

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

**FORM 10-Q**

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

For the quarterly period ended March 31, 2023

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



**CENTREX, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

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

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

11788  
(Zip Code)

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

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

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock	CETX	Nasdaq Capital Market
Series 1 Preferred Stock	CETXP	Nasdaq Capital Market

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

Yes     No

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

Yes     No

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

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
Emerging growth company

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

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

Yes     No

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

As of May 8, 2023, the issuer had 885,536 shares of common stock issued and outstanding.

## CENTREX, INC. AND SUBSIDIARIES

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**Part I. Financial Information**

**Item 1. Financial Statements**

**Centrex, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**

	(Unaudited) March 31, 2023	September 30, 2022
<b>Assets</b>		
Current assets		
Cash and equivalents	\$ 6,634,037	\$ 9,895,761
Restricted cash	645,297	1,577,915
Short-term investments	13,663	13,721
Trade receivables, net	7,271,488	5,399,216
Trade receivables - related party	408,464	-
Inventory –net of allowance for inventory obsolescence	8,561,026	8,487,817
Prepaid expenses and other assets	2,588,400	2,421,644
Assets of discontinued operations	-	3,971,693
<b>Total current assets</b>	<b>26,122,375</b>	<b>31,767,767</b>
Property and equipment, net	5,052,796	5,280,442
Right-of-use assets	2,297,293	2,641,198
Royalties receivable - related party	678,330	-
Note receivable - related party	761,585	761,585
Goodwill	3,906,891	3,906,891
Other	1,584,910	1,399,745
<b>Total Assets</b>	<b>\$ 40,404,180</b>	<b>\$ 45,757,628</b>
<b>Liabilities &amp; Stockholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 3,307,521	\$ 3,050,937
Accounts payable - related party	3,368	19,133
Short-term liabilities	16,441,488	16,894,743
Lease liabilities - short-term	732,680	754,495
Deposits from customers	74,762	73,144
Accrued expenses	3,062,806	2,271,188
Deferred revenue	2,058,661	1,551,088
Accrued income taxes	57,150	94,848
Liabilities of discontinued operations	-	805,219
<b>Total current liabilities</b>	<b>25,738,436</b>	<b>25,514,795</b>
Long-term liabilities		
Loans payable to bank	73,407	110,331
Long-term lease liabilities	1,564,613	1,822,468
Notes payable	1,604,743	-
Mortgage payable	2,125,864	2,160,169
Other long-term liabilities	575,900	807,898
Paycheck Protection Program Loans	70,816	97,120
Deferred Revenue - long-term	581,193	607,309
<b>Total long-term liabilities</b>	<b>6,596,536</b>	<b>5,605,295</b>
<b>Total liabilities</b>	<b>32,334,972</b>	<b>31,120,090</b>
Commitments and contingencies		
Shareholders' equity		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized, Series 1, 3,000,000 shares authorized, 2,183,463 shares issued and 2,119,363 shares outstanding as of March 31, 2023 and 2,079,122 shares issued and 2,015,022 shares outstanding as of September 30, 2022 (liquidation value of \$10 per share)	2,183	2,079
Series C, 100,000 shares authorized, 50,000 shares issued and outstanding at March 31 31, 2023 and September 30, 2022	50	50
Common stock, \$0.001 par value, 50,000,000 shares authorized, 828,570 shares issued and outstanding at March 31, 2023 and 754,711 shares issued and outstanding at September 30, 2022	828	755
Additional paid-in capital	67,042,743	66,641,698
Accumulated deficit	(61,801,025)	(54,929,020)
Treasury stock, 64,100 shares of Series 1 Preferred Stock at March 31, 2023 and September 30, 2022	(148,291)	(148,291)
Accumulated other comprehensive income	2,283,876	2,377,525
<b>Total Centrex stockholders' equity</b>	<b>7,380,364</b>	<b>13,944,796</b>
Non-controlling interest	688,844	692,742
<b>Total liabilities and shareholders' equity</b>	<b>\$ 40,404,180</b>	<b>\$ 45,757,628</b>

