintenance, specialty welding services, and high-quality scaffolding.

***Common Stock Reverse Stock Split***

On October 2, 2024, the Company completed a 60:1 reverse stock split on its common stock, and on November 26, 2024, the Company completed a 35:1 reverse stock split on its common stock. All share and per share data have been retroactively adjusted for the reverse splits.

*Nasdaq Notices for Listing Deficiencies*

On June 14, 2024, the Company received a notification letter from the Listing Qualifications Department of Nasdaq notifying the Company that, because the closing bid price for the Company’s common stock listed on Nasdaq was below \$1.00 for 30 consecutive trading days, the Company no longer meets the minimum bid price requirement for continued listing on The Nasdaq Capital Market under Nasdaq Marketplace Rule 5550(a)(2), requiring a minimum bid price of \$1.00 per share. The notification letter also disclosed that in the event the Company does not regain compliance with the Minimum Bid Price Requirement by December 11, 2024, we received a notification letter from the Nasdaq notifying us that we have regained compliance with the Minimum Bid Requirement.

The Reverse Stock Split would potentially increase our bid price such that we maintain the Minimum Bid Requirement required for maintaining the listing requirements for the Nasdaq Capital Market. Although we currently meet the Nasdaq Minimum Bid Requirement, out of abundance of caution, we believe that a future reverse split may be necessary in the future if we were to fall short of the Minimum Bid Price Requirement.

On August 21, 2024, the Company received a notification letter from the Listing Qualifications Department of Nasdaq notifying the Company that, because the stockholder's equity for the Company was below \$2,500,000 as reported on our Form 10-Q for the period ended June 30, 2024, the Company no longer meets the minimum shareholder's equity requirement for continued listing on The Nasdaq Capital Market under Nasdaq Marketplace Rule 5550(b)(1), requiring a minimum stockholder's equity of \$2,500,000 (the "Minimum Stockholder's Equity Requirement").

On October 23, 2024, the Company received a letter from Nasdaq that it had been granted an extension to February 17, 2025, to regain compliance with the Minimum Stockholder's Equity Requirement.

On January 2, 2025, the Company received a letter from Nasdaq notifying the Company that based on the Company's Form 10-K filed on December 30, 2024, evidencing stockholders' equity of \$4,710,677, Nasdaq has determined that the Company complies with the Minimum Stockholder's Equity Requirement and this matter is now closed.

On February 24, 2025, the Company received a notification letter from the Listing Qualifications Department of Nasdaq notifying the Company that, because the stockholder's equity for the Company was below \$2,500,000 as reported on our Form 10-Q for the period ended December 31, 2024, the Company no longer meets the minimum shareholder's equity requirement for continued listing on The Nasdaq Capital Market under Nasdaq Marketplace Rule 5550(b)(1), requiring a minimum stockholder's equity of \$2,500,000 (the "Minimum Stockholder's Equity Requirement").

On April 22, 2025, the Company received a letter from Nasdaq that it had been granted an extension to August 20, 2025, to regain compliance with the Minimum Stockholder's Equity Requirement.

The Company expects to receive a compliance letter from Nasdaq, as a result of the Company's balance sheet recording stockholder's equity of \$6,403,022 as of March 31, 2025.

#### *Going Concern Considerations*

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared assuming the Company will continue as a going concern and in accordance with generally accepted accounting principles in the United States of America. The going concern basis of presentation assumes that the Company will continue in operation one year after the date these financial statements are issued and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Pursuant to the requirements of the ASC 205, management must evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Company's ability to continue as a going concern for one year from the date these financial statements are issued.

This evaluation does not take into consideration the potential mitigating effect of management's plans that have not been fully implemented or are not within control of the Company as of the date the financial statements are issued. When substantial doubt exists under this methodology, management evaluates whether the mitigating effect of its plans sufficiently alleviates substantial doubt about the Company's ability to continue as a going concern. The mitigating effect of management's plans, however, is only considered if both (1) it is probable that the plans will be effectively implemented within one year after the date that the financial statements are issued, and (2) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued.

The Company has incurred substantial operational losses of \$5,269,745 and \$1,511,508 for fiscal years 2024 and 2023, respectively, and an operational gain of \$2,335,388 for the six months ended March 31, 2025. Additionally, the Company has debt obligations over the next fiscal year of \$12,168,470 and working capital of \$5,037,130, that raise substantial doubt with respect to the Company's ability to continue as a going concern.

While our working capital and current debt indicate a substantial doubt regarding the Company's ability to continue as a going concern, the Company has historically, from time to time, satisfied and may continue to satisfy certain short-term liabilities through the issuance of common stock, thus reducing our cash requirement to meet our operating needs. The Company has \$4,538,405 in cash as of March 31, 2025. Additionally, the Company has (i) secured a line of credit for its Vicon brand to fund operations, which as of March 31, 2025, has available capacity of approximately \$133,000, (ii) continually reevaluate our pricing model on our Vicon brand to improve margins on those products and introducing new innovative products to grow revenues, (iii) raised \$9,039,959 in net proceeds through our May 2024 equity financing and anticipate up to \$4 million when the Series B warrants are exercised, and (iv) on October 2, 2024, and November 26, 2024 has effected a 60:1 and a 35:1 reverse stock split, respectively, on our common stock to remain trading on the Nasdaq Capital Markets, and improve our ability to potentially raise capital through equity offerings that we may use to satisfy debt. In the event additional capital is raised through equity offerings and/or debt is satisfied with equity, it may have a dilutive effect on our existing stockholders. While the Company believes these plans, if successful, would be sufficient to meet the capital demands of our current operations for at least the next twelve months, there is no guarantee that we will succeed. Overall, there is no guarantee that cash flow from our existing or future operations and any external capital that we may be able to raise will be sufficient to meet our working capital needs. The Company currently does not have adequate cash or available liquidity/available capacity on our lines of credit to meet our long-term needs and our above plans in the short term may prove to be inadequate to continue as a going concern. Thus, despite our cash on hand, our ability to draw on our credit line, or changes to our pricing models, and other safeguards, we may be unable to meet our obligations as they become due over the next twelve months beyond the issuance date.

Overall, there is no guarantee that cash flow from our existing or future operations and any external capital that we may be able to raise will be sufficient to meet our working capital needs. The Company currently does not have adequate cash to meet our short or long-term needs. The unaudited condensed consolidated financial statements do not include any adjustments relating to this uncertainty.

## NOTE 2 – INTERIM STATEMENT PRESENTATION

### *Basis of Presentation and Use of Estimates*

The accompanying unaudited condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Annual Report on Form 10-K for the year ended September 30, 2024, of Cemtrex, Inc.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X pursuant to the requirements of the U.S. Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for the interim periods are not necessarily indicative of the results of operations for the entire year.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the condensed consolidated financial statements, the disclosure of contingent assets and liabilities in the condensed consolidated financial statements and the accompanying notes, and the reported amounts of revenues, expenses and cash flows during the periods presented. Actual amounts and results could differ from those estimates. The estimates and assumptions the Company makes are based on historical factors, current circumstances and the experience and judgment of the Company's management. The Company evaluates its estimates and assumptions on an ongoing basis.

### Significant Accounting Policies

Note 2 of the Notes to Consolidated Financial Statements, included in the annual report on Form 10-K for the year ended September 30, 2024, includes a summary of the significant accounting policies used in the preparation of the unaudited condensed consolidated financial statements.

### Recently Adopted Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures” (“ASU 2023-07”), which enhances the disclosures required for operating segments in the Company’s annual and interim consolidated financial statements. ASU 2023-07 is effective for the Company for annual reporting for fiscal 2025 and for interim period reporting beginning in fiscal 2026 on a retrospective basis. Early adoption is permitted. On October 1, 2024, the Company implemented this standard and there has been no material change to the unaudited condensed consolidated financial statements.

On June 30, 2022, the FASB issued ASU 2022-03 Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (“ASU 2022-03”), which (1) clarifies the guidance in ASC 820 on the fair value measurement of an equity security that is subject to a contractual sale restriction and (2) requires specific disclosures related to such an equity security. Under current guidance, stakeholders have observed diversity in practice related to whether contractual sale restrictions should be considered in the measurement of the fair value of equity securities that are subject to such restrictions. On the basis of interpretations of existing guidance and the current illustrative example in ASC 820-10-55-52 of a restriction on the sale of an equity instrument, some entities use a discount for contractual sale restrictions when measuring fair value, while others view the application of such a discount to be inconsistent with the principles of ASC 820. To reduce the diversity in practice and increase the comparability of reported financial information, ASU 2022-03 clarifies this guidance and amends the illustrative example. ASU No. 2022-03 is effective for fiscal years beginning after December 15, 2023, with early adoption permitted. On October 1, 2024, the Company implemented this standard and there has been no material change to the unaudited condensed consolidated financial statements.

### Recently Issued Accounting Pronouncements Not Yet Effective

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures,” which requires public entities to disclose consistent categories and greater disaggregation of information in the rate reconciliation and for income taxes paid. It also includes certain other amendments to improve the effectiveness of income tax disclosures. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is required to adopt this standard prospectively in fiscal year 2026 for the annual reporting period ending September 30, 2026. The Company is currently in the process of evaluating the impact of adoption on the unaudited condensed consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, “Income Statement (Topic 220): Reporting Comprehensive Income - Expense Disaggregation Disclosures, Disaggregation of Income Statement Expenses”, that requires public companies to disclose, in interim and reporting periods, additional information about certain expenses in the financial statements. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted and is effective on either a prospective basis or retrospective basis. The Company is currently assessing the potential impacts of adoption on the unaudited condensed consolidated financial statements.

In November 2024, the FASB issued ASU 2024-04, “Debt with Conversion and Other Options (Subtopic 470-20), which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. ASU 2024-04 is effective for annual periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in Update 2020-06. Adoption can be on a prospective or retrospective basis. The Company is currently in the process of evaluating the impact of adoption on the unaudited condensed consolidated financial statements.

The Company does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying unaudited condensed consolidated financial statements.

