

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

FORM 10-K

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

For the fiscal year ended September 30, 2024
OR

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

Commission File Number 001-37464



CENTREX, INC.

(Exact name of registrant as specified in its charter)

Delaware	30-0399914
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
135 Fell Ct. Hauppauge, NY	11788
(Address of principal executive offices)	(Zip code)

Registrant telephone number, including area code: 631-756-9116

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, \$0.001 par value per share	CETX	The NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the Act: Common Stock, \$0.001 par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (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, or a smaller reporting 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. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>	

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of March 28, 2024, the number of the registrant's common stock held by non-affiliates of the registrant was 483 and the aggregate market value \$4,249,917 based on the average bid and asked price of \$8,799 on March 28, 2024.

As of December 23, 2024, the registrant had 1,724,162 shares of common stock outstanding.



CEMTREX, INC. AND SUBSIDIARIES

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Part I

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K includes “forward-looking statements” within the meaning of the Securities Act of 1933 (the “Securities Act”) and the Securities Exchange Act of 1934 (the “Exchange Act”). Any statements contained in this Annual Report on Form 10-K, other than statements of historical fact, including statements about management’s beliefs and expectations, are forward-looking statements and should be evaluated as such. These statements are made on the basis of management’s views and assumptions regarding future events and business performance. These forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those described above and those risks discussed from time to time in this report, including the risks described under “Risk Factors” and any risks described in any other filings we make with the SEC. Any forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this report.

Management’s discussion and analysis of financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an on-going basis, we evaluate these estimates, including those related to useful lives of real estate assets, right-of-use asset valuation, bad debts, goodwill impairment, inventory obsolescence, income tax valuation, and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. There can be no assurance that actual results will not differ from those estimates.

ITEM 1. BUSINESS

Overview

Cemtrex, Inc. 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.

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 and 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.

Recent Developments

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 July 29, 2022, the Company received a notification letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC (“Nasdaq”) notifying the Company that, because the closing bid price for the Company’s Series 1 Preferred Stock listed on Nasdaq was below \$1.00 for 30 consecutive trading days, the Company no longer met 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 “Minimum Bid Price Requirement”). On January 26, 2023, the Company received a notification letter from the Listing Qualifications Department of Nasdaq notifying the Company that, it had been granted an additional 180 days or until July 24, 2023, to regain compliance with the Minimum Bid Price Requirement based on the Company meeting the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on the Capital Market with the exception of the bid price requirement, and the Company’s written notice of its intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary. On September 8, 2023, the Company received a letter from the Nasdaq Hearings Panel (“Panel”) informing the Company that the Panel has granted the Company a temporary exception to regain compliance with The Nasdaq Stock Market LLC’s (“Nasdaq” or the “Exchange”) Listing Rule 5555(a)(1) (the “Bid Price Rule”) by no later than January 19, 2024. The Company has announced a special meeting of Series 1 Preferred Stock shareholders was scheduled for December 26, 2023, to approve the reverse stock split. On December 26, 2023, the meeting was adjourned to December 29, 2023, due to insufficient votes represented by proxy or virtually in person to constitute a quorum for the transaction of business at the Special Meeting. On December 29, 2023, there were still insufficient votes represented by proxy or virtually in person to constitute a quorum thus the resolution did not pass.

On January 5, 2024, and January 12, 2024, the Company bought back an aggregate of 71,951 shares of Series 1 Preferred Stock for \$69,705 under the Share Repurchase Program approved on August 22, 2023, that allows the Company to repurchase shares of the Series 1 Preferred Stock through various means, including through privately negotiated transactions and through an open market program. On April 8, 2024, these shares were cancelled. The Company’s Series 1 Preferred Stock was delisted 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, and the deregistration of the Company’s Series 1 Preferred Stock under Section 12(b) of the Exchange Act became effective for 90 days after filing of the Form 25.

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, the Company may be eligible for additional time. To qualify for additional time, the Company would be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the bid price requirement, and would need to provide written notice of its intention to cure the deficiency during the second compliance period, by effecting a reverse stock split, if necessary.

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 stockholder’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 regain compliance with the Minimum Stockholder's Equity Requirement.

The terms of the extension are as follows: on or before February 17, 2025, the Company must complete the submitted plan and opt for one of the two following alternatives to evidence compliance with the Rule:

Alternative 1: The Company must furnish to the SEC and Nasdaq a publicly available report (e.g., a Form 8-K) including:

1. A disclosure of Staff's deficiency letter and the specific deficiency(ies) cited;
2. A description of the completed transaction or event that enabled the Company to satisfy the stockholders' equity requirement for continued listing;
3. An affirmative statement that, as of the date of the report, the Company believes it has regained compliance with the stockholders' equity requirement based upon the specific transaction or event referenced in Step 2; and
4. A disclosure stating that Nasdaq will continue to monitor the Company's ongoing compliance with the stockholders' equity requirement and, if at the time of its next periodic report the Company does not evidence compliance, that it may be subject to delisting.

Alternative 2: The Company must furnish to the SEC and Nasdaq a publicly available report including:

1. Steps 1 & 2 set forth above;
2. A balance sheet no older than 60 days with pro forma adjustments for any significant transactions or event occurring on or before the report date. The pro forma balance sheet must evidence compliance with the stockholders' equity requirement; and
3. A disclosure that the Company believes it also satisfies the stockholders' equity requirement as of the report date and that Nasdaq will continue to monitor the Company's ongoing compliance with the stockholders' equity requirement and, if at the time of its next periodic report the Company does not evidence compliance, that it may be subject to delisting.

Regardless of which alternative the Company chooses, if the Company fails to evidence compliance upon filing its periodic report for the March 31, 2025, with the SEC and Nasdaq, the Company may be subject to delisting.

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) and 11,210,000 Pre-Funded Units (which includes 11,210,000 Pre-Funded Warrants) 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 approximately \$10,035,293, before deducting underwriting discounts and other issuance expenses of \$995,333 recorded under the caption "General and administrative" on the Company's Consolidated Statements of Operations. 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.

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 did not meet the definition a liability under ASC 480, and the warrants are precluded from being considered indexed to the entity’s own stock under ASC 815, 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 number of shares issued in a cash 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. In addition, beginning on the date of the Warrant Stockholder Approval, the Warrants will contain a reset of the exercise price to a price equal to the lesser of (i) the then-current exercise price and (ii) lowest volume weighted average price for the five trading days immediately preceding and immediately following the date we effect a reverse stock split in the future with a proportionate adjustment to the number of shares underlying the Warrants. As such, upon issuance, the total fair value of the Series A Warrants was \$11,242,940, which was based on 40,588,230 common shares issuable 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 \$3,105,170. The total fair value of the Warrants upon issuance was \$17,290,821. Given that the gross proceeds received of \$10,035,293 was less than the total fair value of the liability classified Warrants, the Company recorded a loss on excess fair value of \$7,255,528 at issuance.

Business Strategy

Our focus is to utilize our resources and capabilities to build brands and businesses in areas where we see unique opportunities to create exceptional value for our customers, shareholders, and employees over the long term. We aim to grow in markets where we see significant long-term opportunity to create an attractive return on shareholder equity. Generally, these markets are high growth markets that are changing due to innovation, new technologies, or other industry shifts taking place. In these markets we seek to build or acquire businesses that have attractive gross margins, strong opportunities for customer retention, and are not capital intensive. We take a long-term approach with our strategies and seek returns over five years or longer time horizons.

We believe our ability to attract and retain new customers comes from our ongoing commitment to understanding our customers’ business performance requirements and our expertise in meeting or exceeding these requirements and enhancing their competitive advantage through cutting edge technology. We work closely with our customers from an operational and senior executive level to achieve a deep understanding of our customer’s goals, challenges, strategies, operations, and products to ultimately provide the best solutions for them.

We continue to seek and execute additional strategic acquisitions and focus on expanding our products and services as well as entering new markets. We believe that the diversity of our products and services and our ability to deliver full solutions to a variety of end markets provides us with multiple sources of income and growth and a competitive advantage relative to other players in the industry. We constantly look for opportunities to gain new customers and penetrate geographic locations and end markets or acquire new product or service opportunities through acquisitions that are operationally and financially beneficial for the Company.

Suppliers

The Company is not solely dependent on, nor expects to become overly dependent on, any one or a limited number of suppliers. The Company also utilizes sub-suppliers and third-party vendors to procure from or fabricate its components based on its design, engineering, and specifications. The Company also enters into subcontracts for field installation, which the Company supervises; and the Company manages all technical, physical and commercial aspects of the performance of the Company contracts.

Competition

The Company competes on the basis of price, engineering and technological expertise, know-how and the quality of its products, systems and services. Additionally, the Company's management believes that the successful delivery, installation and performance of the Company's products and services is a key factor in gaining business as customers typically prefer to make significant purchases from a company with a solid performance history.

The Company obtains virtually all its contracts through competitive bidding. Although price is an important factor and may in some cases be the governing factor, it is not always determinative, and contracts are often awarded on the basis of the efficiency or reliability of products and services, past performance records, and the engineering and technical expertise of the bidder. Several companies market products that compete directly with Company's products. Other companies offer products that potential customers may consider to be acceptable alternatives to Company's products and services.

Intellectual Property

Over the years, the Company has developed proprietary technologies that give it an edge in competing with its competitors. Thus, the Company relies on a combination of trade secrets and know-how to protect its intellectual property. The Company currently has multiple patents and patent claims that it owns. Centrex continues to invest in research and development with the intention of developing proprietary technology and intellectual property as allowed by its financial resources.

Sales and Marketing

The Company sales strategies vary across its businesses and depending on the brand, relies on direct sales force, manufacturing representatives, distributors, integrators and installers, word of mouth or referrals, commission sales agents, magazine advertisements, internet advertising, trade shows, trade directories and catalogue listings, e-commerce, to market its products and services. Our sales are global in nature, but predominantly focused on the US market presently. The Company's arrangements with sales representatives accord each a defined territory or market within which to sell some or all of its products and systems, provide for the payment of agreed-upon sales commissions or wholesale pricing and are terminable at will. The Company's sales representatives do not have authority to execute contracts on the Company's behalf.

The Company's sales representatives also serve as an ongoing liaison function between the Company and its customers during the installation phase of the products and systems and address customers' questions or concerns arising thereafter. The Company selects representatives based upon industry reputation, prior sales performance including number of prospective leads generated and sales closure rates, and the breadth of territorial coverage, among other criteria.

Technical inquiries received from potential customers are referred to the engineering personnel. Thereafter, the Company's sales and engineering personnel jointly prepare a budget proposal, or a final bid. The period between initial customer contact and issuance of an order is generally between two and twelve months.

Customers

The Company's principal customers in its Security segment are generally system integrators or channel partners who then sell our products and solutions to our end customers, including government agencies or commercial businesses. Historically, most of the customers have purchased individual products or systems which, in many instances, operate in conjunction with products and systems supplied by others. The Company is responsible for the design, production, supply, and delivery of products to its customers. In order to satisfy customer orders, in both segments, the Company must consistently meet production deadlines and maintain a high standard of quality.

The Company's principal customers in its Industrial Services segment include businesses engaged in manufacturing, chemical, packaging, printing, electronics, automotive, construction, and metallurgical processing. No one single customer accounts for more than 10% of its annual sales.

Insurance

The Company currently maintains different types of insurance, including general property coverage, and directors' and officers' insurance. The Company also maintains product liability insurance with respect to its products and equipment. Management believes that the insurance coverage that it has is adequate for its current business needs.

Employees

The Company employs approximately 264 full-time employees and approximately 17 part-time employees as of the date of this Annual Report, including 58 engaged in engineering, 140 in manufacturing and field service and 83 in administrative, sales and marketing functions.

Government Regulation

The Company's operations are subject to certain foreign, federal, state and local regulatory requirements relating to, among others, environmental, waste management, labor and health and safety matters. Management believes that the Company's business is operated in material compliance with all such regulations.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. Our business, reputation, results of operations, financial condition and stock price can be affected by a number of factors, whether currently known or unknown, including those described below. When any one or more of these risks materialize from time to time, our business, reputation, results of operations, financial condition and stock price can be materially and adversely affected.

Because of the following factors, as well as other factors affecting the Company's results of operations and financial condition, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods. This discussion of risk factors contains forward-looking statements.

You should carefully consider the risks and uncertainties described below, together with all of the other information in this report, including the consolidated audited financial statements and the related notes appearing at the end of this annual report on Form 10-K, with respect to any investment in shares of our common stock. If any of the following risks actually occurs, our business, financial condition, results of operations and future prospects would likely be materially and adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment. These statements, like all statements in this report, speak only as of the date of this report (unless another date is indicated) and we undertake no obligation to update or revise the statements in light of future development.

Risks Related to Macroeconomics Conditions and International Operations

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

Adverse macroeconomic conditions, including slow growth or recession, high unemployment, inflation, tighter credit, higher interest rates, and currency fluctuations, can adversely impact consumer confidence and spending and materially adversely affect demand for our products and services. In addition, consumer confidence and spending can be materially adversely affected in response to changes in fiscal and monetary policy, financial market volatility, declines in income or asset values, and other economic factors.

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.

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.

Our business can be impacted by political events, trade and other international disputes, war, terrorism, natural disasters, public health issues, industrial accidents and other business interruptions.

Political events, trade and other international disputes, war, terrorism, natural disasters, public health issues (such as COVID-19), industrial accidents and other business interruptions can harm or disrupt international commerce and the global economy and could have a material adverse effect on us and our customers, suppliers, contract manufacturers, logistics providers, distributors, and other channel partners.

Restrictions on international trade, such as tariffs and other controls on imports or exports of goods, technology or data, can materially adversely affect our operations and supply chain and limit our ability to offer and distribute products and services to customers. The impact can be particularly significant if these restrictive measures apply to countries and regions where we derive a significant portion of our revenues and/or have significant supply chain operations. Restrictive measures can require us to take various actions, including changing suppliers and restructuring business relationships. Changing our operations in accordance with new or changed restrictions on international trade can be expensive, time-consuming and disruptive to our operations. Such restrictions can be announced with little or no advance notice, and we may not be able to effectively mitigate all adverse impacts from such measures. For example, tensions between governments, including the U.S. and China, have in the past led to tariffs and other restrictions being imposed on our business. If disputes and conflicts further escalate in the future, actions by governments in response could be significantly more severe and restrictive and could materially adversely affect our business. Political uncertainty surrounding trade and other international disputes could also have a negative effect on consumer confidence and spending, which could adversely affect our business.

Many of our operations and facilities, as well as critical business operations of our suppliers and contract manufacturers, are in locations that are prone to earthquakes and other natural disasters. In addition, such operations and facilities are subject to the risk of interruption by fire, power shortages, nuclear power plant accidents and other industrial accidents, terrorist attacks and other hostile acts, ransomware and other cybersecurity attacks, labor disputes, public health issues, including pandemics such as the COVID-19 pandemic, and other events beyond our control. Global climate change is resulting in certain types of natural disasters, such as droughts, floods, hurricanes and wildfires, occurring more frequently or with more intense effects. Such events can make it difficult or impossible for us to manufacture and deliver products to our customers, create delays and inefficiencies in our supply and manufacturing chain, and result in slowdowns and outages to our product and service offerings, and negatively impact consumer spending and demand in affected areas. Following an interruption to our business, we can require substantial recovery time, experience significant expenditures to resume operations, and lose significant sales.

Our operations are also subject to the risks of industrial accidents at our suppliers and contract manufacturers. While our suppliers are required to maintain safe working environments and operations, an industrial accident could occur and could result in serious injuries or loss of life, disruption to our business, and harm to our reputation. 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 consumer products; the imposition of protective public safety measures, such as stringent employee travel restrictions and limitations on freight services and the movement of products between regions; and disruptions in our operations, supply chain and sales and distribution channels, resulting in interruptions to the supply of current products and offering of existing services, and delays in production ramps of new products and development of new services.

Volatility in currency exchange rates may adversely affect our financial condition, results of operations and cash flows.

Our international operations accounted for approximately 5.9% of our net sales in 2024. We are exposed to the effects (both positive and negative) that fluctuating exchange rates have on translating the financial statements of our international operations, most of which are denominated in local currencies, into the U.S. dollar. Fluctuations in exchange rates may affect product demand and reported profits in our international operations. In addition, currency fluctuations may affect the prices we pay suppliers for materials used in our products, along with other local costs incurred in foreign countries for foreign entities with U.S. dollar functional currency. As a result, fluctuating exchange rates may adversely impact our results of operations and cash flows.

Our business and results of operations may be materially adversely affected by compliance with import and export laws.

We must comply with various laws and regulations relating to the import and export of products, services and technology from the U.S. and other countries having jurisdiction over our operations, which may affect our transactions with certain customers, business partners and other persons. In certain circumstances, export control and economic sanctions regulations may prohibit the export of certain products, services, and technologies and in other circumstances, we may be required to obtain an export license before exporting a controlled item. The length of time required by the licensing processes can vary, potentially delaying the shipment of products or performance of services and the recognition of the corresponding revenue. In addition, failure to comply with any of these regulations could result in civil and criminal, monetary and non-monetary penalties, disruptions to our business, limitations on our ability to import and export products and services and damage to our reputation. Moreover, any changes in export control or sanctions regulations may further restrict the export of our products or services, and the possibility of such changes requires constant monitoring to ensure we remain compliant. Any restrictions on the export of our products or product lines could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

Our international operations subject us to many different and complex laws and rules, and we may face difficulty in compliance.

Due to our international operations, we are subject to many laws governing international relations (including but not limited to the Foreign Corrupt Practices Act, the U.S. Export Administration Act the EU General Data Protection Regulation, and the U.K. Modern Anti-Slavery Act); which prohibit improper payments to government officials and restrict where and how we can do business, what information or products we can supply to certain countries, what personal information we can transfer, and what information we can provide to a non-U.S. government. Although we have procedures and policies in place that should mitigate the risk of violations of these laws, there is no guarantee that they will be sufficiently effective. If, and when we acquire new businesses, we may not be able to ensure that the pre-existing controls and procedures meant to prevent violations of the rules and laws were effective, and we may not be able to implement effective controls and procedures to prevent violations quickly enough when integrating newly acquired businesses. Acquisitions of new businesses in new non-U.S. jurisdictions may also subject us to new regulations and laws, and we may face difficulties ensuring compliance with these new requirements.

Risks Related to our Financial Condition

The report of our independent registered public accounting firm contains an explanatory paragraph that expresses substantial doubt about our ability to continue as a going concern.

The Company has incurred substantial losses of \$7.2 million and \$9.2 million for fiscal years 2024 and 2023, respectively, and working capital of \$8.1 million as at the end of fiscal 2024, 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 approximately \$3.9 million in cash as of September 30, 2024. Additionally, the Company has (i) secured a line of credit for its Vicon brand to fund operations, which as of September 30, 2024, has available capacity of \$1.9 million, and a line of credit for its AIS brand with a \$3.5 million capacity that has not been drawn upon, (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 approximately \$9.0 million in net proceeds through our May 2024 equity financing and anticipate an additional \$5 to \$10 million when the Series B warrants are exercised, and (iv) subsequent to the balance sheet date has effected a 60:1 and a 35:1 reverse stock split 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 .

There is no guarantee that cash flow from operations and/or debt and equity financings will provide sufficient capital to meet our expansion goals working capital needs or fund our operations.

Our current strategic plan includes the expansion of our company both organically and through acquisitions if market conditions and competitive conditions allow. Due to the long-term nature of investments in acquisitions and other financial needs to support organic growth, including working capital, we expect our long-term and working capital needs to periodically exceed the short-term fluctuations in cash flow from operations. We anticipate that we may need to raise additional external capital from the sale of common stock, preferred stock and debt instruments as market conditions may allow, in addition to cash flow from operations (which may not always be sufficient), to fund our growth and working capital needs.

In the event that we need to raise significant amounts of external capital at any time or over an extended period, we face a risk that we may need to do so under adverse capital market conditions with the result that our existing shareholders, as well as persons who acquire our common stock, may incur significant and immediate dilution should we raise capital from the sale of our common or preferred stock. Similarly, we may need to meet our external capital needs from the sale of secured or unsecured debt instruments at interest rates and with such other debt covenants and conditions as the market then requires. However, there can be no guarantee that we will be able to raise external capital on terms that are reasonable in light of current market conditions. In the event that we are not able to do so, those who acquire our common stock may face significant and immediate dilution and other adverse consequences. Further, debt covenants contained in debt instruments that we issue may limit our financial and operating flexibility with consequent adverse impact on our common stock market price.

We have a history of losses and may experience losses in the future, which could result in the market price of our common stock declining.

We have incurred net losses, including net losses attributable to Cemtrex, Inc. shareholders of \$7.2 million in 2024, \$9.2 million in 2023, and \$13.0 million in 2022. We have an accumulated deficit of \$71.4 million as of September 30, 2024. We expect to continue to incur significant product development, sales and marketing and administrative expenses. As a result, we will need to generate significant revenues to achieve profitability. We cannot be certain that we will achieve profitability in the future or, if we achieve profitability, to sustain it. If we do not achieve and maintain profitability, the market price for our common stock may decline, perhaps substantially.

The Company is exposed to credit risk, market risk, and fluctuations in the value of its investment portfolio.

The Company may, from time to time invest excess cash that the Company has on hand in large cap securities listed on major exchanges, including stocks and options. The Company's investments can be negatively affected by liquidity, credit deterioration, financial results, market and economic conditions, political risk, sovereign risk, interest rate fluctuations or other factors.

Although we have not recognized any material losses related to our cash equivalents, short-term investments, or long-term investments, future declines in the market values of such investments could have an adverse effect on our financial condition and operating results. As a result, the value and liquidity of the Company's cash, cash equivalents, and marketable securities may fluctuate substantially. Therefore, although the Company has not realized any significant losses on its cash, cash equivalents, and marketable securities, future fluctuations in their value could result in significant losses and could have an adverse impact on the Company's financial condition and operating results.

We have substantial debt which could adversely affect our ability to raise additional capital to fund operations and prevent us from meeting our obligations under outstanding indebtedness.

As of September 30, 2024, our total indebtedness was approximately \$21.05 million, including notes payable of \$12.4 million, revolving line of credit of \$3.1 million, mortgage payable of \$3.3 million, bank loans of \$2.2 million, and \$0.05 million of PPP loans. By comparison, as September 30, 2023, our total indebtedness was approximately \$24.4 million, including notes payable of \$18.1 million, mortgage payable of \$3.4 million, vendor financed purchase of \$0.7 million, bank loans of \$1.3 million, and \$0.9 million of PPP loans. For 2024 and 2023 approximately \$7.9 million and \$14.5 million, respectively, of such debt is classified as current. This substantial debt could have important consequences, including the following: (i) a substantial portion of our cash flow from operations may be dedicated to the payment of principal and interest on indebtedness, thereby reducing the funds available for operations, future business opportunities and capital expenditures; (ii) our ability to obtain additional financing for working capital, debt service requirements and general corporate purposes in the future may be limited; (iii) we may face a competitive disadvantage to lesser leveraged competitors; (iv) our debt service requirements could make it more difficult to satisfy other financial obligations; and (v) we may be vulnerable in a downturn in general economic conditions or in our business and we may be unable to carry out activities that are important to our growth .

Our ability to make scheduled payments of the principal of, or to pay interest on, or to refinance our indebtedness depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond management's control. If we are unable to generate sufficient cash flow to service our debt or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt, which could impair our liquidity. Any refinancing of indebtedness, if available at all, could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations. Despite our significant amount of indebtedness, we may need to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial debt.

Our ability to secure and maintain sufficient credit arrangements is key to our continued operations and there is no assurance we will be able to obtain sufficient additional equity or debt financing in the future.

There is no assurance that we will be able to retain or renew our credit agreements and other finance agreements in the future. In the event our company grows rapidly, the uncertain economic climate continues, or we acquire one or more other companies, additional financing resources will likely be necessary in the current or future fiscal years. As a smaller public company with a limited ability to attract and obtain financing, there is no assurance that we will be able to obtain sufficient additional equity or debt financing in the future on terms that are reasonable in light of current market conditions.

Risks Related to our Business

We are substantially dependent upon the success and continued market acceptance of our technology, the absence of which may significantly reduce our sales, profits and cash flow and adversely impact our financial condition.

Competing technologies may be offered by both existing competitors or by those that enter the market, and these competing technologies may offer a better cost-benefit ratio than our products and/or at lower prices with the result that our sales, profits, and cash flow may suffer significantly over an extended period with serious adverse impact on our financial condition.

We have taken a multi-operational approach, and some of our business segments have historically failed to benefit our company to date, and there remains a risk that our remaining segments may not prove to be successful. We may divest or expand into new areas that are outside of our current business activities and those activities may not prove to be successful.

We continuously assess the composition of our portfolio businesses to ensure it is aligned with our strategic objectives and positioned to maximize growth and return in the coming years. Since our business concerns new and developing technologies, and many of these endeavors fail, some of the businesses in our portfolio may not be successful in generating sufficient revenue to be a viable option for our company.

Currently, the Company has the following business segments, consisting of (i) Security and (ii) Industrial Services. In addition, there is Cemtrex Corporate, which reports unallocated corporate expenses. Within these segments there are a number of technologies that we are pursuing, as discussed in this annual report under "Item 1. Business." There is a risk that one or more of our technologies will not be successful in generating revenue to sustain the expenditures associated with its existence. Moreover, having multiple business segments may present challenges, such as fluctuations in our operating results, using the company's limited resources on less worthy business pursuits, and distracting management from obtaining its goals with respect to our overall operations. If we are unable to establish our technologies in the market, and overcome the challenges of doing so, we could go out of business.

As we continuously review our portfolio of businesses we may exit or enter into new business activities which may ultimately prove to be unsuccessful.

Our future operating results depend in part on continued successful research, development and marketing of new and improved products and services through our Security segment, and there can be no assurance that we will successfully introduce new products and services into the market.

The success of new and improved products and services through our Security segment depends on our research and development efforts and the initial acceptance of our products and solutions by consumers. Our business is affected by varying degrees of technological change and corresponding shifts in customer demand, which result in unpredictable product transitions, shortened life cycles and increased importance of being first to market with new products and services. We may experience difficulties or delays in the research and development, production and/or marketing of new products and services due to lack of capital, which may negatively impact our operating results and prevent us from recouping or realizing a return on the investments required to continue to bring new products and services to market.

Our future operating results depends in part on the continued successful operation of our Industrial Services segment, and there can be no assurance that we will be successful in this business.

The success of selling services through our Industrial Services segment depends on our ability to hire and retain talent, our ability to market these services successfully to clients, the overall demand for these services, and the quality of our workmanship by our customers, among other factors. Our business is affected by varying degrees of technological change and corresponding shifts in customer demand, which result in unpredictable product transitions, shortened life cycles and increased importance of being first to market with new products and services. We may experience difficulties or delays in the delivery of services due to lack of capital or lack of adequate talent, which may negatively impact our operating results and prevent us from recouping or realizing a return on the investments required to continue to compete in our markets.

Our operating results may fluctuate, which could have a negative impact on our ability to grow our client base, establish sustainable revenues and succeed overall.

Our results of operations may fluctuate as a result of a number of factors, some of which are beyond our control including but not limited to:

- general economic conditions in the geographies and industries where we sell our services and conduct operations; legislative policies where we sell our services and conduct operations;
- the budgetary constraints of our customers; seasonality;
- success of our strategic growth initiatives;
- costs associated with the launching or integration of new or acquired businesses;
- timing of new product introductions by us, our suppliers and our competitors; product and service mix, availability, utilization and pricing;
- the mix, by state and country, of our revenues, personnel and assets;
- movements in interest rates or tax rates;
- changes in, and application of, accounting rules;
- changes in the regulations applicable to us; and
- litigation matters.

As a result of these factors, we may not succeed in our business, and we could go out of business.

We operate in a cyclical business, which could result in significant fluctuations in demand for our products.

Cyclical changes in our customers' businesses have, in the past, resulted in, and may in the future result in, significant fluctuations in demand for our products, selling prices, and our profitability. Most of our customers operate in cyclical industries. Their requirements for our technologies fluctuate significantly as a result of changes in general economic conditions, technological changes, customer demand, and other factors. During periods of increasing demand, our customers typically seek to increase their inventory of our products to avoid production bottlenecks. When demand for their products peaks and begins to decline, as has happened in the past, they tend to reduce or cancel orders for our products while they use up accumulated inventory. Business cycles vary somewhat in different geographical regions and customer industries. Significant fluctuations in sales of our products affect our unit manufacturing costs and affect our profitability by making it more difficult for us to predict our production, raw materials, and shipping needs. Changes in demand mix, needed technologies, and end-use markets may adversely affect our ability to match our products, inventory, and capacity to meet customer demand and could adversely affect our operating results and financial condition. We are also vulnerable to general economic events or trends beyond our control, and our sales and profits may suffer in periods of weak demand.

