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

FORM 10-Q

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

For the quarterly period ended June 30, 2021

OR

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

For the transition period from ___________to ____________

Commission File Number 001-37464

CEMTREX, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	30-0399914 (I.R.S. Employer Identification No.)
276 Greenpoint Ave, Suite 208, Brooklyn, NY (Address of principal executive offices)	11222 (Zip Code)

631-756-9116
(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock	CETX	Nasdaq Capital Market
Series 1 Preferred Stock	CETXP	Nasdaq Capital Market
Series 1 Warrants	CETXW	Nasdaq Capital Market

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

☒ Yes ☐ No

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

☒ Yes ☐ No

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

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

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

☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of August 13, 2021, the issuer had20,782,194 shares of common stock issued and outstanding.

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CEMTREX, INC. AND SUBSIDIARIES

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Part I. Financial Information

Item 1. Financial Statements

Cemtrex, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

	(UNAUDITED) June 30, 2021	(Restated) September 30, 2020
Assets		
Current assets		
Cash and equivalents	$ 12,879,278	$ 19,490,061
Restricted cash	1,690,873	1,582,798
Short-term investments	452,175	887,746
Trade receivables, net	5,234,216	6,686,797
Trade receivables - related party	1,505,789	1,432,209
Inventory –net of allowance for inventory obsolescence	8,669,397	6,793,806
Prepaid expenses and other assets	2,164,367	1,188,317
Total current assets	32,596,095	38,061,734
Property and equipment, net	7,236,755	6,961,751
Right-of-use assets	3,098,523	2,728,380
Assets held for sale	8,323,321	8,323,321
Goodwill	5,886,096	4,370,894
Other	1,094,429	744,207
Total Assets	**$ 58,235,219**	**$ 61,190,287**
Liabilities & Stockholders' Equity (Deficit)		
Current liabilities		
Accounts payable	$ 2,888,144	$ 2,857,817
Short-term liabilities	6,381,047	7,034,510
Lease liabilities - short-term	840,016	721,036
Deposits from customers	39,227	29,660
Accrued expenses	2,476,812	2,392,487
Deferred revenue	1,794,187	1,651,784
Accrued income taxes	331	89,318
Total current liabilities	14,419,764	14,776,612
Long-term liabilities		
Loans payable to bank	1,046,504	1,871,201
Long-term lease liabilities	2,261,148	2,027,406
Notes payable	3,079,743	6,029,999

Mortgage payable	2,282,409	2,355,542
Other long-term liabilities	1,078,752	1,063,733
Paycheck Protection Program Loans	2,871,161	2,169,437
Deferred Revenue - long-term	449,563	467,329
Total long-term liabilities	13,069,280	15,984,647
Total liabilities	27,489,044	30,761,259
Commitments and contingencies	-	-
Shareholders' equity		
Preferred stock , $0.001 par value, 10,000,000 shares authorized,		
Series 1, 3,000,000 shares authorized, 1,885,151 shares issued and outstanding as of June 30, 2021 and 2,156,784 shares issued and outstanding as of September 30, 2020 (liquidation value of $10 per share)	1,885	2,157
Series A, 1,000,000 shares authorized, zero shares issued and outstanding at June 30, 2021 and 1,000,000 shares issued and outstanding at September 30, 2020	-	1,000
Series C, 100,000 shares authorized, 50,000 shares issued and outstanding at June 30, 2021 and100,000 shares issued and outstanding at September 30, 2020	50	100
Common stock, $0.001 par value, 50,000,000 shares authorized, 18,711,463 shares issued and outstanding at June 30, 2021 and 17,622,539 shares issued and outstanding at September 30, 2020	18,711	17,623
Additional paid-in capital	58,846,576	60,221,766
Retained earnings (accumulated deficit)	(30,660,550)	(32,520,084)
Treasury stock at cost	(148,291)	(148,291)
Accumulated other comprehensive income (loss)	1,624,673	1,777,112
Total Cemtrex stockholders' equity	29,683,054	29,351,383
Non-controlling interest	1,063,121	1,077,645
Total liabilities and shareholders' equity	**$ 58,235,219**	**$ 61,190,287**

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

Cemtrex, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive Income/(Loss)

	For the three months ended		For the nine months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Revenues	10,326,431	8,440,867	28,422,892	32,774,797
Cost of revenues	6,198,715	5,161,015	16,360,822	18,800,355
Gross profit	4,127,716	3,279,852	12,062,070	13,974,442
Operating expenses				
General and administrative	5,670,019	5,347,718	16,337,200	15,380,199
Research and development	757,966	331,936	2,033,688	1,113,455
Total operating expenses	6,427,985	5,679,654	18,370,888	16,493,654
Operating income/(loss)	(2,300,269)	(2,399,802)	(6,308,818)	(2,519,212)
Other income/(expense)				
Other income/(expense)	3,901,658	158,134	6,532,590	830,251
Settlement Agreement - Related Party	-	-	3,674,165	-
Interest Expense	(433,009)	(1,982,101)	(1,891,026)	(3,812,921)
Total other income/(expense), net	3,468,649	(1,823,967)	8,315,729	(2,982,670)
Net loss before income taxes	1,168,380	(4,223,769)	2,006,911	(5,501,882)
Income tax benefit/(expense)	(40,759)	(7,658)	(168,190)	(197,201)
Net income/(loss)	1,127,621	(4,231,427)	1,838,721	(5,699,083)
Less income in noncontrolling interest	29,608	(35,751)	(20,813)	151,312
Net income/(loss) attributable to Cemtrex, Inc. shareholders	$ 1,098,013	$ (4,195,676)	$ 1,859,534	$ (5,850,395)
Net income/(loss)	$ 1,127,621	$ (4,231,427)	$ 1,838,721	$ (5,699,083)
Other comprehensive income/(loss)				
Foreign currency translation gain/(loss)	(193,554)	154,443	(234,045)	161,460
Defined benefit plan actuarial gain/(loss)	-	-	87,895	-
Comprehensive income/(loss)	934,067	(4,076,984)	1,692,571	(5,537,623)
Less comprehensive income/(loss) attributable to noncontrolling interest	(35,731)	41,266	14,524	(118,623)
Comprehensive income/(loss) attributable to Cemtrex, Inc. shareholders	$ 969,798	$ (4,118,250)	$ 1,678,047	$ (5,419,000)
Income/(loss) Per Share-Basic	$ 0.06	$ (0.38)	$ 0.10	$ (0.82)
Income/(loss) Per Share-Diluted	$ 0.06	$ (0.38)	$ 0.10	$ (0.82)
Weighted Average Number of Shares-Basic	18,711,463	10,933,926	18,368,274	7,161,785
Weighted Average Number of Shares-Diluted	18,711,463	10,933,926	18,368,274	7,161,785

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

Cemtrex, Inc. and Subsidiaries
Condensed Consolidated Statement of Stockholders' Equity
(Unaudited/Restated)

	Preferred Stock Series 1 Par Value $0.001		Preferred Stock Series A Par Value $0.001		Preferred Stock Series C Par Value $0.001		Common Stock Par Value $0.01							
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Treasury Stock, At cost	Accumulated other Comprehensive Income(loss)	Cemtrex Stockholders' Equity	Non-controlling interest
Balance at September 30, 2020, as reported	2,156,784	$ 2,157	1,000,000	$ 1,000	100,000	$ 100	17,622,539	$ 17,623	$ 63,313,336	$ (33,172,690)	$ (148,291)	$ 853,643	$ 30,866,878	$ 1,077,645
Adjustment									(3,091,570)	652,606		923,469	(1,515,495)	
Balance at September 30, 2020, as restated	2,156,784	$ 2,157	1,000,000	$ 1,000	100,000	$ 100	17,622,539	$ 17,623	$ 60,221,766	$ (32,520,084)	$ (148,291)	$ 1,777,112	$ 29,351,383	$ 1,077,645
Foreign currency translation gain/(loss)												37,864	37,864	
Share-based compensation									16,071				16,071	
Shares issued to pay notes payable							345,638	345	407,507				407,852	
Dividends paid in Series 1 preferred shares	108,169	108							(108)				-	
Net income/(loss) attributable to noncontrolling interest													-	(40,247)
Comprehensive income/(loss) attributable to noncontrolling interest													-	9,617
Net loss										(1,692,611)			(1,692,611)	
Balance at December 31, 2020	2,264,953	$ 2,265	1,000,000	$ 1,000	100,000	$ 100	17,968,177	$ 17,968	$ 60,645,236	$ (34,212,695)	$ (148,291)	$ 1,814,976	$ 28,120,559	$ 1,047,015
Foreign currency translation gain/(loss)												(78,521)	(78,521)	
Defined benefit plan actuarial gain/(loss)												87,895	87,895	
Share-based compensation									49,246				49,246	
Shares issued to pay notes payable							743,286	743	1,298,733				1,299,476	
Income in noncontrolling interest														(19,625)
Shares and options surrendered in settelment agreement	(469,949)	(470)	(1,000,000.00)	(1,000)	(50,000)	(50)			(3,672,645)				(3,674,165)	
Net income										2,454,132			2,454,132	
Balance at March 31, 2021	1,795,004	$ 1,795	-	$ -	50,000	$ 50	18,711,463	$ 18,711	$ 58,320,570	$ (31,758,563)	$ (148,291)	$ 1,824,350	$ 28,258,622	$ 1,027,390
Foreign currency translation gain/(loss)												(199,677)	(199,677)	
Dividends paid in Series 1 preferred shares	90,147	90							(90)				-	
Share-based compensation									45,587				45,587	
Shares granted to pay notes payable									480,509				480,509	
Income in noncontrolling interest													-	35,731
													-	
Net income										1,098,013			1,098,013	
Balance at June 30, 2021	1,885,151	$ 1,885	-	$ -	50,000	$ 50	18,711,463	$ 18,711	$ 58,846,576	$ (30,660,550)	$ (148,291)	$ 1,624,673	$ 29,683,054	$ 1,063,121