### NOTE 3 – REVENUE

The following table illustrates the approximate disaggregation of the Company’s revenue based off timing of revenue recognition for the three and six months ended March 31, 2025 and 2024:

|               | For the three months ended |                | For the six months ended |                |
|---------------|----------------------------|----------------|--------------------------|----------------|
|               | March 31, 2025             | March 31, 2024 | March 31, 2025           | March 31, 2024 |
| Over time     | 40%                        | 58%            | 49%                      | 55%            |
| Point-in-time | 60%                        | 42%            | 51%                      | 45%            |

NOTE 4 – INCOME/(LOSS) PER COMMON SHARE

Basic net income/(loss) per common share is computed by dividing net income/(loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income/(loss) per common share is computed by dividing net income by the weighted average number of shares of common stock and potentially dilutive outstanding shares of common stock during the period to reflect the potential dilution that could occur from common shares issuable through contingent share arrangements, stock options and warrants. For the three and six months ended March 31, 2025, and 2024, the following items were excluded from the computation of diluted net income/(loss) per common share as their effect is anti-dilutive:

|          | For the three months ended |                | For the six months ended |                |
|----------|----------------------------|----------------|--------------------------|----------------|
|          | March 31, 2025             | March 31, 2024 | March 31, 2025           | March 31, 2024 |
| Options  | 18                         | 18             | 18                       | 18             |
| Warrants | 3,318,556                  | -              | 3,318,556                | -              |

For the three and six months ended March 31, 2025, and 2024, income/(loss) per share basic and diluted for continuing operations are calculated as follows:

|   | For the three months |                | For the six months ended |                |
|---|----------------------|----------------|--------------------------|----------------|
|   | March 31,            |                | March 31,                |                |
|   | 2025                 | 2024           | 2025                     | 2024           |
| Earnings/(loss) from Continuing operations                          | \$ 8,610,510         | \$ (1,580,184) | \$ (20,056,721)          | \$ (2,894,579) |
| Less Earnings/(loss) in noncontrolling interest                     | 254,537              | (96,510)       | 74,385                   | (192,919)      |
| Preferred stock dividends   | 21,949               | 52,515         | 21,949                   | 52,515         |
| Net Earnings/(loss) applicable to common shareholders               | 8,334,024            | (1,536,189)    | (20,153,055)             | (2,754,175)    |
| Weighted Average Number of Shares-Basic & Diluted                   | 2,032,744            | 503            | 1,897,797                | 501            |
| Earnings/(loss) per share - Basic & Diluted - Continuing Operations | \$ 4.10              | \$ (3,054.05)  | \$ (10.62)               | \$ (5,497.36)  |

In accordance with ASC 260-45-13, the common shares underlying the Series A Warrants under the alternative cashless exercise have been included in the calculation of the weighted average shares.

NOTE 5 – SEGMENT INFORMATION

The Company reports and evaluates financial information for two reportable segments: the Security segment and the Industrial Services segment. The Chief Operating Decision Maker (“CODM”) for all segments is Saagar Govil, the CEO of the Company.

The following tables summarize the Company’s reportable segment information and unallocated corporate expenses:

|                                    | Three months ended March 31, 2025 |                     |              |               | Three months ended March 31, 2024 |                     |              |               |
|------------------------------------|-----------------------------------|---------------------|--------------|---------------|-----------------------------------|---------------------|--------------|---------------|
|                                    | Reportable Segments               |                     |              |               | Reportable Segments               |                     |              |               |
|                                    | Security                          | Industrial Services | Corporate    | Consolidated  | Security                          | Industrial Services | Corporate    | Consolidated  |
| External revenues                  | \$ 16,981,152                     | \$ 10,269,117       | \$ -         | \$ 27,250,269 | \$ 8,084,932                      | \$ 9,074,663        | \$ -         | \$ 17,159,595 |
| Cost of revenues                   | 8,177,296                         | 6,907,518           | -            | 15,084,814    | 3,971,963                         | 6,248,216           | -            | 10,220,179    |
| Gross profit                       | \$ 8,803,856                      | \$ 3,361,599        | \$ -         | \$ 12,165,455 | \$ 4,112,969                      | \$ 2,826,447        | \$ -         | \$ 6,939,416  |
| Operating expenses                 |                                   |                     |              |               |                                   |                     |              |               |
| Sales, general, and administrative | 3,655,756                         | 2,229,023           | 575,661      | 6,460,440     | 3,833,596                         | 1,897,269           | 984,403      | 6,715,268     |
| Depreciation and amortization      | 85,433                            | 224,869             | -            | 310,302       | 71,260                            | 233,629             | -            | 304,889       |
| Research and development           | 777,889                           | -                   | -            | 777,889       | 951,400                           | -                   | -            | 951,400       |
| Operating (loss)/income            | \$ 4,284,778                      | \$ 907,707          | \$ (575,661) | \$ 4,616,824  | (743,287)                         | 695,549             | (984,403)    | (1,032,141)   |
| Other income/(expense)             | \$ (493,731)                      | \$ (110,145)        | \$ 4,708,087 | \$ 4,104,211  | \$ (138,633)                      | \$ (78,289)         | \$ (231,117) | \$ (448,039)  |

|                               | Six months ended March 31, 2025 |                     |                 |                 | Six months ended March 31, 2024 |                     |                      |                |
|-------------------------------|---------------------------------|---------------------|-----------------|-----------------|---------------------------------|---------------------|----------------------|----------------|
|                               | Reportable Segments             |                     | Corporate       | Consolidated    | Reportable Segments             |                     | Corporate            | Consolidated   |
|                               | Security                        | Industrial Services |                 |                 | Security                        | Industrial Services |                      |                |
| External revenues             | \$ 22,434,851                   | \$ 18,555,317       | \$ -            | \$ 40,990,168   | \$ 17,252,733                   | \$ 16,785,028       | \$ -                 | \$ 34,037,761  |
| Cost of revenues              | 10,791,236                      | 12,331,541          | -               | 23,122,777      | 8,622,817                       | 11,393,129          | -                    | 20,015,946     |
| Gross profit                  | \$ 11,643,615                   | \$ 6,223,776        | \$ -            | \$ 17,867,391   | \$ 8,629,916                    | \$ 5,391,899        | \$ -                 | \$ 14,021,815  |
| Operating expenses            |                                 |                     |                 |                 |                                 |                     |                      |                |
| General, and administrative   | 7,415,054                       | 3,990,426           | 1,810,526       | 13,216,006      | 8,161,224                       | 3,426,532           | 1,731,177            | 13,318,933     |
| Depreciation and amortization | 171,456                         | 476,569             | -               | 648,025         | 199,412                         | 473,778             | -                    | 673,190        |
| Research and development      | 1,667,972                       | -                   | -               | 1,667,972       | 1,800,205                       | -                   | -                    | 1,800,205      |
| Operating (loss)/income       | \$ 2,389,133                    | \$ 1,756,781        | \$ (1,810,526)  | \$ 2,335,388    | \$ (1,530,925)                  | \$ 1,491,589        | \$ (1,731,177)       | \$ (1,770,513) |
| Other expense                 | \$ (886,648)                    | \$ (188,371)        | \$ (21,086,027) | \$ (22,161,046) | \$ (272,894)                    | \$ (186,433)        | \$ (493,984)         | \$ (953,311)   |
|                               |                                 |                     |                 |                 | <b>March 31,</b>                |                     | <b>September 30,</b> |                |
|                               |                                 |                     |                 |                 | <b>2025</b>                     |                     | <b>2024</b>          |                |
| Identifiable Assets           |                                 |                     |                 |                 |                                 |                     |                      |                |
| Security                      |                                 |                     |                 |                 | \$ 17,642,142                   |                     | \$ 17,253,328        |                |
| Industrial Services           |                                 |                     |                 |                 | 26,634,657                      |                     | 24,576,055           |                |
| Corporate                     |                                 |                     |                 |                 | 1,960,351                       |                     | 2,286,075            |                |
| Total Assets                  |                                 |                     |                 |                 | \$ 46,237,150                   |                     | \$ 44,115,458        |                |

Unallocated corporate expenses mainly relate to payroll and benefits for corporate officers, investor relation expenses, accounting expenses related to audit and taxes, legal expenses related to corporate matters, interest expense on notes payable, and Series A and B Warrants transaction losses.

#### NOTE 6 – RESTRICTED CASH

A subsidiary of the Company participates in a consortium in order to self-insure group care coverage for its employees. The plan is administrated by Benecon Group and the Company makes monthly deposits in a trust account to cover medical claims and any administrative costs associated with the plan. These funds, as required by the plan, are restricted in nature and amounted to \$1,066,205 at March 31, 2025, and \$1,030,606 at September 30, 2024. Additionally, there was \$100,000 of restricted cash in escrow per the purchase agreement with Heisey Mechanical, Ltd, as of March 31, 2025 and September 30, 2024, an additional \$296,750 and \$325,340 in escrow related to bond requirements on certain public projects as of March 31, 2025, and September 30, 2024, respectively, and \$64,673 and \$66,935 in deposit guarantees as of March 31, 2025, and September 30, 2024, respectively.

#### NOTE 7 – FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy is applied to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the guidance for fair value measurements are described below:

Level 1 — Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Our Level 1 assets include cash equivalents, banker's acceptances, trading securities investments and investment funds. The Company measures trading securities investments and investment funds at quoted market prices as they are traded in an active market with sufficient volume and frequency of transactions.

Level 2 — Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified contractual term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Level 3 inputs are unobservable inputs for the asset or liability in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include cost method investments. Quantitative information for Level 3 assets and liabilities reviewed at each reporting period includes indicators of significant deterioration in the earnings performance, credit rating, asset quality, business prospects of the investee, and financial indicators of the investee’s ability to continue as a going concern.