Our sales and gross margins depend significantly on market demand for our products, as to which there can be no assurance.

The uncertainty in the United States and in the international economic and political environment could result in a decline in demand for our products in any industry. Our gross margins are dependent upon our ability to maintain sales volumes at levels that allow us to cover our fixed costs and variable costs per unit. To the extent that one or more product lines experience a significant and protracted decline in sales volume, we may experience significant declines in our gross margins that may result in losses. Further, any adverse changes in tax rates and laws affecting our customers could result in decreases in demand of our products and thus decrease our gross margins. Any of these factors could negatively impact our business, results of operations and financial condition.

In these circumstances, we anticipate that we could be required to increase or decrease staffing and more closely manage other expenses in order to meet the anticipated demand of our existing and future customers. Orders from our customers are subject to cancellation, and delivery schedules from our customers fluctuate as a result of changes in our customers' demand, thereby adversely affecting our results of operations, and may result in higher inventory levels. Higher inventory levels may cause us to need greater external financing, which adversely affects our financial performance.

Our products face intense competitive challenges, including rapid technological changes, and pricing pressure from competitors, which could adversely affect our business.

All of our product lines are subject to significant competition from existing and future competitors, market conditions and technological change, or a combination of them, and our sales revenues and gross margins may suffer protracted and serious declines with the result that we would likely incur protracted losses. Further, the barriers to entry in several of our lines of business are not so significant that we may be facing competition from others who see significant opportunities to enter the market and undercut our prices with products that possess superior technological attributes at prices that offer our customers a better value. In this instance, we could incur protracted and significant losses and persons who acquire our common stock would suffer losses thereby.

From time to time, we may need to reduce our prices in response to competitive and customer pressures and to maintain our market share. Competition and customer pressures may also restrict our ability to increase prices in response to commodity and other input cost increases. Our results of operations will suffer if profit margins decrease, as a result of a reduction in prices, increased input costs or other factors, and if we are unable to increase sales volumes to offset those profit margin decreases. We may also need to increase spending on marketing, advertising and new product innovation to protect existing market share or increase market share. The success of our investments is subject to risks, including uncertainties about trade and consumer acceptance. As a result, our increased expenditures may not maintain or enhance market share and could result in lower profitability.

Factors affecting the industries that utilize our products could negatively impact our customers and us.

We have no real control over factors affecting the industries that utilize our products and to the extent that any one or more of these industries change dramatically, we may be facing significant financial challenges that are in excess of our existing capabilities. These factors include:

- increased competition among our customers and their competitors;
- the inability of our customers to develop and market their products;
- recessionary periods in our customers' markets;
- the potential that our customers' products become obsolete;
- our customers' inability to react to rapidly changing technology; and
- our customers' inability to pay for our products, which could, in turn, affect the company's results of operations.

If we are unable to develop new products, our competitors may develop and market products with better features that may reduce demand for our existing and potential products or otherwise result in our products becoming obsolete and could materially and adversely affect our ability to sustain profitability.

There are many larger competitors who compete directly with us and who have significantly greater financial, technological and research resources. This may serve to severely damage our ability to market and sell our products at price levels that would allow us to achieve and maintain profit margins and positive cash flow.

We are a smaller public company, and we face rapid technological change in many of our product markets and we may not be able to introduce any successful new products or any enhancements to our existing products on a timely basis, or at all. This could result in prolonged and significant losses. In addition, our introduction of new products could adversely affect sales of certain of our existing products if these new products directly compete with our existing products. If our competitors develop innovative technologies that are superior to our products or if we fail to accurately anticipate market trends and respond on a timely basis with our own innovations, we may not achieve sufficient growth in its revenues to attain profitability or if we do, we may not be able sustain profitability.

The success of new product introductions is dependent on a number of factors, including, but not limited to, timely and successful development of new products, including software development, market acceptance of these products and our ability to manage the risks associated with these introductions. These risks include development and production capabilities, management of inventory levels to support anticipated demand, the risk that new products may have quality defects in the early stages of introduction, and obsolescence risk of existing products.

Developing and maintaining a patent portfolio is an expensive and time-consuming process and there is no assurance the Company will successfully develop patents to protect the intellectual property it is working on.

We are increasingly dependent on information technology, and if we are unable to protect against service interruptions, data corruption, cyber-based attacks, or network security breaches our operations could be disrupted, and we could incur significant costs and reputational harm as a result.

We rely on information technology networks and systems, including the Internet, to process, transmit, and store electronic and financial information; to manage a variety of business processes and activities; and to comply with regulatory, legal, and tax requirements. We also depend on our information technology infrastructure for digital marketing and sales activities and for electronic communications among our locations, personnel, customers, and suppliers around the world. Many of the information technology systems used by us globally have been in place for many years and not all hardware and software are currently supported by vendors. These information technology systems are susceptible to damage, disruptions, or shutdowns due to failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, computer viruses, cyber-attacks, telecommunication failures, user errors, or catastrophic events. If our information technology systems suffer severe damage, disruption, or shutdown and our business continuity plans do not effectively resolve the issues in a timely manner, our product sales, financial condition, and results of operations may be materially affected, and we could experience delays in reporting our financial results.

We have been, and likely will continue to be, subject to various cyber-attacks. To date, we have seen no material impact on our business or operations from these attacks or events. Any future significant compromise, breach, or misuse of our data security could result in significant costs and damage to our reputation. The ever-evolving threats mean us and our third-party service providers must continually evaluate and adapt our respective systems and processes and overall security environment, as well as those of any companies we acquire. There is no guarantee that these measures will be adequate to safeguard against all data security compromises, breaches, or misuses. In addition, as the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, compliance with those requirements could also result in additional costs.

Third-party service providers, such as distributors, subcontractors, vendors, and data processors have access to certain portions of our sensitive data. In the event that these service providers do not appropriately protect our data, the result could be a security breach or loss of our data. Any such loss of data by our third-party service providers could have a material adverse impact on our business and results of operations.

In addition, if we are unable to prevent security breaches, we may suffer financial and reputational damage or penalties because of the unauthorized disclosure of confidential information belonging to us or to our customers or suppliers. Furthermore, the disclosure of non-public sensitive information through external media channels could lead to the loss of intellectual property or damage our reputation and brand image.

We are also in the process of converting certain information technology networks and systems and consolidating certain global systems. If such projects fail, or if unexpected technical difficulties arise, our operations and financial systems could be adversely affected. Further, we could incur additional costs or require additional technical support to resolve such difficulties.

Security breaches, denial of service attacks, or other hacking and phishing attacks on our systems or other security breaches, including internal security failures, could harm our reputation or subject us to significant liability, and adversely affect our business and financial results.

We operate in an industry that is prone to cyberattacks. Failure to prevent or mitigate security breaches and improper access to or disclosure of our data, customer data, or the data of their consumers, could result in the loss or misuse of such data, which could harm our business and reputation. The security measures we have integrated into our internal networks and platforms are designed to prevent or minimize security breaches but may not function as expected or may not be sufficient to protect our internal networks and platforms against certain attacks. In addition, incidents can originate on our partners' websites or systems, which can then be leveraged to access our website or systems, further preventing our ability to successfully identify and mitigate an attack. Threat actors are rapidly evolving the techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted. As a result, we may be unable to anticipate these techniques or implement adequate preventative measures to prevent an electronic intrusion into our networks. While we have established cyberattack remediation plans to guide us in triaging and responding to such attacks, there can be no assurance that the measures set forth under such plan will be adequate in all circumstances nor that they will be effective in mitigating, or allowing us to recover from, the effects of such attacks. While we do not yet have specific insurance coverage and while we plan to obtain coverage in the near future, any coverage we acquire may be insufficient to compensate us for all liabilities that we may incur.

Our customers' storage and use of data to operate their businesses and deliver services to their consumers is essential to their use of our platform, which stores, transmits and processes our customers' proprietary information and personal information relating to them, their employees and their consumers. If a security breach were to occur, as a result of third-party action, employee error, breakdown of our internal security processes and procedures, malfeasance or otherwise, and the confidentiality, integrity or availability of our customers' data were disrupted, we could incur significant liability to our customers, to partners and to individuals whose information was being stored by our customers, and our platform may be perceived as less desirable, which could negatively affect our business and damage our reputation.

Our platform and third-party applications available on, or that interface with, our platform have been and, in the future, may be subject to distributed denial of service attacks ("DDoS"), a technique used by hackers to take an internet service offline by overloading its services. Since techniques used to deliver DDoS attacks are evolving, we may be unable to implement adequate preventative measures or stop DDoS attacks or security breaches while they are occurring. We cannot guarantee that applicable recovery systems, security protocols, network protection mechanisms and other procedures are or will be adequate to prevent network and service interruption, system failure or data loss. In addition, computer malware, viruses, ransomware, extortion, and hacking and phishing attacks or social engineering incidents by third parties are prevalent in our industry. Any actual or perceived DDoS attack or security breach could damage our reputation and brand, expose us to a risk of litigation and possible liability and require us to expend significant capital and other resources to respond to and/or alleviate problems caused by the DDoS attack or security breach.

Moreover, our platform and third-party applications available on, or that interface with, our platform could be breached if vulnerabilities in our platform or third-party applications are exploited by unauthorized third parties or due to employee error, breakdown of our internal security processes and procedures, malfeasance, or otherwise. If these third parties fail to adhere to adequate data security practices, or in the event of a breach of their networks, our own and our customers' data may be improperly accessed, used or disclosed. Further, threat actors may attempt to fraudulently induce employees or customers into disclosing sensitive information such as usernames, passwords or other information or otherwise compromise the security of our internal networks, electronic systems and/or physical facilities in order to gain access to our data or our customers' data. As a result of our increased visibility, the size of our customer base, and the increasing amount of confidential information we process, we believe that we are increasingly a target for such breaches and attacks. This threat may intensify in the event of retaliatory cyberattacks stemming from geopolitical events such as Russia's invasion of Ukraine. In addition to our own platform and applications, some of the third parties we work with may receive information provided by us, by our customers, or by our customers' consumers through web or mobile applications. If these third parties fail to adhere to adequate data security practices, or in the event of a breach of their networks, our own and our customers' data may be improperly accessed, used or disclosed.

Some jurisdictions have enacted laws requiring companies to notify individuals and authorities of data security breaches involving certain types of personal or other data and our agreements with certain customers and partners require us to notify them in the event of a security incident. Similarly, if our suppliers experience data breaches and do not notify us or honor their notification obligations to authorities or users, we could be held liable for the breach. We may not be in a position to assess whether a data breach at one of our suppliers would trigger an obligation or liability on our part. Such mandatory disclosures are costly, could lead to negative publicity, and may cause our customers to lose confidence in the effectiveness of our data security measures. Moreover, if a high-profile security breach occurs with respect to another SaaS provider, customers may lose trust in the security of the SaaS business model generally, which could adversely impact our ability to retain revenue from existing customers or attract new ones. Similarly, if a high-profile security breach occurs with respect to a retailer or eCommerce platform, customers may lose trust in eCommerce more generally, which could adversely impact our customers' businesses. Any of these events could harm our reputation or subject us to significant liability, and materially and adversely affect our business and financial results.

Our operating results are sensitive to raw material and resale product availability, quality, and cost

We seek to have many sources of supply for each of our major requirements in order to avoid significant dependence on any one or a few suppliers. However, the supply of materials or other items could be disrupted by natural disasters, international trade tariffs, wars, pandemics, disputes and or other events. Despite market price volatility for certain requirements and materials pricing pressures at some of our businesses, the raw materials and various purchased components needed for our products have generally been available in sufficient quantities. In some instances, lead times have extended beyond normal due to logistic delays and labor shortages occurring globally. Some of our products, however, require the use of raw materials that are available from only a limited number of regions around the world, are available from only a limited number of suppliers, or may be subject to significant fluctuations in market prices. Our results of operations may be adversely affected if we have difficulty obtaining these raw materials, our key suppliers experience financial difficulties, the quality of available raw materials deteriorates, or there are significant price increases for these raw materials. Our inability to recover increased costs through increased sales prices could have an adverse impact on our results of operations. For periods in which the prices for these raw materials rise, we may be unable to pass on the increased cost to our customers, which would result in decreased sales margins for the products in which they are used. For periods in which prices for these raw materials decline, we may be required, as has occurred in the past, to write down our inventory carrying cost of these raw materials and products. Depending on the extent of the difference between market price and our carrying cost, the write-down could have a significant adverse effect on our results of operations.

We resell products manufactured by other component and interconnect product manufacturers. Should these manufacturers experience difficulties supplying the products that we resell, or such suppliers use other channels to market their products, we could experience lower sales, which could have an adverse effect on our results of operations.

Risks Related to Legal Uncertainty

We could be subject to additional civil penalties or face criminal penalties and sanctions if we violate the terms of settlement with the SEC.

On September 30, 2022, acting pursuant to an offer of settlement submitted by the Company, the SEC issued an order pursuant to Section 8A of the Securities Act, directing the Company to cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder (the "SEC Order").

While we have already paid the penalties imposed by the order into which we entered pursuant to the SEC Order, it contains ongoing and continuing requirements that we refrain from violating the Securities Act. Any future violation of applicable securities laws by us or management could result in harsher sanctions and fines, which would have a material adverse effect on our ability to implement our business plans. SEC staff can make reasonable requests from us for further evidence of compliance. Such requests for further information, record-keeping requirements and others generally could divert management's attention from implementing its business plans and could require additional material expenditures by us to legal counsel or other advisors and service providers. Further issues could reduce investor and shareholder confidence in our company and could result in a failure to execute on our business plan, which would negatively impact our business. A copy of the SEC Order can be found at www.sec.gov.

Provisions in the Delaware law and our Bylaws could make it very difficult for an investor to bring any legal actions against our directors or officers for violations of their fiduciary duties or could require us to pay any amounts incurred by our directors or officers in any such actions.

Members of our board of directors and our officers will have no liability for breaches of their fiduciary duty of care as a director or officer, except in limited circumstances, pursuant to provisions in the Delaware law and our Bylaws. Accordingly, you may be unable to prevail in a legal action against our directors or officers even if they have breached their fiduciary duty of care. In addition, our Bylaws allow us to indemnify our directors and officers from and against any and all costs, charges and expenses resulting from their acting in such capacities with us. This means that if you were able to enforce an action against our directors or officers, in all likelihood, we would be required to pay any expenses they incurred in defending the lawsuit and any judgment or settlement they otherwise would be required to pay. Accordingly, our indemnification obligations could divert needed financial resources and may adversely affect our business, financial condition, results of operations and cash flows, and adversely affect prevailing market prices for our common stock.

If we fail to establish, maintain, and enforce intellectual property rights with respect to our technology, our financial condition, results of operations and business could be negatively impacted.

Our ability to establish, maintain and enforce intellectual property rights with respect to our proprietary technologies, patents, patent applications, software and other rights will be a significant factor in determining our future financial and operating performance. We seek to protect our intellectual property rights by relying on a combination of patent, trade secret and copyright laws. We also use confidentiality and other provisions in our agreements that restrict access to and disclosure of our confidential know-how and trade secrets.

We have filed patent applications with respect to many aspects of our technologies. However, we cannot provide any assurances that any of these applications will ultimately result in issued patents or, if patents are issued, that they will provide sufficient protections for our technology against competitors. Although we have filed various patent applications for some of our core technologies, we currently hold only six issued patents, with two in the United States and four in Canada, and we may face delays and difficulties in obtaining our other filed patents, or we may not be able to obtain such patents at all.

Outside of these patent applications, we seek to protect our technology as trade secrets and technical know-how. However, trade secrets and technical know-how are difficult to maintain and do not provide the same legal protections provided by patents. In particular, only patents will allow us to prohibit others from using independently developed technology that are similar. If competitors develop knowledge substantially equivalent or superior to our trade secrets and technical know-how or gain access to our knowledge through other means such as observation of our technology that embodies trade secrets at customer sites which we do not control, the value of our trade secrets and technical know-how would be diminished.

While we strive to maintain systems and procedures to protect the confidentiality and security of our trade secrets and technical know-how, these systems and procedures may fail to provide an adequate degree of protection. For example, although we generally enter into agreements with our employees, consultants, advisors, and strategic partners restricting the disclosure and use of trade secrets, technical know-how and confidential information, we cannot provide any assurance that these agreements will be sufficient to prevent unauthorized use or disclosure. In addition, some of the technology deployed at customer sites in the future, which we do not control, may be readily observable by third parties who are not under contractual obligations of non-disclosure, which may limit or compromise our ability to continue to protect such technology as a trade secret.

Monitoring and policing unauthorized use and disclosure of intellectual property is difficult. If we learned that a third party was in fact infringing or otherwise violating our intellectual property, we may need to enforce our intellectual property rights through litigation. Litigation relating to our intellectual property may not prove successful and might result in substantial costs and diversion of resources and management attention.

From our customers' standpoint, the strength of the intellectual property under which we control can be a critical determinant of the value of our products and services. If we are unable to secure, protect and enforce our intellectual property, it may become more difficult for us to attract new customers. Any such development could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may not have sufficient financial resources to defend our intellectual property rights or otherwise successfully defend against claims that we have infringed on a third party's intellectual property and, as a result, it may adversely affect our business, financial condition and results of operations.

Even if such claims are not valid, they could subject us to significant costs. In addition, it may be necessary in the future to enforce our intellectual property rights to determine the validity and scope of the proprietary rights of others. Litigation may also be necessary to defend against claims of infringement or invalidity by others. We may not have sufficient financial resources to defend our intellectual property rights or otherwise to successfully defend the company against valid or spurious claims that we have infringed upon the intellectual property rights of others. An adverse outcome in litigation or any similar proceedings could force us to take actions that could harm its business. These include: (i) ceasing to sell products that contain allegedly infringing property; (ii) obtaining licenses to the relevant intellectual property which we may not be able to obtain on terms that are acceptable, or at all; (iii) indemnifying certain customers or strategic partners if it is determined that we have infringed upon or misappropriated another party's intellectual property; and (iv) redesigning products that embody allegedly infringing intellectual property. Any of these results could adversely and significantly affect our business, financial condition and results of operations. In addition, the cost of defending or asserting any intellectual property claim, both in legal fees and expenses, and the diversion of management resources, regardless of whether the claim is valid, could be significant and lead to significant and protracted losses.

Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of our product or any future products that we may develop.

We face an inherent risk of product liability exposure related to the sale of our products and the future sale of planned products. We may be sued if any of our products allegedly causes injury. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability, and a breach of warranties. We may also be subject to liability for a misunderstanding of, or inappropriate reliance upon, the information we provide. If we cannot successfully defend ourselves against claims that our product or planned products caused injuries, we may incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for our product or any planned products that we may develop;
- injury to our reputation and significant negative media attention;
- significant costs to defend the related litigation and distraction to our management team;
- substantial monetary awards to plaintiffs;
- loss of revenue; and
- the inability to commercialize any future products that we may develop.

Such events could subject us to costly litigation, require us to pay substantial amounts of money to injured parties, delay, negatively impact, or end our opportunity to market those products, or require us to suspend or abandon our commercialization efforts. Even in a circumstance in which we do not believe that an adverse event is related to our product, the investigation into the circumstance may be time-consuming or inconclusive. These investigations may interrupt our sales efforts. As a result of these factors, a product liability claim, even if successfully defended, could harm our business.

We currently maintain product liability insurance coverage, which may not be adequate to cover all liabilities that we may incur. Insurance coverage is increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

If we experience material weaknesses in the future or otherwise fail to maintain an effective system of internal control over financial reporting in the future, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common stock.

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report on internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Generally Accepted Accounting Principles. We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are effective. The identification of one or more material weaknesses would preclude a conclusion that we maintain effective internal control over financial reporting. Accordingly, there could continue to be a reasonable possibility that a material misstatement of our financial statements would not be prevented or detected on a timely basis.

Our management, including our principal executive officer and principal accounting officer, conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control—Integrated Framework (2013). Based on its evaluation, our management concluded that as of September 30, 2024, that our internal control over financial reporting were effective.

We are required to disclose changes made in our internal control and procedures on a quarterly basis. However, our independent registered public accounting firm will not be required to report on the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act until we are no longer an “smaller reporting company.” At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. Our remediation efforts may not enable us to avoid a material weakness in the future. If we are unable to assert that our internal control over financial reporting is effective, or when required in the future, if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be adversely affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

Risks Related to Acquisitions

We have grown through acquisitions and are continuously looking to fund other acquisitions; our failure to raise funds for acquisitions may have the effect of slowing down our growth and our use of funds for acquisitions subjects us to acquisition-related risks.

We intend to make acquisitions of complementary (including competitive) businesses, products and technologies. However, any future acquisitions may result in material transaction costs, increased interest and amortization expenses related to goodwill and other intangible assets, increased depreciation expense and increased operating expenses, any of which could have an adverse effect on our operating results and financial position. Acquisitions will require integration of acquired assets and management into our operations to realize economies of scale and control costs. Acquisitions may involve other risks, including diversion of management attention that would otherwise be available for ongoing internal development of our business and risks inherent in entering markets in which we have no or limited prior experience. In connection with future acquisitions, we may make potentially dilutive issuances of equity securities. In addition, consummation of acquisitions may subject us to unanticipated business uncertainties, contingent liabilities or legal matters relating to those acquired businesses for which the sellers of the acquired businesses may not fully indemnify us. There can be no assurance that our business will grow through acquisitions, as anticipated.

We may fail to successfully integrate our acquisitions or otherwise be unable to benefit from pursuing acquisitions.

We believe there are meaningful opportunities to grow through acquisitions and joint ventures across all product categories and we expect to continue a strategy of selectively identifying and acquiring businesses with complementary products. We may be unable to identify, negotiate, and complete suitable acquisition opportunities on reasonable terms. There can be no assurance that any business acquired by us will be successfully integrated with our operations or prove to be profitable to us. We may incur future liabilities related to acquisitions. Should any of the following problems, or others, occur as a result of our acquisition strategy, the impact could be material:

- difficulties integrating personnel from acquired entities and other corporate cultures into our business;
- difficulties integrating information systems;
- the potential loss of key employees of acquired companies;
- the assumption of liabilities and exposure to undisclosed or unknown liabilities of acquired companies; or
- the diversion of management attention from existing operations.

Risks Related to Our Management and Control Persons

The loss of the services of Saagar Govil for any reason would materially and adversely affect our business operations and prospects.

Our financial success is dependent to a significant degree upon the efforts of Saagar Govil, our Chairman, President and Chief Executive Officer. Saagar Govil possesses management, financial expertise, engineering, sales and marketing experience concerning our company that our other officers do not have. We have not entered into an employment arrangement with Mr. Govil, and we have not obtained key man insurance over him. There can be no assurance that Saagar Govil will continue to provide services to us. A voluntary or involuntary departure by Saagar Govil could have a materially adverse effect on our business operations if we were not able to attract a qualified replacement for him in a timely manner.

If we are unable to attract and retain qualified personnel, especially our design and technical personnel, we may not be able to execute our business strategy effectively.

Our future success depends on our ability to retain, attract and motivate qualified personnel, including our management, sales and marketing, finance, and especially our design and technical personnel. As the source of our technological and product innovations, our design and technical personnel represent a significant asset. Any inability to retain, attract or motivate such personnel could have a material adverse effect on our business and results of operations.

Our management stockholders have significant stockholdings in and influence over our company which could make it impossible for public stockholders to influence the affairs of our company.

We are a “controlled company” under Nasdaq Listing Rules. Approximately 90% of our outstanding voting shares, which includes our common stock, Series C preferred stock and Series 1 preferred stock, are beneficially held by Saagar Govil, our Chairman, President and Chief Executive Officer. Pursuant to certificate of designation for our Series C preferred, each outstanding share of Series C Preferred Stock is entitled to the number of votes equal to the result of (i) the total number of shares of Common Stock outstanding at the time of such vote multiplied by 10.01, and divided by (ii) the total number of shares of Series C Preferred Stock outstanding at the time of such vote, at each meeting of our shareholders with respect to any and all matters presented to our shareholders for their action or consideration, including the election of directors. As a result of Saagar Govil’s ownership of our common stock, Series C preferred stock, and Series 1 preferred stock, he controls, and will control in the future, substantially all matters requiring approval by the stockholders of our company, including the election of all directors and approval of significant corporate transactions. This could make it impossible for public stockholders to influence the affairs of our company.

Liability of directors for breach of duty is limited under Delaware law.

Our certificate of incorporation limits the liability of directors to the maximum extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except for liability for any:

- breach of their duty of loyalty to us or our stockholders;
- act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases, or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- transaction from which the directors derived an improper personal benefit.

These limitations of liability do not apply to liabilities arising under the federal or state securities laws and do not affect the availability of equitable remedies such as injunctive relief or rescission.

Our bylaws provide that we will indemnify for our directors and officers to the fullest extent permitted by law and may indemnify employees and other agents. Our bylaws also provide that we are obligated to advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding.

The limitation of liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might provide a benefit to us and our stockholders. Our results of operations and financial condition may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

At present, there is no pending litigation or proceeding involving any of our directors or officers as to which indemnification is required or permitted, and we are not aware of any threatened litigation or proceeding that may result in a claim for indemnification.

Risks Related to Our Securities and the Markets for Our Securities

Sales of substantial amounts of our securities in the public market could depress the market price of our common stock.

Our common stock is listed for trading on the Nasdaq Capital Market and our Series 1 Preferred Stock is quoted on the OTC Markets. If our stockholders sell substantial amounts of our securities in the public market, including the shares of common stock issuable upon the exercise of our stock options, those under our 2020 Equity Compensation Plan, and shares issued as consideration in future acquisitions, or the market perceives that such sales may occur, the market price of our securities could fall and we may be unable to sell our securities in the future.

Our securities may experience extreme price and volume fluctuations, which could lead to costly litigation for us and make an investment in us less appealing.

The market price of our securities may fluctuate substantially due to a variety of factors, including:

- our business strategy and plans;
- changing factors related to doing business in various jurisdictions within the United States;
- new regulatory pronouncements and changes in regulatory guidelines and timing of regulatory approvals;
- general and industry-specific economic conditions;
- additions to or departures of our key personnel;
- variations in our quarterly financial and operating results;
- changes in market valuations of other companies that operate in our business segments or in our industry;
- lack of trading liquidity;
- announcements about our business partners;
- intellectual property disputes;
- operating results below or exceeding expectations or period-to-period fluctuations in our financial results;
- whether we achieve profits or not;
- changes in accounting principles; and
- general market conditions, economic and other external factors.

The market prices of the securities of early-stage companies, particularly companies like ours without consistent product revenues and earnings, have been highly volatile and are likely to remain highly volatile in the future. This volatility has often been unrelated to the operating performance of particular companies. In the past, companies that experience volatility in the market price of their securities have often faced securities class action litigation. Whether or not meritorious, litigation brought against us could result in substantial costs, divert our management's attention and resources and harm our financial condition and results of operations.

We have issued Series A Warrants and Series B Warrants in connection with the public offering completed in May 2024 that have provisions that can increase the number of warrants and reduce the exercise price if we complete certain transactions.

Our public offering completed in May 2024 included Series A and Series B warrants ("Series A Warrants" and "Series B Warrants") to purchase our common stock with initial exercise prices of \$0.85 per share. As of December 2024, approximately 82,722 and 3,318,556 Series A Warrants and Series B Warrants, respectively, remain outstanding and the Series A Warrants have a current exercise price of \$3.1488 and the Series B Warrants have a current exercise price of \$3.1488. Series A Warrants may be exercised on an alternative cash basis where each warrant exercised will result in the Company issuing three shares of common stock.

The Series B Warrants provide, subject to certain exemptions, that if we sell or issue, any common stock or convertible securities, at an effective price per share less than the exercise price of the Series B Warrant then in effect, or a Dilutive Issuance, the exercise price of the Series B Warrant will be reduced to an amount equal to the lowest daily volume weighted average price ("VWAP") during the period commencing five consecutive trading days following the Dilutive Issuance and the number of shares issuable upon exercise of the Series B Warrant shall be proportionally adjusted so that the aggregate exercise price of the Series B Warrant shall remain unchanged.