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

Cemtrex, Inc. and Subsidiaries
Condensed Consolidated Statement of Stockholders' Equity (Continued)
(Unaudited/Restated)

	Preferred Stock Series 1 Par Value $0.001		Preferred Stock Series A Par Value $0.001		Preferred Stock Series C Par Value $0.001		Common Stock Par Value $0.01			Retained		Accumulated		
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-in Capital	Earnings (Accumulated Deficit)	Treasury Stock, At cost	other Comprehensive Income(loss)	Cemtrex Stockholders' Equity	Non-controlling interest
Balance at September 30, 2019	2,110,718	$ 2,111	1,000,000	$ 1,000	-	$ -	3,962,790	$ 3,963	$39,337,117	$ (23,676,887)	$ -	$ 1,791,153	$ **17,458,457**	$ 885,874
Foreign currency translation gain												582,156	582,156	
Share-based compensation					100,000	100			119,004				119,104	
Shares issued to pay accounts payable							18,358	18	27,520				27,538	
Shares sold in Securities Purchase Agreements, net of offering costs							338,393	338	359,712				360,050	
Stock issued to pay notes payable							105,042	105	130,147				130,252	
Dividends paid in Series 1 preferred shares	105,965	106							(106)				-	
Net income/(loss) attributable to noncontrolling interest													-	194,911
Comprehensive income/(loss) attributable to noncontrolling interest													-	(18,429)
Net loss										(55,618)			(55,618)	
Balance at December 31, 2019	2,216,683	$ 2,217	1,000,000	$ 1,000	100,000	$ 100	4,424,583	$ 4,424	$39,973,394	$ (23,732,505)	$ -	$ 2,373,309	$ 18,621,939	$1,062,356
Foreign currency translation gain												(748,929)	(748,929)	
Share-based compensation									24,104				24,104	
Shares sold in Securities Purchase Agreements, net of offering costs							847,000	847	1,160,253				1,161,100	
Stock issued to pay notes payable							2,518,045	2,519	3,499,747				3,502,266	
Shares issued for services							150,000	150	170,850				171,000	
Purchase of treasury stock											(190,483)		(190,483)	
Noncontrolling interest													-	(16,593)
Net loss										(1,599,101)			(1,599,101)	
Balance at March 31, 2020	2,216,683	$ 2,217	1,000,000	$ 1,000	100,000	$ 100	7,939,628	$ 7,940	$44,828,348	$ (25,331,606)	$(190,483)	$ 1,624,380	$ 20,941,896	$1,045,763
Foreign currency translation gain												154,443	154,443	
Share-based compensation									24,104				24,104	
Shares sold in Securities Purchase Agreements, net of offering costs							5,458,479	5,459	10,095,311				10,100,770	
Stock issued to pay notes payable							2,595,608	2,595	3,298,811				3,301,406	
Shares issued for services							270,000	270	229,730				230,000	
Noncontrolling interest													-	(41,266)
Net loss										(4,195,676)			(4,195,676)	
Balance at June 30, 2020	2,216,683	$ 2,217	1,000,000	$ 1,000	100,000	$ 100	16,263,715	$16,264	$58,476,304	$ (29,527,282)	$(190,483)	$ 1,778,823	$ 30,556,943	$1,004,497

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

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

	For the nine months ended June 30,	
Cash Flows from Operating Activities	**2021**	**2020**
	(unaudited)	(restated)
Net income/(loss)	$ 1,838,721	$ (5,699,083)
Adjustments to reconcile net loss to net cash provided/(used) by operating activities:		
Depreciation and amortization	972,186	1,343,207
Gain on disposal of property and equipment	18,583	457
Amortization of right-of-use assets	653,175	352,691
Change in allowance for doubtful accounts	(161,101)	126
Share-based compansation	110,904	167,312
Income tax expense/ (benefit)	168,190	(197,201)
Interest expense paid in equity shares	818,348	2,505,924
Accrued interest on notes payable	64,748	308,748
Amortization of original issue discounts on notes payable	575,000	757,278
Gain on marketable securities	(2,407,841)	(607,103)
Settlement Agreement - Related Party	(3,674,165)	-
Discarge of Paycheck Protection Program Loans	(3,349,700)	-
Changes in operating assets and liabilities net of effects from acquisition of subsidiaries:		
Accounts receivable	1,613,682	1,654,383

Accounts receivable - related party	(78,594)	5,510
Inventory	(1,875,591)	(1,384,453)
Prepaid expenses and other curent asstets	(976,050)	(514,580)
Other assets	149,778	(1,017,337)
Other liabilities	15,019	(117,667)
Accounts payable	30,327	(1,205,851)
Operating lease liabilities	(650,535)	(296,892)
Deposits from customers	9,567	2,003
Accrued expenses	(78,851)	383,230
Deferred revenue	124,637	(99,354)
Income taxes payable	(88,987)	272,925
Net cash used by operating activities	**(6,178,550)**	**(3,385,727)**
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,113,658)	(4,541,537)
Investment in Virtual Driver Interactive	(1,075,428)	-
Investment in MasterpieceVR	(500,000)	-
Investment in related party		(500,000)
Proceeds from sale of marketable securities	9,134,159	22,720,132
Purchase of marketable securities	(6,290,747)	(23,479,038)
Purchases of treasury stock	-	(190,483)
Note Receivable - Related party	-	-
Net cash used by investing activities	**154,326**	**(5,990,926)**
Cash Flows from Financing Activities		
Proceeds from notes payable	-	4,485,000
Payments on notes payable	(2,145,257)	(726,640)
Proceeds on bank loans	-	5,947,101
Payments on bank loans	(957,186)	(224,196)
Proceeds from Paycheck Protection Program Loans	2,942,285	-
Proceeds from securities purchase agreements	-	12,462,648
Payments on capital lease liabilities	(20,061)	(13,838)
Expenses on securities purchase agreements	-	(840,728)
Revolving line of credit	-	(425,812)
Net cash provided/(used) by financing activities	**(180,219)**	**20,663,535**
Effect of currency translation	(298,265)	128,771
Net increase in cash, cash equivalents, and restricted cash	(6,204,443)	11,286,882
Cash, cash equivalents, and restricted cash at beginning of period	21,072,859	2,858,085
Cash, cash equivalents, and restricted cash at end of period	**14,570,151**	**$ 14,273,738**
Balance Sheet Accounts Included in Cash, Cash Equivalents, and Restricted Cash		
Cash and equivalents	$ 12,879,278	$ 12,939,493
Restricted cash	1,690,873	1,334,245
Total cash, cash equivalents, and restricted cash	**$ 14,570,151**	**$ 14,273,738**

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

Cemtrex, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Continued)
(Unaudited/Restated)

Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for interest	$ 432,930	$ 240,971
Cash paid during the period for income taxes	$ 88,987	$ 75,724
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Investment in Virtual Driver Interactive	$ 439,774	$ -
Stock issued to pay for products and/or services	$ -	$ 428,538
Stock issued to pay notes payable	$ 2,187,837	$ 6,933,924

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

Cemtrex Inc. and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – ORGANIZATION AND PLAN OF OPERATIONS

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.

The Company continuously assesses the composition of its portfolio businesses to ensure it is aligned with its strategic objectives and positioned to maximize growth and return in the coming years. During fiscal 2018, the Company made a strategic decision to exit its Electronics Manufacturing group by selling all companies in that business segment on August 15, 2019. Accordingly, the Company has reported the results of the Electronics Manufacturing business as discontinued operations in the Consolidated Statements of Operations and in the Consolidated Balance Sheets. These changes have been applied for all periods presented. During fiscal 2019, the Company also reached a strategic decision to exit the environmental products business, which was part of the Industrial Services Segment.