The Company’s fair value liabilities at March 31, 2025, and September 30, 2024, are as follows.

|                     | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Balance<br>as of<br>March 31,<br>2025     |
|---------------------|--|---|--|---|
| <b>Liabilities</b>  |  |   |  |   |
| Warrant liabilities | \$ 364,804   | \$ 4,382,664  | \$ -   | \$ 4,747,468                              |
|                     | <u>\$ 364,804</u>  | <u>\$ 4,382,664</u>                                       | <u>\$ -</u>  | <u>\$ 4,747,468</u>                       |
|                     | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Balance<br>as of<br>September 30,<br>2024 |
| <b>Liabilities</b>  |  |   |  |   |
| Warrant liabilities | \$ 4,160,658   | \$ 1,038,778  | \$ -   | \$ 5,199,436                              |
|                     | <u>\$ 4,160,658</u>  | <u>\$ 1,038,778</u>                                       | <u>\$ -</u>  | <u>\$ 5,199,436</u>                       |

A summary of the warrant liabilities activity, per the valuation inputs disclosed in NOTE 20 - STOCKHOLDERS’ EQUITY, for the six months ended March 31, 2025, is as follows:

|   | Series A<br>Warrants | Series B<br>Warrants | Total               |
|---|----------------------|----------------------|---------------------|
| Warrant Liabilities at September 30, 2024 | \$ 4,160,658         | \$ 1,038,778         | \$ 5,199,436        |
| Warrants Issued                           | -                    | -                    | -                   |
| Warrants Exercised                        | (5,669,908)          | (94,898)             | (5,764,806)         |
| Fair market revaluation                   | 1,874,054            | 3,438,784            | 5,312,838           |
| Warrant Liabilities at March 31, 2025     | <u>\$ 364,804</u>    | <u>\$ 4,382,664</u>  | <u>\$ 4,747,468</u> |

#### NOTE 8 – TRADE RECEIVABLES, NET

Trade receivables, net consisted of the following:

|                             | March 31,<br>2025    | September 30,<br>2024 |
|-----------------------------|----------------------|-----------------------|
| Trade receivables           | \$ 12,852,482        | \$ 11,315,594         |
| Allowance for credit losses | (136,490)            | (155,918)             |
|                             | <u>\$ 12,715,992</u> | <u>\$ 11,159,676</u>  |

Trade receivables include amounts due for shipped products and services rendered.

Allowance for credit losses include estimated losses resulting from the inability of our customers to make the required payments.

NOTE 9 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following:

|  | March 31,<br>2025   | September 30,<br>2024 |
|--|---------------------|-----------------------|
| Prepaid expenses                                       | \$ 1,090,619        | \$ 547,914            |
| Prepaid inventory                                      | 244,961             | 301,605               |
| Deferred costs   | 20,664              | 71,359                |
| Short-term investments                                 | 14,565              | 13,871                |
| Prepaid income taxes                                   | 655,279             | 462,997               |
| VAT and GST tax receivable                             | -                   | 58,941                |
| <b>Prepaid expenses and other current assets total</b> | <b>\$ 2,026,088</b> | <b>\$ 1,456,687</b>   |

NOTE 10 – INVENTORY, NET

Inventory, net consisted of the following:

|                  | March 31,<br>2025 | September 30,<br>2024 |
|------------------|-------------------|-----------------------|
| Raw materials    | \$ 673,094        | \$ 421,557            |
| Work in progress | 442,997           | 272,910               |
| Finished goods   | 5,020,674         | 6,294,062             |
| Inventory, net   | <u>6,136,765</u>  | <u>6,988,529</u>      |

The Company maintained an allowance for obsolete inventories of \$960,162 and \$1,044,530 at March 31, 2025, and September 30, 2024, respectively.

NOTE 11 – PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

|                                     | March 31,<br>2025   | September 30,<br>2024 |
|-------------------------------------|---------------------|-----------------------|
| Land                                | \$ 945,279          | \$ 945,279            |
| Building and leasehold improvements | 4,403,748           | 4,388,556             |
| Furniture and office equipment      | 598,863             | 600,186               |
| Computers and software              | 1,333,135           | 1,333,135             |
| Machinery and equipment             | 14,878,523          | 13,578,702            |
|                                     | 22,159,548          | 20,845,858            |
| Less: Accumulated depreciation      | (12,345,661)        | (11,712,280)          |
| Property and equipment, net         | <u>\$ 9,813,887</u> | <u>\$ 9,133,578</u>   |

Depreciation expense for the three and six months ended March 31, 2025 and 2024, was \$310,302 and \$648,025, and \$304,889 and \$673,190, respectively and is recorded in cost of revenues and general and administrative expenses on the Company's unaudited condensed consolidated statements of operations.

NOTE 12 – GOODWILL

Changes in the carrying amount of goodwill, by segment, were as follows:

|                               | Security | Industrial Services | Consolidated |
|-------------------------------|----------|---------------------|--------------|
| Balance at September 30, 2024 | \$ -     | \$ 3,708,347        | \$ 3,708,347 |
| Impairment /adjustments       | -        | -                   | -            |
| Balance at March 31, 2025     | \$ -     | \$ 3,708,347        | \$ 3,708,347 |

As of March 31, 2025, and September 30, 2024, accumulated impairment losses of \$3,846,475, have been recorded related to the Security segment.

NOTE 13 – OTHER ASSETS

On November 13, 2020, and January 19, 2022, Cemtrex made \$500,000 in investments, on July 18, 2023, and October 5, 2023, made additional \$100,000 in investments, and on October 17, 2024, and November 18, 2024, made additional \$50,000 in investments on each respective date, via a simple agreement for future equity (“SAFE”) in MasterpieceVR. The SAFE provides that the Company will automatically receive shares of the entity based on the conversion rate of future equity rounds up to a valuation cap, as defined. MasterpieceVR is a software company that is developing software for content creation using virtual reality. The investment is included in other assets in the accompanying consolidated balance sheet and the Company accounts for this investment and records it at cost. No impairment has been recorded for the three and six months ended March 31, 2025, and 2024.

Other assets consisted of the following:

|   | March 31,<br>2025   | September 30,<br>2024 |
|---|---------------------|-----------------------|
| Rental deposits                               | \$ 251,180          | \$ 194,796            |
| Investment in Masterpiece VR                  | 1,300,000           | 1,200,000             |
| Other deposits                                | 120,964             | 350,845               |
| Demonstration equipment supplied to resellers | 441,624             | 441,624               |
| <b>Other assets total</b>                     | <b>\$ 2,113,768</b> | <b>\$ 2,187,265</b>   |

NOTE 14 – ACCRUED EXPENSES

Accrued expenses consisted of the following:

|                               | March 31,<br>2025   | September 30,<br>2024 |
|-------------------------------|---------------------|-----------------------|
| Accrued expenses              | \$ 1,298,446        | \$ 352,938            |
| Accrued payroll               | 1,243,024           | 818,262               |
| Accrued warranty              | 222,702             | 222,702               |
| <b>Accrued expenses total</b> | <b>\$ 2,764,172</b> | <b>\$ 1,393,902</b>   |

NOTE 15 – DEFERRED REVENUE

The Company’s deferred revenue for the three and six months ended March 31, 2025, and 2024, were as follows:

|   | For the three months ended |                | For the six months ended |                |
|---|----------------------------|----------------|--------------------------|----------------|
|   | March 31, 2025             | March 31, 2024 | March 31, 2025           | March 31, 2024 |
| Deferred revenue at beginning of period     | \$ 1,766,705               | \$ 2,256,352   | \$ 1,955,635             | \$ 2,311,334   |
| Net additions:                              |                            |                |                          |                |
| Deferred software revenues                  | 445,382                    | 487,413        | 809,527                  | 1,147,383      |
| Recognized as revenue:                      |                            |                |                          |                |
| Deferred software revenues                  | (522,669)                  | (684,540)      | (1,075,744)              | (1,399,492)    |
| Deferred revenue at end of period           | 1,689,418                  | 2,059,225      | 1,689,418                | 2,059,225      |
| Less: current portion                       | 1,179,536                  | 1,404,608      | 1,179,536                | 1,404,608      |
| Long-term deferred revenue at end of period | \$ 509,882                 | \$ 654,617     | \$ 509,882               | \$ 654,617     |

For the three months ended March 31, 2025, and 2024, the Company recognized revenue of \$384,296, and, and \$608,808, respectively. For the six months ended March 31, 2025, and 2024, the Company recognized revenue of \$885,962 and \$483,296, respectively, that was previously included in the beginning balance of deferred revenues.

NOTE 16 – CONTRACT ASSETS AND LIABILITIES

Project contracts typically provide for a schedule of billings on percentage of completion of specific tasks inherent in the fulfillment of the Company’s performance obligation(s). The schedules for such billings usually do not precisely match the schedule on which costs are incurred. As a result, contract revenue recognized in the statements of operations can and usually does differ from amounts that can be billed to the customer at any point during the contract. Amounts by which cumulative contract revenue recognized on a contract as of a given date exceeds cumulative billings and unbilled receivables to the customer under the contract are reflected as a current asset in the unaudited condensed consolidated balance sheets under the caption “Contract assets.” Amounts by which cumulative billings to the customer under a contract as of a given date exceed cumulative contract revenue recognized are reflected as a current liability in the unaudited condensed consolidated balance sheets under the caption “Contract liabilities.” Conditional retainage represents the portion of the contract price withheld until the work is substantially complete for assurance of the Company’s obligations to complete the job.

The following is a summary of the Company’s uncompleted contracts:

|   | March 31,<br>2025   | September 30,<br>2024 |
|---|---------------------|-----------------------|
| Costs incurred on uncompleted contracts                           | \$ 6,215,870        | \$ 12,724,334         |
| Estimated gross profit  | 1,916,138           | 3,006,692             |
|   | <u>8,132,008</u>    | <u>15,731,026</u>     |
| Applicable billings to date                                       | (8,899,813)         | (16,000,023)          |
| Net earnings in excess of billings / (billing in excess of costs) | <u>\$ (767,805)</u> | <u>\$ (268,997)</u>   |

For the three months ended March 31, 2025, and 2024, the Company recognized revenue of \$342,725 and \$95,533, respectively, that was previously included in the beginning balance of contract liabilities. For the six months ended March 31, 2025, and 2024, the Company recognized revenue \$1,103,156 and, \$886,694, respectively, that was previously included in the beginning balance of contract liabilities.