Further, if at any time on or after the date of issuance there occurs any share split, share dividend, share combination, recapitalization or other similar transaction involving our common stock and the lowest daily VWAP during the five consecutive trading days prior to the date of such event and the five consecutive trading days after the date of such event is less than the exercise price then in effect, then the exercise price on the Series A Warrants and Series B Warrants shall be reduced to the lowest daily VWAP during such period and the number of warrant shares issuable shall be increased such that the aggregate exercise price payable thereunder, after taking into account the decrease in the exercise price, shall be equal to the aggregate exercise price on the date of issuance.

As a result of the 1 for 60 reverse stock split we completed on October 2, 2024, the exercise price of approximately 12,059,879 Series A Warrants were reset to \$0.7466 and 13,529,410 Series B Warrants were reset to \$0.7466 based on the lowest VWAP over the course of the five day trading period and the new amount of Series A Warrants as of this date became approximately 13,766,999 million, and the new amount of Series B Warrants as of this date became approximately 15,444,550.

As a result of the 1 for 35 reverse stock split we completed on November 26, 2024, the exercise price of approximately 1,201,932 Series A Warrants were reset to \$3.1488 and 15,444,550 Series B Warrants were reset to \$3.1488 based on the lowest VWAP over the course of the five day trading period and the new amount of Series A Warrants as of this date became approximately 284,225, and the new amount of Series B Warrants as of this date became approximately 3,652,206.

Further adjustments to the Series A Warrants and Series B Warrant exercise price and number of warrants may occur if we complete any additional transactions or complete another reverse stock split per the terms of the Series A Warrants and Series B Warrants.

Although some of the holders of Series A and Series B Warrants have ownership limitations, if and when we do issue shares of common stock to holders of the Series A Warrants and Series B Warrants upon the exercise by the holder, such stockholders may resell all, some or none of those shares of common stock at any time or from time to time at their discretion. Resales of our common stock may cause the market price of our securities to drop significantly, regardless of the performance of our business.

Provisions of the Series A Warrants and Series B Warrants could discourage an acquisition of us by a third-party.

Certain provisions of the Series A Warrants and Series B Warrants could make it more difficult or expensive for a third-party to acquire us. The Series A Warrants and Series B Warrants prohibit us from engaging in certain transactions constituting “fundamental transactions” unless, among other things, the surviving entity assumes our obligations under the Series A Warrants and Series B Warrants. These and other provisions of the Series A Warrants and Series B Warrants could prevent or deter a third-party from acquiring us even where the acquisition could be beneficial to you.

The Series A Warrants and Series B Warrants may have an adverse effect on the market price of our common stock and make it more difficult to effect a business combination.

To the extent we issue shares of common stock to effect a future business combination, the potential for the issuance of a substantial number of additional shares of common stock upon exercise of the Series A Warrants and Series B Warrants could make us a less attractive acquisition vehicle in the eyes of a target business. Such Series A Warrants and Series B Warrants, when exercised, will increase the number of issued and outstanding shares of common stock and reduce the value of the shares issued to complete the business combination. Accordingly, the Series A Warrants and Series B Warrants may make it more difficult to effectuate a business combination or increase the cost of acquiring a target business. Additionally, the sale, or even the possibility of a sale, of the shares of common stock underlying the Series A Warrants and Series B Warrants could have an adverse effect on the market price for our securities or on our ability to obtain future financing. If and to the extent the Series A Warrants and Series B Warrants are exercised, you may experience dilution to your holdings.

We will likely not receive any additional funds upon the exercise of the Series A Warrants.

The Series A Warrants may be exercised by way of an alternative cashless exercise, meaning that the holder may not pay a cash purchase price upon exercise, but instead would receive upon such exercise the net number of shares of our common stock determined according to the formula set forth in the Series A Warrants. Accordingly, we will likely not receive any additional funds upon the exercise of the Series A Warrants.

Our Series 1 preferred stock and all of our existing and future indebtedness rank senior to our common stock in the event of a liquidation, winding up or dissolution of our business.

In the event of our liquidation, winding up or dissolution, our assets would be available to make payments to holders of all existing and future indebtedness and Series 1 preferred stock before payments to holders of our common stock. In the event of our bankruptcy, liquidation or winding up, there may not be sufficient assets remaining, after paying amounts to the holders of our indebtedness and Series 1 preferred stock, to pay anything to common stockholders. As of September 30, 2024, we had total consolidated liabilities of approximately \$39.2 million and 2,456,827 shares issued and 2,392,727 shares of Series 1 preferred stock outstanding. Any liquidation, winding up or dissolution of our company or of any of our wholly or partially owned subsidiaries would have a material adverse effect on holders of our common stock .

Our common stockholders may be adversely affected by the issuance of any subsequent series of preferred stock.

Our certificate of incorporation does not restrict our ability to offer one or more additional new series of preferred stock, any or all of which may rank equally with or have preferences over our common stock as to dividend payments, voting rights, rights upon liquidation or other types of rights. We would have no obligation to consider the specific interests of the holders of common stock in creating any such new series of preferred stock or engaging in any such offering or transaction. Our creation of any new series of preferred stock or our engaging in any such offering or transaction could have a material adverse effect on holders of our common stock.

The public trading market for the common stock may be limited in the future.

Our common stock is listed for trading on the Nasdaq Capital Market under the symbol CETX. The trading volume fluctuates and there have been time periods during which the common stock trading volume has been limited. Management can make no assurances that trading volume will not be similarly limited in the future. Without an active trading market, there can be no assurance of any liquidity or resale value of the common stock, and stockholders may be required to hold their shares of common stock for an indefinite period of time.

We may not pay cash dividends on our common stock.

Our board of directors declared a one-time cash dividend on our common stock in April 2017. The terms of our series 1 preferred stock provide for the payment of semiannual dividends on the last day of March and September in each year, which began in March 2017. No other cash dividends have been declared or paid by us on our stock during either of the two most recent fiscal years or the period through the date of this prospectus. Other than with respect to our series 1 preferred stock, our board of directors declares dividends when, in its discretion, it determines that a dividend payment, as opposed to another use of cash, is in the best interests of the stockholders. Such decisions are based on the facts and circumstances then existing including, without limitation, our results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our board of directors deems relevant. As a result, we cannot predict when, or whether, another dividend on our common stock will be declared in the future.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our Common Stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on our Company. If no securities or industry analysts commence coverage of our Company, the trading price for our stock would likely be negatively impacted. In the event securities or industry analysts initiate coverage, if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price may decline. If one or more of these analysts ceases coverage of our Company or fails to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

If our shares become subject to the penny stock rules, it would become more difficult to trade our shares.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00, other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. If the price of our Common Stock is less than \$5.00, our Common Stock will be deemed a penny stock. The penny stock rules require a broker-dealer, before a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that before effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchaser's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our Common Stock, and therefore shareholders may have difficulty selling their shares.

FINRA sales practice requirements may limit a stockholder's ability to buy and sell our securities.

Effective June 30, 2020, the SEC implemented Regulation Best Interest requiring that "A broker, dealer, or a natural person who is an associated person of a broker or dealer, when making a recommendation of any securities transaction or investment strategy involving securities (including account recommendations) to a retail customer, shall act in the best interest of the retail customer at the time the recommendation is made, without placing the financial or other interest of the broker, dealer, or natural person who is an associated person of a broker or dealer making the recommendation ahead of the interest of the retail customer." This is a significantly higher standard for broker-dealers to recommend securities to retail customers than before under FINRA "suitability rules. FINRA suitability rules do still apply to institutional investors and require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending securities to their customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information, and for retail customers determine the investment is in the customer's "best interest" and meet other SEC requirements. Both SEC Regulation Best Interest and FINRA's suitability requirements may make it more difficult for broker-dealers to recommend that their customers buy speculative, low-priced securities. They may affect investing in our common stock or our preferred stock, which may have the effect of reducing the level of trading activity in our securities. As a result, fewer broker-dealers may be willing to make a market in our common stock or our preferred stock, reducing a stockholder's ability to resell shares of our common stock or our preferred stock.

Future sales and issuances of our Common Stock or rights to purchase Common Stock, including pursuant to our equity incentive plans and outstanding options could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to fall.

We expect that significant additional capital may be needed in the future to continue our planned operations, expanded research and development activities and costs associated with operating a public company. The Company may also require capital to acquire or invest in complementary businesses, products, or technologies, or to obtain the right to use such complementary technologies. We have no commitments with respect to any acquisition or investment; however, we seek opportunities and transactions that management believes will be advantageous to the Company and its operations or prospects. To raise capital, we may sell Common Stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell Common Stock, convertible securities or other equity securities, investors may be materially diluted by subsequent sales. Such sales may also result in material dilution to our existing stockholders, and new investors could gain rights, preferences and privileges senior to the holders of our Common Stock, including the securities sold in this offering. The aggregate number of shares of our Common Stock that may be issued pursuant to stock awards under our 2020 Equity Compensation Plan as of September 30, 2024, is 28 shares. Increases in the number of shares available for future grant or purchase may result in additional dilution, which could cause our stock price to decline.

Although our Common Stock is listed on the Nasdaq Capital Market, the exchange may subsequently delist our Common Stock as it has with our Series 1 Preferred Stock if we fail to comply with ongoing listing standards.

We previously received a deficiency letter from Nasdaq on our Series 1 Preferred Stock. Having failed to meet the ongoing listing requirements, on January 18, 2024, the Company received a letter from The Nasdaq Stock Market LLC's Hearings Panel notifying the Company that it has determined to delist the Company's shares of Series 1 Preferred Stock from the exchange, due to the Company's inability to meet the terms of the exception granted by the Panel on September 8, 2023, as amended. Suspension of trading in the Company's Series 1 Preferred Stock was effective at the open of business 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, and the deregistration of the Company's Series 1 Preferred Stock under Section 12(b) of the Exchange Act became effective for 90 days after filing of the Form 25.

We have also received a deficiency letter for our Common Stock. 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, the Company may be eligible for additional time. To qualify for additional time, the Company would be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the bid price requirement, and would need to provide written notice of its intention to cure the deficiency during the second compliance period, by effecting a reverse stock split, if necessary.

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 regain compliance with the Minimum Stockholder's Equity Requirement.

The terms of the extension are as follows: on or before February 17, 2025, the Company must complete the submitted plan and opt for one of the two following alternatives to evidence compliance with the Rule:

Alternative 1: The Company must furnish to the SEC and Nasdaq a publicly available report (e.g., a Form 8-K) including:

1. A disclosure of Staff's deficiency letter and the specific deficiency(ies) cited;
2. A description of the completed transaction or event that enabled the Company to satisfy the stockholders' equity requirement for continued listing;
3. An affirmative statement that, as of the date of the report, the Company believes it has regained compliance with the stockholders' equity requirement based upon the specific transaction or event referenced in Step 2; and
4. A disclosure stating that Nasdaq will continue to monitor the Company's ongoing compliance with the stockholders' equity requirement and, if at the time of its next periodic report the Company does not evidence compliance, that it may be subject to delisting.

Alternative 2: The Company must furnish to the SEC and Nasdaq a publicly available report including:

1. Steps 1 & 2 set forth above;
2. A balance sheet no older than 60 days with pro forma adjustments for any significant transactions or event occurring on or before the report date. The pro forma balance sheet must evidence compliance with the stockholders' equity requirement; and
3. A disclosure that the Company believes it also satisfies the stockholders' equity requirement as of the report date and that Nasdaq will continue to monitor the Company's ongoing compliance with the stockholders' equity requirement and, if at the time of its next periodic report the Company does not evidence compliance, that it may be subject to delisting.

Regardless of which alternative the Company chooses, if the Company fails to evidence compliance upon filing its periodic report for the March 31, 2025, with the SEC and Nasdaq, the Company may be subject to delisting.

Although our Common Stock is listed on the Nasdaq Capital Market, the exchange will require us to meet certain financial, public float, bid price and liquidity standards on an ongoing basis in order to continue the listing of our Common Stock. If we fail to meet these continued listing requirements, our Common Stock may be subject to delisting. Delisting from the Nasdaq Capital Market could make trading our common stock more difficult for investors, potentially leading to declines in our share price and liquidity. Without a Nasdaq Capital Market listing, stockholders may have a difficult time getting a quote for the sale or purchase of our stock, the sale or purchase of our stock would likely be made more difficult and the trading volume and liquidity of our stock could decline. Delisting from the Nasdaq Capital Market could also result in negative publicity and could also make it more difficult for us to raise additional capital. The absence of such a listing may adversely affect the acceptance of our common stock as currency or the value accorded by other parties. Further, if we are delisted, we would also incur additional costs under state blue sky laws in connection with any sales of our securities. These requirements could severely limit the market liquidity of our common stock and the ability of our stockholders to sell our common stock in the secondary market. If our common stock is delisted by Nasdaq, our common stock may be eligible to trade on an over-the-counter quotation system, such as the OTC Pink, OTCQB and OTCQX markets, where an investor may find it more difficult to sell our stock or obtain accurate quotations as to the market value of our common stock. In the event our common stock is delisted from the Nasdaq Capital Market, we may not be able to list our common stock on another national securities exchange or obtain quotation on an over-the counter quotation system .

Trading on the OTC Pink Market is volatile and sporadic, which could depress the market price of the Series 1 Preferred Stock and make it difficult for the holders to resell their Series 1 Preferred Stock.

As of January 22, 2024, the Series 1 Preferred Stock of the Company is quoted on the OTC Pink Market. Trading in securities quoted on the OTC Pink Open Market is often thin and characterized by wide fluctuations in trading prices, due to many factors, some of which may have little to do with our operations or business prospects. This volatility could depress the market price of the Series 1 Preferred Stock for reasons unrelated to operating performance. Moreover, the OTC Pink Market is not a stock exchange, and trading of securities on the OTC Pink Market is often more sporadic than the trading of securities listed on Nasdaq. These factors may result in shareholders having difficulty reselling any Series 1 Preferred Stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

We have policies and processes for assessing, identifying, and managing material risk from cybersecurity threats and have integrated these processes into our overall risk management systems and processes. We assess material risks from cybersecurity threats, including any potential unauthorized occurrence on or conducted through our information systems that may result in adverse effects on the confidentiality, integrity, or availability of our information systems or any information residing therein.

We conduct periodic risk assessments to identify cybersecurity threats, as well as assessments in the event of a material change in our business practices that may affect information systems that are vulnerable to such cybersecurity threats. These risk assessments include identification of reasonably foreseeable internal and external risks, the likelihood and potential damage that could result from such risks, and the sufficiency of existing policies, procedures, systems, and safeguards in place to manage such risks.

Governance

One of the key functions of our Board of Directors is informed oversight of our risk management process, including risks from cybersecurity threats. Our Board is responsible for monitoring and assessing strategic risk exposure, and management is responsible for the day-to-day management of any material risks that may arise. We do not believe that there are currently any known risks from cybersecurity threats that are reasonably likely to materially affect us or our business strategy, results of operations, or financial condition.

Cybersecurity Threats

As of September 30, 2024, we have not identified any indication of a cybersecurity incident that would have a material impact on our business and consolidated financial statements. For further discussion of cybersecurity risks, please refer to Item 1A. Risk Factors.

ITEM 2. PROPERTIES

The Company has the following properties:

The Company has its corporate headquarters in Hauppauge, New York as part of the office and warehouse space discussed below.

The Company's Industrial Services segment owns approximately (i) 25,000 square feet of warehouse space in Manchester, PA (ii) approximately 43,000 square feet of office and warehouse space in York, PA (iii) approximately 33,500 square feet of office and warehouse space and 0.71 acres of land in a non-contiguous lot utilized for outdoor storage space in Columbia, PA. The Industrial Services segment also leases approximately 15,500 square feet of warehouse space in Emigsville, PA from a third party in a three-year lease at a monthly rent of \$5,099 expiring on August 31, 2025.

The Company's Security segment leases (i) approximately 6,700 square feet of office and warehouse space in Pune, India from a third party in an five year lease at a monthly rent of \$6,048 (INR504,150) expiring on February 28, 2027, (ii) approximately 30,000 square feet of office and warehouse space in Hauppauge, NY from a third party in a seven-year lease at a monthly rent of \$28,719 expiring on March 31, 2027, (iii) approximately 911 square feet of office space in Clovis, CA on a month-to-month lease at a monthly rent of \$4,930, and (iv) approximately 9,400 square feet of office and warehouse space in Hampshire, England in a fifteen-year lease with at a monthly rent of \$9,821 (£7,669) which expires on March 24, 2031 and contains provisions to terminate in 2026.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings, which arise, in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have a material adverse effect on our business, financial condition, or operating results.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company’s Common Stock currently trades on the NASDAQ Capital Markets under the symbol “CETX.”

As of December 23, 2024, the Company had 71 shareholders of record. This amount does not take into account shareholders whose shares are held in “street name” by brokerage houses or other intermediaries.

The Company is authorized to issue 10,000,000 shares of preferred stock, par value \$0.001 and 70,000,000 shares of common stock, \$0.001 par value per share. On December 23, 2024, there were 1,724,162 shares of common stock issued and outstanding, 2,579,994 shares of Series 1 preferred stock issued and 2,515,894 shares outstanding, and 50,000 shares of Series C preferred stock issued and outstanding.

As reported by NASDAQ Capital Markets, on December 23, 2024, the closing sales price of the Company’s Common Stock was \$2.98 per share.

Dividend Policy

The terms of our series 1 preferred stock provide for the payment of semiannual dividends on the last day of March and September in each year, which began in March 2017. No cash dividends have been declared or paid by us on our stock during either of the two most recent fiscal years or the period through the date of this Annual Report. Other than with respect to our series 1 preferred stock, our board of directors declares dividends when, in its discretion, it determines that a dividend payment, as opposed to another use of cash, is in the best interests of the stockholders. Such decisions are based on the facts and circumstances then existing including, without limitation, our results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our board of directors deems relevant. As a result, we cannot predict when, or whether, another dividend on our common stock will be declared in the future.

Securities Authorized for Issuance under Equity Compensation Plans

The following table presents certain information as of September 30, 2024, regarding our equity compensation plans:

<u>Plan category</u>	<u>Number of Common Stock Shares to be Issued upon Exercise of Outstanding Options</u>	<u>Weighted Average Exercise Price of Outstanding Options</u>	<u>Number of Securities Remaining Available for Future Issuance under Plans (1)</u>
	(a)	(b)	(c)
Approved by security holders			
2020 Equity Compensation Plan	6	\$ 28,577.25	22
Not approved by security holders			
Options	12	\$ 143,599.76	
Total	18	\$ 105,258.92	22

(1) See more detailed information regarding our equity compensation plans in the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K for the year ended September 30, 2024.

Recent Sales of Unregistered Securities

The information set forth below relates to our issuances of securities without registration under the Securities Act of 1933 during the reporting period which were not previously included in an Annual Report on Form 10-K, Quarterly Report on Form 10-Q or Current Report on Form 8-K.

For the fiscal year ended September 30, 2024, 235,762 shares of Series 1 Preferred Stock were issued to pay dividends to holders of Series 1 Preferred Stock.

For the fiscal year ended September 30, 2024, we issued 105 shares of common stock in exchange for \$169,000 of services to the Company.

On October 7, 2024, 123,167 shares of Series 1 Preferred Stock were issued to pay dividends to holders of Series 1 Preferred Stock.

These securities were issued pursuant to Section 4(2) of the Securities Act and/or Rule 506 promulgated thereunder. The holders represented their intention to acquire the securities for investment only and not with a view towards distribution. The investors were given adequate information about us to make an informed investment decision. We did not engage in any general solicitation or advertising. We directed our transfer agent to issue the stock certificates with the appropriate restrictive legend affixed to the restricted stock.

ITEM 6. [RESERVED]

ITEM 7. 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. 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 this report on Form 10-K. The Company undertakes no obligation to update forward-looking statements as a result of future events or developments.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Company's management to make assumptions, estimates, and judgments that affect the amounts reported, including the notes thereto, and related disclosures of commitments and contingencies, if any. Company management has identified certain accounting policies that are significant to the preparation of its financial statements. These accounting policies are important for an understanding of the Company's financial condition and results of operations. Critical accounting policies are those that are most important to the portrayal of its financial condition and results of operations and require management's difficult, subjective, or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to financial statements and because of the possibility that future events affecting the estimate may differ significantly from management's current judgments. Company management believes the following critical accounting policies involve the most significant estimates and judgments used in the preparation of its financial statements. Company management has reviewed the critical accounting policies and estimates with the Audit Committee of our Board of Directors.

Inventory and Cost of Goods Sold

The Company values inventory, consisting of finished goods, at the lower of cost or net realizable value. Cost is determined on the average cost method. The Company reduces inventory for the diminution of value, resulting from product obsolescence, damage or other issues affecting marketability, equal to the difference between the cost of the inventory and its estimated market value. Factors utilized in the determination of estimated market value include (i) current sales data and historical return rates, (ii) estimates of future demand, and (iii) competitive pricing pressures.

The Company classifies inventory markdowns in the income statement as a component of cost of goods sold. These markdowns are estimates, which could vary significantly from actual requirements if future economic conditions, customer demand or competition differ from expectations.

There was \$1,044,530 and \$618,021 in inventory obsolescence reserve at September 30, 2024, and 2023, respectively.

Revenue Recognition

On October 1, 2018, the Company adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), using the modified retrospective transition method. Under the guidance of the standard, revenue represents the amount received or receivable for goods and services supplied by the Company to its customers. Company recognizes revenue at the time a good or service is transferred to a customer and the customer obtains control of that good or receives the service performed. Most of the Company's sales arrangements with customers in the Security segment are short-term in nature involving single performance obligations related to the delivery of goods or repair of equipment and generally provide for transfer of control at the time of shipment to the customer. The Company generally permits returns of product or repaired equipment due to defects; however, returns are historically insignificant. Billing terms vary by customer and product but generally do not exceed 90 days.

In accordance with the authoritative guidance issued by the FASB on revenue recognition, the Company recognizes revenue from cost reimbursable contracts based on the services provided, typically represented by man-hours worked, and is measured by reference to agreed charge-out rates or to the estimated total contract revenue. Revenue from long-term fixed price contracts is recognized using the percentage-of-completion method, measured by reference to physical completion or the ratio of costs incurred to total estimated contract costs. If the outcome of a contract cannot be estimated reliably, as may be the case in the initial stages of completion of the contract, revenue is recognized only to the extent of the costs incurred that are expected to be recoverable. If a contract is expected to be loss-making, the expected amount of the loss is recognized immediately in the income statement. Revenue from short-term contracts is recognized when delivery has occurred, and collection of the resulting receivable is deemed probable. Timing of revenue recognition may differ from the timing of invoicing to customers.

The Company records deferred revenue when receiving cash in advance of delivering services to the customer. The deferred revenue is reversed, and revenue is recognized when those services are delivered. The amounts were \$1,955,635, \$2,311,334, and \$1,788,507 as of September 30, 2024, 2023, and 2022 respectively, recorded as Deferred revenue. Short-term deferred revenue of \$1,297,616 is expected to be recognized over the next 12 months

The Company records a liability when receiving cash in advance of delivering goods to the customer. The revenue is recognized, and the deposit is applied to the invoice for those goods when those goods are delivered. The company recorded Deposits from customers of \$408,415, \$57,434, and \$73,144 as of September 30, 2024, 2023, and 2022 respectively. These amounts are short-term and are expected to be recognized over the next 12 months.

Contracts

The Company's industrial services segment's revenue is derived from contracts with customers. These contracts fall into two categories, "Fixed Price" and "Time and Material Price" contracts. The Company determines the appropriate accounting treatment for each contract at its inception. Generally, contracts have a period from six months to two years.

The Company accounts for a contract when: (i) it has approval and commitment from both parties, (ii) the rights of the parties are identified, (iii) payment terms are identified, (iv) the contract has commercial substance, and (v) collectability of consideration is probable. The Company considers the start of a project to be when the above criteria have been met and it has written authorization from the customer to proceed.

Fixed price contracts

The Company's revenue from fixed price contracts is recognized on the percentage-of-completion method, measured by the percentage of costs incurred to estimated total costs for each contract. When the job is started and in process, all actual costs incurred (labor and materials) are processed and reconciled at month end. The percentage of completion and revenue earned is calculated at month end. Billings are created based on contract criteria agreed upon and reconciled to determine if any costs in excess of billing or billings in excess of costs exist. Changes in job performance, job conditions, estimated contract costs and profitability, and final contract settlements may result in revisions to costs and income. The effects of these revisions are recognized in the period in which the revisions are determined. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. This measurement and comparison process requires updates to the estimate of total costs to complete the contract, and these updates may include subjective assessments and judgments.

Time and material price contracts

Revenue from time and material price contracts is recognized based on costs incurred and projected markup on costs. Revenue from these contracts will vary based on actual labor, materials and overhead costs charged to the job and the negotiated billing rates. Contracts are initiated by customers or through bids if with a municipality. Any materials used and time spent within the shop on the job is assigned to the appropriate job and reconciled monthly. Management bills the customer and records the revenue earned from contract. Depending on the contract terms, billings could be based on certain milestones stipulated in the contract. If this is the case, unbilled revenue is recorded at month end based on time and materials incurred and markup.

Performance Obligations

Generally, the Company's contracts contain one performance obligation. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account. The Company's performance of the contracts with customers typically provides a significant service of integrating a complex set of tasks and components into a single project or capability (even if that single project results in the delivery of multiple units), and as such, the entire contract and/or purchase order is accounted for as one performance obligation. The transaction price is allocated to the performance obligation and recognized as revenue when, or as, the performance obligation is satisfied with the continuous transfer of control to the customer.

Less commonly, a contract may be considered to have multiple performance obligations even when they are part of a single contract. For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation using the best estimate of the standalone selling price of each distinct good or service in the contract.

The Company recognizes revenue over time for the majority of the services it performs as (i) control continuously transfers to the customer as work progresses at a project location controlled by the customer and (ii) the Company has the right to bill the customer as costs are incurred.

Warrants

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in ASC 480 (Topic 480, Distinguishing Liabilities from Equity) and ASC 815 (Topic 815, Derivatives and Hedging). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to our own common shares and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of our control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded as a liability at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss in the Company's Consolidated Statements of Operations.

Valuation of Goodwill

The Company accounts for business combinations under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805 "Business Combinations" using the acquisition method of accounting, and accordingly, the assets and liabilities of the acquired business are recorded at their fair values at the date of acquisition. The excess of the purchase price over the estimated fair value is recorded as goodwill. All acquisition costs are expensed as incurred. Upon acquisition, the accounts and results of operations are consolidated as of and subsequent to the acquisition date.

At September 30, 2024, the Company had \$3,708,347 of goodwill. As discussed in Note 2 to the consolidated financial statements, goodwill is tested annually for impairment at the reporting unit level, or more frequently if impairment indicators arise. In accordance with the FASB revised guidance on “Testing of Goodwill for Impairment,” a company first has the option to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the company decides, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is mandatory. Otherwise, no further testing is required. The quantitative impairment test consists of a two-step goodwill impairment test. The first step compares the fair value of each reporting unit to its carrying amount. If the fair value of each reporting unit exceeds its carrying amount, goodwill is not considered to be impaired and the second step will not be required. If the carrying amount of a reporting unit exceeds its fair value, the second step compares the implied fair value of goodwill to the carrying value of a reporting unit’s goodwill. The implied fair value of goodwill is determined in a manner similar to accounting for a business combination with the allocation of the assessed fair value determined in the first step to the assets and liabilities of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied fair value of goodwill. This allocation process is only performed for purposes of evaluating goodwill impairment and does not result in an entry to adjust the value of any assets or liabilities. An impairment loss is recognized for any excess in the carrying value of goodwill over the implied fair value of goodwill.

Assessing the Company’s goodwill for impairment analyses is complex and highly judgmental due to the nature of qualitative assessment and, where necessary, the significant estimation required to determine the fair value of the reporting units. In particular, the fair value estimate is sensitive to significant assumptions, such as future operating results, cash flows and the weighted average cost of capital. These significant assumptions are forward looking and could be materially affected by future market or economic conditions.

For the year ended September 30, 2024, the Company recorded \$530,475 of impairment for Goodwill in the Security Segment. For the year September 30, 2023, no impairment of the Company’s goodwill was recorded.

Related Parties

During fiscal year 2023, the Company sold two of its operating entities to Saagar Govil, Chairman of the Board, CEO, President and Secretary, additionally, there are transactions related to Ducon Industries, Inc. owned by Aron Govil, Founder, and former CFO and Executive director all of which are discussed in Note 17 of the consolidated financial statements. The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated financial statements is not required in those statements. The disclosures shall include: a. the nature of the relationship(s) involved b. description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c. the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d. amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

Business Combinations

The Company accounts for business combinations under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 805 “Business Combinations” using the acquisition method of accounting, and accordingly, the assets and liabilities of the acquired business are recorded at their fair values at the date of acquisition. The excess of the purchase price over the estimated fair value is recorded as goodwill. All acquisition costs are expensed as incurred. Upon acquisition, the accounts and results of operations are consolidated as of and subsequent to the acquisition date.