Now the Company has two business segments, consisting of (i) Advanced Technologies (AT) and (ii) Industrial Services (IS).

Advanced Technologies (AT)

Cemtrex's Advanced Technologies segment delivers cutting-edge technologies in the Internet of Things (IoT) and Smart Devices, such as the SmartDesk. Through the Company's advanced engineering and product design, the Company delivers Virtual Reality (VR) and Augmented Reality (AR) solutions that provide higher productivity, progressive design and impactful experiences for consumer products, and various commercial and industrial applications. The Company is in the process of developing its own virtual reality applications for commercialization over the next couple years.

The AT business segment also includes the Company's majority owned subsidiary, Vicon Industries, 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 cutting edge, mission critical security and video surveillance solutions utilizing Artificial Intelligence (AI) based data algorithms.

Industrial Services (IS)

Cemtrex's IS segment, 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 & 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.

Acquisition of Virtual Driver Interactive

On October 26, 2020, the company acquired Virtual Driver Interactive ("VDI"), a California based provider of innovative driver training simulation solutions for a purchase price of $1,339,774 plus contingent consideration of $175,428.

For over 10 years, VDI has been known for its effective and engaging driver training systems, designed for users of all ages and skill levels. The Company offers comprehensive training for new teen and novice drivers, along with advanced training for corporate fleets and truck drivers. VDI's wide range of training courses and system options provide customers with highly portable, affordable and effective solutions, all while focusing on the dangers of distracted driving. Result for VDI will be reported under the AT segment.

The Company paid $900,000 in cash and issued a Note payable in the amount of $439,774. This note carries interest of 5% and is payable in two installments of $239,774 plus accumulated interest on October 26, 2021, and $200,000 plus accumulated interest on October 26, 2022. Additionally, the Company paid contingent consideration of $175,428 in May 2021. There is no further contingent consideration specified in the purchase agreement. The Company has accounted for this acquisition as a business combination and is in the process of calculating the allocation of purchase price. All amounts paid have been included in goodwill in the accompanying condensed consolidated balance sheet.

Strategic Investment

On November 13, 2020, Cemtrex made a $500,000 investment 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 balance sheet and the Company accounts for this investment using the fair value method. No impairment has been recorded for the three and nine months ended June 30, 2021.

Potential Impacts of COVID-19 on our Business

The current COVID-19 pandemic has impacted our business operations and the results of our operations in this fiscal year, primarily with delays in expected orders by many customers and new product development. Overall bookings level in both business segments have been impacted. In addition, due to delays in certain supply chain areas, the expected launch times of our new products and new versions of existing products have been delayed for several months. We are also starting to see the costs of certain components that are facing shortages, increase in price which may affect gross margins.

The broader implications of COVID-19 on our results from operations going forward remains uncertain. The COVID-19 pandemic has the potential to cause adverse effects to our customers, suppliers or business partners in locations that have or will experience more pronounced disruptions, which could result in a reduction to future revenue and manufacturing output as well as delays in our new product development activities.

The extent of the pandemic's effect on our operational and financial performance will depend in large part on future developments, which cannot be reasonably estimated at this time. Future developments include the duration, scope and severity of the pandemic, the actions taken to contain or mitigate its impact both within and outside the jurisdictions where we operate, the impact on governmental programs and budgets, the development of treatments or vaccines, and the resumption of widespread economic activity. Due to the inherent uncertainty of the unprecedented and rapidly evolving situation, we are unable to predict with any confidence the likely impact of the COVID-19 pandemic on our future operations.

NOTE 2 – INTERIM STATEMENT PRESENTATION

Basis of Presentation and Use of Estimates

The accompanying unaudited condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Annual Report on Form 10-K for the year ended September 30, 2020, of Cemtrex Inc.

The accompanying condensed consolidated balance sheet has been derived from the audited consolidated financial statements and the notes thereto included in the Annual Report on Form 10-K for the year ended September 30, 2020, adjusted and restated as further discussed in Note 2 of these financial statements. Additionally, the Condensed Consolidated Statements of Operations and Comprehensive Income/(Loss), the Condensed Consolidated Statement of Stockholders' Equity, the Condensed Consolidated Statements of Cash Flows, and notes to the financial statements related to the results of the three- and nine-month periods ended June 30, 2020, have been restated.

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

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

The condensed consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, Cemtrex Advanced Technologies Inc., Cemtrex Ltd., Cemtrex Technologies Pvt. Ltd., Griffin Filters, LLC, Cemtrex XR Inc., and Advanced Industrial Services, Inc. and the Company's majority owned subsidiary Vicon Industries, Inc. and its subsidiaries, Telesite USA, IQInVision, Vicon Industries Ltd., and Vicon Systems, Ltd. All inter-company balances and transactions have been eliminated in consolidation.

Restatement of Financial Statements

Background

On February 23, 2021, Cemtrex's Board of Directors determined that certain transactions between Cemtrex Inc. and First Commercial, a company owned by former Executive Director, former Controlling Shareholder and former CFO, Aron Govil, were incorrectly handled and accounted for.

The total amount of disputed transfers was approximately $7,100,000 and occurred in fiscal year 2017 in the amount of $5,600,000 and in fiscal year 2018 in the amount of $1,500,000. Cemtrex did not find any other such transfers during this period or thereafter, upon further review of the Company's records.j

Upon the Company's investigation into this matter, the Company has determined that there were inaccuracies in the Company's financial statements. The financials for the periods 2017 and 2018 were incorrect corresponding to the amounts that were incorrectly accounted for, and subsequent years were affected by the roll forward effects of these entries. The Company found unsupported advertising expenses in the amount of approximately $400,000 on Cemtrex Inc's income statement for fiscal year 2018 and found that approximately $5,700,000 of intangible assets and $975,000 of research and development expenses, as translated at from Indian Rupee at the time, were recorded on Cemtrex India's financial statements in fiscal year 2018 and could not be substantiated. The total amount of unsubstantiated transfers recorded by Cemtrex India, and the unsupported advertising expense recorded by Cemtrex, Inc. sums to $7,100,000, corresponding with the total amount in question regarding First Commercial transfers during fiscal years 2017 and 2018.

As part of the restatement investigation, it was determined that the Company did not follow GAAP in the treatment of its Series 1 Preferred dividends. The Company currently has a deficit in retained earnings and in accordance with guidance has reversed the accrual for dividends payable and placed the amount of the accrual back into retained earnings.

Position and Adjusting Entries

The Company has determined that these transactions are not material in the years that they occurred and conclude that prior financial reports can be relied upon. The Company's determination is based on the following: The adjustments do not cause any changes to the previously reported cash and debt balances as of the end of each of the periods in FY 2019 and 2020. The adjustments also do not cause any changes to revenues in any of the prior periods. In addition, the Company expects to maintain compliance with its debt covenants based on a preliminary review of the covenants for all the impacted periods. The Company has also determined that the adjustments have little effect on the trend of earnings over the last three fiscal years. In 2017 the operations of the Company were vastly different with both the environmental and circuit board manufacturing segments accounting for approximately 75% of revenues. These businesses are now either sold or discontinued. The current reported 2017 financial statements of the Company do not give an accurate representation of the Company today because only 16% of the $120M business operations are still a part of current operations.

The table below represents the balances of the affected accounts on the Condensed Consolidated Balance Sheets as of September 30, 2020, the Condensed Consolidated Statements of Operations and Comprehensive Income/(Loss) for the three and nine months ended June 30, 2020, Condensed Consolidated Statement of Stockholders' Equity, and the Condensed Consolidated Statements of Cash Flows for the nine months ended June 30, 2020.