The following table summarizes the net activity of the contract assets and contract liabilities for the three-and six-month periods ended March 31, 2025, and 2024.

|   | For the three months ended |                       | For six months ended  |                       |
|---|----------------------------|-----------------------|-----------------------|-----------------------|
|   | March 31, 2025             | March 31, 2024        | March 31, 2025        | March 31, 2024        |
| <b><u>Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts</u></b>     |                            |                       |                       |                       |
| Contract asset, beginning balance   | \$ 1,541,241               | \$ 1,694,135          | \$ 985,207            | \$ 1,739,201          |
| Changes in revenue billed, contract price or cost estimates                                   | (384,621)                  | 285,544               | 171,413               | 240,478               |
| Contract asset, net, ending balance   | <u>\$ 1,156,620</u>        | <u>\$ 1,979,679</u>   | <u>\$ 1,156,620</u>   | <u>\$ 1,979,679</u>   |
| <b><u>Billings in Excess of Costs and Estimated Earnings on Uncompleted Contracts</u></b>     |                            |                       |                       |                       |
| Contract liability, beginning balance   | (1,279,187)                | \$ (988,725)          | (1,254,204)           | \$ (980,319)          |
| Changes in revenue billed, contract price or cost estimates                                   | (645,238)                  | (910,684)             | (670,221)             | (919,090)             |
| Contract liability, ending balance  | <u>\$ (1,924,425)</u>      | <u>\$ (1,899,409)</u> | <u>\$ (1,924,425)</u> | <u>\$ (1,899,409)</u> |
| <b><u>Net Billings in Excess of Costs and Estimated Earnings on Uncompleted Contracts</u></b> |                            |                       |                       |                       |
| Net billings in excess of costs, beginning balance  | \$ 262,054                 | \$ 705,410            | \$ (268,997)          | \$ 758,882            |
| Changes in revenue billed, contract price or cost estimates                                   | (1,029,859)                | (625,140)             | \$ (498,808)          | (678,612)             |
| Net billings in excess of costs, ending balance   | <u>\$ (767,805)</u>        | <u>\$ 80,270</u>      | <u>\$ (767,805)</u>   | <u>\$ 80,270</u>      |

NOTE 17 – RELATED PARTY TRANSACTIONS

On November 22, 2022, the Company entered into two Asset Purchase Agreements and one Simple Agreement for Future Equity (“SAFE”) with the Company’s CEO, Saagar Govil, to secure the sale of the subsidiaries Cemtrex Advanced Technologies, Inc, which include the brand SmartDesk, and Cemtrex XR, Inc., which include the brands Cemtrex XR, Virtual Driver Interactive, Bravo Strong, and good tech (formerly Cemtrex Labs), to Mr. Govil.

On January 6, 2025, the Company and Saagar Govil signed an agreement to revise the purchase price structure and payment terms.

The Agreement's Purchase Price provisions were amended to reflect that the Purchase Price will solely consist of the royalties based on the actual revenues generated in the three years following closing. The provision requiring the total sum of royalties to reach a minimum of \$820,000, with any shortfall to be paid by Purchaser, was removed from the Agreement.

Additionally, it was agreed that the payment terms due under the royalties shall be as follows commencing on January 1, 2025:

- First Year (January 2025) Monthly Payment: \$10,000
- Second Year (January 2026) Monthly Payment: \$20,000
- Balloon Payment at the end of the Second Year (December 31, 2026): Total outstanding royalties

This transaction was approved by the Board of Directors with Saagar Govil abstaining from the vote.

Based on the new payment terms, management determined that it was appropriate to remove the previously recognized royalty receivable of \$280,545 from the financial statements as of December 31, 2024.

As of March 31, 2025, there were royalties receivable from the sale of Centrex, XR, Inc. of \$462,423, of which \$110,000 is considered short-term and is presented on the Company's unaudited Condensed Consolidated Balance Sheet under the caption "Trade receivables, net – related party. The Company has taken a \$40,000 allowance for expected credit losses against these royalties.

As of March 31, 2025, there was \$510,613 in trade receivables due from the Centrex XR successor company, CXR, Inc. Of these receivables \$60,628 are related to costs paid by Centrex. \$110,000 is the short term due on the royalties on CXR, Inc.'s revenues. The remaining \$339,985 is related to the services provided by Centrex Technologies Pvt. Ltd. in the normal course of business.

#### NOTE 18 – LEASES

The Company is party to contracts where we lease property from others under contracts classified as operating leases. The Company primarily leases office and operating facilities, vehicles, and office equipment. The weighted average remaining term of our operating leases was approximately 2.97 years at March 31, 2025, and 3.30 years at September 30, 2024. The weighted average discount rate used to measure lease liabilities was approximately 6.07% at March 31, 2025, and 6.54% at September 30, 2024. The Company used the rate implicit in the lease, where known, or its incremental borrowing rate as the rate used to discount the future lease payments.

The Company has elected not to recognize lease assets and liabilities for leases with a term of 12 months or less.

The Company's corporate segment leases approximately 100 square feet of office space in Brooklyn, NY on a month-to-month lease at a rent of \$600 per month. Short-term rent expense was \$3,600 for the three months ended March 31, 2025, and 2024.

The Company's security segment leases approximately 350 square feet of office space in Clovis, CA on a month-to-month lease at a rent of \$1,933 per month. Short-term rent expense was \$22,071 for the six months ended March 31, 2025, and \$30,362 for the six months ended March 31, 2024.

A reconciliation of undiscounted cash flows to operating lease liabilities recognized in the unaudited condensed consolidated balance sheet at March 31, 2025, is set forth below:

| Years ending September 30,                  | Operating Leases  |
|---|-------------------|
| 2025  | 485,639           |
| 2026  | 786,647           |
| 2027  | 424,063           |
| 2028  | 161,417           |
| 2029  | 15,708            |
| Undiscounted lease payments                 | 1,873,474         |
| Amount representing interest                | (141,607)         |
| Discounted lease payments                   | 1,731,867         |
| Less short-term operating lease liabilities | 829,644           |
| Long-term operating lease liabilities       | <u>\$ 902,223</u> |

Lease costs for the three and six months ended March 31, 2025, and 2024 are set forth below:

|                         | For the three months ended<br>March 31, |                   | For the six months ended<br>March 31, |                   |
|-------------------------|---|-------------------|---------------------------------------|-------------------|
|                         | 2025                                    | 2024              | 2025                                  | 2024              |
| Operating lease costs   | 208,615                                 | 196,302           | 464,886                               | 389,734           |
| Short-term lease costs  | 11,265                                  | 15,701            | 25,671                                | 33,962            |
| <b>Total lease cost</b> | <b>\$ 219,880</b>                       | <b>\$ 212,003</b> | <b>\$ 490,557</b>                     | <b>\$ 423,696</b> |

#### NOTE 19 – LINES OF CREDIT AND LONG-TERM LIABILITIES

##### *Revolving line of credit*

On October 5, 2023, the Company obtained a revolving line of credit in the amount of \$5,000,000 from Pathward, N.A. The interest rate will be a rate which is equal to three percentage points (3%) in excess of that rate shown in the Wall Street Journal as the prime rate (the “Effective Rate”) and matures twenty-four months from the closing date. This loan is secured by the Company’s eligible accounts receivable and eligible finished goods inventory. The Company’s ability to borrow against the line of credit is limited by the value of the eligible assets. As of March 31, 2025, the Company had enough eligible assets to access approximately \$3,000,000 of the credit line. The Company was in compliance with all loan covenants as of March 31, 2025. As of March 31, 2025, and September 30, 2024, this loan had a balance of \$2,867,425, and \$3,125,011, respectively.

##### *Standstill Agreement*

On April 30, 2024, the Company entered into a Standstill Agreement with Streeterville Capital, LLC (“Streeterville”) in which Streeterville agreed not to seek to redeem any portion of its two outstanding notes with the Company for a period of one year expiring on April 30, 2025, with \$239,813 classified as short-term, and in exchange, the Company agreed to pay to Streeterville the greater of \$4,000,000 or fifty percent (50%) of the net proceeds the Company receives from the sale of any of its common stock or preferred stock during the Standstill Period. During fiscal year 2024, the Company paid Streeterville \$4,588,897 under this agreement.

##### *Notes payable*

On November 21, 2024, the Company issued a note payable to Streeterville Capital, LLC in the amount of \$580,000. This note carries interest of 8% and matures on May 21, 2026. After deduction of an original issue discount of \$75,000 and legal fees of \$5,000, the Company received \$500,000 in cash. As of March 31, 2025, this note had unamortized original issue discount balance of \$58,333.

The following table outlines the Company's secured liabilities:

|   | Interest Rate  | Maturity     | March 31,<br>2025    | September 30,<br>2024 |
|---|--|--------------|----------------------|-----------------------|
| Fulton Bank - \$360,000 fund equipment for AIS. The Company was in compliance with loan covenants as of March 31, 2025. This loan is secured by certain assets of the Company.  | SOFR plus 2.37% (6.78% as of March 31, 2025 and 7.33% as of September 30, 2024).           | 1/31/2025    | -                    | 28,302                |
| Fulton Bank - \$312,000 fund equipment for AIS. The Company was in compliance with loan covenants as of March 31, 2025. This loan is secured by certain assets of the Company.  | SOFR plus 2.37% (6.78% as of March 31, 2025 and 7.33% as of September 30, 2024).           | 9/30/2029    | 285,203              | 312,000               |
| Fulton Bank mortgage \$2,476,000. The Company was in compliance with loan covenants as of March 31, 2025. This loan is secured by the underlying asset.   | SOFR plus 2.62% (7.03% on March 31, 2025 and 7.58% on September 30, 2024).                 | 1/28/2040    | 2,073,854            | 2,113,337             |
| Fulton Bank (HEISEY) - \$1,200,000 mortgage loan; requires monthly principal and interest payments through August 1, 2043 with a final payment of remaining principal on September 1, 2043; The loan is collateralized by 615 Florence Street and 740 Barber Street and guaranteed by AIS and Cemtrex.                          | SOFR plus 2.80% per annum (7.21% as of March 31, 2025 and 7.76% as of September 30, 2024). | 9/30/2043    | 1,161,568            | 1,176,112             |
| Fulton Bank (HEISEY) - \$2,160,000. promissory note related to purchase of Heisey; requires 84 monthly principal and interest payments; The note is collateralized by the Heisey assets and guaranteed by the Parent; matures in 2030.  | SOFR plus 2.80% per annum (7.21% as of March 31, 2025 and 7.76% as of September 30, 2024). | 7/1/2030     | 1,750,234            | 1,881,621             |
| Note payable - \$5,755,000 - Less original issue discount \$750,000 and legal fees \$5,000, net cash received \$5,000,000 Unamortized original issue discount balance of \$0, as of March 31, 2025 and September 30, 2024.  |  | 8% 6/30/2025 | 254,867              | 244,766               |
| Note payable - \$9,205,000. Less original issue discount \$1,200,000 and legal fees \$5,000, net cash received \$8,000,000. 28,572 shares of common stock valued at \$700,400 recognized as additional original issue discount. Unamortized original issue discount balance of \$0 as of March 31, 2025 and September 30, 2024. |  | 8% 2/22/2026 | 12,699,096           | 12,195,789            |
| Note payable - \$580,000. Less original issue discount \$75,000 and legal fees \$5,000, net cash received \$500,000. Unamortized original issue discount balance of \$70,833 as of March 31, 2025.  |  | 8% 5/21/2026 | 596,999              | -                     |
| Paycheck Protection Program loan - \$121,400 - The issuing bank determined that this loan qualifies for loan forgiveness; however the Company is awaiting final approval from the Small Business Administration.  |  | 1% 5/5/2025  | 30,381               | 50,628                |
| <b>Total debt</b>   |  |              | <b>\$ 18,852,202</b> | <b>\$ 18,002,555</b>  |
| Less: Current maturities  |  |              | (9,301,045)          | (4,732,377)           |
| Less: Unamortized original issue discount   |  |              | (58,333)             | -                     |
| <b>Long-term debt</b>   |  |              | <b>\$ 9,492,824</b>  | <b>\$ 13,270,178</b>  |

#### NOTE 20 – STOCKHOLDERS' EQUITY

##### Series 1 Preferred Stock

The Company's Series 1 Preferred Stock was suspended from the Nasdaq Capital Market on January 22, 2024. The Series 1 Preferred Stock is now quoted on the OTC Markets under the symbol "CETXP."