Results of Operations - For the fiscal years ending September 30, 2024, and 2023

Revenues

Our Security segment revenues for the year ended September 30, 2024, decreased by \$2,337,571 or 7%, to \$32,021,899 from \$34,359,470 for the year ended September 30, 2023. This decrease is due to decreased demand for security technology products under our Vicon brand.

Our Industrial Services segment revenues for the year ended September 30, 2024, increased by \$9,832,893 or 39%, to \$34,841,985 from \$25,009,092 for the year ended September 30, 2023. This increase is mainly due to an increased demand for the segment’s products and services and additional revenue related to the acquisition of Heisey Mechanical completed in the fourth quarter of fiscal year 2023.

Gross Profit

Gross profit for the year ended September 30, 2024, was \$27,478,204 or 41% of revenues as compared to gross profit of \$25,685,826 or 43% of revenues for the year ended September 30, 2023.

Gross profit in our Security segment was \$16,167,339 or 50% of the segment’s revenues for the year ended September 30, 2024, as compared to gross profit of \$17,106,300 or 50% of the segment’s revenues for the year ended September 30, 2023. Gross profit as a percentage of revenues remained consistent in the years ended September 30, 2024, compared to the year ended September 30, 2023.

Gross profit in our Industrial Services segment was \$11,310,865 or 32% of the segment's revenues for the year ended September 30, 2024, as compared to gross profit of \$8,579,526 or 34% of the segment's revenues for the year ended September 30, 2023. Gross profit as a percentage of revenues decreased in the year ended September 30, 2024, compared to the year ended September 30, 2023, and was primarily due to lower margins related to Heisey projects that were in operation at the time of the Heisey acquisition.

General and Administrative Expenses

General and Administrative Expenses for the year ended September 30, 2024, increased by \$4,930,679 or 21% to \$28,860,019 from \$23,929,340 for the year ended September 30, 2023. The increase in general and administrative expenses is mainly due to increases in salaries and wages, travel, and utilities as a result of the acquisition of Heisey completed in the fourth quarter of fiscal year 2023.

Research and Development Expenses

Research and Development expenses for the years ended September 30, 2024, and 2023 were \$3,357,455 and \$3,267,994, respectively. The increase in Research and Development expenses are primarily related to the Security Segment's development of proprietary technology and next generation solutions associated with security and surveillance systems software.

Goodwill Impairment

For the year ended September 30, 2024, the Company recognized a goodwill impairment charge of \$530,475 related to its Security Segment. Goodwill is tested annually for impairment or if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount.

Other Expense, net

Other expense for the year ended September 30, 2024, was \$2,206,604 as compared to \$4,489,605 for the year ended 2023. Other expense for the year ended September 30, 2024, was mainly driven by interest expense on the Company's debt, issuance costs of \$995,333, related to the May 2024 Equity Financing, and loss on the excess fair value of certain prefunded warrants issued in May 2024, offset by the changes in the fair value of the Series A and Series B warrants outstanding at September 30, 2024. Other expense for the year ended September 30, 2023, was mainly driven by interest expense on the Company's debt and included an employee retention credit of \$416,502.

Income Tax Benefit/(Expense)

During the fiscal year of 2024 we recorded an income tax expense of \$202,280 compared to \$394,272 for fiscal year 2023. The increase in the expense for income tax is mainly due to an increase in the net income of the Industrial Services segment compared to the prior year.

Effects of Inflation

The Company's business and operations have not been materially affected by inflation during the periods for which financial information is presented.

Liquidity and Capital Resources

Working capital was \$8,103,457 at September 30, 2024, compared to \$1,948,923 at September 30, 2023. This includes cash and cash equivalents and restricted cash of \$5,420,392 at September 30, 2024, and \$6,349,562 at September 30, 2023, respectively. The increase in working capital was primarily due to the decrease in the Company's current maturities of long-term liabilities of \$9,775,334, a result of the standstill agreement with the holder of \$12,440,555 of notes payable and a decrease in the Company's cash and cash equivalents of \$1,432,399 and a decrease inventory of \$1,750,690.

Operating activities for continuing operations used \$3,949,360 of cash for the year ended September 30, 2024, compared to using \$4,724,305 of cash for the year ended September 30, 2023. Cash provided by operating activities for discontinued operations for the year ended September 30, 2023, was \$2,491,581.

Trade receivables increased by \$1,949,981 or 21% to \$11,159,676 at September 30, 2024, from \$9,209,695 at September 30, 2023. The increase in trade receivables is mainly due to increased revenues and receivables related to the business generated by the acquisition of Heisey.

Investing activities for continuing operations used \$1,257,393 of cash during the year ended September 30, 2024, compared to \$5,628,400 used in the year ended September 30, 2023. Investing activities for fiscal year 2024 were mainly driven by the purchase of property and equipment. Investing activities for fiscal year 2023 were mainly driven by the purchase of property and equipment and the acquisition of Heisey Mechanical.

Financing activities provided \$4,398,599 of cash for the year ended September 30, 2024, as compared to \$2,036,655 provided in the year ended September 30, 2023. In fiscal 2024 our financing activities were mainly comprised of proceeds from the Company's equity public offering, payments on debt, and activity on the revolving line of credit. In fiscal 2023 our financing activities were mainly comprised of financing of the acquisition of Heisey and the building purchase.

The Company has incurred substantial losses of \$7,229,491 and \$9,196,875 for fiscal years 2024 and 2023, respectively, and has debt obligations over the next fiscal year of \$7,857,388 and working capital of \$8,103,457, that raise substantial doubt with respect to the Company's ability to continue as a going concern, as discussed in Item 1A of this Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required under Regulation S-K for "smaller reporting companies".

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required to be included in this report appear as indexed in the appendix to this report beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no disagreements with Grassi & CO., CPAs, P.C., our independent registered public accountants, on accounting and financial disclosure matters.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable assurance of achieving the desired control objectives, and we necessarily are required to apply our judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures.

Based on an evaluation under the supervision and with the participation of our management, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of September 30, 2024.

Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with GAAP. Because of inherent limitations, a system of internal control over financial reporting may not prevent or detect misstatements. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to change in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, including our principal executive officer and principal accounting officer, conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control—Integrated Framework (2013). Based on its evaluation, our management concluded that as of September 30, 2024, that our internal control over financial reporting were effective and there are no material weaknesses in our internal control over financial reporting.

This annual report does not include an attestation report of the Company’s registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by the Company’s registered public accounting firm pursuant to Commission rules that permit the Company to provide only management’s report in this annual report.

This report shall not be deemed to be filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Changes in Internal Control Over Financial Reporting

During the years ended September 30, 2024, and 2023, the Company engaged a third-party accounting firm to assist with entity level controls around the review of period-end reporting processes, accounting policies and public disclosures that is reasonably likely to materially affect our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers of the Registrant

As of the date of this Annual Report, the members of our Board of Directors and Executive Officers are:

Name and Address	Age	Positions and Offices
Saagar Govil 135 Fell Ct. Hauppauge, NY 11788	38	Chairman of the Board of Directors, President, Chief Executive Officer, & Director
Paul J. Wyckoff 135 Fell Ct. Hauppauge, NY 11788	55	Interim Chief Financial Officer
Brian Kwon 135 Fell Ct. Hauppauge, NY 11788	38	Director
Manpreet Singh 135 Fell Ct. Hauppauge, NY 11788	41	Director
Metodi Filipov 135 Fell Ct. Hauppauge, NY 11788	61	Director

Principal Occupations and Business Experience of Directors and Executive Officers

The following is a brief account of the business experience of the Company's directors and officers:

Saagar Govil is the Company's Chairman since June 2014, and the Chief Executive Officer and President since December 2011. He has been working at Cemtrex since 2008, initially as a field engineer, subsequently moving into sales, and management roles as Vice President of Operations. Saagar was recently recognized as a Forbes' 30 Under 30 in 2016, Business Insiders #17 on Top 100 of Silicon Alley in 2015, and Top 40 Under 40 by Stony Brook University in 2014. Saagar Govil has a B.E. in Materials Engineering from Stony Brook University and completed the PLD program at Harvard Business School.

Paul J. Wyckoff was appointed Cemtrex's Interim Chief Financial Officer on January 28, 2022, where he is responsible for the Company's financial planning, accounting, tax, and business process functions. Mr. Wyckoff has been with Cemtrex since March of 2014 when he joined as the Manager of Financial Reporting and since January of 2019 has served as the Company's Corporate Controller. Prior to joining Cemtrex, Mr. Wyckoff was the Controller at Vaso Corporation (formerly Vasomedical, Inc.) a medical device distribution company based in Plainview, NY. Mr. Wyckoff has over 20 years of private accounting experience and holds a B.S. in Accounting from SUNY College at Old Westbury.

Brian Kwon was appointed to the as a director on September 28, 2021 and is presently the President and Chief Procurement Officer of H Mart. Brian has extensive operations experience in purchasing, distribution, logistics, IT, HR, and e-commerce from his time at H-Mart. Brian has completed the Harvard Business School General Management Program.

Manpreet Singh was appointed as a director on November 1, 2021 and is currently the founder and Chief Investment Officer of Singh Capital Partners (SCP), a multifamily office that directs investments into venture capital, real estate, and growth equity. SCP invests capital on behalf of Fortune 500 CXOs, Unicorn founders and operators and has executed investments in North America, Europe and Asia. He serves on the numerous non-profit and private company boards including AcquCo, US Inspect, Embrace Software, Snowball Industries, Shukr Investments, Suburban Hospital (John Hopkins Medicine) and Dingman Center at the Smith School of Business. He is a CFA charterholder and Manpreet received his MBA from the Wharton School of Business in Entrepreneurship, Finance, and Real Estate. He also holds a B.S. in Finance with a citation in Entrepreneurship from the University of Maryland, College Park. Mr. Singh's extensive knowledge of finance allow him to make valuable contributions to the Board.

Metodi Filipov was appointed to the Board on February 9, 2018 and is an entrepreneur and technology executive with over 25 years of experience creating, operating and driving growth for technology companies. He has a proven track record of identifying business opportunities and building compelling products. Metodi was formerly VP of Operations at Cemtrex from 2008 to 2010. After Cemtrex, Mr. Filipov served as Managing Director of Bianor, a mobile consulting company providing solutions for enterprise clients. There, he led the development and implementation of innovative mobile products in industries including aviation, pharmaceutical and entertainment. Metodi co-founded Flipp Media, an OTT video distribution platform positioned to be an alternative to traditional cable pay-per-view systems. Before Bianor, he served as product lead for Raritan, a data center technology organization, where he was an integral part of the transition team that led the company to becoming a global IT service management solutions provider. Prior to joining Raritan, Mr. Filipov served as VP of Operations at ISS, a security products company. There, he successfully managed product development and contract manufacturing across continents. Mr. Filipov has extensive experience delivering superior solutions with a focus on optimized efficiency and productivity.

Each director of the Company serves for a term of one year or until the successor is elected at the Company's annual shareholders' meeting and is qualified, subject to removal by the Company's shareholders. Each officer serves, at the pleasure of the board of directors, for a term of one year and until the successor is elected at the annual meeting of the board of directors and is qualified.

Meetings of the Board of Directors

During the fiscal year ended September 30, 2024, the Board of Directors held four meetings.

Involvement in Certain Legal Proceedings

During the past 10 years, other than as set forth below, none of our current directors, nominees for directors or current executive officers has been involved in any legal proceeding identified in Item 401(f) of Regulation S-K, including:

1. Any petition under the Federal bankruptcy laws or any state insolvency law filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such person, or any partnership in which he or she was a general partner at or within two years before the time of such filing, or any corporation or business association of which he or she was an executive officer at or within two years before the time of such filing;

2. Any conviction in a criminal proceeding or being named a subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

3. Being subject to any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him or her from, or otherwise limiting, the following activities:

i. Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;

ii. Engaging in any type of business practice; or

iii. Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws;

4. Being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or State authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any type of business regulated by the Commodity Futures Trading Commission, securities, investment, insurance or banking activities, or to be associated with persons engaged in any such activity;

5. Being found by a court of competent jurisdiction in a civil action or by the SEC to have violated any Federal or State securities law, and the judgment in such civil action or finding by the Commission has not been subsequently reversed, suspended, or vacated;

6. Being found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;

7. Being subject to, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:

i. Any Federal or State securities or commodities law or regulation; or

ii. Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or

iii. Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

8. Being subject to, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

See subsection titled “Settlement with the Securities and Exchange Commission” under Item 1. Business of this Annual Report on Form 10-K, which is incorporated herein by reference.

Committees of the Board

Our Board of Directors currently has one standing committee: The Audit Committee.

Compensation Committee

As a “Controlled Company” as such term is defined under NASDAQ Listing Rule 5615, the Company is not required to have a Compensation Committee.

Audit Committee

The Audit Committee, which has been established in accordance with requirements of Section 3(a)(58)(A) of the Exchange Act, is comprised of the following independent directors: Metodi Filipov (Chair), Brian Kwon, and Manpreet Singh. The Board of Directors has determined that each member of the Audit Committee: (i) is independent, (ii) meets the financial literacy requirements of the Nasdaq Rules, and (iii) meets the enhanced independence standards established by the SEC. In addition, the Board has determined that Mr. Filipov qualifies as an “audit committee financial expert” as that term is defined in Item 407(d)(5)(ii) of Regulation S-K promulgated under the Exchange Act by the SEC.

The Audit Committee is primarily concerned with the integrity of our financial statements, the independence, qualifications and performance of our independent registered public accounting firm, and our compliance with legal requirements. The Audit Committee operates under a written charter approved by the Board of Directors and the Audit Committee that reflects standards and requirements adopted by the SEC and NASDAQ.

As indicated in its charter, the Audit Committee's duties include selecting and engaging our independent registered public accounting firm; reviewing the scope of the audit to be conducted by our independent registered public accounting firm; overseeing our independent registered public accounting firm and reviewing the results of its audit; reviewing our financial reporting processes, including the accounting principles and practices followed and the financial information provided to shareholders and others; overseeing our internal control over financial reporting and disclosure controls and procedures; and serving as our legal compliance committee.

Nomination of Directors

The Company does not currently have a standing nominating committee or a formal nominating committee charter. As a "Controlled Company" as such term is defined by NASDAQ Listing Rule 5615 the Company is not required to have a Nominating Committee. Currently, the independent members of the Board (Messrs. Kwon, Singh, Wagner, and Filipov), rather than a nominating committee, approve or recommend to the full Board those persons to be nominated. The Board believes that the current method of nominating directors is appropriate because it allows each independent board member input into the nomination process and does not unnecessarily restrict the input that might be provided from an independent director who could be excluded from a committee. Currently, three of the five Directors are independent. Furthermore, the Board has adopted by resolution a director nomination policy. The purpose of the policy is to describe the process by which candidates for inclusion in the Company's recommended slate of director nominees are selected. The director nomination policy is administered by the Board. Many of the benefits that would otherwise come from a written committee charter are provided by this policy.

In the ordinary course, absent special circumstances or a change in the criteria for Board membership, the incumbent directors who continue to be qualified for Board service and are willing to continue as directors are re-nominated. If the Board thinks it is in the best interest of the Company to nominate a new individual for director in connection with an annual meeting of shareholders, or if a vacancy occurs between annual shareholder meetings, the Board will seek potential candidates for Board appointments who meet the criteria for selection as a nominee and have the specific qualities or skills being sought. Director candidates will be selected based on input from members of the Board, senior management of the Company and, if deemed appropriate, a third-party search firm.

Candidates for Board membership must possess the background, skills and expertise to make significant contributions to the Board, to the Company and its shareholders. Desired qualities to be considered include substantial experience in business or administrative activities; breadth of knowledge about issues affecting the Company; and ability and willingness to contribute special competencies to Board activities.

The Board of Directors intends to review the director nomination policy from time to time to consider whether modifications to the policy may be advisable as the Company's needs and circumstances evolve, and as applicable legal or listing standards change. The Board may amend the director nomination policy at any time.

The Board will consider director candidates recommended by shareholders and will evaluate such director candidates in the same manner in which it evaluates candidates recommended by other sources, as described above. Recommendations must be in writing and mailed to Cemtrex, Inc., 135 Fell Ct. Hauppauge, NY 11788, Attention: Corporate Secretary, and include all information regarding the candidate as would be required to be included in a proxy statement filed pursuant to the proxy rules promulgated by the SEC if the candidate were nominated by the Board of Directors (including such candidate's written consent to being named in the proxy statement as a nominee and to serving as a director if elected). The shareholder giving notice must provide (i) his or her name and address, as they appear on the Company's books, and (ii) the number of shares of the Company which are beneficially owned by such shareholder. The Company may require any proposed nominee to furnish such other information it may require to be set forth in a shareholder's notice of nomination which pertains to the nominee.

Director Compensation

The members of the Board receive quarterly compensation of \$5,000 and stock options. Additionally, we reimburse our directors for expenses incurred in connection with attending board meetings.

Insider Trading Policy

We recognize that the Company's executive officers and directors may sell shares from time to time in the open market to realize value to meet financial needs and diversify their holdings, particularly in connection with exercises of stock options. All such transactions are required to comply with the Company's insider trading policy.

Section 16 (a) Beneficial Ownership Reporting Compliance of the Securities Exchange Act

Section 16(a) of the Exchange Act requires directors, executive officers and persons who beneficially own more than 10% of our common stock (collectively, “Reporting Persons”) to file initial reports of ownership and reports of changes in ownership of our common stock with the SEC. Reporting Persons are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file. To our knowledge, based solely on our review of the copies of such reports received or written representations from certain Reporting Persons that no other reports were required, we believe that during the year ended September 30, 2024, all Reporting Persons timely complied with all applicable filing requirements.

Communications with Directors

Shareholders, associates of the Company and other interested parties may communicate directly with the Board of Directors, with the non-management Directors or with a specific Board member, by writing to the Board (or the non-management Directors or a specific Board member) and delivering the communication in person or mailing it to: Board of Directors, Privileged and Confidential, c/o Saagar Govil, CEO, Centrex, Inc., 135 Fell Ct. Hauppauge, NY 11788. Correspondence will be discussed at the next scheduled meeting of the Board of Directors, or as indicated by the urgency of the matter. From time to time, the Board of Directors may change the process by which shareholders may communicate with the Board of Directors or its members. Any changes in this process will be posted on the Company’s website or otherwise publicly disclosed.

Corporate Governance

The Company has an ongoing commitment to good governance and business practices. In furtherance of this commitment, we regularly monitor, and are briefed by outside counsel on, developments in the area of corporate governance and securities law and review our policies and procedures in light of such developments. We comply with the rules and regulations promulgated by the SEC and implement other corporate governance practices we believe are in the best interests of the Company and the shareholders.

Code of Ethics

We have adopted a code of ethics as of June 28, 2016, that applies to our principal executive officer, principal financial officer, as well as our employees. Our standards are in writing and are posted on our website. The following is a summation of the key points of the Code of Ethics we adopted:

Honest and ethical conduct, including ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

Full, fair, accurate, timely, and understandable disclosure reports and documents that a small business issuer files with, or submits to, the Commission and in other public communications made by our Company;

Full compliance with applicable government laws, rules and regulations;

The prompt internal reporting of violations of the code to an appropriate person or persons identified in the code; and

Accountability for adherence to the code.

Board Leadership and Structure

Saagar Govil, our Chief Executive Officer, also serves as Chairman of the Board of Directors. The Board believes that the Company and its shareholders are best served by having the Chief Executive Officer also serve as Chairman of the Board. The Board also believes that this structure is appropriate in light of the size of our Company and corresponding size of our Board and the complexity of our business. We believe that Mr. Govil is best positioned to develop agendas that ensure that our Board’s time and attention are focused on the matters that are most critical to us.

ITEM 11. EXECUTIVE COMPENSATION

The compensation discussion addresses all compensation awarded to, earned by, or paid to the Company's named executive officers ("NEO"), which currently consists of Saagar Govil, the Chairman, Chief Executive Officer, President and Secretary, and Paul J. Wyckoff, Interim CFO. As of the date of this Annual Report, Saagar Govil and Paul J. Wyckoff are currently earning compensation from the Company. Paul J. Wyckoff was named Interim CFO on January 28, 2022. Set forth below is the aggregate compensation for services rendered in all capacities to us during our fiscal years ended September 30, 2024, and 2023 by our executive officers.

PRINCIPAL AND POSITION	YEAR	SALARY	BONUS	OPTION AWARDS	OTHER	TOTAL
		(\$)	(\$)	(\$)	(\$)	(\$)
Saagar Govil <i>Chairman of the Board Chief Executive Officer, and President</i>	2024	744,231	300,000	-	45,220	1,089,451
	2023	600,000	-	-	45,803	645,803
Paul J. Wyckoff <i>Interim Chief Financial Officer</i>	2024	150,000	-	-	15,853	165,853
	2023	150,000	-	-	12,291	162,291

(1) The Option Awards Column in the table above reflects the aggregate grant date fair value of the award granted in the year noted. Please see Options/SAR Grants in the Last Fiscal Year below for more information relating to this option grant.

(2) Other compensation are amounts paid by the company for medical, dental, vision, and life insurance benefits.

NARRATIVE TO SUMMARY COMPENSATION TABLE

At this time, we do not have an employment agreement with Saagar Govil or Paul J. Wyckoff, though the Company may enter into such an agreement with them on terms and conditions usual and customary for the industry. All amounts paid to our officers in fiscal year end 2024 were approved by the Company's board of directors. The Company does not currently have "key man" life insurance on Mr. Govil or Mr. Wyckoff.

PAY VERSUS PERFORMANCE

Year	Summary Compensation Table Total for PEO	Compensation Actually Paid to PEO	Average Summary Compensation Table Total for Non-PEO NEOs	Average Compensation Actually Paid to Non-PEO NEOs	Value of Initial Fixed \$100 Investment Based On Total Shareholder Return	Net Loss
(a)	(b) (1)	(c) (2)	(d)	(e) (4)	(f) (5)	(g) (6)
2024	\$ 1,089,451	\$ 702,443	\$ 165,853	\$ 165,853	\$ 2.53	\$ (7,635,505)
2023	\$ 645,803	\$ 562,675	\$ 162,291	\$ 162,291	\$ 65.03	\$ (9,233,438)
2022	\$ 637,534	\$ 554,406	\$ 96,635	\$ 96,635	\$ 18.10	\$ (13,292,242)

- The dollar amounts reported in column (b) are the amounts reported for Saagar Govil, Chairman of the Board, CEO, President and Secretary, for each of the corresponding years in the "Total" column of the in our Summary Compensation Table. Refer to the Summary Compensation Table above.
- The dollar amounts reported in column (c) represent the amount of "compensation actually paid" to Mr. Govil, as computed in accordance with Item 402(v) of Regulation S-K and do not reflect the total compensation actually realized or received by Mr. Govil. In accordance with these rules, these amounts reflect "Total Compensation" as set forth in the Summary Compensation Table for each year, adjusted as shown below. Equity values are calculated in accordance with FASB ASC Topic 718, and the valuation assumptions used to calculate fair values did not materially differ from those disclosed at the time of grant.
- The dollar amounts reported in column (d) represent the average of the amounts reported for our NEOs as a group (excluding Mr. Govil) in the "Total" column of the Summary Compensation Table in each applicable year. The names of each of the NEOs included for these purposes in each applicable year are as follows: Paul J. Wyckoff, Interim Chief Financial Officer.

- The dollar amounts reported in column (e) represent the average amount of “compensation actually paid” to the NEOs as a group (excluding Mr. Govil), as computed in accordance with Item 402(v) of Regulation S-K. In accordance with these rules, these amounts reflect “Total Compensation” as set forth in the Summary Compensation Table for each year, adjusted as shown below.
- Total Shareholder Return (TSR) is calculated by dividing (a) the difference between our share price at the end of each fiscal year shown and the beginning of the measurement period, and the beginning of the measurement period by (b) our share price at the beginning of the measurement period. The beginning of the measurement period for each year in the table is September 30, 2021.
- The dollar amounts reported represent the amount of net income reflected in our audited financial statements for the applicable year.

Adjustments to Determine Compensation “Actually Paid” for [PEO][Non-PEO NEOs]

	2024	2023	2022
Deduction for Change in the Actuarial Present values reported under the “Change in Pension Value and Nonqualified Deferred Compensation Earnings” Column of the SCT	\$ -	\$ -	\$ -
Increase for “Service Cost” for Pension Plans	\$ -	\$ -	\$ -
Increase for “Prior Service Cost” for Pension Plans	\$ -	\$ -	\$ -
Deduction for Amounts Reported under the “Stock Awards,” Column in the SCT	\$ -	\$ -	\$ -
Deduction for Amounts Reported under the “Option Awards,” Column in the SCT	\$ -	\$ -	\$ -
Increase for Fair Value of Awards Granted during year that Remain Unvested as of Year end	\$ -	\$ -	\$ -
Increase for Fair Value of Awards Granted during year that vest during year	\$ -	\$ -	\$ -
Increase/deduction for Change in Fair value from prior Year-end to current Year-end of Awards Granted Prior to year that were Outstanding and Unvested as of Year-end	\$ (84,879)	\$ (1,948)	\$ (53,747.00)
Increase/deduction for Change in Fair Value from Prior Year-end to Vesting Date of Awards Granted Prior to year that Vested during year	\$ (2,129)	\$ (2,207)	\$ (29,381.00)
Deduction of Fair value of Awards Granted Prior to year that were Forfeited during year	\$ -	\$ -	\$ -
Increase based upon Incremental Fair Value of Awards Modified during year	\$ -	\$ -	\$ -
Increase based on Dividends or Other Earnings Paid during year prior to Vesting Date of Award	\$ -	\$ -	\$ -
Total Adjustments	<u>\$ (87,008)</u>	<u>\$ (4,155)</u>	<u>\$ (83,128)</u>

OPTIONS/SAR GRANTS IN THE LAST FISCAL YEAR

None.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR END OPTION/SAR VALUES

None.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table presents information regarding our NEOs’ unexercised options to purchase Common Stock as of September 30, 2024:

Name	Number of Securities Underlying Unexercised Options Exercisable	Option Awards	
		Option Exercise Price	Option Expiration Date
Saagar Govil	6	\$ 117,281.88	2/25/2026
Saagar Govil	2	\$ 140,042.00	2/25/2026
Saagar Govil	2	\$ 168,050.40	2/25/2026
Saagar Govil	2	\$ 201,660.48	2/25/2026

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information known to us with respect to the beneficial ownership of our common stock as of December 23, 2024, by:

all persons who are beneficial owners of five percent (5%) or more of our common stock;

each of our directors;

each of our executive officers; and

all current directors and executive officers as a group.

Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table below have sole voting and investment power with respect to all shares of common stock held by them.

As of December 23, 2024, 1,724,162 shares of Common Stock were issued and outstanding. In addition, there were 50,000 shares of Series C Preferred Stock outstanding which are entitled to vote 17,258,862 shares in the aggregate, all of which is held by Saagar Govil and 2,515,894 shares of Series 1 Preferred Stock outstanding which are entitled to vote 5,031,788 shares in the aggregate. Accordingly, there are a total of 24,014,812 shares outstanding.

Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of December 23, 2024, are deemed outstanding. Such shares, however, are not deemed as of December 23, 2024, outstanding for the purpose of computing the percentage ownership of any other person.

<u>Title of Class</u>	<u>Name and Address of Beneficial Owner</u>	<u>Title</u>	<u>Amount Owned</u>	<u>Percentage of Issued Common Stock (1)</u>	<u>Percentage of voting stock (2)</u>
Common Stock	Saagar Govil 276 Greenpoint Avenue, Suite 208 Brooklyn, NY 11222	Chairman of the Board, Chief Executive Officer, and President	30	0%	*
Preferred Stock (Series 1)	Saagar Govil 276 Greenpoint Avenue, Suite 208 Brooklyn, NY 11222	Chairman of the Board, Chief Executive Officer, and President	153,153	--	1.3%
Preferred Stock (Series C)	Saagar Govil 276 Greenpoint Avenue, Suite 208 Brooklyn, NY 11222	Chairman of the Board, Chief Executive Officer, and President	50,000(3)	--	71.9%
	Paul J. Wyckoff 276 Greenpoint Avenue, Suite 208 Brooklyn, NY 11222	Interim Chief Financial Officer	--	--	*
	Brian Kwon 276 Greenpoint Avenue, Suite 208 Brooklyn, NY 11222	Director	2	*	*
	Manpreet Singh 276 Greenpoint Avenue, Suite 208 Brooklyn, NY 11222	Director	<u>2</u>	<u>*</u>	<u>*</u>
	Metodi Filipov 276 Greenpoint Avenue, Suite 208 Brooklyn, NY 11222	Director	2	*	*
		All directors and executive officers as a group (3 persons)	203,189(4)	*	73.1%

* Less than one percent of outstanding shares.