Condensed Consolidated Balance Sheets

	Balance as reported on September 30, 2020	Adjustment of net value of intangible assets	Cumulative effect of derecognition of expenses	Loss on amounts transferred to First Commercial	Restatement on Dividends	Cumulative effect of currency translation	Adjusted balance at September 30, 2020
Property and equipment, net	$ 9,558,936	$ (2,597,185)					$6,961,751
Series 1 preferred stock dividends payable	$ 1,081,690				$ (1,081,690)		$-
Additional paid-in capital	$ 63,313,336				$ (3,091,570)		$60,221,766
Retained earnings (accumulated deficit)	$ (33,172,690)		$ 3,579,346	$ (7,100,000)	$ 4,173,260		$(32,520,084)
Accumulated other comprehensive income	$ 853,643					$ 923,469	$1,777,112

Condensed Consolidated Statements of Operations and Comprehensive Income/(Loss)

For the three months ended

	June 30, 2020		
	Previously reported	Adjustments	Adjusted
Net Income income/(loss) attributable to Cemtrex, Inc. shareholders	$ (4,454,617)	$ 258,941	$ (4,195,676)
Foreign currency translation gain/(loss)	$ 310,797	$ (156,354)	$ 154,443
Loss Per Share-Basic	$ (0.41)	$ 0.02	$ (0.38)
Loss Per Share-Diluted	$ (0.41)	$ 0.02	$ (0.38)

	For the nine months ended June 30, 2020		
	Previously reported	Adjustments	Adjusted
Net loss available to Cemtrex, Inc. shareholders	$ (6,658,086)	$ 807,691	$ (5,850,395)
Foreign currency translation gain	$ 153,420	$ 8,040	$ 161,460
Loss Per Share-Basic	$ (0.93)	$ 0.11	$ (0.82)
Loss Per Share-Diluted	$ (0.93)	$ 0.11	$ (0.82)

Condensed Consolidated Statement of Stockholders' Equity

	For the nine months ended June 30, 2020		
	Previously reported	Adjustments	Adjusted
Retained earnings (accumulated deficit) at September 30, 2019	$ (20,067,685)	$ (3,609,202)	$ (23,676,887)
Net income/(loss)	$ (8,744,636)	$ 2,894,241	$ (5,850,395)
Retained earnings (accumulated deficit) at June 30, 2020	$ (28,812,321)	$ (714,961)	$ (29,527,282)
Accumulated other comprehensive income/(loss)at September 30, 2019	$ 796,004	$ 995,149	$ 1,791,153
Comprehensive income/(loss)	$ 153,420	$ 8,040	$ 161,460
Accumulated other comprehensive income/(loss) at June 30, 2020	$ 949,424	$ 829,399	$ 1,778,823
Additional paid-in capital	$ 60,543,674	$ (2,067,370)	$ 58,476,304

Condensed Consolidated Statements of Cash Flows

	For the nine months ended June 30, 2020		
	Previously reported	Adjustments	Adjusted
Net loss	$ (6,506,774)	$ 807,691	$ (5,699,083)
Depreciation and amortization	$ 2,158,938	$ (815,731)	$ 1,343,207
Net cash used by operating activities	$ (3,377,687)	$ (8,040)	$ (3,385,727)
Effect of currency translation	$ 120,731	$ 8,040	$ 128,771

On February 26, 2021, the Company entered into a Settlement Agreement and Release with Aron Govil regarding these transactions.

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.

In March 2021, Mr. Govil returned to the Company 1,000,000 shares of Series A Preferred Stock, 50,000 Shares of Series C Preferred Stock, 469,949 shares of Series 1 Preferred Stock, and forfeited all outstanding options to purchase shares of commons stock (collectively, the "Securities"). For the purposes of accounting recognition, the Company determined the fair value of the Series A, Series C, and Series 1 Preferred stock based on the closing trading value of the Series 1 Preferred Stock on the date of the agreement. The options surrendered were valued using the Black-Scholes option pricing model.

The Company recognized the gain with respect to the surrendered Securities during this reporting period. The gain of $3,674,165 is reported as Settlement Agreement - Related Party on the Company's Condensed Consolidated Statements of Operations and Comprehensive Income/(Loss).

As discussed above, Mr. Govil also executed a secured promissory note (the "Note") in the amount of $1,533,280. The Note matures and is due in full in two years and bears interest at 9% per annum and is 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 . While the Company believes the note is fully collectible, 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 Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Operations and Comprehensive Income/(Loss).

Accounting Pronouncements

Significant Accounting Policies

Note 2 of the Notes to Consolidated Financial Statements, included in the annual report on Form 10-K for the year ended September 30, 2020, includes a summary of the significant accounting policies used in the preparation of the consolidated financial statements.

Recently Issued Accounting Standards

In December 2019, the FASB issued amended guidance, Simplifying the Accounting for Income Taxes, to remove certain exceptions to the general principles from ASC 740 - Income Taxes, and to improve consistent application of U.S. GAAP for other areas of ASC 740 by clarifying and amending existing guidance. The guidance is effective for the Company on October 1, 2021; early adoption is permitted. The Company is currently evaluating the effect the guidance will have on its consolidated financial statement disclosures, results of operations and financial position.

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU No. 2020-04"). The update provides optional guidance for a limited period to ease the potential burden in accounting for (or recognizing the effects of) contract modifications on financial reporting caused by reference rate reform. ASU 2020-04 is effective for all entities as of March 12, 2020, through December 31, 2022. The Company adopted this guidance in the second quarter of 2020. The adoption of this guidance had no impact on the Company's Condensed Consolidated Financial Statements or the related disclosures.

NOTE 3 – LOSS PER COMMON SHARE

Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income per common share is computed by dividing net income by the weighted average number of shares of common stock and potentially dilutive outstanding shares of common stock during the period to reflect the potential dilution that could occur from common shares issuable through contingent share arrangements, stock options and warrants. For the three and nine months ended June 30, 2021, and 2020, the following items were excluded from the computation of diluted net loss per common share as their effect is anti-dilutive:

	For the three months ended June 30,		For the nine months ended June 30,	
	2021	2020	2021	2020
Warrants to purchase shares	433,965	433,965	433,965	433,965
Options	1,383,965	1,145,871	1,383,965	1,204,329

NOTE 4 – SEGMENT INFORMATION

The Company reports and evaluates financial information fortwo segments: Advanced Technologies (AT) segment, and the Industrial Services (IS) segment. The AT segment develops smart devices and provides progressive design and development solutions to create impactful experiences for mobile, web, virtual and augmented reality, wearables and television as well as providing cutting edge, mission critical security and video surveillance. The IS segment offers single-source expertise and services for rigging, millwrighting, in plant maintenance, equipment erection, relocation, and disassembly to diversified customers in USA in industries such as: manufacturing, steel, printing, construction, & petrochemical.

The following tables summarize the Company's segment information:

	For the three months ended June 30,		**For the nine months ended June 30,**	
	2021	**2020**	**2021**	**2020**
Revenues from external customers				
Advanced Technologies	$ 5,845,958	$ 4,977,424	$ 16,006,241	$ 18,389,057
Industrial Services	$ 4,480,473	3,463,443	12,416,651	14,385,740
Total revenues	$ 10,326,431	$ 8,440,867	$ 28,422,892	$ 32,774,797
Gross profit				
Advanced Technologies	$ 2,693,677	$ 1,837,957	$ 7,686,875	$ 8,712,543
Industrial Services	1,434,039	1,441,895	4,375,195	5,261,899
Total gross profit	$ 4,127,716	$ 3,279,852	$ 12,062,070	$ 13,974,442
Operating loss		(restated)		(restated)
Advanced Technologies	$ (1,650,221)	$ (1,595,405)	$ (5,185,944)	$ (1,686,680)
Industrial Services	(650,048)	(804,397)	(1,122,874)	(832,532)
Total operating loss	$ (2,300,269)	$ (2,399,802)	$ (6,308,818)	$ (2,519,212)
Other income/(expense)				
Advanced Technologies	$ 4,955,782	$ (1,795,637)	$ 5,666,112	$ (2,868,033)
Industrial Services	(1,487,133)	(28,330)	2,649,617	(114,637)
Total other expense	$ 3,468,649	$ (1,823,967)	$ 8,315,729	$ (2,982,670)
Depreciation and Amortization		(restated)		(restated)
Advanced Technologies	$ 103,177	$ 114,151	$ 308,755	$ 212,088
Industrial Services	189,005	358,128	663,431	1,139,159
Total depreciation and amortization	$ 292,182	$ 472,279	$ 972,186	$ 1,351,247

	June 30, 2020	September 30, 2020 (restated)
Identifiable Assets		
Advanced Technologies	$ 31,726,862	$ 36,732,018
Industrial Services	17,640,536	15,590,448
Discontinued operations	8,867,821	8,867,821
Total Assets	$ 58,235,219	$ 61,190,287

NOTE 5 – 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. We measure trading securities investments and investment funds at quoted market prices as they are traded in an active market with sufficient volume and frequency of transactions.

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

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

The Company's fair value assets at June 30, 2021, 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 June 30, 2021
Assets				
Investment in marketable securities				
(included in short-term investments)	$ 452,175	$ -	$ -	$ 452,175
Investment in MasterpieceVR			$ 500,000	$ 500,000
(included in Other assets)				
	$ 452,175	$ -	$ 500,000	$ 952,175

NOTE 6 – RESTRICTED CASH

A subsidiary of the Company participates in a consortium in order to self-insure group care coverage for its employees. The plan is administrated by Benecon Group and the Company makes monthly deposits in a trust account to cover medical claims and any administrative costs associated with the plan. These funds, as required by the plan are restricted in nature and amounted to $1,533,458 as of June 30, 2021. Additionally, the Company has a standby letter of credit for deposit on a building lease and payable against. a money market account, the amount of the standby letter of credit is $157,415.

NOTE 7 – ACCOUNTS RECEIVABLE, NET

Accounts receivables, net consist of the following:

	June 30, 2021	+September 30, 2020
Accounts receivable	$ 5,413,963	$ 7,027,645
Allowance for doubtful accounts	(179,747)	(340,848)
	$ 5,234,216	$ 6,686,797

Accounts receivable include amounts due for shipped products and services rendered.