Nasdaq filed a Form 25 on March 21, 2024. The deregistration of the Company's Series 1 Preferred Stock under Section 12(b) of the Exchange Act became effective 90 days after filing of Form 25.

During the six months ended March 31, 2025, 123,167 shares of Series 1 Preferred Stock were issued to pay dividends to holders of Series 1 Preferred Stock.

As of March 31, 2025, and September 30, 2024, there were 2,579,994 and 2,456,827 shares of Series 1 Preferred Stock issued and 2,515,894 and 2,392,727 shares of Series 1 Preferred Stock outstanding, respectively.

### *Common Stock*

On October 2, 2024, and November 26, 2024, the Company completed a 60:1 and 35:1, respectively, reverse stock split on its common stock. All share and per share data have been retroactively adjusted for the reverse splits.

During the six months ended March 31, 2025, 1,436,749 shares of common stock were issued for the exercise of 3,946,790 Series A Warrants under the Alternative Cashless Exercise option as adjusted for reverse stock splits and exercise price adjustments. During the three months ended March 31, 2025, there were 6 shares issued for rounding on November 26, 2024, reverse stock split.

During the six months ended March 31, 2025, 333,650 shares of common stock were issued for the exercise of 333,650 Series B Warrants.

### *May 2024 Equity Financing*

On May 1, 2024, the Company entered into an underwriting agreement with Aegis Capital Corp., in connection with a firm commitment underwritten public offering (the "Offering"), providing for the issuance of (i) 554,705 units (the "Common Units"), each consisting of one share of common stock of the Company ("Common Stock"), a warrant to purchase one share of common stock at an exercise price of \$0.85 per share, which warrant will expire on the two-and-a-half year anniversary of the original issuance date (the "Series A Warrants"), and a warrant to purchase one share of common stock at an exercise price of \$0.85 per share, which warrant will expire on the five-year anniversary of the original issuance date (the "Series B Warrants"); and (ii) 11,210,000 pre-funded units (the "Pre-funded Units"), each consisting of one pre-funded warrant to purchase one share of common stock (the "Pre-funded Warrants"), a Series A Warrant and a Series B Warrant. The purchase price of each Unit was \$0.85, and the purchase price of each Pre-Funded Unit was \$0.849. The Pre-Funded Warrants are immediately exercisable and may be exercised at any time until all of the Pre-Funded Warrants are exercised in full.

In addition, the Company granted the Underwriter a 45-day option to purchase additional 1,764,705 shares of common stock and/or Pre-Funded Warrants, representing up to 15% of the number of common stock and Pre-Funded Warrants sold in the Offering, and/or additional 1,764,705 Series A Warrants representing up to 15% of the Series A Warrants sold in the Offering, and/or additional 1,764,705 Series B Warrants representing up to 15% of the Series B Warrants sold in the Offering to cover over-allotments, if any. The Offering closed on May 3, 2024. An aggregate of 11,764,705 Units (which includes 554,705 shares of common stock), 11,210,000 Pre-Funded Units (which includes 11,210,000 Pre-Funded Warrants), and a Series A Warrant and a Series B Warrant were sold in the Offering. On May 3, 2024, the Underwriter partially exercised its over-allotment option with respect to 1,764,705 Series A Warrants and 1,764,705 Series B Warrants. The aggregate gross proceeds to the Company were \$10,035,293, before deducting underwriting discounts and other issuance expenses of \$1,133,166. The underwriting discounts and other issuance expenses were expensed since the Series A, Series B, and Pre-Funded Warrants were each determined to be liabilities and recorded at their fair value.

### *May 2024 Warrants*

The Company evaluated the Series A, Series B, and Prefunded Warrants (collectively, the "Warrants") in accordance with the guidance at ASC 480, Distinguishing Liabilities from Equity and ASC 815-40, Derivatives and Hedging, and determined that the Warrants are precluded from being considered indexed to the entity's own stock, resulting in the Warrants being classified as a liability. The fair value of the Series A Warrants was determined based on the stock price on issuance of \$0.277 multiplied by the total number of shares of common stock issuable upon exercise of the Series A alternative cashless exercise. Under the alternative cashless exercise, the Holder is entitled to receive three times the normal amount of shares issued in a cashless exercise. The Series A Holder may only execute the alternative cashless exercise after Stockholder Approval (and received June 17, 2024); at the time of issuance, Stockholder Approval was deemed perfunctory and almost certain to occur, and the most likely settlement option would be through the alternative cashless exercise. As such, upon issuance, the total fair value of the Series A Warrants was \$11,242,940, which was based on 40,588,230 units issued under the alternative cashless exercise. The measurement of fair value of the Series B Warrants were determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of \$0.277, exercise price of \$0.85, term of five years, volatility of 132%, risk-free rate of 4.5%, and expected dividend rate of 0%). The grant date fair value of these Series B Warrants was estimated to be \$2,942,711 on May 3, 2024, and such warrants were classified as liabilities. Due to the nominal exercise price, the fair value of the Prefunded Warrants was based on the intrinsic value of each Warrant on the grant date. The intrinsic value was calculated based on the May 3, 2024, stock price of \$0.277 and the strike price of \$0.001, resulting in a total fair value of \$3,093,960. The total fair value of the Warrants upon issuance was \$17,279,611. Given that the gross proceeds received of \$10,024,083 was less than the total fair value of the liability classified Warrants, the Company recorded a loss on excess fair value of \$7,255,527 at issuance.

The following table summarizes information about shares issuable under warrants outstanding as of March 31, 2025.

|                                   | Warrant Shares<br>Outstanding | Weighted Average<br>Exercise Price | Weighted Average<br>Remaining<br>Contractual Term<br>(in years) |
|-----------------------------------|-------------------------------|------------------------------------|---|
| Outstanding at September 30, 2023 | -                             |                                    |   |
| Warrants granted                  | 65,327,640                    | \$ 0.85                            |   |
| Warrants exercised                | (15,618,593)                  | \$ 0.61                            |   |
| Warrants forfeited                | -                             |                                    |   |
| Warrants cancelled                | -                             |                                    |   |
| Outstanding at September 30, 2024 | 49,709,047                    | \$ 0.23                            | 2.77  |
| Warrants granted                  | -                             |                                    |   |
| Warrants exercised                | (1,770,399)                   | \$ 0.59                            |   |
| Warrants forfeited                | -                             |                                    |   |
| Warrants cancelled                | -                             |                                    |   |
| Exercise price adjustments        | (44,371,916)                  |                                    |   |
| Outstanding at March 31, 2025     | <u>3,566,732</u>              | <u>\$ 2.93</u>                     | <u>3.92</u>   |

On October 2, 2024, the Company completed a 60 for 1 reverse stock split. At the time, the Company had 12,059,879 Series A Warrants and 13,529,410 Series B Warrants outstanding at an exercise price of \$0.85. According to the terms of the Series A and Series B warrants, in the event of a reverse stock split, the exercise price resets to the lowest VWAP during the period commencing five (5) consecutive trading days immediately preceding and the five (5) consecutive trading days commencing on the reverse stock split effective date and the number of warrants are adjusted as to keep the aggregate value of the warrants then outstanding remains unchanged. On October 7, 2024, it was determined that the exercise price has reset to \$0.7488.

The following table illustrates the adjustment.

|                   | Warrants outstanding | Aggregate Value | Adjusted number of<br>warrants<br>outstanding |
|-------------------|----------------------|-----------------|---|
| Series A Warrants | 12,059,879           | \$ 10,250,897   | 13,766,999                                    |
| Series B Warrants | 13,529,410           | \$ 11,499,999   | 15,444,550                                    |

On November 26, 2024, the Company completed a 35 for 1 reverse stock split. At the time, the Company had 1,201,932 Series A Warrants and 15,444,550 Series B Warrants outstanding at an exercise price of \$0.7488. According to the terms of the Series A and Series B warrants, in the event of a reverse stock split, the exercise price resets to the lowest VWAP during the period commencing five (5) consecutive trading days immediately preceding and the five (5) consecutive trading days commencing on the reverse stock split effective date and the number of warrants are adjusted as to keep the aggregate value of the warrants then outstanding remains unchanged. On December 2, 2024, it was determined that the exercise price has reset to \$3.1488.

The following table illustrates the adjustment.

|                   | Warrants outstanding | Aggregate Value | Adjusted number of<br>warrants<br>outstanding |
|-------------------|----------------------|-----------------|---|
| Series A Warrants | 1,201,932            | \$ 894,954      | 284,225                                       |
| Series B Warrants | 15,444,550           | \$ 11,499,999   | 3,652,206                                     |

For the three and six months ended March 31, 2025, the company recognized losses on excess fair value of the warrants of \$0 and \$15,796,105, respectively, which represents the difference between the fair value of the shares issued and the value of the warrants exercised.

For the three and six months ended March 31, 2024, the company recognized a gain on changes in fair value of warrant liability of \$4,707,374 and a loss on changes in fair value of warrant liability of \$5,312,838, respectively, which represents the change in the fair value of the of the warrants unexercised at the measurement period.