- (1) Except as otherwise noted herein, the percentage is determined on the basis of 1,724,162 shares of our Common Stock outstanding plus securities deemed outstanding pursuant to Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Under Rule 13d-3, a person is deemed to be a beneficial owner of any security owned by certain family members and any security of which that person has the right to acquire beneficial ownership within 60 days, including, without limitation, shares of our common stock subject to currently exercisable options.
- (2) This percentage is based on the 1,724,162 shares of our Common Stock outstanding, the 17,258,862 votes that the Series C Preferred Stock is entitled to vote, and the 5,031,788 votes that the Series 1 Preferred Stock is entitled to vote based on 2 votes per share.
- (3) Pursuant to the Certificate of Designation of the Series C Preferred Stock, each issued and outstanding share of Series C Preferred Stock are entitled to the number of votes per share equal to the result of (i) the total number of shares of Common Stock outstanding at the time of such vote multiplied by 10.01, and divided by (ii) the total number of shares of Series C Preferred Stock outstanding at the time of such vote, at each meeting of our shareholders with respect to any and all matters presented to our shareholders for their action or consideration, including the election of directors.
- (4) Consists of actual amount of Common Stock, Series C, and Series 1 Preferred Stock owned. As described above each share of Series C is entitled to 345.17724 votes. Series 1 Preferred Stock is entitled to 2 votes per share.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Aside from the following, there have been no transactions since October 1, 2022 to which we have been a party, including transactions in which the amount involved in the transaction exceeds the lesser of \$120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years, and in which any of our directors, executive officers or, to our knowledge, beneficial owners of more than 5% of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than equity and other compensation, termination, change in control and other arrangements, which are described elsewhere in this Annual Report on Form 10-K.

As of September 30, 2024, and September 30, 2023, there was \$0 and \$3,806, respectively, payable due to Ducon Technologies, Inc., which is controlled by Aron Govil, the Company's Founder and Former Director and CFO. As of September 30, 2023, there were \$637,208 of receivables due from Ducon Technologies, Inc. The Company has negotiated a payment agreement regarding past receivables and other liabilities due to Centrex, Inc. totaling \$761,585. This agreement is in the form of a secured promissory note earning interest at a rate of 5% per annum and matured on July 31, 2024. The Company did not receive payment on this note at the maturity date and placed a full allowance on the note during fiscal year 2024 and appears on the Company's Consolidated Statements of Operations and Comprehensive Loss under general and administrative expenses.

On February 26, 2021, the Company entered into a Settlement Agreement and Release with Aron Govil regarding a dispute over an alleged misappropriation of funds.

As part of the Settlement Agreement, Mr. Govil was required to pay the Company consideration with a total value of \$7,100,000 (the "Settlement Amount") by entering into the Agreement. The Settlement Amount was satisfied in a combination of Mr. Govil forfeiting certain Preferred Stock and outstanding options and executing a secured note in the amount of \$1,533,280. The Independent Board of Directors in coordination with Management concluded the settlement represented fair value.

Mr. Govil also executed a secured promissory note (the "Note") in the amount of \$1,533,280. The Note matured and was due in full in two years and bear interest at 9% per annum and was secured by all of Mr. Govil's assets. Mr. Govil also agreed to sign an affidavit confessing judgment in the event of a default on the Note. In accordance with ASC 450-30, Gain Contingencies, the Company determined the gain will not be recognized until the note is paid. Accordingly, the note and associated gain is not presented on the Company's Consolidated Balance Sheets and Consolidated Statements of Operations and Comprehensive Loss. The Company has not received payment on this note to date.

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 Centrex Advanced Technologies, Inc, which include the brand SmartDesk, and Centrex XR, Inc., which include the brands Centrex XR, Virtual Driver Interactive, Bravo Strong, and good tech (formerly Centrex Labs), to Mr. Govil. The successor Company conducts business under the name CXR, Inc.

Due to the on-going losses and risk associated with the SmartDesk business the Company has valued the royalty and SAFE agreement associated with the SmartDesk sale at \$0 and considers such consideration to be a gain contingency. All receivables due from SmartDesk, Inc, have a full allowance placed on them.

Based on sales projections for Centrex XR, Inc., the Company does not believe that it will exceed the sales levels required to exceed the \$820,000 royalties due and has not accounted for any additional royalties at this time. In accordance with *ASC 310 – Receivables*, the Company has discounted the royalties due to \$660,621 and during the years ended September 30, 2024, and 2023 the Company recognized \$53,126 and \$44,272 of royalties due, respectively, and will amortize the remaining amount over the period the royalties are due. Additionally, the Company received \$76,000 in royalty payments.

As of September 30, 2024, there was \$685,788 in trade receivables due from CXR, Inc. Of these receivables \$60,628 are related to costs paid by Centrex related to payroll during the transition of employees to the new company and some subscription services that are set up on auto pay with a credit card. \$215,408 is related to the current amount of royalties due and the remaining \$409,752 is related to services provided by Centrex Technologies Pvt. Ltd. in the normal course of business. These balances are presented on the Consolidated Balance Sheets under the caption "Trade receivables - related party". The long-term balance of royalties of \$456,611 is presented on the Company's Consolidated Balance Sheets under the caption "Note receivable, net - related party". During Fiscal year 2024, the Company recognized \$665,520 of revenue from CXR, Inc.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees billed to the Company for the years ended September 30, 2024, and 2023 by Grassi & Co. Certified Public Accountants the Company's independent auditor:

	2024	2023
Audit Fees	\$ 380,175	\$ 342,283
Audit-Related Fees	41,100	84,255
Tax Fees	36,276	61,715
Totals	\$ 457,551	\$ 488,253

Audit fees principally include fees for the audit of our consolidated financial statements included in our annual report on Form 10-K and the review of financial statements included in our quarterly reports on Form 10-Q.

Audit-related fees consist of fees for other attestation and related services that are reasonably related to the performance of the audit or review of our financial statements. For fiscal year 2024, these fees primarily related to the review and consent for the S-1 filing related to the May 2024 Equity Financing. For fiscal year 2023, these fees primarily related to the audit of the historical financials of Heisey Mechanical, Ltd.

Tax fees consist of tax compliance services.

PART IV

ITEM 15 EXHIBITS AND FINANCIAL STATEMENTS

(a) Financial Statements and Notes to the Consolidated Financial Statements

See Index to Consolidated Financial Statements on page F-1 at beginning of attached financial statements.

(b) Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filed or Furnished Filing Date	Herewith
2.1	Stock Purchase Agreement, dated December 15, 2015	Form 8-K/A	9/26/2016	
3.1	Certificate of Incorporation filed with the State of Delaware.	Form 10-12G	5/22/2008	
3.2	Bylaws	Form 10-12G	5/22/2008	
3.3	Amendment to Certificate of Incorporation	Form 10-12G	5/22/2008	
3.4	Amendment to Certificate of Incorporation	Form 10-12G	5/22/2008	
3.5	Amendment to Certificate of Incorporation	Form 10-12G	5/22/2008	
3.6	Amendment to Certificate of Incorporation	Form 10-12G	5/22/2008	
3.7	Amendment to Certificate of Incorporation	Form 8-K	8/22/2016	
3.8	Certificate of Designation of the Series A Preferred Shares	Form 8-K	9/10/2009	
3.9	Certificate of Designation of the Series 1 Preferred Shares	Form 8-K	1/24/2017	
3.10	Amendment to Certificate of Incorporation	Form 8-K	9/8/2017	
3.11	Certificate of Correction to the Certificate of Amendment	Form 8-K	6/12/2019	
3.12	Amended Certificate of Designation of the Series 1 Preferred Shares	Form 8-K	4/1/2020	
3.13	Amendment to Certificate of Incorporation	Form 10-K	1/5/2021	
3.14	Certificate of Correction to the Certificate of Amendment	Form 10-Q	5/28/2021	
3.15	Amendment to Certificate of Incorporation	Form 8-K	1/20/2023	
3.16	Amendment to Certificate of Incorporation	Form 8-K	8/2/2024	
4.1	Form of Subscription Rights Certificate	Form S-1	8/29/2016	
4.2	Form of Series 1 Preferred Stock Certificate	Form S-1/A	11/23/2016	
4.3	Form of Series 1 Warrant	Form S-1/A	12/7/2016	
4.4	Form of Common Stock Purchase Warrant	Form 8-K	3/22/2019	
4.5	Form of Prefunded Warrant	Form 8-K	5/3/2024	
4.6	Form of Series A Common Stock Purchase Warrant	Form 8-K	5/3/2024	
4.7	Form of Series B Common Stock Purchase Warrant	Form 8-K	5/3/2024	
5.1	Opinion of the Doney Law Firm	Form S-1/A	4/30/2024	
10.1	Amendment of the Term Loan Agreement between Vicon and NIL Funding, dated March 3, 2023	Form 10-Q	5/11/2023	
10.2	Amendment to Loan Documents Between Advanced Industrial Services, Inc. and Fulton Bank, N.A.	Form 10-Q	5/11/2023	
10.3	Amendment to Promissory Note Between Centrex, Inc. and Streeterville Capital, LL	Form 10-Q	5/11/2023	
10.4	Securities Purchase Agreement dated June 1, 2020	Form 8-K	6/4/2020	
10.5	Securities Purchase Agreement dated June 9, 2020	Form 8-K	6/12/2020	
10.6	Settlement Agreement and Release between Centrex, Inc. and Aron Govil dated February 26, 2021	Form 8-K	2/26/2021	
10.7	Securities Purchase Agreement dated February 22, 2022	Form 10-Q	5/16/2022	
10.8	Amendment of the Term Loan Agreement between Vicon and NIL Funding, dated March 30, 2022	Form 10-Q	5/16/2022	
10.9	Asset Purchase agreement between Centrex, Inc. and Saagar Govil, dated November 22, 2022	Form 8-K	11/29/2022	
10.10	Asset Purchase agreement between Centrex, Inc. and Saagar Govil, dated November 22, 2022	Form 8-K	11/29/2022	
10.11	Simple Agreement for Future Equity (SAFE) between Centrex, Inc. and Saagar Govil, dated November 18, 2022	Form 8-K	11/29/2022	
10.12	2020 Equity Compensation Plan	Form S-8	8/17/2020	
10.13	Asset Purchase Agreement, dated as of June 7, 2023	Form 8-K	12/6/2023	
10.14	Form of Lock-Up Agreement	Form S-1/A	4/30/2024	
10.15	Note Purchase Agreement between Centrex Inc. and Streeterville Capital, LLC, dated September 30, 2021	Form S-1/A	4/30/2024	
10.16	Amendment to Promissory Note between Centrex Inc. and Streeterville Capital, LLC, dated September 14, 2022	Form S-1/A	4/30/2024	
10.17	Amendment to Promissory Note between Centrex Inc. and Streeterville Capital, LLC, dated August 30, 2023	Form S-1/A	4/30/2024	
10.18	Form of Underwriting Agreement	Form 8-K	5/3/2024	
10.19	Standstill Agreement, dated April 30, 2024	Form 8-K	5/1/2024	
21.1	Subsidiaries of the Registrant			X
23.1	Consent of Grassi & Co, CPAs, P.C., Independent Registered Public Accounting Firm			X
31.1	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.			X
31.2	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.			X
32.1	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.			X

32.2	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.			X
99.1	Order pursuant to Section 8A of the Securities Act – dated September 30, 2022.	Form 8-K	10/4/2022	
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

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CENTREX, INC.

December 30, 2024

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

December 30, 2024

By: /s/ Paul J. Wyckoff
Paul J. Wyckoff,
Interim CFO (Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

December 30, 2024

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

December 30, 2024

By: /s/ Paul J. Wyckoff
Paul J. Wyckoff,
Interim CFO (Principal Financial and Accounting Officer)

December 30, 2024

By: /s/ Brian Kwon
Brian Kwon,
Director

December 30, 2024

By: /s/ Manpreet Singh
Manpreet Singh,
Director

December 30, 2024

By: /s/ Metodi Filipov
Metodi Filipov,
Director

Index to the Consolidated Financial Statements

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Cemtrex Inc. and Subsidiaries
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Cemtrex, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cemtrex, Inc. and Subsidiaries (the “Company”) as of September 30, 2024 and 2023, and the related consolidated statements of operations, comprehensive loss, stockholders’ equity, and cash flows for each of the years in the two-year period ended September 30, 2024, and the related notes (collectively referred to as, the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended September 30, 2024, in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt Regarding the Company’s Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 1 to the financial statements, the Company has sustained net losses and has significant short-term debt obligations, which raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Goodwill

Description of the matter

At September 30, 2024, the Company had approximately \$3.7 million of goodwill. As discussed in Note 2 to the financial statements, goodwill is tested annually for impairment at the reporting unit level, or more frequently if impairment indicators arise.

Auditing the Company’s goodwill impairment analyses was complex and highly judgmental due to the nature of qualitative assessment and, where necessary, the significant estimation required to determine the fair value of the reporting units. In particular, the fair value estimate was sensitive to significant assumptions, such as future operating results, cash flows and the weighted average cost of capital. These significant assumptions are forward-looking and could be materially affected by future market or economic conditions.

How we addressed the matter

We obtained an understanding of controls over the Company's goodwill impairment evaluation process, including controls over management's review of the significant assumptions described above.

Our audit procedures to test the Company's goodwill impairment analyses included

- Evaluating the reasonableness of the Company's qualitative assessments and its estimated fair value of the reporting units.
- In evaluating the estimated fair value of reporting units, we, among other items, evaluated management's significant assumptions described above and used within the fair value method, and tested the completeness and accuracy of the underlying data.
- We involved our valuation specialists to assist in assessing fair valuation methodologies utilized in the Company's goodwill impairment analyses and to assist in evaluating certain assumptions utilized in the analyses, including discount rates.
- We assessed the historical accuracy of management's projected cash flows, where applicable, and performed sensitivity analyses of the significant assumptions to evaluate the changes in the fair value of the reporting units that would result from changes in the assumptions.
- We assessed the adequacy of the disclosures in the financial statements.

Related Party Receivables

Description of the matter

At September 30, 2024, the Company had approximately \$1.2 million of related party receivables. These receivables are made up of \$0.5 million of trade receivables, and \$0.7 million of royalty receivable. The related party nature of these receivables and associated disclosures are material to the financial statements and of a highly sensitive nature.

How we addressed the matter

We obtained an understanding of controls over the Company's accounting and disclosures for related party transactions.

Our audit procedures primarily included the following:

- Obtaining an understanding of certain related party transaction by reading relevant agreements, as applicable;
- In certain instance, obtaining confirmations from the related parties to affirm the existence of the open receivable and personal guarantees, as applicable;
- Performing other audit procedures on certain open balances including, among other things, vouching to invoices from the related parties and source documentation representing subsequent cash collections of such receivables;
- Scanning subledgers and documentation obtained in other audit areas for known related parties; and,
- Finally, we evaluated the Company's disclosures related to the matters described above.

Classification, Presentation, Accounting treatment and Valuation of Warrants

Description of matter

As described in Note 18 to the consolidated financial statements, the Company entered into an Underwriting Agreement to issue and sell common stock and series A, B, and pre-funded warrants during 2024. We identified the evaluation of the classification, presentation, accounting treatment and fair value of warrants issued as a critical audit matter.

The principal consideration for our determination that the evaluation of the classification, presentation, accounting treatment and fair value of the warrants issued was a critical audit matter is the high degree of subjective auditor judgment associated with evaluating management's determination of the liability classification and fair values of the warrants issued, which is primarily due to the underlying terms of the agreement and complexity of the valuation models used and the sensitivity of the underlying significant assumptions. The key assumptions used within the valuation models included the risk-free rate, stock price, strike price, remaining term, and volatility. The calculated fair values are sensitive to changes in these key assumptions.

How the Critical Audit Matter was addressed in the Audit

Our audit procedures related to the evaluation of acquisition date fair values of the warrants issued included the following, among others:

- We read and reviewed the relevant agreements to agree to key terms of the warrants issued to determine the accuracy of the warrants issued and proper classification, presentation, and accounting treatment.
- We vouched to source documentation to validate warrants issued.
- We assessed the qualifications and competence of management and the qualifications, competence and objectivity of third-party specialists.
- We evaluated the methodologies used to determine the fair values of the warrants issued.
- We tested the assumptions used within the valuation models to estimate the fair value of the warrants issued.
- We evaluated the design and operating effectiveness of certain controls over the valuation process, including controls over the development of the key assumptions such as the risk-free rate, stock price, strike price, remaining term, and volatility.
- We involved an internal valuation specialist who assisted in the evaluation and testing performed of the reasonableness of significant methods and assumptions to the models.
- We assessed the sufficiency of the Company's disclosure of its accounting for these warrants issued included in Note 18.

/s/ Grassi & Co., CPAs, P.C.

We have served as the Company's auditor since 2021.

Jericho, New York

December 30, 2024

Auditor PCAOB ID Number 606

Cemtrex Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

Assets	September 30, 2024	September 30, 2023
Current assets		
Cash and cash equivalents	\$ 3,897,511	\$ 5,329,910
Restricted cash	1,522,881	1,019,652
Trade receivables, net	11,159,676	9,209,695
Trade receivables, net - related party	685,788	1,143,342
Inventory, net	6,988,529	8,739,219
Contract assets, net	985,207	1,739,201
Prepaid expenses and other current assets	1,456,687	2,112,022
Total current assets	<u>26,696,279</u>	<u>29,293,041</u>
Property and equipment, net	9,133,578	9,218,701
Right-of-use operating lease assets	1,933,378	2,287,623
Royalties receivable, net - related party	456,611	674,893
Note receivable, net - related party	-	761,585
Goodwill	3,708,347	4,381,891
Other	2,187,265	1,836,009
Total Assets	<u>\$ 44,115,458</u>	<u>\$ 48,453,743</u>
Liabilities & Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 4,520,173	\$ 6,196,406
Accounts payable - related party	-	68,509
Sales tax payable	73,024	35,829
Revolving line of credit	3,125,011	-
Current maturities of long-term liabilities	4,732,377	14,507,711
Operating lease liabilities - short-term	832,823	741,487
Deposits from customers	408,415	57,434
Accrued expenses	2,034,352	2,784,390
Contract liabilities	1,254,204	980,319
Deferred revenue	1,297,616	1,583,406
Accrued income taxes	314,827	388,627
Total current liabilities	<u>18,592,822</u>	<u>27,344,118</u>
Long-term liabilities		
Long-term debt	13,270,178	9,929,348
Long-term operating lease liabilities	1,159,204	1,607,202
Other long-term liabilities	274,957	501,354
Deferred Revenue - long-term	658,019	727,928
Warrant liabilities	5,199,436	-
Total long-term liabilities	<u>20,561,794</u>	<u>12,765,832</u>
Total liabilities	<u>39,154,616</u>	<u>40,109,950</u>
Commitments and contingencies	-	-
Stockholders' equity		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized, Series 1, 3,000,000 shares authorized, 2,456,827 shares issued and 2,392,727 shares outstanding as of September 30, 2024 and 2,293,016 shares issued and 2,228,916 shares outstanding as of September 30, 2023 (liquidation value of \$10 per share)	2,457	2,293
Series C, 100,000 shares authorized, 50,000 shares issued and outstanding at September 30, 2024 and September 30, 2023	50	50
Common stock, \$0.001 par value, 70,000,000 shares authorized, 14,176 shares issued and outstanding at September 30, 2024 and 50,000,000 shares authorized, 498 shares issued and outstanding at September 30, 2023	14	1
Additional paid-in capital	73,262,536	68,882,750
Accumulated deficit	(71,355,386)	(64,125,895)
Treasury stock, 64,100 shares of Series 1 Preferred Stock at September 30, 2024, and September 30, 2023	(148,291)	(148,291)
Accumulated other comprehensive income	2,949,297	3,076,706
Total Cemtrex stockholders' equity	<u>4,710,677</u>	<u>7,687,614</u>
Non-controlling interest	250,165	656,179
Total liabilities and stockholders' equity	<u>\$ 44,115,458</u>	<u>\$ 48,453,743</u>

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

Cemtrex Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended	
	September 30, 2024	September 30, 2023
Revenues		
Security Revenue	\$ 32,021,899	\$ 34,359,470
Industrial Services Revenue	34,841,985	25,009,092
Revenues	66,863,884	59,368,562
Cost of revenues		
Cost of revenues, Security	15,854,560	17,253,170
Cost of revenues, Industrial Services	23,531,120	16,429,566
Cost of revenues	39,385,680	33,682,736
Gross profit	27,478,204	25,685,826
Operating expenses		
General and administrative	28,860,019	23,929,340
Research and development	3,357,455	3,267,994
Goodwill impairment	530,475	-
Total operating expenses	32,747,949	27,197,334
Operating loss	(5,269,745)	(1,511,508)
Other (expense)/income		
Other (expense)/income, net	(622,558)	476,693
Interest expense	(2,169,469)	(4,966,298)
Loss on excess fair value of warrants	(7,255,528)	-
Changes in fair value of warrant liability	7,840,951	-
Total other expense, net	(2,206,604)	(4,489,605)
Net loss before income taxes	(7,476,349)	(6,001,113)
Income tax expense	(202,280)	(394,272)
Loss from Continuing operations	(7,678,629)	(6,395,385)
Income/(loss) from discontinued operations, net of tax	43,124	(2,838,053)
Net loss	(7,635,505)	(9,233,438)
Less net loss in noncontrolling interest	(406,014)	(36,563)
Net loss attributable to Cemtrex, Inc. stockholders	\$ (7,229,491)	\$ (9,196,875)
(Loss)/income per share - Basic & Diluted		
Continuing Operations	\$ (17.96)	\$ (15,760.64)
Discontinued Operations	\$ 0.11	\$ (3.89)
Weighted Average Number of Shares-Basic & Diluted	408,602	414

Cemtrex Inc. and Subsidiaries
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	For the year ended	
	September 30, 2024	September 30, 2023
Other comprehensive loss		
Net loss	\$ (7,635,505)	\$ (9,233,438)
Foreign currency translation (loss)/gain	(127,409)	699,181
Comprehensive loss	(7,762,914)	(8,534,257)
Comprehensive loss attributable to noncontrolling interest	(406,014)	(36,563)
Comprehensive loss attributable to Cemtrex, Inc. stockholders	\$ (7,356,900)	\$ (8,497,694)

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

Cemtrex Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Preferred Stock Series 1 Par Value \$0.001		Preferred Stock Series C Par Value \$0.001		Common Stock Par Value \$0.001		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock, 64,100 shares of Series 1 Preferred Stock	Accumulated other Comprehensive Income	Cemtrex Stockholders' Equity	Non- controlling interest
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount						
Balance at September 30, 2023	2,293,016	\$ 2,293	50,000	\$ 50	498	\$ 1	\$68,882,750	\$(64,125,895)	\$(148,291)	\$ 3,076,706	\$ 7,687,614	\$ 656,179
Foreign currency translation loss										(127,409)	(127,409)	
Share-based compensation							30,235				30,235	
Dividends paid in Series 1 preferred shares	235,762	236					(236)					-
Purchase of treasury stock									(69,705)		(69,705)	
Cancellation of treasury stock	(71,951)	(72)					(69,633)		69,705			-
Shares issued to pay for services					105	-	169,000				169,000	
Exercise of prefunded warrants					5,603	5	3,190,315				3,190,320	
Exercise of Series A warrants					2,100	2	1,060,111				1,060,113	
Issuance of roundup shares					5,870	6	(6)					-
Loss attributable to noncontrolling interest												- (406,014)
Net loss								(7,229,491)			(7,229,491)	
Balance at September 30, 2024	2,456,827	\$ 2,457	50,000	\$ 50	14,176	\$ 14	\$73,262,536	\$(71,355,386)	\$(148,291)	\$ 2,949,297	\$ 4,710,677	\$ 250,165

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

Cemtrex Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Preferred Stock Series 1 Par Value \$0.001		Preferred Stock Series C Par Value \$0.001		Common Stock Par Value \$0.001		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock, 64,100 shares of Series 1 Preferred Stock	Accumulated other Comprehensive Income	Cemtrex Stockholders' Equity	Non- controlling interest
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount						
Balance at September 30, 2022	2,079,122	\$ 2,079	50,000	\$ 50	360	\$ 1	\$66,642,452	\$(54,929,020)	\$(148,291)	\$ 2,377,525	\$ 13,944,796	\$ 692,742
Foreign currency translation gain										699,181	699,181	
Share-based compensation							106,839				106,839	
Shares issued to pay notes payable					115	-	1,917,873				1,917,873	
Dividends paid in Series 1 preferred shares	213,894	214					(214)					-
Income/(loss) attributable to noncontrolling interest												- (36,563)
Shares issued to pay for services					14	-	215,800				215,800	
Additional rounding shares issued for reverse stock split					9	-	-					-
Net loss								(9,196,875)			(9,196,875)	
Balance at September 30, 2023	2,293,016	\$ 2,293	50,000	\$ 50	498	\$ 1	\$68,882,750	\$(64,125,895)	\$(148,291)	\$ 3,076,706	\$ 7,687,614	\$ 656,179

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

Cemtrex Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

Cash Flows from Operating Activities	For the year ended September 30,	
	2024	2023
Net loss	\$ (7,635,505)	\$ (9,233,438)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	1,328,741	1,026,075
(Gain)/loss on disposal of property and equipment	(19,133)	69,601
Noncash lease expense	829,119	702,747
Goodwill impairment	530,475	-
Bad debt expense (recovery)	(79,006)	(14,515)
Loss on write-off of related party receivables	1,409,500	-
Share-based compensation	30,235	106,839
Shares issued to pay for services	169,000	215,800
Interest expense paid in equity shares	-	409,541
Accrued interest on notes payable	1,189,629	2,707,262
Non-cash royalty income	(53,126)	(44,272)
Amortization of original issue discounts on notes payable	-	1,264,111
Amortization of loan origination costs	72,533	-
Loss on excess fair value of warrants	7,255,528	-
Changes in fair value of warrant liability	(7,840,951)	-
Changes in operating assets and liabilities net of effects from acquisition of subsidiaries:		
Trade receivables	(1,870,975)	(3,795,964)
Trade receivables - related party	(63,462)	(1,099,070)
Inventory	1,893,759	48,598
Contract assets	753,994	(290,123)
Prepaid expenses and other current assets	733,168	(458,476)
Other assets	(251,256)	(336,264)
Accounts payable	(818,733)	3,145,469
Accounts payable - related party	-	49,376
Sales tax payable	37,195	15,734
Operating lease liabilities	(831,536)	(577,446)
Deposits from customers	350,981	(15,710)
Accrued expenses	(690,038)	475,798
Contract liabilities	273,885	393,960
Deferred revenue	(355,699)	522,827
Income taxes payable	(71,285)	293,779
Other liabilities	(226,397)	(306,544)
Net cash used by operating activities - continuing operations	(3,949,360)	(4,724,305)
Net cash provided by operating activities - discontinued operations	-	2,491,581
Net cash used by operating activities	(3,949,360)	(2,232,724)
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,297,346)	(2,761,314)
Proceeds from sale of property and equipment	63,953	26,205
Royalties on related party revenues	76,000	-
Acquisitions, Net of Cash Acquired	-	(2,793,291)
Investment in MasterpieceVR	(100,000)	(100,000)
Net cash used by investing activities	(1,257,393)	(5,628,400)
Cash Flows from Financing Activities		
Proceeds on revolving line of credit	33,071,722	-
Payments on revolving line of credit	(30,019,244)	-
Payments on debt	(7,923,914)	(1,533,059)
Payments on Paycheck Protection Program Loans	(40,486)	(30,286)
Proceeds on bank loans	340,267	3,360,000
Proceeds from notes payable	-	240,000
Purchases of treasury stock	(69,705)	-
Proceeds from offerings	10,035,292	-
Expenses on offerings	(995,333)	-
Net cash provided by financing activities	4,398,599	2,036,655
Effect of currency translation	(121,016)	700,355
Net decrease in cash, cash equivalents, and restricted cash	(808,154)	(5,824,469)
Cash, cash equivalents, and restricted cash at beginning of period	6,349,562	11,473,676
Cash, cash equivalents, and restricted cash at end of period	\$ 5,420,392	\$ 6,349,562

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

Cemtrex Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

Balance Sheet Accounts Included in Cash, Cash Equivalents, and Restricted Cash			
Cash and cash equivalents	\$	3,897,511	\$ 5,329,910
Restricted cash		<u>1,522,881</u>	<u>1,019,652</u>
Total cash, cash equivalents, and restricted cash	\$	<u>5,420,392</u>	<u>\$ 6,349,562</u>

Supplemental Disclosure of Cash Flow Information:

Cash paid during the period for interest	\$	<u>907,307</u>	\$ 585,384
Cash paid during the period for income taxes, net of refunds	\$	<u>196,727</u>	<u>\$ 293,779</u>

Supplemental Schedule of Non-Cash Investing and Financing Activities

Shares issued to pay notes payable	\$	-	\$ 1,917,873
Financing of fixed asset purchase	\$	<u>28,331</u>	-
Financing of building purchase	\$	-	<u>\$ 1,200,000</u>
Financing of acquisition		-	<u>\$ 2,400,000</u>
Purchase of property and equipment through vendor financing	\$	-	<u>\$ 675,000</u>
Noncash recognition of new leases	\$	<u>474,874</u>	<u>\$ 349,172</u>

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

Cemtrex Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION

Cemtrex was incorporated in 1998, in the state of Delaware and has evolved through strategic acquisitions and internal growth into a leading multi-industry technology company. The Company has expanded in a wide range of sectors, including smart technologies, virtual and augmented realities, industrial solutions, and intelligent security systems. Unless the context requires otherwise, all references to “we”, “our”, “us”, “Company”, “registrant”, “Cemtrex” or “management” refer to Cemtrex, Inc. and its subsidiaries.