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

NOTE 8 – INVENTORY, NET

Inventory, net, consist of the following:

	June 30, 2021	September 30, 2020
Raw materials	$ 2,309,734	$ 3,959,888
Work in progress	779,929	995,184
Finished goods	6,751,717	6,413,927
	9,841,380	11,368,999
Less: Allowance for inventory obsolescence	(1,171,983)	(4,575,193)
Inventory –net of allowance for inventory obsolescence	$ 8,669,397	$ 6,793,806

NOTE 9 – PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	June 30, 2021	September 30, 2020 (restated)
Land	$ 790,373	$ 790,373

Building and leasehold improvements		3,962,225		3,875,796
Furniture and office equipment		687,055		621,790
Computers and software		346,051		264,940
Trade show display		89,330		89,330
Machinery and equipment		14,675,127		13,668,263
		20,550,161		19,310,492
Less: Accumulated depreciation		(13,313,406)		(12,348,741)
Property and equipment, net	$	7,236,755	$	6,961,751

Depreciation expense for the three and nine months ended June 30, 2021, and 2020 were $292,182 and $972,186, and $472,279 and $1,351,247, respectively.

NOTE 10 – LEASES

ASC 842, "Leases", 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. In transition, lessees and lessors are required to recognize and measure leases at either the effective date (the "effective date method") or the beginning of the earliest period presented (the "comparative method") using a modified retrospective approach. Under the effective date method, the Company's comparative period reporting is unchanged. In contrast, under the comparative method, the Company's date of initial application is the beginning of the earliest comparative period presented, and the Topic 842 transition guidance is then applied to all comparative periods presented. Further, under either transition method, the standard includes certain practical expedients intended to ease the burden of adoption. The Company adopted ASC 842 October 1, 2019, using the effective date method and elected certain practical expedients allowing the Company not to reassess:

- whether expired or existing contracts contain leases under the new definition of a lease;
- lease classification for expired or existing leases; and
- whether previously capitalized initial direct costs would qualify for capitalization under Topic 842.

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.

The Company entered into a financing lease for a single vehicle in the Industrial services segment with a term of3 years. The Company enters into operating leases for its facilities in New York, United Kingdom, and India, as well as for vehicles for use in our Industrial Services segment. The operating lease terms range from 2 to 7 years. The Company excluded the renewal option on its applicable facility leases from the calculation of its right-of-use assets and lease liabilities.

Finance and operating lease liabilities consist of the following:

		June 30, 2021		September 30, 2020
Lease liabilities - current				
Finance leases	$	-	$	20,061
Operating leases		840,016		700,975
		840,016		721,036
Lease liabilities - net of current portion				
Finance leases	$	-	$	-
Operating leases		2,261,148		2,027,406
	$	2,261,148	$	2,027,406

A reconciliation of undiscounted cash flows to finance and operating lease liabilities recognized in the condensed consolidated balance sheet at June 30, 2021, is set forth below:

Years ending September 30,		Finance leases		Operating Leases		Total
2021		-		236,899		236,899
2022		-		895,590		895,590
2023		-		712,413		712,413
2024		-		576,687		576,687
2025		-		552,884		552,884
2026 & Thereafter		-		621,099		621,099
Undiscounted lease payments		-		3,595,572		3,595,572
Amount representing interest		-		(494,408)		(494,408)
Discounted lease payments	$	-	$	3,101,164	$	3,101,164

Additional disclosures of lease data are set forth below:

	Nine months ended			
		June 30, 2021		March 31, 2020
Lease costs:				
Finance lease costs:				
Depreciation of finance lease assets	$	17,184	$	11,456
Interest on lease liabilities		88		416
Operating lease costs:				
Amortization of right-of-use assets		653,175		275,822
Interest on lease liabilities		56,927		20,375

Total lease cost	$ 727,374	$ 308,069
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating leases	$ 650,535	$ 296,892
Finance leases	28,535	13,838
	$ 679,070	$ 310,730
Weighted-average remaining lease term - finance leases (months)	3	13
Weighted-average remaining lease term - operating leases (months)	58	73
Weighted-average discount rate - finance leases	3.63%	6.95%
Weighted-average discount rate - operating leases	6.85%	6.98%

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.

NOTE 11 – PREPAID AND OTHER CURRENT ASSETS

On June 30, 2021, the Company had prepaid and other current assets consisting of prepayments on inventory purchases of $397,056, other current assets of $1,767,311. On September 30, 2020, the Company had prepaid and other current assets consisting of prepayments on inventory purchases of $101,308, and other current assets of $1,087,009.

NOTE 12 - OTHER ASSETS

As of June 30, 2021, the Company had other assets of $1,094,429 which was comprised of rent security of $248,160, a strategic investment in MasterpieceVR of $500,000, and other assets of $346,269. As of September 30, 2020, the Company had other assets of $744,207 which was comprised of rent security deposits of $294,553 and other assets of $449,654.

NOTE 13 – RELATED PARTY TRANSACTIONS

On August 31, 2019, the Company entered into an Asset Purchase Agreement for the sale of Griffin Filters, LLC to Ducon Technologies, Inc., which Aron Govil, the Company's Founder and Former CFO, is President, for total consideration of $550,000. As of June 30, 2021, and September 30, 2020, there was $1,515,820 and $1,432,209 in receivables due from Ducon Technologies, Inc., respectively. At June 30, 2021, $500,000 of the balance due is for the sale of Griffin, which was due in February 2021, and the remaining balance are various receivables with various due dates within the next fiscal year. The Company is currently negotiating a payment agreement surrounding all these amounts due.

Please see Note 2 for further transactions relating to Aron Govil.

NOTE 14 – LINES OF CREDIT AND LONG-TERM LIABILITIES

Lines of credit

The Company currently has a line of credit with Fulton Bank for $3,500,000. The line carries an interest of LIBOR plus 2.00% per annum (2.09% as of June 30, 2021). At June 30, 2021, there was no outstanding balance on this line of credit.

Loans payable to bank

On December 15, 2015, the Company acquired a loan from Fulton Bank in the amount of $5,250,000 in order to fund the purchase of Advanced Industrial Services, Inc. $5,000,000 of the proceeds went to direct purchase of AIS. This loan carries interest of LIBOR plus 2.25% per annum (2.34% as of June 30, 2021) and is payable on December 15, 2022. This loan carries loan covenants which the Company was in compliance with as of June 30, 2021.

On December 15, 2015, the Company acquired a loan from Fulton Bank in the amount of $620,000 in order to fund the operations of Advanced Industrial Services, Inc. This loan carries interest of LIBOR plus 2.00% per annum (2.09% as of June 30, 2021) and was fully paid on December 15, 2020.

On May 1, 2018, the Company acquired a loan from Fulton Bank in the amount of $400,000 in order to fund new equipment for Advanced Industrial Services, Inc. This loan carries interest of LIBOR plus 2.00% per annum (2.09% as of June 30, 2021) and is payable on May 1, 2023. This loan carries loan covenants which the Company was in compliance with as of June 30, 2021.

On January 28, 2020, the Company acquired a loan from Fulton Bank in the amount of $360,000 in order to fund new equipment for Advanced Industrial Services, Inc. This loan carries interest of LIBOR plus 2.25% per annum (2.44% as of June 30, 2021) and is payable on May 1, 2023. This loan carries loan covenants which the Company was in compliance with as of June 30, 2021.

Notes payable

On December 23, 2019, the Company, issued a note payable to an independent private lender in the amount of $1,725,000. This note carries interest of 8% and matures on June 23, 2021. After deduction of an original issue discount of $225,000 and legal fees of $5,000, the Company received $1,495,000 in cash. This note was satisfied on November 2, 2020.

On April 24, 2020, the Company, issued a note payable to an independent private lender in the amount of $1,725,000. This note carries interest of 8% and matures on October 24, 2021. After deduction of an original issue discount of $225,000 and legal fees of $5,000, the Company received $1,495,000 in cash. This note was satisfied on January 21, 2021.

On September 30, 2020, the Company, issued a note payable to an independent private lender in the amount of $4,605,000. This note carries interest of 8% and matures on March 30, 2022. After deduction of an original issue discount of 600,000 and legal fees of $5,000, the Company received $4,000,000 in cash.

On March 3, 2020, Vicon, a subsidiary of the Company amended the $5,600,000 Term Loan Agreement with NIL Funding Corporation ("NIL"). Upon closing, $500,000 of outstanding borrowings were repaid to NIL, additionally, another $500,000 is to be paid in one year. The Agreement requires monthly payments of accrued interest that began on October 1, 2018. This note carries interest of 8.85% and matures on March 30, 2022. This note carries loan covenants which the Company is in compliance with as of June 30, 2021.