#### NOTE 21 – SHARE-BASED COMPENSATION

For the three and six months ended March 31, 2025, and 2024, the Company recognized \$3,096 and \$7,183, and \$7,558, and \$15,116 of share-based compensation expense on its outstanding options, respectively. As of March 31, 2025, \$25,887 of unrecognized share-based compensation expense is expected to be recognized over a period of .5 years. Future compensation amounts will be adjusted for any change in estimated forfeitures.

During the three and six months ended March 31, 2025, no options were granted, cancelled, or forfeited.

#### NOTE 22 – COMMITMENTS AND CONTINGENCIES

From time to time, the Company and its subsidiaries are involved in legal proceedings that are incidental to the operation of our business. The Company continues to defend vigorously against all claims. Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including assessment of the merits of the particular claim, as well as current accruals and insurance coverage, the Corporation does not expect that such legal proceedings will have a material adverse impact on its unaudited condensed consolidated financial statements.

#### NOTE 23 – INCOME TAXES

For the three- and six-months ending March 31, 2025, and 2024, the Company recorded an income tax expense of approximately \$110,525 and \$231,063 and \$100,004 and \$170,755 from continuing operations, respectively. These taxes are related to our international operations and state taxes of certain subsidiaries.

As of year-end 2024, the Company had federal, state, and UK net operating losses (“NOL”) of approximately \$71.7 million, \$5.2 million, and \$1.7 million respectively. The Company has pre 2018 TCJA NOLs and post 2017 TCJA NOLs. Pre 2018 NOLs will expire in 20 years with the first amount expiring in 2030 and the post 2017 NOLs can be carried forward indefinitely. Generally, state NOLs have different NOL carryforward rules, with some pre-2018 NOLs being able to be carried forward indefinitely. The first amount of state NOLs begin to expire in 2038. In accordance with Section 382 of the U.S. Internal Revenue Code, the usage of the Company’s NOL carryforwards is subject to annual limitations following greater than 50% ownership changes. Tax returns for the years ended 2021 through 2024 are subject to review by tax authorities.

The Company’s effective tax rates for the three months ended March 31, 2025, and 2024, were 1.27% and (6.75%) respectively. For the six months ended March 31, 2025, and 2024, the effective tax rates were (1.17%) and (6.27%) respectively.

#### NOTE 24 – SUBSEQUENT EVENTS

On April 7, 2025, 129,111 shares of Series 1 Preferred Stock were issued to pay dividends to holders of Series 1 Preferred Stock. The holders of the Series 1 Preferred Stock are entitled to receive dividends at the rate of 10% annually, based on the \$10.00 per share Preference Amount, payable semiannually.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*Except for historical information contained in this report, the matters discussed are forward-looking statements that involve risks and uncertainties. When used in this report, words such as "anticipates", "believes", "could", "estimates", "expects", "may", "plans", "potential" and "intends" and similar expressions, as they relate to the Company or its management, identify forward-looking statements. Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. Such forward-looking statements are based on the beliefs of the Company's management, as well as assumptions made by and information currently available to the Company's management. Among the factors that could cause actual results to differ materially are the following: the effect of business and economic conditions; the impact of competitive products and their pricing; unexpected manufacturing or supplier problems; the Company's ability to maintain sufficient credit arrangements; changes in governmental standards by which our environmental control products are evaluated and the risk factors reported from time to time in the Company's SEC reports, including its recent report on Form 10-K. The Company undertakes no obligation to update forward-looking statements as a result of future events or developments.*

### General Overview

Cemtrex was incorporated in 1998 in the state of Delaware and has evolved through strategic acquisitions and internal growth into a leading multi-industry company. Unless the context requires otherwise, all references to "we", "our", "us", "Company", "registrant", "Cemtrex" or "management" refer to Cemtrex, Inc. and its subsidiaries.

The Company's reporting segments consist of Security and Industrial Services. Additionally, the Company's operational structure also reports unallocated corporate expenses.

#### *Security*

Cemtrex's Security segment operates under the brand of its majority owned subsidiary, Vicon Industries, Inc. ("Vicon"), which provides end-to-end security solutions to meet the toughest corporate, industrial, and governmental security challenges. Vicon's products include browser-based video monitoring systems and analytics-based recognition systems, cameras, servers, and access control systems for every aspect of security and surveillance in industrial and commercial facilities, federal prisons, hospitals, universities, schools, and federal and state government offices. Vicon provides innovative, mission critical security and video surveillance solutions utilizing Artificial Intelligence (AI) based data algorithms.

#### *Industrial Services*

Cemtrex's Industrial Services segment operates under the brand, Advanced Industrial Services ("AIS"), which offers single-source expertise and services for rigging, millwrighting, in plant maintenance, equipment erection, relocation, and disassembly to diversified customers. AIS installs high precision equipment in a wide variety of industrial markets like automotive, printing & graphics, industrial automation, packaging, and chemicals, among others. AIS is a leading provider of reliability-driven maintenance and contracting solutions for machinery, packaging, printing, chemical, and other manufacturing markets. The focus is on customers seeking to achieve greater asset utilization and reliability to cut costs and increase production from existing assets, including small projects, sustaining capital, turnarounds, maintenance, specialty welding services, and high-quality scaffolding.

## Significant Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon the accompanying unaudited condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The preparation of financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and the related disclosures at the date of the financial statements and during the reporting period. Although these estimates are based on our knowledge of current events, our actual amounts and results could differ from those estimates. The estimates made are based on historical factors, current circumstances, and the experience and judgment of our management, who continually evaluate the judgments, estimates and assumptions and may employ outside experts to assist in the evaluations.

Certain of our accounting policies are deemed “significant”, as they are both most important to the financial statement presentation and require management’s most difficult, subjective, or complex judgments as a result of the need to make estimates about the effect of matters that are inherently uncertain. For a discussion of our significant accounting policies, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended September 30, 2024.

## Results of Operations – For the three months ended March 31, 2025, and 2024

### *Revenues*

Our Security segment revenues for the three months ended March 31, 2025, increased by \$8,896,220 or 110% to \$16,981,152 from \$8,084,932 for the three months ended March 31, 2024. This increase is due to a large sale valued at \$10,375,000 for security technology products under our Vicon brand. This sale represents 61% of the revenue for this segment for the quarter ended March 31, 2025.

Our Industrial Services segment revenues for the three months ended March 31, 2025, increased by \$1,194,454 or 13%, to \$10,269,117 from \$9,074,663, for the three months ended March 31, 2024. This increase is mainly due to increased demand for the segment’s services.

### *Gross Profit*

Gross Profit for the three months ended March 31, 2025, was \$12,165,455 or 45% of revenues as compared to gross profit of \$6,969,416 or 40% of revenues for the three months ended March 31, 2024.

Gross profit in our Security segment was \$8,803,856 or 52% of the segment’s revenues for the three months ended March 31, 2025, as compared to gross profit of \$4,112,969 or 51% of the segment’s revenues for the period ended March 31, 2024. Gross profit percentage was up due to the mix of products sold in the three months ended March 31, 2025, compared to the three months ended March 31, 2024.

Gross profit in our Industrial Services segment was \$3,361,599 or 33% of the segment’s revenues for the three months ended March 31, 2025, as compared to gross profit of \$2,826,447 or 31% of the segment’s revenues for the period ended March 31, 2024. Gross profit as a percentage of revenues increased due to improved margins on projects in the three months ended March 31, 2025, compared to the three months ended March 31, 2024.

### *General and Administrative Expenses*

General and administrative expenses for the three months ended March 31, 2025, decreased \$249,415 or 4% to \$6,770,742 from \$7,020,157 for the three months ended March 31, 2024. The decrease in general and administrative expenses is mainly related to decreased general and administrative expenses, legal expenses, short-term rent, and travel.

### *Research and Development Expenses*

Research and Development expenses for the three months ended March 31, 2025, were \$777,889 compared to \$951,400 for the three months ended March 31, 2024, a decrease of \$173,511 or 18%. Research and Development expenses are related to the Security Segment’s development of next generation solutions associated with security and surveillance systems software.

### *Other Income/Expense*

Other income for the three months ended March 31, 2025, was \$4,104,211, as compared to expense of \$448,039 for the three months ended March 31, 2024. Other income for the three months ended March 31, 2025, was mainly driven by gains on changes in fair value of warrant liability of \$4,707,374 which represents the change in the fair value of the of the warrants unexercised at the measurement period. Other expense for the three months ended March 31, 2024, was mainly driven by interest on the Company's debt.

### *Provision for Income Taxes*

During the three months ended March 31, 2025, and 2024, the Company had income tax expense from continuing operations of \$110,525 and \$100,004, respectively. The provision for income tax is estimated based upon the current income projections of the Company, the effective rate of the prior year, and the Company's current ability to utilize net loss carryforwards. The Company's effective tax rate for the three months ended March 31, 2025, and 2024, was 1.26% and (6.76%) respectively.

## **Results of Operations – For the six months ended March 31, 2025, and 2024**

### *Revenues*

Our Security segment revenues for the six months ended March 31, 2025, increased by \$5,182,118 or 30% to \$22,434,851 from \$17,252,733 for the six months ended March 31, 2024. This increase is due to a large sale valued at \$10,375,000 for security technology products under our Vicon brand. This sale represents 46% of the revenue for this segment for the six months ended March 31, 2025.

Our Industrial Services segment revenues for the six months ended March 31, 2025, increased by \$1,770,289 or 11%, to \$18,555,317 from \$16,785,028, for the six months ended March 31, 2024. This increase is mainly due to increased demand for the segment's services.

### *Gross Profit*

Gross Profit for the six months ended March 31, 2025, was \$17,867,391 or 44% of revenues as compared to gross profit of \$14,021,815 or 41% of revenues for the six months ended March 31, 2024.

Gross profit in our Security segment was \$11,643,615 or 52% of the segment's revenues for the six months ended March 31, 2025, as compared to gross profit of \$8,629,916 or 50% of the segment's revenues for the period ended March 31, 2024. Gross profit percentage was up due to the mix of products sold in the six months ended March 31, 2025, compared to the six months ended March 31, 2024.

Gross profit in our Industrial Services segment was \$6,223,776 or 34% of the segment's revenues for the six months ended March 31, 2025, as compared to gross profit of \$5,391,899 or 32% of the segment's revenues for the period ended March 31, 2024. Gross profit as a percentage of revenues increased due to improved margins on projects in the six months ended March 31, 2025, compared to the six months ended March 31, 2024.