Common Stock Reverse Stock Split

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.

Nasdaq Notices for Listing Deficiencies

On July 29, 2022, the Company received a notification letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC (“Nasdaq”) notifying the Company that, because the closing bid price for the Company’s Series 1 Preferred Stock listed on Nasdaq was below \$1.00 for 30 consecutive trading days, the Company no longer met 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 “Minimum Bid Price Requirement”). On January 26, 2023, the Company received a notification letter from the Listing Qualifications Department of Nasdaq notifying the Company that, it had been granted an additional 180 days or until July 24, 2023, to regain compliance with the Minimum Bid Price Requirement based on the Company meeting the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on the Capital Market with the exception of the bid price requirement, and the Company’s written notice of its intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary. On September 8, 2023, the Company received a letter from the Nasdaq Hearings Panel (“Panel”) informing the Company that the Panel has granted the Company a temporary exception to regain compliance with The Nasdaq Stock Market LLC’s (“Nasdaq” or the “Exchange”) Listing Rule 5555(a)(1) (the “Bid Price Rule”) by no later than January 19, 2024. The Company has announced a special meeting of Series 1 Preferred Stock shareholders was scheduled for December 26, 2023, to approve the reverse stock split. On December 26, 2023, the meeting was adjourned to December 29, 2023, due to insufficient votes represented by proxy or virtually in person to constitute a quorum for the transaction of business at the Special Meeting. On December 29, 2023, there were still insufficient votes represented by proxy or virtually in person to constitute a quorum thus the resolution did not pass.

On January 5, 2024, and January 12, 2024, the Company bought back an aggregate of 71,951 shares of Series 1 Preferred Stock for \$69,705 under the Share Repurchase Program approved on August 22, 2023, that allows the Company to repurchase shares of the Series 1 Preferred Stock through various means, including through privately negotiated transactions and through an open market program. On April 8, 2024, these shares were cancelled. The Company’s Series 1 Preferred Stock was delisted 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, and the deregistration of the Company’s Series 1 Preferred Stock under Section 12(b) of the Exchange Act became effective for 90 days after filing of the Form 25.

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, the Company may be eligible for additional time. To qualify for additional time, the Company would be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the bid price requirement, and would need to provide written notice of its intention to cure the deficiency during the second compliance period, by effecting a reverse stock split, if necessary.

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 regain compliance with the Minimum Stockholder's Equity Requirement.

The terms of the extension are as follows: on or before February 17, 2025, the Company must complete the submitted plan and opt for one of the two following alternatives to evidence compliance with the Rule:

Alternative 1: The Company must furnish to the SEC and Nasdaq a publicly available report (e.g., a Form 8-K) including:

5. A disclosure of Staff's deficiency letter and the specific deficiency(ies) cited;
6. A description of the completed transaction or event that enabled the Company to satisfy the stockholders' equity requirement for continued listing;
7. An affirmative statement that, as of the date of the report, the Company believes it has regained compliance with the stockholders' equity requirement based upon the specific transaction or event referenced in Step 2; and
8. A disclosure stating that Nasdaq will continue to monitor the Company's ongoing compliance with the stockholders' equity requirement and, if at the time of its next periodic report the Company does not evidence compliance, that it may be subject to delisting.

Alternative 2: The Company must furnish to the SEC and Nasdaq a publicly available report including:

4. Steps 1 & 2 set forth above;
5. A balance sheet no older than 60 days with pro forma adjustments for any significant transactions or event occurring on or before the report date. The pro forma balance sheet must evidence compliance with the stockholders' equity requirement; and
6. A disclosure that the Company believes it also satisfies the stockholders' equity requirement as of the report date and that Nasdaq will continue to monitor the Company's ongoing compliance with the stockholders' equity requirement and, if at the time of its next periodic report the Company does not evidence compliance, that it may be subject to delisting.

Regardless of which alternative the Company chooses, if the Company fails to evidence compliance upon filing its periodic report for the March 31, 2025, with the SEC and Nasdaq, the Company may be subject to delisting.

May 2024 Equity Financing and Warrants

On May 1, 2024, the Company entered into an underwriting agreement with Aegis Capital Corp., in connection with a firm commitment underwritten public offering of warrants convertible into the Company's common stock. Further details can be found in Note 18 – Stockholders' Equity.

Going Concern Considerations

The accompanying 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, that 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 losses of \$7,229,491 and \$9,196,875 for fiscal years 2024 and 2023, respectively, and has debt obligations over the next fiscal year of \$7,857,388 and working capital of \$8,103,457, 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 \$3,897,511 in cash as of September 30, 2024. Additionally, the Company has (i) secured a line of credit for its Vicon brand to fund operations, which as of September 30, 2024, has available capacity of \$1,874,989, (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 an additional \$5 to \$10 million when the Series B warrants are exercised.; and (iv) subsequent to the balance sheet date has effected a 60:1 and a 35:1 reverse stock split 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 do not have adequate cash to meet our short or long-term needs. The consolidated financial statements do not include any adjustments relating to this uncertainty.

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The management of the Company is responsible for the selection and use of appropriate accounting policies and the appropriateness of accounting policies and their application. Critical accounting policies and practices are those that are both most important to the portrayal of the Company's financial condition and results and require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The Company's significant and critical accounting policies and practices are disclosed below as required by generally accepted accounting principles.

Basis of Presentation

The accompanying consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Fiscal Year-End

The Company elected September 30 as its fiscal year-end date.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates include, but are not limited to, provisions for credit losses, net realizable value of inventory, warranty obligations, income tax accruals, deferred tax valuation, valuation of warrant liabilities, and assessments of the recoverability of the Company’s long-lived assets. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, Centrex Technologies Pvt. Ltd., and Advanced Industrial Services, Inc. and the Company’s majority owned subsidiary Vicon Industries, Inc. and its subsidiary, Vicon Systems, Ltd. All inter-company balances and transactions have been eliminated in consolidation.

Carrying Value, Recoverability and Impairment of Long-Lived Assets

The Company’s long-lived assets, which include property and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset’s expected future discounted cash flows or market value, if readily determinable. When long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives.

The impairment charges, if any, are included in operating expenses in the accompanying Consolidated Statements of Operations.

Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

Trade Receivables and Allowance for Current Expected Credit Losses

Trade receivables are recorded at the invoiced amount, net of an allowance for current expected credit losses. The Company performs on-going credit evaluations of its customers and adjusts credit limits based upon payment history and the customer’s current credit worthiness, as determined by the review of their current credit information; and determines the allowance based on the current expected credit loss (“CECL”) model. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost.

The Company estimates credit losses associated with our accounts receivable portfolio segment using an expected credit loss model, which utilizes an aging schedule methodology based on historical information and adjusted for asset-specific considerations, current economic conditions and reasonable and supportable forecasts.

The Company reserved \$155,918 and \$234,924 within its allowance for credit losses at September 30, 2024, and 2023, respectively.

The Company does not have any off-balance-sheet credit exposure to its customers at September 30, 2024, or 2023.

Inventory and Cost of Goods Sold

The Company values inventory, consisting of finished goods, at the lower of cost or net realizable value. Cost is determined on the average cost method. The Company reduces inventory for the diminution of value, resulting from product obsolescence, damage or other issues affecting marketability, equal to the difference between the cost of the inventory and its estimated market value. Factors utilized in the determination of estimated market value include (i) current sales data and historical return rates, (ii) estimates of future demand, and (iii) competitive pricing pressures.

The Company classifies inventory markdowns in the income statement as a component of cost of goods sold. These markdowns are estimates, which could vary significantly from actual requirements if future economic conditions, customer demand or competition differ from expectations.

There was \$1,044,530 and \$618,021 in inventory obsolescence reserve at September 30, 2024, and 2023, respectively.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation of property and equipment is computed by the straight-line method over the estimated useful lives of the respective assets, shown in the table below.

	Estimated Useful Life (Years)
Building	30
Furniture and office equipment	3-5
Computer software	7-10
Machinery and equipment	7

Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the Consolidated Statements of Operations.

Goodwill

Goodwill is tested for impairment annually as of September 30. If circumstances change during interim periods between annual tests that would more likely than not reduce the fair value of a reporting unit below its carrying value, the Company will test goodwill for impairment. Factors that would necessitate an interim goodwill impairment assessment include prolonged negative industry or economic trends, or significant under-performance relative to expected, historical or projected future operating results. Management uses judgment to determine whether to use a qualitative analysis or a quantitative fair value measurement for its goodwill impairment testing. The Company's fair value measurement approach combines the income and market valuation techniques for each of the Company's reporting units that carry goodwill. These valuation techniques use estimates and assumptions including, but not limited to, the determination of appropriate market comparable, projected future cash flows (including timing and profitability), discount rate reflecting the risk inherent in future cash flows, perpetual growth rate, and projected future economic and market conditions. As permitted, if the reporting unit fails the impairment test, the Financial Accounting Standards Board ("FASB") issued an Accounting Standard Update ("ASU") removing step two from the goodwill impairment test. If a reporting unit fails the quantitative impairment test, impairment expense is immediately recorded as the difference between the reporting unit's fair value and carrying value.

For the year ended September 30, 2024, the Company recorded \$530,475 of impairment for Goodwill in the Security Segment. For the year September 30, 2023, no impairment of the Company's goodwill was recorded.

Leases

The Company accounts for leases in accordance with Accounting Standards Codification 842, Leases (“ASC 842”). ASC 842 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities.

The Company also made the accounting policy decision not to recognize lease assets and liabilities for leases with a term of 12 months or less.

Warrants

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant’s specific terms and applicable authoritative guidance in ASC 480 (Topic 480, Distinguishing Liabilities from Equity) and ASC 815 (Topic 815, Derivatives and Hedging). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to our own common shares and whether the warrant holders could potentially require “net cash settlement” in a circumstance outside of our control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded as a liability at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss in the Company’s Consolidated Statements of Operations.

Related Parties

The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required in those statements. The disclosures shall include: a. the nature of the relationship(s) involved b. description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c. the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d. amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement. The Company applies the CECL model on its related party assets and applies an allowance when necessary.

Commitment and Contingencies

The Company follows topic Accounting Standards Codification (“ASC”) Topic 450-20, *Contingencies*, to report accounting for contingencies. Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. Management does not believe, based upon information available at this time, that these matters will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows. However, there is no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.

Revenue Recognition

The Company accounts for revenue in accordance with Accounting Standards Codification 606, *Revenue from Contracts with Customers* ("ASC 606"). Under the guidance of the standard, revenue represents the amount received or receivable for goods and services supplied by the Company to its customers. Company recognizes revenue at the time a good or service is transferred to a customer and the customer obtains control of that good or receives the service performed. Most of the Company's sales arrangements with customers in the Security segment are short-term in nature involving single performance obligations related to the delivery of goods or repair of equipment and generally provide for transfer of control at the time of shipment to the customer. The Company generally permits returns of product or repaired equipment due to defects; however, returns are historically insignificant. Billing terms vary by customer and product but generally do not exceed 90 days.

In accordance with the authoritative guidance issued by the FASB on revenue recognition, the Company recognizes revenue from cost reimbursable contracts based on the services provided, typically represented by man-hours worked, and is measured by reference to agreed charge-out rates or to the estimated total contract revenue. Revenue from long-term fixed price contracts is recognized using the percentage-of-completion method, measured by reference to physical completion or the ratio of costs incurred to total estimated contract costs. If the outcome of a contract cannot be estimated reliably, as may be the case in the initial stages of completion of the contract, revenue is recognized only to the extent of the costs incurred that are expected to be recoverable. If a contract is expected to be loss-making, the expected amount of the loss is recognized immediately in the income statement. Revenue from short-term contracts is recognized when delivery has occurred, and collection of the resulting receivable is deemed probable. Timing of revenue recognition may differ from the timing of invoicing to customers.

The Company records deferred revenue when receiving cash in advance of delivering services to the customer. The deferred revenue is reversed, and revenue is recognized when those services are delivered. The amounts were \$1,955,635, \$2,311,334, and \$1,788,507 as of September 30, 2024, 2023, and 2022 respectively, recorded as Deferred revenue. Short-term deferred revenue of \$1,297,616 is expected to be recognized over the next 12 months.

The Company records a liability when receiving cash in advance of delivering goods to the customer. The revenue is recognized, and the deposit is applied to the invoice for those goods when those goods are delivered. The company recorded Deposits from customers of \$408,415, \$57,434, and \$73,144 as of September 30, 2024, 2023, and 2022 respectively. These amounts are short-term and are expected to be recognized over the next 12 months.

Contracts

The Company's industrial services segment's revenue is derived from contracts with customers. These contracts fall into two categories, "Fixed Price" and "Time and Material Price" contracts. The Company determines the appropriate accounting treatment for each contract at its inception. Generally, contracts have a period from six months to two years.

The Company accounts for a contract when: (i) it has approval and commitment from both parties, (ii) the rights of the parties are identified, (iii) payment terms are identified, (iv) the contract has commercial substance, and (v) collectability of consideration is probable. The Company considers the start of a project to be when the above criteria have been met and it has written authorization from the customer to proceed.

Fixed price contracts

The Company's revenue from fixed price contracts is recognized on the percentage-of-completion method, measured by the percentage of costs incurred to estimated total costs for each contract. When the job is started and in process, all actual costs incurred (labor and materials) are processed and reconciled at month end. The percentage of completion and revenue earned is calculated at month end. Billings are created based on contract criteria agreed upon and reconciled to determine if any costs in excess of billing or billings in excess of costs exist. Changes in job performance, job conditions, estimated contract costs and profitability, and final contract settlements may result in revisions to costs and income. The effects of these revisions are recognized in the period in which the revisions are determined. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. This measurement and comparison process requires updates to the estimate of total costs to complete the contract, and these updates may include subjective assessments and judgments.

Time and material price contracts

Revenue from time and material price contracts is recognized based on costs incurred and projected markup on costs. Revenue from these contracts will vary based on actual labor, materials and overhead costs charged to the job and the negotiated billing rates. Contracts are initiated by customers or through bids if with a municipality. Any materials used and time spent within the shop on the job is assigned to the appropriate job and reconciled monthly. Management bills the customer and records the revenue earned from contract. Depending on the contract terms, billings could be based on certain milestones stipulated in the contract. If this is the case, unbilled revenue is recorded at month end based on time and materials incurred and markup.

Performance Obligations

Generally, the Company's contracts contain one performance obligation. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account. The Company's performance of the contracts with customers typically provides a significant service of integrating a complex set of tasks and components into a single project or capability (even if that single project results in the delivery of multiple units), and as such, the entire contract and/or purchase order is accounted for as one performance obligation. The transaction price is allocated to the performance obligation and recognized as revenue when, or as, the performance obligation is satisfied with the continuous transfer of control to the customer.

Less commonly, a contract may be considered to have multiple performance obligations even when they are part of a single contract. For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation using the best estimate of the standalone selling price of each distinct good or service in the contract.

The Company recognizes revenue over time for the majority of the services it performs as (i) control continuously transfers to the customer as work progresses at a project location controlled by the customer and (ii) the Company has the right to bill the customer as costs are incurred.

The following table illustrates the approximate disaggregation of the Company's revenue based off timing of revenue recognition for years ended September 30, 2024, and 2023.

	For the years ended	
	September 30, 2024	September 30, 2023
Over time	57%	48%
Point-in-time	43%	52%

Warranties

The Company provides for the estimated cost of product warranties at the time revenue is recognized. While the Company engages in product quality programs and processes, including monitoring and evaluating the quality of its component suppliers, its warranty obligation is affected by product failure rates, material usage and service delivery costs incurred in correcting a product failure. Should actual product failure rates, material usage or service delivery costs differ from its estimates, revisions to the estimated warranty liability may be required.

Income Tax Provision

The Company accounts for income taxes under ASC 740-10, (“Income Taxes”), which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Consolidated Statements of Operations and Comprehensive Loss in the period that includes the enactment date.

The estimated future tax effects of temporary differences between the tax basis of assets and liabilities are reported in the accompanying Consolidated Balance Sheets, as well as tax credit carrybacks and carryforwards. The Company periodically reviews the recoverability of deferred tax assets recorded on its Consolidated Balance Sheets and provides valuation allowances as management deems necessary.

Management makes judgments as to the interpretation of the tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In addition, the Company operates within multiple taxing jurisdictions including the United States, India, and The United Kingdom, and is subject to audit in these jurisdictions. In management’s opinion, adequate provisions for income taxes have been made for all years. If actual taxable income by tax jurisdiction varies from estimates, additional allowances or reversals of reserves may be necessary.

Uncertain Tax Positions

For the years ended September 30, 2024, and 2023, the Company did not take any uncertain tax positions and had no adjustments to its income tax liabilities or benefits. The Company will record any interest and/or penalties arising from uncertain tax provisions when they are likely to occur and reasonably estimable.

The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty (50) percent likelihood of being realized upon ultimate settlement. The Company will accrue interest and penalties on income taxes when there is a likelihood that they will occur and can be reasonably estimated.

Accounting for Share-Based Compensation

The Company follows ASC 718 (“Share-Based Payment”), which requires that all share-based payments to employees, including stock options, stock appreciation rights (SARs) and common stock share awards, be recognized as compensation expense in the consolidated financial statements based on their fair values and over the requisite service period.

The fair value for options granted was determined at the date of grant using a Black-Scholes valuation model and the straight-line attribution approach using the following weighted average assumptions: The risk-free interest rate used in the Black-Scholes valuation method is based on the implied yield currently available in U.S. Treasury securities at maturity with an equivalent term. Other than a one-time dividend paid in fiscal year 2017, the Company never declared or paid any cash dividends and does not currently expect to do so in the future. Expected volatility is based on the annualized daily historical volatility of the Company’s stock over a representative period. The weighted-average expected life represents the period over which stock-based awards are expected to be outstanding and was determined based on a number of factors, including historical weighted average and projected holding periods for the remaining unexercised shares, the contractual terms of the Company’s stock-based awards, vesting schedules and expectations of future employee behavior.

Net Loss per Common Share

Basic net income (loss) per common share is computed by dividing net income (loss) less the fair market value of dividends declared by the weighted average number of shares of common stock outstanding during the period. Diluted net income per common share is computed by dividing net income less the fair market value of dividends declared 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. As of September 30, 2024, and 2023, the following items were excluded from the computation of diluted net loss per common share as their effect is anti-dilutive.

	For the years ended September 30,	
	2024	2023
Options	18	18
Warrants	13,529,410	-

For the years ended September 30, 2024, and 2023 loss per share basic and diluted for continuing operations are calculated as follows.

	For the years ended September 30,	
	2024	2023
Loss from Continuing operations	\$ (7,678,629)	\$ (6,395,385)
Less (loss)/gain in noncontrolling interest	(406,014)	(36,563)
Preferred stock dividends	67,788	166,084
Net loss applicable to common shareholders	(7,340,403)	(6,524,906)
Weighted Average Number of Shares-Basic & Diluted	408,602	414
Loss per share - Basic & Diluted - Continuing Operations	\$ (17.96)	\$ (15,760.64)

Foreign Currency Translation (Loss)/Gain and Comprehensive Income Loss

In countries in which the Company operates, and the functional currency is other than the U.S. dollar, assets and liabilities are translated using published exchange rates in effect at the consolidated balance sheet date. Revenues and expenses and cash flows are translated using an approximate weighted average exchange rate for the period. Resulting translation adjustments are recorded as a component of accumulated other comprehensive loss on the accompanying consolidated balance sheet. For the years ending September 30, 2024, and September 30, 2023, comprehensive loss includes a loss of \$127,409 and a gain of \$699,181, respectively, which were entirely from foreign currency translation.

As of and for the year ended September 30, 2024, and 2023, the Company used the following exchange rates.

Currency	Exchange rate at September 30, 2024	Approximate weighted average exchange rate For the three months ended	Exchange rate at September 30, 2023	Approximate weighted average exchange rate For the year ended
		September 30, 2024		September 30, 2023
Indian Rupee	0.012	0.012	0.012	0.012
Great Britain Pound	1.339	1.268	1.220	1.226

Reclassifications

Certain reclassifications have been made to prior period amounts to conform to the current period presentation. This had no effect on the Company's statement of operations or retained earnings. The reclassification was to the caption "Short-term investments" which has been reclassified to "Prepaid expenses and other current assets" on the Consolidated Balance Sheet and "Gain/(loss) on marketable securities" to "Prepaid expenses and other current assets" on the Consolidated Statements of Cash Flows. The following table illustrates the reclassifications made.

CONSOLIDATED BALANCE SHEETS	September 30, 2023		
	As previously reported	Reclassification	As revised
Short-term investments	\$ 13,663	\$ (13,663)	\$ -
Prepaid expenses and other current assets	\$ 2,098,359	\$ 13,663	\$ 2,112,022

CONSOLIDATED STATEMENTS OF CASH FLOWS	For the year ended September 30, 2023		
	As previously reported	Reclassification	As revised
Gain/(loss) on marketable securities	\$ 58	\$ (58)	\$ -
Prepaid expenses and other current assets	\$ (458,534)	\$ 58	\$ (458,476)
Payments on bank loans	\$ (488,689)	\$ 488,689	\$ -
Payments on debt	\$ (1,044,370)	\$ (488,689)	\$ (1,533,059)

Correction of an Immaterial Error in Previously Issued Financial Statements

Subsequent to the issuance of our financial statements for the year ended September 30, 2023, immaterial errors were identified and has been corrected in our historical information related to the cash flow presentation of non-cash royalty income. The original presentation had non-cash royalty income presented in Trade receivables – related party. Additionally, Shares issued to pay for services was presented in the supplemental disclosure of the cash flow presentation, but not presented on the face of the financial.

The effects of the correction to the individual effected line items in our Consolidated Statement of Cash Flows are as follows.

	For the year ended September 30, 2023		
	As previously reported	Corrections	As corrected
Non-cash royalty income	\$ -	\$ (44,272)	\$ (44,272)
Trade receivables - related party	\$ (1,143,342)	\$ 44,272	\$ (1,099,070)
Shares issued to pay for services	\$ -	\$ 215,800	\$ 215,800
Accounts payable	\$ 3,361,269	\$ (215,800)	\$ 3,145,469

Business Combinations

The Company accounts for business combinations under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805 "Business Combinations" using the acquisition method of accounting, and accordingly, the assets and liabilities of the acquired business are recorded at their fair values at the date of acquisition. The excess of the purchase price over the estimated fair value is recorded as goodwill. All acquisition costs are expensed as incurred. Upon acquisition, the accounts and results of operations are consolidated as of and subsequent to the acquisition date.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("Update 2016-13"). Update 2016-13 replaced the incurred loss model with an expected loss model, which is referred to as the current expected credit loss ("CECL") model. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including but not limited to trade receivables. For public business entities, the new standard became effective for annual reporting periods beginning after December 15, 2022, including interim periods within that reporting period. On October 1, 2023, the Company implemented this standard and there has been no material change to the consolidated financial statements.

The following table illustrates the effect of implementation of Update 2016-13 on the current expected credit losses for the following line items on the consolidated balance sheet.

	October 1, 2023 As reported under ASC 326	September 30, 2023 Pre- ASC 326 Adoption	Impact of ASC 326 Adoption
Assets:			
Trade receivables, net	\$ 234,924	\$ 234,924	\$ -
Contract assets, net	\$ 8,696	\$ -	\$ 8,696
Royalties receivable, net - related party	\$ 10,000	\$ -	\$ 10,000
Note receivable, net - related party	\$ 44,761	\$ 44,761	\$ -

The Company carries its accounts receivables net of an allowance for credit losses. The measurement and recognition of credit losses involves the use of judgment. Management's assessment of expected credit losses includes consideration of current and expected economic conditions, market and industry factors affecting the Company's customers (including their financial condition), the aging of account balances, historical credit loss experience, customer concentrations, and customer creditworthiness. Management evaluates its experience with historical losses and then applies this historical loss ratio to financial assets with similar characteristics. The Company's historical loss ratio or its determination of risk pools may be adjusted for changes in customer, economy, market or other circumstances. The Company may also establish an allowance for credit losses for specific receivables when it is probable that the receivable will not be collected, and the loss can be reasonably estimated. Amounts are written off against the allowance when they are considered to be uncollectible, and reversals of previously reserved amounts are recognized if a specifically reserved item is settled for an amount exceeding the previous estimate.

The Company will utilize the Probability-of-default method for financing receivables and loans. Expected credit losses are determined by multiplying the probability of default (i.e., the probability the asset will default within the given time frame) by the loss given default (the percentage of the asset not expected to be collected because of default). The Company considers sources of repayment associated with a financial asset when determining its credit losses, including collection against the collateral and certain embedded credit enhancements, such as guarantees or insurance. The allowance for credit losses was immaterial as of September 30, 2024.

The following table illustrates the current expected credit losses activity for the nine months ended September 30, 2024.

	As of October 1, 2023	For the year ended September 30, 2024	As of September 30, 2024
Assets:			
Trade receivables, net	\$ 234,924	\$ (79,006)	\$ 155,918
Trade receivables, net - related party	\$ -	\$ -	\$ -
Contract assets, net	\$ 8,696	\$ 7,289	\$ 15,985
Royalties receivable, net - related party	\$ 10,000	\$ -	\$ 10,000
Note receivable, net - related party	\$ 44,761	\$ (44,761)	\$ -

Recently Issued Accounting Pronouncements Not Yet Effective

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. The Company is currently evaluating the impact of this ASU on the consolidated financial statements.

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. The Company is currently evaluating the impact of our pending adoption of ASU 2023-07 on the consolidated financial statements.

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 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 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 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 consolidated financial statements.

NOTE 3 – SEGMENT AND GEOGRAPHIC INFORMATION

The Company’s reporting segments consist of Security and Industrial Services. Additionally, the Company’s operational structure also reports unallocated corporate expenses. All intersegment transactions have been eliminated and values are presented net of eliminations.

Operating segments

The Company determines its reporting units in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 280, Segment Reporting. The Company evaluates a reporting unit by first identifying its operating segments under ASC 280. The Company operates as two operating segments and unallocated corporate expenses which is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for the allocation of resources and assessing the performance of the operating segment and has been identified as Saagar Govil, the CEO of the Company.

Unallocated corporate expenses mainly relate to payroll and benefits for corporate officers, investor relation expenses, accounting expenses related audit and taxes, legal expenses related to corporate matters, consulting expenses related to accounting and corporate matters, and interest expense on notes payable.

Security

Cemtrex’s Security segment operates under the Vicon brand that deliver cutting-edge software and hardware technologies:

Vicon Industries, a majority owned subsidiary, 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 cutting edge, mission critical security and video surveillance solutions utilizing Artificial Intelligence (AI) based data algorithms.