Mortgage Payable

On January 28, 2020, the Company's subsidiary, Advanced Industrial Services, Inc., completed the purchase of two buildings for a total purchase price of $3,381,433. The Company paid $905,433 in cash and acquired a mortgage from Fulton Bank in the amount of $2,476,000. This mortgage carries interest of LIBOR plus 2.50% per annum (2.59% as of June 30, 2021) and is payable on January 28, 2040. This loan carries loan covenants similar to covenants on The Company's other loans from Fulton Bank. As of June 30, 2021, the Company was in compliance with these covenants.

Paycheck Protection Program Loans

In April and May of 2020, the Company and its subsidiaries applied for and were granted $3,471,100 in Paycheck Protection Program loans under the CARES Act. These loans bear interest of 1% and mature in two years. The Company will apply for and fully expects these loans to be forgiven under the provisions of the CARES Act and any subsequent legislation that may be applicable. These loans are recorded under Paycheck Protection Program Loans on our Condensed Consolidated Balance Sheet as of September 30, 2020, net of the short-term portion of $710,046. In April and June of 2021 $3,156,700 and $193,000 of these loans were forgiven and included in other income on the consolidated statement of operations and comprehensive income (loss).

On January 24, 2021, and April 17, 2021, subsidiaries of the company received additional $1,970,785 and $971,500, respectively, of Paycheck Protection Program funds as part of the second Paycheck Protection Program for which the subsidiary qualifies due to the decrease in revenues. These loans bear interest of 1% and mature in five years.

NOTE 15 – STOCKHOLDERS' EQUITY

Preferred Stock

The Company is authorized to issue 10,000,000 shares of Preferred Stock, $0.001 par value. As of June 30, 2021, and September 30, 2020, there were 1,935,151 and 3,256,784 shares issued and outstanding, respectively.

Series 1 Preferred Stock

On March 30, 2020, the Company amended the Certificate of Designation (the "Amended Certificate of Designation") for our Series 1 Preferred Stock (the "Series 1 Stock"). The Amended Certificate of Designation increased the number of authorized preferred shares under the designation for our Series 1 Preferred Stock from 3,000,000 shares to 4,000,000 shares.

For the nine months ended June 30, 2021, 198,316 shares of Series 1 Preferred Stock were issued to pay dividends to holders of Series 1 Preferred Stock.

During the nine-month period ended June 30, 2021, the Company retired 469,949 shares of Series 1 Preferred Stock surrendered by Aron Govil as part of the settlement agreement (see Note 2).

As of June 30, 2021, and September 30, 2020, there were 1,885,151 and 2,156,784 shares of Series 1 Preferred Stock issued and outstanding, respectively.

Series A Preferred stock

During the nine-month period ended June 30, 2021, the Company retired 1,000,000 shares of Series A Preferred Stock surrendered by Aron Govil as part of the settlement agreement (see Note 2).

As of June 30, 2021, and September 30, 2020, there were zero and 1,000,000 shares of Series A Preferred Stock issued and outstanding, respectively.

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 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.

During the nine-month period ended June 30, 2021, the Company retired 50,000 shares of Series C Preferred Stock surrendered by Aron Govil as part of the settlement agreement (see Note 2).

As of June 30, 2021, and September 30, 2020, there were 50,000 and 100,000 shares of Series C Preferred Stock issued and outstanding, respectively.

Common Stock

The Company is authorized to issue 50,000,000 shares of common stock, $0.001 par value. As of June 30, 2021, there were 18,711,463 shares issued and outstanding and at September 30, 2020, there were 17,622,539 shares issued and outstanding.

During the nine months ended June 30, 1,088,924 shares of the Company's common stock have been issued to satisfy $550,000 of notes payable, $191,556 in accrued interest, and $465,772 of excess value of shares issued recorded as interest expense. On June 30, 2021 318,218 shares were granted to satisfy $400,000 of notes payable and $80,509 of excess value of shares recorded as interest expense. These shares were issued on July 2, 2021.

Shares Surrendered in Settlement

In March 2021, Mr. Govil returned to the Company 1,000,000 shares of Series A Preferred Stock, 50,000 Shares of Series C Preferred Stock, 469,949 shares of Series 1 Preferred Stock, and forfeited all outstanding options to purchase shares of commons stock (collectively, the "Securities"). For the purposes of accounting recognition, the Company determined the fair value of the Series A, Series C, and Series 1 Preferred stock based on the closing trading value of the Series 1 Preferred Stock on the date of the agreement. The options surrendered were valued using the Black-Scholes option pricing model.

NOTE 16 – SHARE-BASED COMPENSATION

For the nine months ended June 30, 2021, and 2020, the Company recognized $110,904 and $167,212 of share-based compensation expense on its outstanding options, respectively. As of June 30, 2021, $401,690 of unrecognized share-based compensation expense is expected to be recognized over a period offive years. Future compensation amounts will be adjusted for any change in estimated forfeitures.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

The Company has moved its corporate activities to New York City with a month-to-month lease of2,500 square feet of office space at a rate of $13,000 per month. The Company has recognized $117,000 of lease expense for this lease, for the nine months ended June 30, 2021.

The Company's IS segment owns approximately 25,000 square feet of warehouse space in Manchester, PA and approximately 43,000 square feet of office and warehouse space in York, PA. The IS 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 $4,555 expiring on August 31, 2022. The Company has paid $40,995 for this lease, for the nine months ended June 30, 2021.

The Company's AT segment leases (i) approximately 6,700 square feet of office and warehouse space in Pune, India from a third party in anfive year lease at a monthly rent of $6,453 (INR456,972) expiring on February 28, 2024, the Company has paid $58,077 for this lease, for the nine months ended June 30, 2021, (ii) approximately 30,000 square feet of office and warehouse space in Hauppauge, New York from a third party in aseven-year lease at a monthly rent of $28,719 expiring on March 31, 2027, the Company paid $258,471 for this property, during the nine months ended June 30, 2021 and (iii) approximately9,400 square feet of office and warehouse space in Hampshire, England in a fifteen-year lease with at a monthly rent of $7,329 (£5,771) which expires on March 24, 2031 and contains provisions toterminate in 2026, the Company has paid $65,961 for this lease for the nine months ended June 30, 2021.

NOTE 18 - SUBSEQUENT EVENTS

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

In July of 2021, the Company issued 2,070,731 shares of common stock to satisfy $2,837,814 worth of notes payable and accrued interest.

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

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

General Overview

Cemtrex was incorporated in 1998, in the state of Delaware and has evolved through strategic acquisitions and internal growth into a leading multi-industry 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.

The Company continuously assesses the composition of its portfolio businesses to ensure it is aligned with its strategic objectives and positioned to maximize growth and return in the coming years. During fiscal 2018, the Company made a strategic decision to exit its Electronics Manufacturing group by selling all companies in that business segment on August 15, 2019. Accordingly, the Company has reported the results of the Electronics Manufacturing business as discontinued operations in the Consolidated Statements of Operations and in the Consolidated Balance Sheets. These changes have been applied for all periods presented. During fiscal 2019, the Company also reached a strategic decision to exit the environmental products business, which was part of the Industrial Services Segment.

Now the Company has two business segments, consisting of (i) Advanced Technologies (AT) and (ii) Industrial Services (IS).

Advanced Technologies (AT)

Cemtrex's Advanced Technologies segment delivers cutting-edge technologies in the Internet of Things (IoT) and Smart Devices, such as the SmartDesk. Through the Company's advanced engineering and product design, the Company delivers Virtual Reality (VR) and Augmented Reality (AR) solutions that provide higher productivity, progressive design and impactful experiences for consumer products, and various commercial and industrial applications. The Company is in the process of developing its own virtual reality applications for commercialization over the next couple years.

The AT business segment also includes the Company's majority owned subsidiary, Vicon Industries, 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 cutting edge, mission critical security and video surveillance solutions utilizing Artificial Intelligence (AI) based data algorithms.

Industrial Services (IS)

Cemtrex's IS segment, 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 & 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.

Significant Accounting Policies and Estimates

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

Certain of our accounting policies are deemed "significant", as they are both most important to the financial statement presentation and require management's most difficult, subjective or complex judgments as a result of the need to make estimates about the effect of matters that are inherently uncertain. For a discussion of our significant accounting policies, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended September 30, 2020.

Results of Operations - For the three months ending June 30, 2021, and 2020

Total revenue for the three months ended June 30, 2021, and 2020 was $10,326,431 and $8,440,867, respectively, an increase of $1,885,564, or 22%. Loss from operations for the three months ended June 30, 2021, was $2,300,269 compared to $2,399,802 for the three months ended June 30, 2020, a decrease on the loss of $99,533, or 4%. Total revenue for the quarter increased, as compared to total revenue in the same period last year, due to shutdowns and limited operations of businesses due to the COVID-19 crisis. Loss from operations decreased due to increased revenues as a result of the COVID-19 crisis during the same period last year.