### *General and Administrative Expenses*

General and administrative expenses for the six months ended March 31, 2025, decreased \$128,092 or 1% to \$13,864,031 from \$13,992,123 for the six months ended March 31, 2024. The decrease in general and administrative expenses is mainly related to decreased salaries, other operating expenses, and travel.

### *Research and Development Expenses*

Research and Development expenses for the six months ended March 31, 2025, were \$1,667,972 compared to \$1,800,205 for the six months ended March 31, 2024, a decrease of \$132,233 or 7%. Research and Development expenses are related to the Security Segment's development of next generation solutions associated with security and surveillance systems software.

### *Other Income/Expense*

Other expense for the six months ended March 31, 2025, was \$22,161,046, as compared to \$953,311 for the six months ended March 31, 2024. Other income for the six months ended March 31, 2025, was mainly driven by losses on excess fair value of the warrants of \$15,796,105 which represents the difference between the fair value of the shares issued and the value of the warrants exercised and losses on changes in fair value of warrant liability of \$5,312,838, which represents the change in the fair value of the warrants unexercised at the measurement period.

### *Provision for Income Taxes*

During the six months ended March 31, 2025, and 2024, the Company had income tax expense from continuing operations of \$231,063 and \$170,755, respectively. The provision for income tax is estimated based upon the current income projections of the Company, the effective rate of the prior year, and the Company's current ability to utilize net loss carryforwards. The Company's effective tax rate for the six months ended March 31, 2025, and 2024, was (1.17%) and (6.27%) respectively.

### **Effects of Inflation**

The Company's business and operations have been affected by inflation during the periods for which financial information is presented. In response, the Company has instituted price increases and initiated cost-saving measures to mitigate the effects of inflation on operations.

### **Liquidity and Capital Resources**

Working capital was \$5,037,130 at March 31, 2025, compared to working capital of \$8,103,457 at September 30, 2024. This includes cash and equivalents and restricted cash of \$6,066,033 at March 31, 2025, and \$5,420,392 at September 30, 2024. The decrease in working capital was primarily due to the increase the current maturities of the Company's long-term liabilities.

Cash provided by operating activities for the six months ended March 31, 2025, was \$1,600,532 and used \$2,752,236 of cash for the six-month period ended March 31, 2024. Our operating cash flow was mainly the result of our net loss, less the non-cash adjustments, combined with operating changes in inventory, accrued expenses, and contract liabilities.

Trade receivables increased by \$1,556,316 or 14% to \$12,715,992 at March 31, 2025, from \$11,159,676 at September 30, 2024. The increase in trade receivables is attributable to the remaining balance on the large sale in the Security segment, expected to be collected in the next quarter.

Cash used by investing activities for the six months ended March 31, 2025, was \$1,436,452 compared to \$455,308 used for the six months ended March 31, 2024. Investing activities for the six months ended March 31, 2025, and 2024, were driven by the Company's purchase of property and equipment and investment in Masterpiece VR.

Cash provided by financing activities for the six months ended March 31, 2025, was \$1,032,254 compared to \$1,250,540 for the six months ended March 31, 2024. Financing activities for the six months ended March 31, 2025, were primarily driven by the proceeds from the Company's revolving line of credit, note payable, and the exercise of 333,650 Series B Warrants. Financing activities for the six months ended March 31, 2024, were primarily driven by the proceeds from the Company's revolving line of credit and payments on the Company's debt.

The Company's working capital may not be sufficient to cover operating costs which indicates substantial doubt regarding the Company's ability to continue as a going concern, the Company has historically, from time to time, satisfied and may continue to satisfy certain short-term liabilities through the issuance of common stock, thus reducing our cash requirement to meet our operating needs. The Company has \$6,066,033 in cash and cash equivalents and restricted cash as of March 31, 2025. Additionally, the Company has (i) secured a line of credit for its Vicon brand to fund operations, which as of March 31, 2025, has available capacity of approximately 133,000, (ii) continually reevaluated its pricing model on our Vicon brand to improve margins on those products, (iii) entered into a Standstill Agreement with Streeterville Capital, LLC ("Streeterville") in which Streeterville agreed not to seek to redeem any portion of its two outstanding notes with the Company expiring on April 30, 2025 in exchange, the Company agreed to pay to Streeterville the greater of \$4,000,000 or fifty percent (50%) of the net proceeds the Company receives from the sale of any of its common stock or preferred stock during the Standstill Period. To date, the company has paid Streeterville \$4,588,897 under this agreement.

In the event additional capital is raised through equity offerings and/or debt is satisfied with equity, it may have a dilutive effect on our existing stockholders. While the Company believes these plans, if successful, would be sufficient to meet the capital demands of our current operations for at least the next twelve months, there is no guarantee that we will succeed. Overall, there is no guarantee that cash flow from our existing or future operations and any external capital that we may be able to raise will be sufficient to meet our working capital needs. The Company currently does not have adequate cash or available liquidity/available capacity on our lines of credit to meet our short or long-term needs. Absent an ability to raise additional outside capital and restructure or refinance all or a portion of our debt, the Company will be unable to meet its obligations as they become due over the next twelve months beyond the issuance date.

Each segment of the Company's operations has positioned itself for growth and the Company's long-term objectives include increasing marketing and sales for the Company's products and services in each segment, increasing the Company's presence through collaboration partnerships in each segment and through strategic acquisitions of complementary businesses for each segment. These long-term objectives will require sufficient cash to complete, and the Company expects to fund these objectives with cash on hand, issuance of debt, and from proceeds from the sale of the Company's securities, which may not be sufficient to fully implement our growth initiatives.

The unaudited condensed consolidated financial statements do not include any adjustments relating to this uncertainty.

#### **Item 4. Controls and Procedures**

##### **Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures reporting as promulgated under the Exchange Act is defined as controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms. Disclosure controls and procedures include without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our CEO and our CFO have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2025. Based on their evaluation, our management has concluded that as of March 31, 2025, our disclosure controls and procedures were effective.

##### **Changes in Internal Control Over Financial Reporting**

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) that occurred during the six months ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

##### **Limitations on the Effectiveness of Controls**

Our management, including our CEO and CFO, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected.

## **Part II Other Information**

### **Item 1. Legal Proceedings.**

To the Company's knowledge, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our Company or any of our subsidiaries, threatened against or affecting our Company, our common stock, any of our subsidiaries or of our Company's or our Company's subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

### **Item 1A. Risk Factors**

Our business faces many risks, a number of which are described in the section captioned "Risk Factors" in our Annual Report for the year ended September 30, 2024, filed with the SEC on December 30, 2024 and amended on January 10, 2025 and April 11, 2025. The risks described in our Annual Report and below may not be the only risks we face. Other risks of which we are not yet aware, or that we currently believe are not material, may also materially and adversely impact our business operations or financial results. If any of the events or circumstances described in the risk factors contained in our Annual Report or described below occur, our business, financial condition or results of operations could be adversely impacted and the value of an investment in our securities could decline. Investors and prospective investors should consider the risks described in our Annual Report and below, and the information contained in the section captioned "Forward-Looking Statements" and elsewhere in this Quarterly Report before deciding whether to invest in our securities.

***Our operations and performance depend significantly on global and regional economic conditions and adverse economic conditions can adversely affect our business, results of operations and financial condition.***

A deterioration in economic conditions and related drivers of global uncertainty and change, such as reduced business activity, high unemployment, rising interest rates, housing prices, and energy prices (including the price of gasoline), increased consumer indebtedness, lack of available credit, the rate of inflation, and perceptions of the economy, as well as other factors, such as terrorist attacks, protests, looting, and other forms of civil unrest, cyber-attacks and data breaches, public health emergencies (such as the COVID-19 pandemic and other epidemics), extreme weather conditions and climate change, significant changes in the political environment, political instability, armed conflict (such as the ongoing military conflict between Ukraine and Russia and the military conflict in Israel and Gaza) and/or public policy, including increased state, local or federal taxation, could adversely affect our operating results and financial condition.

Major public health issues, including pandemics such as the COVID-19 pandemic, have adversely affected, and could in the future materially adversely affect, us due to their impact on the global economy and demand for our products and services; the imposition of protective public safety measures, such as shutdowns and restrictive health mandates; and disruptions in our operations, supply chain and sales and distribution channels, resulting in interruptions to our business and the supply of current products and offering of existing services, and delays in production ramps of new products and development of new services.

In addition to an adverse impact on demand for our products and services, uncertainty about, or a decline in, global or regional economic conditions can have a significant impact on our suppliers, contract manufacturers, logistics providers, distributors, and other channel partners, and developers. Potential outcomes include financial instability, inability to obtain credit to finance business operations, and insolvency.

As a result, our operating results may be impacted by the health of the global economy. Volatility and disruption in global capital and credit markets may lead to slowdowns or declines in client spending which could adversely affect our business and financial performance. Our business and financial performance, including new business bookings and collection of our accounts receivable, may be adversely affected by current and future economic conditions (including a reduction in the availability of credit, higher energy costs, rising interest rates, financial market volatility and lower than expected economic growth) that cause a slowdown or decline in client spending. Reduced purchases by our clients or changes in payment terms could adversely affect our revenue growth and cause a decrease in our cash flow from operations. Bankruptcies or similar events affecting clients may cause us to incur bad debt expense at levels higher than historically experienced. Further, volatility and disruption in global financial markets may also limit our ability to access the capital markets at a time when we would like, or need, to raise capital, which could have an impact on our ability to react to changing economic and business conditions. Accordingly, if global financial and economic volatility continues or worsens, our business, results of operations and financial condition could be materially and adversely affected.

Adverse economic conditions can also lead to increased credit and collectability risk on our trade receivables, the failure of derivative counterparties and other financial institutions, limitations on our ability to issue new debt, reduced liquidity, and declines in the fair values of our financial instruments. These and other impacts can materially adversely affect our business, results of operations, financial condition and stock price.

***Changes in U.S. and international trade policies may adversely impact our business and operating results.***

Macroeconomic conditions and international trade policies may adversely impact our business, financial condition, and results of operations. Weak economic conditions or reduced consumer confidence can negatively impact demand for our products, potentially resulting in lower revenues and reduced operating income.

We are also subject to risks arising from U.S. and foreign trade laws and regulations, including tariffs, duties, import restrictions, and changes to trade agreements that affect the products and materials we import. These risks may be heightened by shifts in government policy, including changes resulting from political transitions. For example, the U.S. government has enacted and proposed new tariffs on certain imported goods, and future changes in trade policy—whether through new legislation, administrative action, or retaliatory measures by other countries—could increase our costs or limit our ability to source or sell products across borders.