Industrial Services

Centrex's Industrial Services segment operates through the brand, Advanced Industrial Services ("AIS"), that offers single-source expertise and services for rigging, millwrighting, in plant maintenance, equipment erection, relocation, and disassembly to diversified customers. We install high precision equipment in a wide variety of industrial markets like automotive, printing and graphics, industrial automation, packaging, and chemicals among others. We are a leading provider of reliability-driven maintenance and contracting solutions for the 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.

The following tables summarize the Company's segment information.

	For the year ended September 30, 2024				For the year ended September 30, 2023			
	Reportable Segments		Corporate	Consolidated	Reportable Segments		Corporate	Consolidated
	Security	Industrial Services			Security	Industrial Services		
Revenues	\$ 32,021,899	\$ 34,841,985	\$ -	\$ 66,863,884	\$ 34,359,470	\$ 25,009,092	\$ -	\$ 59,368,562
Cost of revenues	15,854,560	23,531,120	-	39,385,680	17,253,170	16,429,566	-	33,682,736
Gross profit	\$ 16,167,339	\$ 11,310,865	\$ -	\$ 27,478,204	\$ 17,106,300	\$ 8,579,526	\$ -	\$ 25,685,826
Operating expenses								
General, and administrative	16,073,558	7,074,828	4,436,787	27,585,173	14,422,950	4,755,998	3,724,317	22,903,265
Depreciation and amortization	329,294	945,552	-	1,274,846	254,392	719,404	52,279	1,026,075
Research and development	3,357,455	-	-	3,357,455	3,267,994	-	-	3,267,994
Goodwill Impairment	530,475	-	-	530,475	-	-	-	-
Operating (loss)/income	\$ (4,123,443)	\$ 3,290,485	\$ (4,436,787)	\$ (5,269,745)	\$ (839,036)	\$ 3,104,124	\$ (3,776,596)	\$ (1,511,508)
Other (expense)/income	\$ (492,330)	\$ (295,157)	\$ (1,419,117)	\$ (2,206,604)	\$ 113,846	\$ (166,369)	\$ (4,437,082)	\$ (4,489,605)

	September 30, 2024	September 30, 2023
Identifiable Assets		
Security	\$ 17,253,328	\$ 21,829,183
Industrial Services	24,576,055	23,781,349
Corporate	2,286,075	2,843,211
Total Assets	\$ 44,115,458	\$ 48,453,743

The Company generates revenue from product sales and services from its subsidiaries located in the United States, the United Kingdom, and India. Revenue and long-lived asset information for the Company is as follows.

	For the year ended	
	September 30, 2024	September 30, 2023
Revenues		
United States	\$ 62,921,388	\$ 53,905,149
United Kingdom	3,251,130	3,301,682
India	691,366	2,161,731
	\$ 66,863,884	\$ 59,368,562
Long-lived Assets		
United States	\$ 14,253,674	\$ 15,420,489
United Kingdom	218,346	328,819
India	303,283	138,907
	\$ 14,775,303	\$ 15,888,215

NOTE 4 – 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, goodwill, intangible assets, and property, plant and equipment, which are measured at fair value using a discounted cash flow approach when they are impaired. 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 assets for the years ended September 30, 2024, are as follows.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of September 30, 2024
Liabilities				
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>

At September 30, 2023, the Company had no fair value assets or liabilities.

A summary of the warrant liabilities activity for the year ended September 30, 2024, is as follows.

	Series A Warrants	Series B Warrants	Prefunded Warrants	Total
Warrant Liabilities at September 30, 2023	\$ -	\$ -	\$ -	\$ -
Warrants Issued	11,242,940	2,942,711	3,105,170	17,290,821
Warrants Exercised	(1,060,113)	-	(3,190,320)	(4,250,433)
Fair market revaluation	(6,022,169)	(1,903,933)	85,150	(7,840,951)
Warrant Liabilities at September 30, 2024	<u>\$ 4,160,658</u>	<u>\$ 1,038,778</u>	<u>\$ -</u>	<u>\$ 5,199,436</u>

NOTE 5 – 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 \$1,030,606 and \$919,652 as of September 30, 2024, and 2023, respectively. Additionally, there was \$100,000 of restricted cash in escrow per the purchase agreement with Heisey Mechanical, Ltd, an additional \$325,340 in escrow related to bond requirements on certain public projects, and \$66,935 in deposit guarantees.

NOTE 6 – TRADE RECEIVABLES, NET

Trade receivables, net consists of the following.

	September 30, 2024	September 30, 2023
Trade receivables	\$ 11,315,594	\$ 9,444,619
Allowance for credit losses	(155,918)	(234,924)
	<u>\$ 11,159,676</u>	<u>\$ 9,209,695</u>

Trade receivables, net were \$5,399,216 at September 30, 2022.

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

Allowance for credit losses include estimated losses resulting from the application of the CECL method to our trade receivables.

NOTE 7 – PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets consist of the following.

	September 30, 2024	September 30, 2023
Prepaid expenses	\$ 547,914	\$ 521,310
Prepaid inventory	301,605	1,084,051
Deferred costs	71,359	25,941
Short-term investments	13,871	13,663
Prepaid income taxes	462,997	168,555
VAT and GST tax receivable	58,941	298,502
Prepaid expenses and other current assets total	<u>\$ 1,456,687</u>	<u>\$ 2,112,022</u>

NOTE 8 – INVENTORY, NET

Inventory, net of reserves, consist of the following.

	September 30, 2024	September 30, 2023
Raw materials	\$ 421,557	\$ 885,398
Work in progress	272,910	109,019
Finished goods	6,294,062	7,744,802
Inventory, net	<u>6,988,529</u>	<u>8,739,219</u>

NOTE 9 – PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows.

	September 30, 2024	September 30, 2023
Land	\$ 945,279	\$ 945,279
Building and leasehold improvements	4,388,556	4,362,062
Furniture and office equipment	600,186	579,700
Computers and software	1,333,135	1,333,135
Machinery and equipment	13,578,702	12,488,639
	20,845,858	19,708,815
Less: Accumulated depreciation	(11,712,280)	(10,490,114)
Property and equipment, net	\$ 9,133,578	\$ 9,218,701

The Company completed the annual impairment test of property and equipment and determined that there was no impairment as the fair value of property and equipment substantially exceeded their carrying values at September 30, 2024. Depreciation and amortization of property and equipment totaled approximately \$1,328,741 and \$1,026,075 for fiscal years ended September 30, 2024, and 2023, respectively and are recorded as general and administrative expenses on the Company's Consolidated Statements of Operations. Additionally, depreciation and amortization of property and equipment of approximately \$53,895 and \$33,256 for fiscal years ended September 30, 2024, and 2023, respectively and are recorded as cost of revenues, Security on the Company's Consolidated Statements of Operations.

NOTE 10 – GOODWILL

Changes in the carrying amount of goodwill, by segment, are as follows.

	Security	Industrial Services	Consolidated
Balance at September 30, 2023	\$ 530,475	\$ 3,851,416	\$ 4,381,891
Purchase price allocation adjustment	-	(143,069)	(143,069)
Impairment	(530,475)	-	(530,475)
Balance at September 30, 2024	\$ -	\$ 3,708,347	\$ 3,708,347

For the year ended September 30, 2024, \$530,475 of impairment of the Company's goodwill was recorded.

As of September 30, 2024, and September 30, 2023, accumulated impairment losses of \$3,846,475 and \$3,316,000 related to the Security segment have been recorded.

NOTE 11 - OTHER ASSETS

On November 13, 2020, and January 19, 2022, Cemtrex made \$500,000 investments, on July 18, 2023, and October 5, 2023, made additional \$100,000 investments, and on October 17, 2024, and November 18, 2024, made additional \$50,000 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 recorded at cost. No impairment has been recorded for the years ended September 30, 2024 and 2023.

Other assets consists of the following.

	September 30, 2024	September 30, 2023
Rental deposits	\$ 194,796	\$ 198,641
Investment in Masterpiece VR	1,200,000	1,100,000
Other deposits	350,845	167,808
Demonstration equipment supplied to resellers	441,624	369,560
Other assets total	\$ 2,187,265	\$ 1,836,009

NOTE 12 – ACCRUED EXPENSES

Accrued expenses consist of the following.

	September 30, 2024	September 30, 2023
Accrued expenses	\$ 352,938	\$ 319,211
Accrued payable on inventory in transit	640,450	1,154,254
Accrued payroll	818,262	1,088,223
Accrued warranty	222,702	222,702
Accrued expenses total	\$ 2,034,352	\$ 2,784,390

NOTE 13 – DEFERRED REVENUE

The Company's deferred revenue as of and for the years ended September 30, 2024, and 2023, are as follows.

	For the year ended	
	September 30, 2024	September 30, 2023
Deferred revenue at beginning of period	\$ 2,311,334	\$ 1,788,507
Net additions:		
Deferred software revenues	2,321,630	2,679,379
Recognized as revenue:		
Deferred software revenues	(2,677,329)	(2,156,552)
Deferred revenue at end of period	1,955,635	2,311,334
Less: current portion	1,297,616	1,583,406
Long-term deferred revenue at end of period	\$ 658,019	\$ 727,928

For the years ended September 30, 2024, and 2023, the Company recognized revenue of \$1,555,423, and \$1,190,479, respectively, that was previously included in the beginning balance of deferred revenues.

NOTE 14 - 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 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 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.

	September 30, 2024	September 30, 2023
Costs incurred on uncompleted contracts	\$ 12,724,334	\$ 12,523,552
Estimated gross profit	3,006,692	3,085,350
	<u>15,731,026</u>	<u>15,608,902</u>
Applicable billings to date	(16,000,023)	(14,850,020)
Net (billings in excess of costs)/earnings in excess of billings, Ending balance	<u>\$ (268,997)</u>	<u>\$ 758,882</u>

For the years ended September 30, 2024, and 2023, the Company recognized revenue of \$905,319 and \$369,835, respectively, that was previously included in the beginning balance of contract liabilities.

	For the year ended	
	September 30, 2024	September 30, 2023
Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts		
Contract asset, beginning balance	\$ 1,739,201	\$ 781,819
Changes in revenue billed, contract price or cost estimates	(753,994)	957,382
Contract asset, net, ending balance	<u>\$ 985,207</u>	<u>\$ 1,739,201</u>
Billings in Excess of Costs and Estimated Earnings on Uncompleted Contracts		
Contract liability, beginning balance	(980,319)	\$ (369,890)
Changes in revenue billed, contract price or cost estimates	(273,885)	(610,429)
Contract liability, ending balance	<u>\$ (1,254,204)</u>	<u>\$ (980,319)</u>
Net Billings in Excess of Costs and Estimated Earnings on Uncompleted Contracts		
Net billings in excess of costs, beginning balance	\$ 758,882	\$ 411,929
Changes in revenue billed, contract price or cost estimates	\$ (1,027,879)	346,953
Net billings in excess of costs, ending balance	<u>\$ (268,997)</u>	<u>\$ 758,882</u>

NOTE 15 – 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 3.3 years at September 30, 2024, and 3 years at September 30, 2023. The weighted average discount rate used to measure lease liabilities was approximately 6.54% at September 30, 2024, and 2023. 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'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 with \$7,200 of expense for the year ended September 30, 2024 and approximately 911 square feet of office space in Clovis, CA on a month-to-month lease at a monthly rent of \$4,202 with \$58,996 of expense for the year ended September 30, 2024. The expense is under the caption "General and administrative" on the Company's Consolidated Statements of Operations.

A reconciliation of undiscounted cash flows to operating lease liabilities recognized in the Consolidated Balance Sheet at September 30, 2024, is set forth below.

Years ending September 30,	Operating Leases
2025	924,699
2026	734,114
2027	363,196
2028	99,730
2029	10,519
Undiscounted lease payments	2,132,258
Amount representing interest	(140,231)
Discounted lease payments	1,992,027
Less short-term operating lease liabilities	832,823
Long-term operating lease liabilities	<u>\$ 1,159,204</u>

Lease costs for the years ended September 30, 2024, and 2023 are set forth below.

	For the year ended September 30,	
	2024	2023
Operating lease costs	831,536	828,048
Short-term lease costs	66,196	-
Total lease cost	\$ 897,732	\$ 828,048

NOTE 16 – 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 September 30, 2024, the Company had enough eligible assets to access the full credit line. The Company was in compliance with all loan covenants as of September 30, 2024. The funds were used to pay the NIL Funding term loan and will fund operations of the Vicon entity. As of September 30, 2024, this loan had a balance of \$3,125,011, with no remaining unamortized loan origination fees. There were \$1,874,989 in available funds as of September 30, 2024.

Standstill Agreement

On August 31, 2023, the Company and Streeterville Capital, LLC (“Streeterville”) entered into a standstill agreement for the two notes held by Streeterville Capital, LLC. The terms of this agreement are the earlier of (a) the date that is ninety (90) days from the Effective Date, and (b) the date that the Company completes an equity offering on either Form S-1 or Form S-3 (the “Standstill Period”), Streeterville Capital, LLC will not seek to redeem any portion of the Notes, and (c) the Company agrees to prepay to Lender fifty percent (50%) of the net proceeds received by Borrower in connection with all equity financings until such time as Borrower has raised at least \$5,000,000 in aggregate net proceeds.

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. To date, the Company has paid Streeterville \$4,588,897 under this agreement.

Loans Payable to Bank

On September 5, 2024, the Company acquired a loan from Fulton Bank in the amount of \$312,000 in order to fund new equipment for Advanced Industrial Services, Inc. This loan carries interest of SOFR plus 2.37% per annum. This loan carries loan covenants which the Company was in compliance with as of September 30, 2024. This loan is secured by the assets of the Company.

On December 5, 2023, the Company acquired a loan from HDFC Bank in the amount of ₹2,352,700 (\$28,219 on date of loan acquisition) in order to fund a vehicle for Cemtrex Technologies Pvt, Ltd., Inc. This loan carries interest of 8.7% per annum. This loan was paid in full prior to the maturity date on June 3, 2024.

	Interest Rate	Maturity	September 30, 2024	September 30, 2023
Fulton Bank - \$360,000 fund equipment for AIS. The Company was in compliance with loan covenants as of September 30, 2024. This loan is secured by certain assets of the Company.	SOFR plus 2.37% (7.33% as of September 30, 2024 and 7.68% as of September 30, 2023).	1/31/2025	28,302	108,700
Fulton Bank - \$312,000 fund equipment for AIS. The Company was in compliance with loan covenants as of September 30, 2024. This loan is secured by certain assets of the Company.	SOFR plus 2.37% (7.33% as of September 30, 2024 and 7.68% as of September 30, 2023).	9/30/2029	312,000	-
Fulton Bank mortgage \$2,476,000. The Company was in compliance with loan covenants as of September 30, 2024. This loan is secured by the underlying asset.	SOFR plus 2.62% (7.58% on September 30, 2024 and (7.93% on September 30, 2023).	1/28/2040	2,113,337	2,180,115
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 (7.76% as of September 30, 2024 and 8.11% as of September 30, 2023).	9/30/2043	1,176,112	1,200,000
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 (7.76% as of September 30, 2024 and 8.11% as of September 30, 2023).	7/1/2030	1,881,621	2,122,565
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 September 30, 2024 and September 30, 2023.	8%	6/30/2025	244,766	4,596,589
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 September 30, 2024 and September 30, 2023.	8%	2/22/2026	12,195,789	11,243,233
Note Payable - \$240,000 For the purchase of Heisey Mechanical, Ltd.	6%	7/1/2024	-	240,000
Term Loan Agreement with NIL Funding Corporation ("NIL") - \$5,600,000 The Company was in compliance with loan covenants as of September 30, 2023.	11.50%	12/31/2024	-	1,979,743
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	50,628	91,114
Software License Agreement - \$1,125,000, for the purchase of software source code for use in our Security segment products	N/A	6/3/2024	-	675,000
Total debt			\$ 18,002,555	\$ 24,437,059
Less: Current maturities			(4,732,377)	(14,507,711)
Long-term debt			\$ 13,270,178	\$ 9,929,348

Estimated maturities of the Company's long-term debt over the next 5 years are as follows.

	2025	2026	2027	2028	2029	Thereafter	Total
Fulton Bank - \$360,000	28,302	-	-	-	-	-	\$ 28,302
Fulton Bank - \$312,000	53,671	57,643	62,210	67,114	71,362	-	\$ 312,000
Fulton Bank - \$2.16 Mil	264,301	262,135	284,544	308,869	335,063	426,709	\$ 1,881,621
Fulton Bank - Mortgage #1	72,410	73,009	85,701	92,430	100,563	1,689,224	\$ 2,113,337

Fulton Bank - Mortgage #2	28,417	26,792	29,087	31,578	34,030	1,026,208	\$ 1,176,112
PPP Loans	40,511	10,117	-	-	-	-	\$ 50,628
Notes Payable	4,244,765	8,195,790	-	-	-	-	\$ 12,440,555
TOTAL	<u>\$ 4,732,377</u>	<u>\$ 8,625,486</u>	<u>\$ 461,542</u>	<u>\$ 499,991</u>	<u>\$ 541,018</u>	<u>\$ 3,142,141</u>	<u>\$ 18,002,555</u>

NOTE 17 – RELATED PARTY TRANSACTIONS

As of September 30, 2024, and September 30, 2023, there was \$0 and \$3,806, respectively, payable due to Ducon Technologies, Inc., which is controlled by Aron Govil, the Company's Founder and Former Director and CFO. As of September 30, 2023, there were \$637,208 of receivables due from Ducon Technologies, Inc. The Company negotiated a payment agreement regarding past receivables and other liabilities due to Cemtrex, Inc. totaling \$761,585. This agreement was in the form of a secured promissory note earning interest at a rate of 5% per annum and matured on July 31, 2024. The Company did not receive payment on this note at the maturity date and placed a full allowance on the note during fiscal year 2024 and appears on the Company's Consolidated Statements of Operations and Comprehensive Loss under general and administrative expenses.

On February 26, 2021, the Company entered into a Settlement Agreement and Release with Aron Govil regarding a dispute over an alleged misappropriation of funds.

As part of the Settlement Agreement, Mr. Govil was required to pay the Company consideration with a total value of \$7,100,000 (the "Settlement Amount") by entering into the Agreement. The Settlement Amount was satisfied in a combination of Mr. Govil forfeiting certain Preferred Stock and outstanding options and executing a secured note in the amount of \$1,533,280. The Independent Board of Directors in coordination with Management concluded the settlement represented fair value.

Mr. Govil also executed a secured promissory note (the "Note") in the amount of \$1,533,280. The Note matured and was due in full in two years and bear interest at 9% per annum and was secured by all of Mr. Govil's assets. Mr. Govil also agreed to sign an affidavit confessing judgment in the event of a default on the Note. In accordance with ASC 450-30, Gain Contingencies, the Company determined the gain will not be recognized until the note is paid. Accordingly, the note and associated gain is not presented on the Company's consolidated balance sheets and consolidated statements of operations and comprehensive loss. The Company has not received payment on this note to date.

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. The successor Company conducts business under the name CXR, Inc.

On November 22, 2022, the Company completed the above disposition for the following consideration.

- Cemtrex XR, Inc.
 - \$895,000 comprised of:
 - \$75,000 in cash payable at Closing; and
 - 5% royalty of all revenues on the Business to be paid 90 days after the end of each calendar year for the next three years; and should the total sum of royalties due be less than \$820,000 at the end of the three-year period, Purchaser shall be obligated to pay the difference between \$820,000 and the royalties paid.
- Cemtrex Advanced Technologies, Inc.
 - \$10,000 in cash payable at Closing; and
 - 5% royalty of all revenues on the Business to be paid 90 days after the end of each calendar year for the next 5 years; and
 - \$1,600,000 in SAFE (common equity) at any subsequent fundraising or exit above \$5,000,000 with a \$10,000,000 cap.

The Company's Board of Directors, excluding Saagar Govil who abstained from all voting on these agreements, approved these actions and agreements.

Due to the on-going losses and risk associated with the SmartDesk business the Company has valued the royalty and SAFE agreement associated with the SmartDesk sale at \$0 and considers such consideration to be a gain contingency. All receivables due from SmartDesk, Inc, have a full allowance placed on them, no payments have been received.

Based on sales projections for Cemtrex XR, Inc., the Company does not believe that it will exceed the sales levels required to exceed the \$820,000 royalties due and has not accounted for any additional royalties at this time. In accordance with *ASC 310 – Receivables*, the Company has discounted the royalties due to \$660,621 and during the years ended September 30, 2024, and 2023 the Company recognized \$53,126 and \$44,272 of royalties due, respectively, and will amortize the remaining amount over the period the royalties are due. Additionally, the Company received \$76,000 in royalty payments.

As of September 30, 2024, there was \$685,788 in trade receivables due from CXR, Inc. Of these receivables \$60,628 are related to costs paid by Cemtrex related to payroll during the transition of employees to the new company and some subscription services that are set up on auto pay with a credit card. \$215,408 is related to the current amount of royalties due and the remaining \$409,752 is related to services provided by Cemtrex Technologies Pvt. Ltd. in the normal course of business. These balances are presented on the Consolidated Balance Sheets under the caption “Trade receivables - related party”. The long-term balance of royalties of \$456,611 is presented on the Company’s Consolidated Balance Sheets under the caption “Note receivable, net - related party”. During Fiscal year 2024, the Company recognized \$665,520 of revenue from CXR, Inc.

NOTE 18 – STOCKHOLDERS’ EQUITY

Preferred Stock

The Company is authorized to issue 10,000,000 shares of Preferred Stock, \$0.001 par value. As of September 30, 2024, and September 30, 2023, there were 2,506,827 and 2,343,016 shares issued and 2,442,727 and 2,278,916 shares outstanding, respectively.

Series A Preferred Stock

Each issued and outstanding Series A Preferred Share shall be entitled to the number of votes per share equal to the result of: (i) the number of shares of common stock of the Company issued and outstanding at the time of such vote multiplied by 1.01; divided by (ii) the total number of Series A Preferred Shares issued and outstanding at the time of such vote, at each meeting of shareholders of the Company with respect to any and all matters presented to the shareholders of the Company for their action or consideration, including the election of directors. Holders of Series A Preferred Shares shall vote together with the holders of Common Shares as a single class.

The Series A Preferred Stock has no liquidation value or preference.

The Series A Preferred Stock has no redemption rights.

As of September 30, 2024, and September 30, 2023, there were no shares of Series A Preferred Stock issued and outstanding.

Series C Preferred Stock

On October 3, 2019, pursuant to Article IV of our Articles of Incorporation, our Board of Directors voted to designate a class of preferred stock entitled Series C Preferred Stock, consisting of up to one hundred thousand (100,000) shares, par value \$0.001. Under the Certificate of Designation, holders of Series C Preferred Stock are entitled to the number of votes per share equal to the result of (i) the total number of shares of Common Stock outstanding at the time of such vote multiplied by 10.01, and divided by (ii) the total number of shares of Series C Preferred Stock outstanding at the time of such vote, at each meeting of our shareholders with respect to any and all matters presented to our shareholders for their action or consideration, including the election of directors.

The Series C Preferred Stock has no liquidation value or preference.

The Series C Preferred Stock has no redemption rights.

As of September 30, 2024, and September 30, 2023, there were 50,000 shares of Series C Preferred Stock issued and outstanding.

Series 1 Preferred Stock

Dividends

Holders of the Series 1 Preferred will be entitled to receive cumulative cash dividends at the rate of 10% of the purchase price per year, payable semiannually on the last day of March and September in each year. Dividends may also be paid, at our option, in additional shares of Series 1 Preferred, valued at their liquidation preference. The Series 1 Preferred rank senior to the common stock with respect to dividends. Dividends will be entitled to be paid prior to any dividend to the holders of our common stock.

Liquidation Preference

The Series 1 Preferred has a liquidation preference of \$10 per share, equal to its purchase price. In the event of any liquidation, dissolution or winding up of our company, any amounts remaining available for distribution to stockholders after payment of all liabilities of our company will be distributed first to the holders of Series 1 Preferred, and then *pari passu* to the holders of the Series A preferred stock and our common stock. The holders of Series 1 Preferred have preference over the holders of our common stock on any liquidation, dissolution or winding up of our company. The holders of Series 1 Preferred also have preference over the holders of our Series A preferred stock.

Voting Rights

Except as otherwise provided in the certificate of designation, preferences and rights or as required by law, the Series 1 Preferred will vote together with the shares of our common stock (and not as a separate class) at any annual or special meetings of stockholders. Except as required by law, each holder of shares of Series 1 Preferred will be entitled to two votes for each share of Series 1 Preferred held on the record date as though each share of Series 1 Preferred were 2 shares of our common stock. Holders of the Series 1 Preferred will vote as a class on any amendment altering or changing the powers, preferences or special rights of the Series 1 Preferred so as to affect them adversely.

No Conversion

The Series 1 Preferred will not be convertible into or exchangeable for shares of our common stock or any other security.

Rank

The Series 1 Preferred will rank with respect to distribution rights upon our liquidation, winding-up or dissolution and dividend rights, as applicable:

- senior to our Series A preferred stock, common stock and any other class of capital stock we issue in the future unless the terms of that stock provide that it ranks senior to any or all of the Series 1 Preferred;
- on a parity with any class of capital stock we issue in the future the terms of which provide that it will rank on a parity with any or all of the Series 1 Preferred;
- junior to each class of capital stock issued in the future the terms of which expressly provide that such capital stock will rank senior to the Series 1 Preferred and the common stock; and
- junior to all of our existing and future indebtedness.

Redemption

Shares of Series 1 Preferred may be redeemed, in whole or in part, at the option of the Corporation, by the Corporation by giving notice of such redemption at any time. Notice of redemption may be given either by mailing notice to the holders of record or by public announcement, by press release or otherwise. If notice is given by public announcement, by press release or otherwise, such notice shall be effective as of the date of such announcement, regardless of whether notice is also mailed or otherwise given to holders of record. The redemption price for any shares of Series 1 Preferred to be redeemed (the "Redemption Price") shall be payable in cash, out of funds legally available therefor, and shall be equal to the Preference Amount, plus any accrued but unpaid dividends. If fewer than all of the outstanding shares of Series 1 Preferred are to be redeemed at any time, the Corporation may choose to redeem shares proportionally from all holders or may choose the shares to be redeemed by lot or by any other equitable method.

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 the Form 25.

During the year ended September 30, 2024, and 2023, 235,762 and 213,894 shares of Series 1 Preferred Stock were issued to pay dividends to holders of Series 1 Preferred Stock, respectively.

As of September 30, 2024, and September 30, 2023, there were 2,456,827 and 2,293,016 shares of Series 1 Preferred Stock issued and 2,392,727 and 2,228,916 shares outstanding, respectively. The Company currently holds 64,100 shares of Series 1 Stock in Treasury stock.

On August 22, 2023, the Board of Directors (the "Board") of Centrex, Inc. authorized and approved a share repurchase program for up to 2,200,000 shares of the currently outstanding shares of the Company's Series 1 Preferred Stock over a period of 3 years, starting on September 1, 2023, and ending on August 31, 2026. Under the stock repurchase program, the Company intends to repurchase shares through open market purchases, privately negotiated transactions, block purchases or otherwise in accordance with applicable federal securities laws, including Rule 10b-18 of the Exchange Act.

During the year ended September 30, 2024, the Company has bought back and later cancelled 71,951 shares into treasury for \$69,705 under the Share Repurchase Program approved on August 22, 2023, that allows the Company to repurchase shares of the Series 1 Preferred Stock through various means, including through privately negotiated transactions and through an open market program.

The Board also authorized the Company to enter into written trading plans under Rule 10b5-1 of the Exchange Act. Adopting a trading plan that satisfies the conditions of Rule 10b5-1 allows a company to repurchase its shares at times when it might otherwise be prevented from doing so due to self-imposed trading blackout periods or pursuant to insider trading laws. Under any Rule 10b5-1 trading plan, the Company's third-party broker, subject to Securities and Exchange Commission regulations regarding certain price, market, volume and timing constraints, would have authority to purchase the Company's Series 1 Preferred Stock in accordance with the terms of the plan. The Company may from time to time enter into Rule 10b5-1 trading plans to facilitate the repurchase of its Series 1 Preferred Stock pursuant to its share repurchase program.

The Company cannot predict when or if it will repurchase any shares of Series 1 Preferred Stock as such stock repurchase program will depend on a number of factors, including constraints specified in any Rule 10b5-1 trading plans, price, general business and market conditions, and alternative investment opportunities.

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.