Revenues

Our Advanced Technologies segment revenues for the three months ended June 30, 2021, increased by $868,534 or 17% to $5,845,958 from $4,977,424 for the three months ended June 30, 2020. This increase is mainly due to an improvement in economic climate from the impact of the COVID-19 crisis during the same period last year.

Our Industrial Services segment revenues for the three months ended June 30, 2021, increased by $1,017,030 or 29%, to $4,480,473 from $3,463,443 for the three months ended June 30, 2020. This increase is mainly due to an improvement in economic climate from the impact of the COVID-19 crisis during the same period last year.

Gross Profit

Gross Profit for the three months ended June 30, 2021, was $4,127,716 or 40% of revenues as compared to gross profit of $3,279,852 or 39% of revenues for the three months ended June 30, 2020. Gross profit increased in the three months ended June 30, 2021, compared to the three months ended June 30, 2020, due to increased revenues. The Company's gross profit margins vary from product to product and from customer to customer.

General and Administrative Expenses

General and administrative expenses for the three months ended June 30, 2021, increased $322,301 or 6% to $5,670,019 from $5,347,718 for the three months ended June 30, 2031. General and administrative expenses as a percentage of revenue was 55% and 63% of revenues for the three-month periods ended June 30, 2021, and 2020. The decrease in General and Administrative Expenses as a percentage of revenue is the increase in revenues from the same quarter last year and the increase on a dollar per dollar basis is the result of increased legal, travel, marketing and sales expenses.

Research and Development Expenses

Research and Development expenses for the three months ended June 30, 2021, was $757,966 compared to $331,936 for the three months ended June 30, 2020. Research and Development expenses are primarily related to the Advanced Technologies Segment's development of proprietary technology and further developments of the SmartDesk and Artificial Intelligence (AI) and next generation solutions associated with security and surveillance systems software.

Other Income/(Expense)

Other income/(expense) for the third quarter of fiscal 2021, was $3,468,649 as compared to $(1,823,967) for the third quarter of fiscal 2020. Other income/(expense) for the three months ended June 30, 2021, included the following one-time items (i) other income resulting from the forgiveness of our PPP loans of $3,349,700. Additionally, the company had realized and unrealized gains on marketable securities of $538,281.

Provision for Income Taxes

During the third quarter of fiscal 2021, the Company recorded an income tax provision of $40,759 compared to $7,658 for the third quarter of fiscal 2020. The provision for income tax is based upon the projected income tax from the Company's various U.S. and international subsidiaries that are subject to their respective income tax jurisdictions and the Company's projected ability to utilize net loss carryforwards.

Net income/(loss) attributable to Cemtrex, Inc. shareholders

The Company had a net income attributable to Cemtrex, Inc. shareholders of $1,098,013, or 11% of revenues, for the three-month period ended June 30, 2021, as compared to a net loss attributable to Cemtrex, Inc. shareholders of $4,195,676 or 50% of revenues, for the three months ended June 30, 2020. Net income/(loss) attributable to Cemtrex, Inc. shareholders increased in the third quarter as compared to the same period last year was primarily due to other income items mentioned above.

Results of Operations - For the nine months ending June 30, 2021, and 2020

Total revenue for the nine months ended June 30, 2021, and 2020 was $28,422,892 and $32,774,797, respectively, a decrease of $4,351,905, or 13%. Loss from operations for the nine months ended June 30, 2021, was $6,308,818 compared to $2,519,212 for the nine months ended June 30, 2020, an increase on the loss of $3,789,606, or 150%. Total revenue for the period decreased, as compared to total revenue in the same period last year, due to shutdowns and limited operations of businesses due to the COVID-19 crisis during the first two quarters of fiscal year 2021. Loss from operations increased due to decreased revenues due to shutdowns and limited operations of businesses due to the COVID-19 crisis during the first two quarters of fiscal year 2021.

Revenues

Our Advanced Technologies segment revenues for the nine months ended June 30, 2021, decreased by $2,382,816 or 13% to $16,006,241 from $18,389,057 for the nine months ended June 30, 2020. This decrease is mainly due to shutdowns and limited operations of businesses due to the COVID-19 crisis during the first two quarters of fiscal year 2021.

Our Industrial Services segment revenues for the nine months ended June 30, 2021, decreased by $1,969,089 or 14%, to $12,416,651 from $14,385,740 for the nine months ended June 30, 2020. This decrease is mainly due to shutdowns and limited operations of businesses due to the COVID-19 crisis during the first two quarters of fiscal year 2021.

Gross Profit

Gross Profit for the nine months ended June 30, 2021, was $12,062,070 or 42% of revenues as compared to gross profit of $13,974,442 or 43% of revenues for the nine months ended June 30, 2020. Gross profit decreased in the nine months ended June 30, 2021, compared to the nine months ended June 30, 2020, due to lower revenues. The Company's gross profit margins vary from product to product and from customer to customer.

General and Administrative Expenses

General and administrative expenses for the nine months ended June 30, 2021, increased $957,001 or 6% to $16,337,200 from $15,380,199 for the nine months ended June 30, 2020. General and administrative expenses as a percentage of revenue was 57% and 47% of revenues for the nine-month periods ended June 30, 2021, and 2020. The increase in General and Administrative Expenses as a percentage of revenue is the reduction in revenues from the same period last year and the increase on a dollar per dollar basis is the result of increased personnel, legal and accounting fees, and marketing and sales expenses.

Research and Development Expenses

Research and Development expenses for the nine months ended June 30, 2021, was $2,033,688 compared to $1,113,455 for the nine months ended June 30, 2020. Research and Development expenses are primarily related to the Advanced Technologies Segment's development of proprietary technology and further developments of the SmartDesk and Artificial Intelligence (AI) and next generation solutions associated with security and surveillance systems software.

Other Income/(Expense)

Other income/(expense) for the first three quarters of fiscal 2021 was $8,315,729 as compared to $(2,982,670) for the first three quarters of fiscal 2020. Other income/(expense) for the nine months ended June 30, 2021, included the following one-time items (i) the settlement with Aron Govil (see Note 2), generated other income of $3,674,165, (ii) employee retention credits of $736,899 (iii) other income resulting from the forgiveness of our PPP loans of $3,349,700. Additionally, the company had realized and unrealized gains on marketable securities of $2,407,647.

Provision for Income Taxes

During the first three quarters of fiscal 2021 the Company recorded an income tax provision of $168,190 compared to $197,201 for the first three quarters of fiscal 2020. The provision for income tax is based upon the projected income tax from the Company's various U.S. and international subsidiaries that are subject to their respective income tax jurisdictions and the Company's projected ability to utilize net loss carryforwards.

Net income/(loss) attributable to Cemtrex, Inc. shareholders

The Company had a net income attributable to Cemtrex, Inc. shareholders of $1,859,534, or 7% of revenues, for the nine-month period ended June 30, 2021, as compared to a net loss attributable to Cemtrex, Inc. shareholders of $5,850,395 or 18% of revenues, for the nine months ended June 30, 2020. Net income/(loss) attributable to Cemtrex, Inc. shareholders increased in the first three quarters as compared to the same period last year was primarily due to other income items mentioned above.

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 $18,176,331 at June 30, 2021, compared to $23,285,122 at September 30, 2020. This includes cash and equivalents and restricted cash of $14,570,345 at June 30, 2021, and $21,072,859 at September 30, 2020, respectively. The decrease in working capital was primarily due to the reduction of the Company's cash and equivalents, and trade receivables during the first and second quarters of fiscal year 2021.

Accounts receivable decreased $1,452,581 or 22% to $5,234,216 at June 30, 2021, from $6,686,797 at September 30, 2020. The decrease in accounts receivable is attributable to lower revenues in the first three quarters of fiscal year 2021 due to the COVID-19 crisis.

Inventories increased $1,875,591 or 28% to $8,669,397 at June 30, 2021, from $6,793,806 at September 30, 2020. The increase inventories is attributable to the purchase of inventories for new products the Company plans to ship in the future.

Operating activities used $6,178,550 cash for the nine months ended June 30, 2021, compared to using $3,385,727 cash for the nine months ended June 30, 2020. The decrease in operating cash flows was primarily due to the effect of the settlement agreement with Aron Govil and the discharge of the Company's PPP loans.

Investment activities provided $154,326 of cash for the nine months ended June 30, 2021, compared to using cash of $5,990,926 during the nine-month period ended June 30, 2020. Investing activities for the first quarter of fiscal year 2021 were driven by the Company's investment in Virtual Driver Interactive, MasterpieceVR Software, purchase of fixed assets, and marketable securities transactions.

Financing activities used $180,219 of cash in the nine-month period ended June 30, 2021, as compared to providing cash of $20,663,535 in the nine-month period ended June 30, 2020. Financing activities were primarily driven by payments on bank loans and notes payable and proceeds from the second round of Paycheck Protection Program loans.