There is ongoing uncertainty surrounding future trade agreements and tariff policies, including the U.S. relationship with key trading partners such as China, Mexico, and Canada. Any escalation in trade restrictions, imposition of new tariffs or duties, or retaliatory measures by foreign governments could lead to increased costs for our products and materials, disrupt our supply chain, or impact our competitiveness in certain markets. Additionally, changes to workplace regulations, sourcing requirements, or other restrictions tied to trade policy may adversely affect our operations. While we cannot predict the outcome or timing of any future trade policy actions, any such developments could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

N/A

**Item 5. Other Information**

None.

Item 6. Exhibits

| Exhibit Number | Exhibit Description  | Incorporated by Reference Form | Filed or Furnished Filing Date | Herewith |
|----------------|--|--------------------------------|--------------------------------|----------|
| 2.1            | <a href="#">Stock Purchase Agreement, dated December 15, 2015</a>  | Form 8-K/A                     | 9/26/2016                      |          |
| 3.1            | <a href="#">Certificate of Incorporation filed with the State of Delaware.</a>   | Form 10-12G                    | 5/22/2008                      |          |
| 3.2            | <a href="#">Bylaws</a>   | Form 10-12G                    | 5/22/2008                      |          |
| 3.3            | <a href="#">Amendment to Certificate of Incorporation</a>  | Form 10-12G                    | 5/22/2008                      |          |
| 3.4            | <a href="#">Amendment to Certificate of Incorporation</a>  | Form 10-12G                    | 5/22/2008                      |          |
| 3.5            | <a href="#">Amendment to Certificate of Incorporation</a>  | Form 10-12G                    | 5/22/2008                      |          |
| 3.6            | <a href="#">Amendment to Certificate of Incorporation</a>  | Form 10-12G                    | 5/22/2008                      |          |
| 3.7            | <a href="#">Amendment to Certificate of Incorporation</a>  | Form 8-K                       | 8/22/2016                      |          |
| 3.8            | <a href="#">Certificate of Designation of the Series A Preferred Shares</a>  | Form 8-K                       | 9/10/2009                      |          |
| 3.9            | <a href="#">Certificate of Designation of the Series I Preferred Shares</a>  | Form 8-K                       | 1/24/2017                      |          |
| 3.10           | <a href="#">Amendment to Certificate of Incorporation</a>  | Form 8-K                       | 9/8/2017                       |          |
| 3.11           | <a href="#">Certificate of Correction to the Certificate of Amendment</a>  | Form 8-K                       | 6/12/2019                      |          |
| 3.12           | <a href="#">Amended Certificate of Designation of the Series I Preferred Shares</a>  | Form 8-K                       | 4/1/2020                       |          |
| 3.13           | <a href="#">Amendment to Certificate of Incorporation</a>  | Form 10-K                      | 1/5/2021                       |          |
| 3.14           | <a href="#">Certificate of Correction to the Certificate of Amendment</a>  | Form 10-Q                      | 5/28/2021                      |          |
| 3.15           | <a href="#">Amendment to Certificate of Incorporation</a>  | Form 8-K                       | 1/20/2023                      |          |
| 3.16           | <a href="#">Amendment to Certificate of Incorporation</a>  | Form 8-K                       | 8/2/2024                       |          |
| 4.1            | <a href="#">Form of Subscription Rights Certificate</a>  | Form S-1                       | 8/29/2016                      |          |
| 4.2            | <a href="#">Form of Series I Preferred Stock Certificate</a>   | Form S-1/A                     | 11/23/2016                     |          |
| 4.3            | <a href="#">Form of Series I Warrant</a>   | Form S-1/A                     | 12/7/2016                      |          |
| 4.4            | <a href="#">Form of Common Stock Purchase Warrant</a>  | Form 8-K                       | 3/22/2019                      |          |
| 4.5            | <a href="#">Form of Prefunded Warrant</a>  | Form 8-K                       | 5/3/2024                       |          |
| 4.6            | <a href="#">Form of Series A Common Stock Purchase Warrant</a>   | Form 8-K                       | 5/3/2024                       |          |
| 4.7            | <a href="#">Form of Series B Common Stock Purchase Warrant</a>   | Form 8-K                       | 5/3/2024                       |          |
| 5.1            | <a href="#">Opinion of the Doney Law Firm</a>  | Form S-1/A                     | 4/30/2024                      |          |
| 10.1           | <a href="#">Amendment of the Term Loan Agreement between Vicon and NIL Funding, dated March 3, 2023</a>  | Form 10-Q                      | 5/11/2023                      |          |
| 10.2           | <a href="#">Amendment to Loan Documents Between Advanced Industrial Services, Inc. and Fulton Bank, N.A.</a>   | Form 10-Q                      | 5/11/2023                      |          |
| 10.3           | <a href="#">Amendment to Promissory Note Between Cemtrex, Inc. and Streeterville Capital, LL</a>   | Form 10-Q                      | 5/11/2023                      |          |
| 10.4           | <a href="#">Securities Purchase Agreement dated June 1, 2020</a>   | Form 8-K                       | 6/4/2020                       |          |
| 10.5           | <a href="#">Securities Purchase Agreement dated June 9, 2020</a>   | Form 8-K                       | 6/12/2020                      |          |
| 10.6           | <a href="#">Settlement Agreement and Release between Cemtrex, Inc. and Aron Govil dated February 26, 2021</a>  | Form 8-K                       | 2/26/2021                      |          |
| 10.7           | <a href="#">Securities Purchase Agreement dated February 22, 2022</a>  | Form 10-Q                      | 5/16/2022                      |          |
| 10.8           | <a href="#">Amendment of the Term Loan Agreement between Vicon and NIL Funding, dated March 30, 2022</a>   | Form 10-Q                      | 5/16/2022                      |          |
| 10.9           | <a href="#">Asset Purchase agreement between Cemtrex, Inc. and Saagar Govil, dated November 22, 2022</a>   | Form 8-K                       | 11/29/2022                     |          |
| 10.10          | <a href="#">Asset Purchase agreement between Cemtrex, Inc. and Saagar Govil, dated November 22, 2022</a>   | Form 8-K                       | 11/29/2022                     |          |
| 10.11          | <a href="#">Simple Agreement for Future Equity (SAFE) between Cemtrex, Inc. and Saagar Govil, dated November 18, 2022</a>  | Form 8-K                       | 11/29/2022                     |          |
| 10.12          | <a href="#">2020 Equity Compensation Plan</a>  | Form S-8                       | 8/17/2020                      |          |
| 10.13          | <a href="#">Asset Purchase Agreement, dated as of June 7, 2023</a>   | Form 8-K                       | 12/6/2023                      |          |
| 10.14          | <a href="#">Form of Lock-Up Agreement</a>  | Form S-1/A                     | 4/30/2024                      |          |
| 10.15          | <a href="#">Note Purchase Agreement between Cemtrex Inc. and Streeterville Capital, LLC, dated September 30, 2021</a>  | Form S-1/A                     | 4/30/2024                      |          |
| 10.16          | <a href="#">Amendment to Promissory Note between Cemtrex Inc. and Streeterville Capital, LLC, dated September 14, 2022</a>   | Form S-1/A                     | 4/30/2024                      |          |
| 10.17          | <a href="#">Amendment to Promissory Note between Cemtrex Inc. and Streeterville Capital, LLC, dated August 30, 2023</a>  | Form S-1/A                     | 4/30/2024                      |          |
| 10.18          | <a href="#">Form of Underwriting Agreement</a>   | Form 8-K                       | 5/3/2024                       |          |
| 10.19          | <a href="#">Standstill Agreement, dated April 30, 2024</a>   | Form 8-K                       | 5/1/2024                       |          |
| 31.1           | <a href="#">Certification of Chief Executive Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>   |                                |                                | X        |
| 31.2           | <a href="#">Certification of Interim Chief Financial Officer and Principal Financial Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a> |                                |                                | X        |
| 32.1           | <a href="#">Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>   |                                |                                | X        |
| 32.2           | <a href="#">Certification of Interim Chief Financial Officer and Principal Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>                               |                                |                                | X        |
| 101.INS        | Inline XBRL Instance Document  |                                |                                | X        |
| 101.SCH        | Inline XBRL Taxonomy Extension Schema  |                                |                                | X        |
| 101.CAL        | Inline XBRL Taxonomy Extension Calculation Linkbase  |                                |                                | X        |
| 101.DEF        | Inline XBRL Taxonomy Extension Definition Linkbase   |                                |                                | X        |
| 101.LAB        | Inline XBRL Taxonomy Extension Label Linkbase  |                                |                                | X        |
| 101.PRE        | Inline XBRL Taxonomy Extension Presentation Linkbase   |                                |                                | X        |
| 104            | Cover Page Interactive Data File (embedded within the Inline XBRL document)  |                                |                                | X        |

### Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Centrex, Inc.

Dated: May 15, 2025

By: /s/ Saagar Govil

Saagar Govil  
Chairman of the Board, CEO,  
President and Secretary (Principal Executive Officer)

Dated: May 15, 2025

/s/ Paul J. Wyckoff

Paul J. Wyckoff  
Chief Financial Officer and Principal Financial Officer

**CERTIFICATION PURSUANT TO RULE 13A/15D OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Saagar Govil, certify that:

1. I have reviewed this report on Form 10-Q of Centrex, Inc. and subsidiaries (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize, and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

*/s/ Saagar Govil*

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Saagar Govil  
Chief Executive Officer

Dated: May 15, 2025

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**CERTIFICATION PURSUANT TO RULE 13A/15D OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Paul J. Wyckoff, certify that:

1. I have reviewed this report on Form 10-Q of Centrex, Inc. and subsidiaries (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize, and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

*/s/ Paul J. Wyckoff*

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Paul J. Wyckoff  
Chief Financial Officer  
and Principal Financial Officer

Dated: May 15, 2025

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Cemtrex, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Saagar Govil, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

*/s/ Saagar Govil*

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Saagar Govil  
Chief Executive Officer

Dated: May 15, 2025

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Centrex, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul J. Wyckoff, Interim Chief Financial Officer and Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

*/s/ Paul J. Wyckoff*

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Paul J. Wyckoff  
Interim Chief Financial Officer  
and Principal Financial Officer

Dated: May 15, 2025

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