On August 2, 2024, the Company increased the number of authorized shares of common stock from 50,000,000 to 70,000,000 shares, \$0.001 par value. As of September 30, 2024, there were 14,176 shares issued and outstanding and at September 30, 2023, there were 498 shares issued and outstanding.

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 \$995,333. 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 number of shares issued in a cash 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. In addition, beginning on the date of the Warrant Stockholder Approval, the Warrants will contain a reset of the exercise price to a price equal to the lesser of (i) the then-current exercise price and (ii) lowest volume weighted average price for the five trading days immediately preceding and immediately following the date we effect a reverse stock split in the future with a proportionate adjustment to the number of shares underlying the Warrants. 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 \$3,105,170. The total fair value of the Warrants upon issuance was \$17,290,821. Given that the gross proceeds received of \$10,035,292 was less than the total fair value of the liability classified Warrants, the Company recorded a loss on excess fair value of \$7,255,528 at issuance.

During the year ended September 30, 2024, the Company issued 5,603 shares of common stock to satisfy the Prefunded Warrants described above and 2,100 shares of common stock to satisfy 1,469,531 Series A Warrants.

	Warrant Shares Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (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
Exercisable at September 30, 2024	49,709,047	\$ 0.23	2.77

NOTE 19 – SHARE-BASED COMPENSATION

On September 25, 2019, the Company cancelled all outstanding options granted to Saagar Govil, the Company’s Chairman and CEO and granted a stock option for 6 shares. These options have an exercise price of \$117,281.88 per share, which vested upon grant, and they expire after seven years. Additionally, Mr. Govil was granted additional future options;

- (i) 2 shares of the Corporation’s common stock, CETX at an exercise price of \$140,042.00 per share vesting on September 25, 2021;
- (ii) 2 shares of the Corporation’s common stock, CETX at an exercise price of \$168,050.40 per share vesting on September 25, 2023; and
- (iii) 2 shares of the Corporation’s common stock, CETX at an exercise price of \$201,660.48 per share vesting on September 25, 2025.

During the years ended September 30, 2024, and 2023 the Company recognized \$30,325 and \$106,839 of share-based compensation expense on its outstanding options, respectively. The share-based compensation is listed under the caption “General and administrative” expenses on the Company’s Consolidated Statements of Operations.

As of September 30, 2024, there was \$33,071 of total unrecognized compensation cost related to non-vested stock options, which is expected to be recognized over a weighted-average period of 1.5 years.

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at September 30, 2022	22	\$ 94,038.64	3.25	\$ -
Options granted	-	-	-	\$ -
Options exercised	-	-	-	-
Options forfeited	-	-	-	-
Options cancelled	(4)	\$ 43,547.40	-	\$ -
Outstanding at September 30, 2023	18	\$ 105,258.92	2.25	\$ -
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options forfeited	-	-	-	-
Options cancelled	-	-	-	-
Outstanding at September 30, 2024	18	\$ 105,258.92	1.25	\$ -
Vested and exercisable at September 30, 2024	18	\$ 105,258.92	-	\$ -

NOTE 20 – 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 consolidated financial statements.

NOTE 21 – INCOME TAXES

The Tax Cuts and Jobs Act (the “Tax Act”) was enacted on December 22, 2017. The Tax Act reduces the maximum U.S. federal corporate tax rate from 35% to 21%, allows net operating losses incurred in 2018 and beyond to be carried forward indefinitely, allows alternative minimum tax carryforwards to be partially refunded, beginning in 2018, and fully refunded by 2021, and creates new taxes on certain foreign sourced earnings.

At September 30, 2024, the Company had approximately \$15,052,834 of federal, \$5,209,518 of state, and \$1,646,625 of foreign net operating loss carryforwards. The net operating loss carryforwards, if not utilized, will begin to expire in 2030 for federal purposes and in 2026 for state purposes. The company is currently reviewing net operating losses for Section 382 limitation purposes and will make any required adjustments to the net operating losses at the completion of the study.

The following is a geographical breakdown of loss before the provision for income taxes.

	Year ended September 30,	
	2024	2023
Domestic	\$ (7,090,508)	\$ (6,279,077)
Foreign	(385,841)	277,964
Loss before provision for income taxes	<u>\$ (7,476,349)</u>	<u>\$ (6,001,113)</u>

The provision for income taxes consisted of the following.

	September 30, 2024	September 30, 2023
Current (benefit)/provision		
Federal	\$ -	\$ -
State	165,093	319,427
Foreign	37,187	74,845
Total current (benefit)/provision	<u>202,280</u>	<u>394,272</u>
Deferred provision		
Federal	-	-
State	-	-
Foreign	-	-
Total deferred provision	<u>\$ -</u>	<u>\$ -</u>
Total (benefit)/provision for income taxes	<u>\$ 202,280</u>	<u>\$ 394,272</u>

The following is a reconciliation of the effective income tax rate to the federal and state statutory rates.

	For the Fiscal Year Ended September 30, 2024	For the Fiscal Year Ended September 30, 2023
U.S. statutory rate	21.00%	21.00%
State taxes, net of federal	-1.74%	-4.21%
Foreign tax rate differential	-0.23%	-0.45%
Change in valuation allowance	-13.23%	-22.51%
Return to provision	-1.44%	0.98%
State Rate Change	-0.50%	0.00%
Goodwill impairment	-1.49%	0.00%
Write-Off of Related Party Note with Majority Owner	-2.35%	0.00%
Issuance Costs - Equity Financing	-2.80%	0.00%
Fair Value Adjustments on Warrants	1.64%	0.00%
Global intangible income	0.00%	-0.97%
Other permanent differences	-1.56%	-0.42%
Effective Tax Rate	<u>-2.71%</u>	<u>-6.57%</u>

The components of our deferred tax assets and liabilities are summarized as follows.

	September 30, 2024	September 30, 2023
Deferred Tax Assets:		
Net operating Loss carryforwards	\$ 21,908,977	\$ 20,375,296
Inventory and other reserves	1,363,737	1,221,903
Allowance for bad debt	32,919	32,633
Interest Expense Limitation	4,751,442	4,193,177
Accruals	439,996	293,956
Capitalized R&D	852,417	27,359
Warranty reserve	27,287	476,045
Other	15,270	6,927
Total gross deferred taxes	<u>29,392,045</u>	<u>26,627,296</u>
Valuation allowance	<u>(28,127,540)</u>	<u>(24,744,527)</u>
Net deferred tax assets	<u>1,264,505</u>	<u>1,882,769</u>
Deferred Tax Liabilities:		
Deferred revenue	(296,090)	(363,423)
Prepaid expenses	(132,685)	(127,852)
Goodwill amortization	(10,020)	(512,702)
Depreciation	(825,710)	(878,792)
Total deferred tax liabilities	<u>(1,264,505)</u>	<u>(1,882,769)</u>
Total deferred tax assets (liabilities)	<u>\$ -</u>	<u>\$ -</u>

Management has concluded that it is more likely than not that the deferred tax assets will not be realized and has reduced the asset by a valuation allowance.

NOTE 22 – BUSINESS COMBINATION

On July 1, 2023, the Company under AIS, completed the acquisition of a leading service contractor and steel fabricator that specializes in industrial and water treatment markets, Heisey Mechanical, Ltd. (“Heisey”) based in Columbia, Pennsylvania. The real estate of the business was purchased at fair market value on August 30, 2023, for \$1,500,000 in a separate transaction.

Heisey provides the water treatment industry with a variety of fabricated vessels and equipment including ASME pressure vessels, heat exchangers, mix tanks, reactors, and other specialized fabricated equipment. Additionally, the contracting team assists with installation and service of fabricated items. The company has over 33,000 square feet of manufacturing floor space in its facility and an experienced staff of fabricators, welders, and field mechanics.

The purchase price allocation presented below compares the preliminary allocation which was developed based on an estimate of fair values of Heisey’s identifiable tangible and intangible assets acquired and liabilities assumed as of July 1, 2023, compared to the final allocation.

The consideration transferred and allocation of Heisey’s tangible and intangible assets and liabilities, are as follows.

	Preliminary	Final
Consideration Transferred:		
Cash	\$ 393,291	\$ 393,291
Seller’s note	240,000	240,000
Financed amount	2,160,000	2,160,000
Total consideration transferred	\$ 2,793,291	\$ 2,793,291
Purchase Price Allocation:		
Inventory	300,000	443,069
Contract assets	667,259	667,259
Machinery and equipment	1,625,000	1,625,000
Contract liabilities	(216,469)	(216,469)
Accrued expenses	(57,499)	(57,499)
Goodwill	475,000	331,931
Total consideration transferred	\$ 2,793,291	\$ 2,793,291

The unaudited pro forma summary below presents the results of operations as if the Heisey acquisition occurred on October 1, 2022. Proforma adjustments for the twelve months ended September 30, 2023, includes \$127,800 of depreciation expense from acquired fixed assets, \$127,883 of interest expense on the debt used in the acquisition. The pro forma summary uses estimates and assumptions based on information available at the time. Management believes the estimates and assumptions to be reasonable; however, actual results may have differed significantly from this unaudited pro forma financial information. The unaudited pro forma information does not reflect any cost savings, operating synergies or revenue enhancements that might have been achieved from combining the operations.

	Unaudited For the year ended September 30, 2023
Revenues	\$ 66,274,838
Net loss	(9,173,748)

On August 30, 2023, the Company acquired a mortgage in the amount of \$1,200,000 from Fulton Bank to finance the purchase of the properties formerly owned by Heisey Mechanical Ltd. The mortgage carries interest at the Secured Overnight Financing Rate (SOFR) plus 2.8% and matures on September 30, 2043.

NOTE 23 – DISCONTINUED OPERATIONS

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

Due to the on-going losses and risk associated with the SmartDesk business the Company has valued the royalty and SAFE agreement associated with the SmartDesk sale at \$0 and considers such consideration to be a gain contingency.

Based on sales projections for Cemtrex XR, Inc., the Company does not believe that it will exceed the sales levels required to exceed the \$820,000 royalties due and has not accounted for any additional royalties at this time. In accordance with *ASC 310 – Receivables*, the Company has discounted the royalties due to \$660,621 and during the years ended September 30, 2024, and 2023 the Company recognized \$53,126 and \$44,272 of royalties due, respectively, and will amortize the remaining amount over the period the royalties are due. Additionally, the Company received \$76,000 in royalty payments.

As of September 30, 2024, there was \$685,788 in trade receivables due from CXR, Inc. Of these receivables \$60,628 are related to costs paid by Cemtrex related to payroll during the transition of employees to the new company and some subscription services that are set up on auto pay with a credit card. \$215,408 is related to the current amount of royalties due and the remaining \$409,752 is related to services provided by Cemtrex Technologies Pvt. Ltd. in the normal course of business. These balances are presented on the Consolidated Balance Sheets under the caption “Trade receivables - related party”. The long-term balance of royalties of \$456,611 is presented on the Company’s Consolidated Balance Sheets under the caption “Note receivable, net - related party”. During Fiscal year 2024, the Company recognized \$665,520 of revenue from CXR, Inc.

The following table summarizes the loss on the sale recorded during fiscal year 2023, included in Income/(loss) from discontinued operations, net of tax in the accompanying Consolidated Statement of Operations.

Purchase Price	\$	745,621
Less cash and cash equivalents transferred		(699,423)
Less liabilities assumed		(10,924)
Net purchase price	\$	35,274
Assets Sold		
Accounts receivable, net	\$	625,638
Inventory, net		980,730
Prepaid expenses and other assets		502,577
Property and equipment, net		837,808
Goodwill		598,392
		3,545,145
Liabilities Transferred		
Accounts payable		370,774
Short-term liabilities		364,775
Long-term liabilities		318,981
		1,054,530
Net assets sold	\$	2,490,615
Pretax loss on sale of Cemtrex Advanced Technologies, Inc, and Cemtrex XR, Inc.	\$	(2,455,341)

During the first quarter of fiscal 2023, Vicon completed the closure of its discontinued operating entity Vicon Systems, Ltd. located in Israel. The Company received funds related to benefit obligations of \$96,095, which at the time of operational closure were not guaranteed to be retrievable. The company paid \$7,010 in consulting fees for assistance in retrieving these funds. The net amount of \$89,085 is recognized on the Company’s Consolidated Income Statement as part of the Loss on Discontinued Operations.

Gain/(loss) from discontinued operations, net of tax and the loss on sale of discontinued operations, net of tax, of Cemtrex Advanced Technologies, Inc. and Cemtrex XR, Inc., sold during the first quarter of fiscal year 2023, which are presented in total as discontinued operations, net of tax in the Company's Consolidated Statements of Operations for the years ended September 30, 2024 and 2023, are as follows.

	Year ended September 30,	
	2024	2023
Total net sales	\$ -	\$ 649,061
Cost of sales	-	57,429
Operating, selling, general and administrative expenses	681	1,104,506
Other (income)/expenses	-	3,195
Income (loss) from discontinued operations	(681)	(516,069)
Amortization of discounted royalties	53,126	44,272
Loss on sale of discontinued operations	-	(2,455,341)
Adjustment of benefit obligation	-	89,085
Income tax provision	9,321	-
Discontinued operations, net of tax	<u>\$ 43,124</u>	<u>\$ (2,838,053)</u>

NOTE 24 – SUBSEQUENT EVENTS

Cemtrex has evaluated subsequent events up to the date the consolidated financial statements were issued. The Company concluded that the following subsequent events have occurred and require recognition or disclosure in the consolidated financial statements.

Preferred shares issued for dividend

On October 7, 2024, the Company issued 123,167 shares of its Series 1 Preferred Stock to for dividends. The dividend was paid to shareholders of record as of September 30, 2024.

Common shares issued subsequent to financial statements date

On various dates subsequent to September 30, 2024, 1,324,503 shares of common stock were issued to satisfy Series A Warrants with an aggregate strike price value of \$9,998,205 and a fair market value of \$21,515,777.

On various dates subsequent to September 30, 2024, 333,650 shares of common stock were issued to satisfy Series B Warrants with an aggregate strike price value of \$1,050,597 and a fair market value of \$1,095,731.

On various dates during November and December 2024, 51,833 shares of common stock were issued to make up for fractional shares from the November 26, 2024 reverse stock split.

Strategic Investment

On October 17, 2024, and November 18, 2024, the Company made an additional \$50,000 investment, on each 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.

Common Stock Reverse Stock Split

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

Issuance of Note 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.

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

General

Our authorized capital stock consists of 70,000,000 shares of common stock, par value \$0.001 per share, and 10,000,000 shares of preferred stock, par value \$0.001 per share, of which 1,000,000 shares are designated as series A preferred stock, 100,000 are designated as series C preferred stock and 3,000,000 shares are designated as series 1 preferred stock. As of December 23, 2024, 1,724,162 shares of common stock were issued and outstanding, 50,000 shares of Series C preferred stock issued and outstanding and 2,579,994 shares of series 1 preferred stock were issued and 2,515,894 outstanding.

As of December 23, 2024, there were an aggregate of 18 shares of our common stock reserved for issuance upon the exercise of our outstanding stock options at a weighted average exercise price of \$105,259 per share.

As of December 23, 2024, there were an aggregate of 3,566,722 shares of our common stock reserved for issuance upon the exercise of our Series A and Series B Warrants. The Series A Warrants have an alternative cashless exercise which entitles the holder to a 1 for 3 warrant to common share ratio. The Series B Warrants have an exercise price of \$3.1488 and are exercisable into one share per warrant.

Common Stock

Voting Power; Dividends. Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders and have the right to vote cumulatively for the election of directors. This means that in the voting at our annual meeting, each stockholder or his proxy, may multiply the number of his shares by the number of directors to be elected then cast the resulting total number of votes for a single nominee, or distribute such votes on the ballot among the nominees as desired. Holders of our common stock are entitled to receive ratably such dividends, if any, as may be declared by our board of directors out of funds legally available therefor, subject to any preferential dividend rights for our outstanding preferred stock.

Liquidation, Dissolution and Winding Up. Upon our liquidation, dissolution or winding up, the holders of our common stock are entitled to receive ratably our net assets available after the payment of all debts and other liabilities and subject to the prior rights of holders of any of our outstanding preferred stock.

Preemptive and Other Rights. Holders of our common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock that we may designate and issue in the future.

Our common stockholders may not receive any assets or funds until our creditors have been paid in full and the preferential or participating rights of our preferred stockholders have been satisfied. If we participate in a corporate merger, consolidation, purchase or acquisition of property or stock, or other reorganization, any payments or shares of stock allocated to our common stockholders will be distributed pro-rata to holders of our common stock on a per share basis. If we redeem, repurchase or otherwise acquire for payment any shares of our common stock, we will treat each share of common stock identically.

We may issue additional shares of our common stock and our preferred stock, if authorized by the board, without the common stockholders' approval, unless required by Delaware law or a stock exchange on which our securities are traded. If we receive the appropriate payment, shares of our common stock that we issue will be fully paid and nonassessable.

Nasdaq Capital Market. Our shares of common stock are traded on the Nasdaq Capital Market under the symbol CETX.

Transfer Agent and Registrar. The transfer agent and registrar for our common stock is Clear Trust LLC, Lutz, Florida.

Preferred Stock

Under our certificate of incorporation, our board of directors is authorized, without further stockholder action, to issue up to 10,000,000 shares of preferred stock in one or more series, with such powers, designations, preferences and relative, participating, optional and other rights and such qualifications, limitations and restrictions thereof as shall be set forth in the resolutions providing therefor. We have no present plans to issue any additional shares of preferred stock.

Series A Preferred Stock

Pursuant to the certificate of designation relating to those shares, each issued and outstanding share of series A preferred stock is entitled to the number of votes equal to the result of (i) the total number of shares of common stock outstanding at the time of such vote multiplied by 1.01, and divided by (ii) the total number of shares of series A preferred stock outstanding at the time of such vote, at each meeting of our stockholders with respect to any and all matters presented to our stockholders for their action or consideration, including the election of directors.

Our series A preferred stock has equal distribution rights with our common stockholders upon liquidation, dissolution or winding-up of our company, and otherwise has no preemptive, subscription, conversion or redemption rights.

Series C Preferred Stock

On October 3, 2019, pursuant to Article IV of our Articles of Incorporation, our Board of Directors voted to designate a class of preferred stock entitled Series C Preferred Stock, consisting of up to one hundred thousand (100,000) shares, par value \$0.001. Under the Certificate of Designation, holders of Series C Preferred Stock are entitled to the number of votes per share equal to the result of (i) the total number of shares of Common Stock outstanding at the time of such vote multiplied by 10.01, and divided by (ii) the total number of shares of Series C Preferred Stock outstanding at the time of such vote, at each meeting of our shareholders with respect to any and all matters presented to our shareholders for their action or consideration, including the election of directors.

Series 1 Preferred

As of December 23, 2024, 2,579,994 shares of series 1 preferred stock (the "series 1 preferred"), were issued and 2,515,894 outstanding having the following powers, preferences and rights:

Dividends. Holders of the series 1 preferred are entitled to receive cumulative cash dividends at the rate of 10% of the purchase price per year, payable semiannually on the last day of March and September in each year. Dividends may also be paid, at our option, in additional shares of series 1 preferred, valued at their liquidation preference. The series 1 preferred ranks senior to the common stock with respect to dividends. Dividends will be entitled to be paid prior to any dividend to the holders of our common stock.

Liquidation Preference. The series 1 preferred has a liquidation preference of \$10.00 per share, equal to its purchase price. In the event of any liquidation, dissolution or winding up of our company, any amounts remaining available for distribution to stockholders after payment of all liabilities of our company will be distributed first to the holders of series 1 preferred, and then pari passu to the holders of the series A preferred stock and our common stock. The holders of series 1 preferred have preference over the holders of our common stock on any liquidation, dissolution or winding up of our company. The holders of series 1 preferred also have preference over the holders of our series A preferred stock.

Voting Rights. Except as otherwise provided in the certificate of designation, preferences and rights or as required by law, the series 1 preferred vote together with the shares of our common stock (and not as a separate class) at any annual or special meetings of stockholders. Except as required by law, each holder of shares of series 1 preferred is entitled to two votes for each share of series 1 preferred held on the record date as though each share of series 1 preferred were two shares of our common stock. Holders of the series 1 preferred vote as a class on any amendment altering or changing the powers, preferences or rights of the series 1 preferred so as to affect them adversely.

No Conversion. The series 1 preferred are not convertible into or exchangeable for shares of our common stock or any other security.

Rank. The series 1 preferred ranks with respect to distribution rights upon our liquidation, winding-up or dissolution and dividend rights, as applicable:

- senior to our series A preferred stock, common stock and any other class of capital stock we issue in the future unless the terms of that stock provide that it ranks senior to any or all of the series 1 preferred;
- on a parity with any class of capital stock we issue in the future the terms of which provide that it will rank on a parity with any or all of the series 1 preferred;
- junior to each class of capital stock issued in the future the terms of which expressly provide that such capital stock will rank senior to the series 1 preferred and the common stock; and
- junior to all of our existing and future indebtedness.

In addition, the series 1 preferred, with respect to rights upon our liquidation, winding-up or dissolution, will be structurally subordinated to existing and future indebtedness of our company and subsidiaries, as well as the capital stock of our subsidiaries held by third parties.

Redemption. We may mandatorily redeem any or all of the series 1 preferred at any time and from time to time at our option, by giving notice (by issuing a press release or otherwise making a public announcement, by mailing a notice of redemption or otherwise). If we redeem fewer than all of the outstanding shares of series 1 preferred, we may select the shares to be redeemed by redeeming shares proportionally, by lot, or by any other equitable method. The mandatory redemption price for any shares of series 1 preferred is an amount equal to the \$10.00 purchase price per share plus any accrued but unpaid dividends to the date fixed for redemption.

From and after any applicable redemption date, if funds necessary for the redemption are available and have been irrevocably deposited or set aside, then:

- the shares will no longer be deemed outstanding;
- the holders of the shares, as such, will cease to be stockholders; and
- all rights with respect to the shares of series 1 preferred will terminate except the right of the holders to receive the redemption price, without interest.

We may also repurchase, outside of our mandatory redemption rights, any shares of series 1 preferred in privately-negotiated transactions or in open market purchases on Nasdaq, subject to applicable regulations regarding issuer repurchases of their capital stock. In such cases, we would most likely do so at prices lower than the price at which we are entitled to mandatorily redeem the shares.

No Other Rights. The holders of the series 1 preferred have no preemptive or preferential or other rights to purchase or subscribe to any stock, obligations, warrants or other securities of ours.

Trading. The series 1 preferred is listed for trading on the Nasdaq Capital Market under the symbol CETXP.

Transfer Agent and Registrar. Clear Trust, LLC, Florida, is the transfer agent and registrar for our series 1 preferred.

Anti-Takeover Provisions

The terms of our shares of series A, none are issued and outstanding at this time, and series C preferred stock, held by Saagar Govil, our CEO, may also have the effect of discouraging a takeover of our company. Pursuant to the certificate of designation for our Series A preferred stock, each outstanding share of Series A preferred stock is entitled to the number of votes equal to the result of (i) the total number of shares of our common stock outstanding at the time of such vote multiplied by 1.01, divided by (ii) the total number of shares of our series A preferred stock outstanding at the time of such vote, at each meeting of stockholders of our company with respect to any and all matters presented to our stockholders for their action or consideration, including the election of directors. Pursuant to the certificate of designation for our Series C preferred stock, each issued and outstanding Series C Preferred Share shall be entitled to the number of votes equal to the result of: (i) the number of shares of common stock of the Company (The "Common Shares") issued and outstanding at the time of such vote multiplied by 10.01; divided by (ii) the total number of Series C Preferred Shares issued and outstanding at the time of such vote, at each meeting of shareholders of the Company with respect to any and all matters presented to the shareholders of the Company for their action or consideration, including the election of directors. Holders of Series C Preferred Shares shall vote together with the holders of Common Shares as a single class. As a result of Saagar Govil's ownership of our Series C preferred stock, our management stockholders' control, and will control in the future, substantially all matters requiring approval by the stockholders of our company, including the election of all directors and approval of significant corporate transactions. Given this continuing voting interest of our series A preferred stock and series C preferred stock, its holder will be able to exert significant influence over all corporate activities including the outcome of tender offers, mergers, proxy contests or other purchases of common stock, which could discourage others from initiating changes of control.

Our certificate of incorporation, in order to combat "greenmail," provides in general that any direct or indirect purchase by us of any of our voting stock or rights to acquire voting stock known to be beneficially owned by any person or group which holds more than 5% of a class of our voting stock and which has owned the securities being purchased for less than two years must be approved by the affirmative vote of at least two-thirds of the votes entitled to be cast by the holders of voting stock, subject to certain exceptions. The prohibition of "greenmail" may tend to discourage or foreclose certain acquisitions of our securities, which might temporarily increase the price of our securities. Discouraging the acquisition of a large block of our securities by an outside party may also have a potential negative effect on takeovers. Parties seeking control of our company through large acquisitions of our securities will not be able to resort to "greenmail" should their bid fail, thus making such a bid less attractive to persons seeking to initiate a takeover effort.

We are subject to the provisions of Section 203 of the General Corporation Law of Delaware. Section 203 prohibits certain publicly held Delaware corporations from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an "interested stockholder," unless the business combination is approved in a prescribed manner. A "business combination" includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person or entity who, together with affiliates and associates, owns (or within the preceding three years, did own) 15% or more of the corporation's voting stock. The statute contains provisions enabling a corporation to avoid the statute's restrictions if the stockholders holding a majority of the corporation's voting stock approve.

Indemnification of Directors and Officers

Our certificate of incorporation provides that any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (whether or not by or in the right of the company) by reason of the fact that he is or was a director, officer, incorporator, employee or agent of the company, or is or was serving at the request of the company as a director, officer, incorporator, employee or agent of another company, partnership, joint venture, trust or other enterprise, shall be entitled to be indemnified by the company to the full extent then permitted by law or to the extent that a court of competent jurisdiction shall deem proper or permissible under the circumstance, whichever is greater, against expenses (including attorneys' fees), judgments, fines and amount paid in settlement incurred by such person in connection with such action, suit or proceeding. Such right of indemnification shall inure whether or not the claim asserted is based on matters which pre-date the company's adoption of the indemnification provisions in its certificate of incorporation. Furthermore, such right of indemnification will continue as to a person who has ceased to be a director, officer, incorporator, employee or agent and will inure to the benefit of the heirs and personal representatives of such person.

SUBSIDIARIES OF THE REGISTRANT

Name of consolidated subsidiary or entity	State or other jurisdiction of incorporation or organization	Date of incorporation or formation (date of acquisition, if applicable)	Attributable interest
Advanced Industrial Services, Inc.	Pennsylvania	July 20, 1984 (December 15, 2015)	100%
Advanced Industrial Leasing, Inc.	Pennsylvania	July 20, 1984 (December 15, 2015)	100%
Cemtrex Technologies Pvt Ltd.	India	December 21, 2017	100%
Vicon Industries, Inc.	New York	March 23, 2018	93%
Vicon Industries Limited	United Kingdom	March 23, 2018	93%

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We hereby consent to the incorporation by reference in the Registration Statements of Centrex, Inc. on Form S-3 dated July 21, 2020, and Form S-8 dated August 17, 2020 of our report dated December 28, 2023, with respect to our audits of the consolidated financial statements Centrex, Inc. as of September 30, 2023 and 2022 and for each of the years in the two-year period ended September 30, 2023, appearing in this Current Report on Form 10-K.

/s/ Grassi & Co., CPAs, P.C.

Jericho, New York

December 28, 2023

**CERTIFICATION PURSUANT TO RULE 13a/15d OF THE SECURITIES AND 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-K of Centrex, Inc., for the fiscal year ended September 30, 2024;
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 reasonable 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 controls over financial reporting.

Date: December 30, 2024

/s/ Saagar Govil

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

CERTIFICATION PURSUANT TO RULE 13a/15d OF THE SECURITIES AND 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-K of Cemtrex, Inc., for the fiscal year ended September 30, 2024;
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 reasonable 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 controls over financial reporting.

Date: December 30, 2024

/s/ Paul J Wyckoff

Paul J. Wyckoff,
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

**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 annual report of Cemtrex, Inc. (the "Company") on Form 10-K for the fiscal year ended September 30, 2024, 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.

Dated: December 30, 2024

/s/ Saagar Govil

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

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**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 annual report of Cemtrex, Inc. (the "Company") on Form 10-K for the fiscal year ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul J. Wyckoff, Interim Chief 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.

Dated: December 30, 2024

/s/ Paul J. Wyckoff

Paul J. Wyckoff,
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request