We believe that our cash on hand and cash generated by operations is sufficient to meet the capital demands of our current operations during the 2021 fiscal year (ending September 30, 2021). Any major increases in sales, particularly in new products, may require substantial capital investment. Failure to obtain sufficient capital could materially adversely impact our growth potential.

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 expansion goals and working capital needs.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Our CEO and our CFO have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2021. Based on their evaluation, our management has concluded that as of June 30, 2021, there is a material weakness in our internal control over financial reporting. The material weakness relates to the Company lacking sufficient accounting personnel. The shortage of accounting personal resulted in the Company lacking entity level controls around the review of period-end reporting processes, accounting policies and public disclosures. This deficiency is common in small companies, similar to us, with limited personnel.

Notwithstanding the conclusion by our Chief Executive Officer and Chief Financial Officer that our disclosure controls and procedures as of June 30, 2021, were not effective, and notwithstanding the material weakness in our internal control over financial reporting described below, management believes that the unaudited condensed financial statements and related financial information included in this Quarterly Report fairly present in all material respects our financial condition, results of operations and cash flows as of the dates presented, and for the periods ended on such dates, in conformity with GAAP.

In order to mitigate the material weakness, the Board of Directors has assigned a priority to the short-term and long-term improvement of our internal control over financial reporting. Our Board of Directors will work with management to continuously review controls and procedures to identified deficiencies and implement remediation within our internal controls over financial reporting and our disclosure controls and procedures.

Changes in Internal Control Over Financial Reporting

While there was no change in the Company's internal control over financial reporting during the Company's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting, the Company is taking steps to improve its internal controls by obtaining additional accounting personnel.

Limitations on the Effectiveness of Controls

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

Part II Other Information

Item 1. Legal Proceedings.

NONE.

Item 1A. Risk Factors

See Risk Factors included in our Annual Report on Form 10-K for 2020.

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

During the nine months ended June 30, 2020, the Company issued an aggregate of 1,088,924 shares of common stock in exchange for aggregate consideration of $1,707,328, which was used for working capital and research and development. Such shares were issued pursuant to the exemption contained under Section 4(a)(2) of the Securities Act of 1933, as amended.

Item 6. Exhibits

Exhibit No.	Description
2.2	Stock Purchase Agreement regarding the stock of Advanced Industrial Services, Inc., AIS Leasing Company, AIS Graphic Services, Inc., and AIS Energy Services, LLC, Dated December 15, 2015. (8)
2.3	Asset Purchase agreement between Periscope GmbH and ROB Centrex Assets UG, ROB Cemtrex Automotive GmbH, and ROB Cemtrex Logistics GmbH. (7)
3.1	Certificate of Incorporation of the Company.(1)
3.2	By Laws of the Company.(1)
3.3	Certificate of Amendment of Certificate of Incorporation, dated September 29, 2006.(1)
3.4	Certificate of Amendment of Certificate of Incorporation, dated March 30, 2007.(1)
3.5	Certificate of Amendment of Certificate of Incorporation, dated May 16, 2007.(1)
3.6	Certificate of Amendment of Certificate of Incorporation, dated August 21, 2007.(1)
3.7	Certificate of Amendment of Certificate of Incorporation, dated April 3, 2015.(3)
3.8	Certificate of Designation of the Series A Preferred Shares, dated September 8, 2009.(2)
3.9	Certificate of Designation of the Series 1 Preferred Stock.(11)
3.10	Certificate of Amendment of Certificate of Incorporation, dated September 7, 2017 (12)
3.11	Certificate of Designations of Series B Redeemable Convertible Preferred Stock..(21)
3.12	Certificate of Correction to the Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as amended, of Cemtrex, Inc (6)
3.13	Amended Certificate of Designation of the Series 1 Preferred Shares, dated March 30, 2020.(16)
3.14	Certificate of Amendment of Certificate of Incorporation, dated July 29, 2020 (20)

3.15	Certificate of Correction of Certificate of Incorporation, dated July 29, 2021, filed October 7, 2020 (9)
4.1	Form of Subscription Rights Certificate. (10)
4.2	Form of Series 1 Preferred Stock Certificate. (10)
4.3	Form of Series 1 Warrant. (10)
4.4	Form of Common Stock Purchase Warrant, dated March 22, 2019. (14)
10.1	Amendment of the Term Loan Agreement between Vicon and NIL Funding, dated March 4, 2020.(17)
10.2	Consulting Agreement, dated April 22, 2020 between Centrex, Inc. and Adtron, Inc. (5)
10.3	Securities Purchase Agreement dated June 1, 2020 (18)
10.4	Securities Purchase Agreement dated June 9, 2020 (19)
10.5	Settlement Agreement and Release between Cemtrex, Inc. and Aron Govil dated February 26, 2021 (13)
14.1	Corporate Code of Business Ethics.(4)
21.1*	Subsidiaries of the Registrant
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.
31.2*	Certification of Vice President of Finance 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.
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 0f of 2002.
32.2*	Certification of Vice President of Finance and Principal Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act 0f of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

*	Filed herewith
1	Incorporated by reference from Form 10-12G filed on May 22, 2008.
2	Incorporated by reference from Form 8-K filed on September 10, 2009.
3	Incorporated by reference from Form 8-K filed on August 22, 2016.
4	Incorporated by reference from Form 8-K filed on July 1, 2016.
5	Incorporated by reference from Form S-8 filed on May 1, 20120
6	Incorporated by reference from Form 8-K filed on June 12, 2019.
7	Incorporated by reference from Form 8-K/A filed on November 24, 2017.
8	Incorporated by reference from Form 8-K/A filed on September 26, 2016.
9	Incorporated by reference from Form 10-Q filed on May 28, 2021.
10	Incorporated by reference from Form S-1 filed on August 29, 2016, and as amended on November 4, 2016, November 23, 2016, and December 7, 2016.
11	Incorporated by reference from Form 8-K filed on January 24, 2017.
12	Incorporated by reference from Form 8-K filed on September 8, 2017.
13	Incorporated by reference from Form 8-K filed on February 26, 2021.
14	Incorporated by reference from Form 8-K filed on March 22, 2019.
15	Intentionally left blank
16	Incorporated by reference from Form 8-K filed on April 1, 2020.
17	Incorporated by reference from Form 8-K filed on March 9, 2020.
18	Incorporated by reference from Form 8-K filed on June 4, 2020.
19	Incorporated by reference from Form 8-K filed on June 12, 2020.
20	Incorporated by reference from Form 10-K filed on January 5, 2021.

Signatures

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

Cemtrex, Inc.

Dated: August 16, 2021

By: */s/ Saagar Govil*

Saagar Govil
Chief Executive Officer

Dated: August 16, 2021

/s/ Christopher C. Moore .

Christopher C. Moore
Chief Financial Officer and Principal Financial Officer

EXHIBIT 21.1

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
Cemtrex Ltd	Hong Kong	September 4, 2013	100%
Advanced Industrial Services, Inc.	Pennsylvania	July 20, 1984 (December 15, 2015)	100%
Cemtrex Advanced Technologies, Inc.	New York	July 11, 2017	100%
Cemtrex Technologies Pvt Ltd.	India	December 21, 2017	100%
Griffin Filters, LLC	New York	September 6,2005 (April 30,2007)	100%
Cemtrex XR, Inc.	Nevada	September 10, 2020	100%
Vicon Industries, Inc.	New York	March 23, 2018	95%
Vicon Industries Limited	United Kingdom	March 23, 2018	95%
Vicon Deutschland GmbH)	Germany	March 23, 2018	95%
TeleSite U.S.A., Inc.	New Jersey	March 23, 2018	95%
Vicon Systems Ltd.	Israel	March 23, 2018	95%

EXHIBIT 31.1

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

I, Saagar Govil, certify that:

1. I have reviewed this report on Form 10-Q of Cemtrex, Inc. and subsidiaries (the "registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Saagar Govil

Saagar Govil
Chief Executive Officer

Dated: August 16, 2021

EXHIBIT 31.2

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

I, Christopher C. Moore, certify that:

1. I have reviewed this report on Form 10-Q of Cemtrex, Inc. and subsidiaries (the "registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Christopher C. Moore

Christopher C. Moore
Chief Financial Officer and Principal Financial Officer

Dated: August 16, 2021

EXHIBIT 32.1

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

In connection with the quarterly report of Cemtrex, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Saagar Govil, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Saagar Govil
Saagar Govil
Chief Executive Officer

Dated: August 16, 2021

EXHIBIT 32.2

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

In connection with the quarterly report of Cemtrex, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Christopher C. Moore, Chief Financial Officer and Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Christopher C. Moore
Christopher C. Moore
Chief Financial Officer
and Principal Financial Officer

Dated: August 16, 2021