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



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

	For the three months ended		For the six months ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Revenues	\$ 16,073,397	\$ 11,746,017	\$ 28,043,639	\$ 21,159,412
Cost of revenues	8,734,916	7,976,236	15,662,543	14,167,381
Gross profit	7,338,481	3,769,781	12,381,096	6,992,031
Operating expenses				
General and administrative	5,318,267	5,424,669	10,482,605	10,713,844
Research and development	1,615,341	1,239,334	3,445,054	2,471,008
Total operating expenses	6,933,608	6,664,003	13,927,659	13,184,852
Operating income/(loss)	404,873	(2,894,222)	(1,546,563)	(6,192,821)
Other income/(expense)				
Other income	376,504	90,922	359,421	1,021,060
Interest expense	(1,335,138)	(1,313,483)	(2,463,372)	(2,715,887)
Total other expense, net	(958,634)	(1,222,561)	(2,103,951)	(1,694,827)
Net loss before income taxes	(553,761)	(4,116,783)	(3,650,514)	(7,887,648)
Income tax benefit/(expense)	-	-	-	-
Loss from Continuing operations	(553,761)	(4,116,783)	(3,650,514)	(7,887,648)
Income/(loss) from discontinued operations, net of tax	14,232	(685,140)	(3,225,389)	(1,444,098)
Net loss	(539,529)	(4,801,923)	(6,875,903)	(9,331,746)
Less income/(loss) in noncontrolling interest	55,265	(80,676)	(3,898)	(132,548)
<b>Net loss attributable to Cemtrex, Inc. shareholders</b>	<b>\$ (594,794)</b>	<b>\$ (4,721,247)</b>	<b>\$ (6,872,005)</b>	<b>\$ (9,199,198)</b>
Income (loss) per share - Basic & Diluted				
Continuing Operations	\$ (0.75)	\$ (5.86)	\$ (4.63)	\$ (11.51)
Discontinued Operations	\$ 0.02	\$ (1.00)	\$ (4.09)	\$ (2.14)
Weighted Average Number of Shares-Basic & Diluted	815,498	688,255	788,265	673,943
Weighted Average Number of Shares-Diluted	815,498	688,255	788,265	673,943

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

	For the three months ended		For the six months ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Other comprehensive income (loss)				
Net loss	\$ (539,529)	\$ (4,801,923)	\$ (6,875,903)	\$ (9,331,746)
Foreign currency translation loss	(317,218)	(199,623)	(93,649)	(140,131)
Comprehensive loss	<u>(856,747)</u>	<u>(5,001,546)</u>	<u>(6,969,552)</u>	<u>(9,471,877)</u>
Less comprehensive (loss) income attributable to noncontrolling interest	(55,265)	80,676	3,898	132,548
Comprehensive loss attributable to Centrex, Inc. shareholders	<u>\$ (801,482)</u>	<u>\$ (5,082,222)</u>	<u>\$ (6,973,450)</u>	<u>\$ (9,604,425)</u>

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

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

	Preferred Stock Series 1 Par Value \$0.001		Preferred Stock Series C Par Value \$0.001		Common Stock Par Value \$0.001		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock, 64,100 shares of Series 1 Preferred Stock	Accumulated other Comprehensive Income(loss)	Centrex Stockholders' Equity	Non- controlling interest
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount						
<b>Balance at September 30, 2022</b>	<u>2,079,122</u>	<u>\$ 2,079</u>	<u>50,000</u>	<u>\$ 50</u>	<u>754,711</u>	<u>\$ 755</u>	<u>\$ 66,641,698</u>	<u>\$(54,929,020)</u>	<u>\$(148,291)</u>	<u>\$ 2,377,525</u>	<u>\$ 13,944,796</u>	<u>\$ 692,742</u>
Foreign currency translation gain/(loss)										223,569	223,569	
Share-based compensation							39,842				39,842	
Shares issued to pay notes payable					39,016	39	232,106				232,145	
Dividends paid in Series 1 preferred shares	104,341	104					(104)					
Income/(loss) attributable to noncontrolling interest												- (59,163)
Net loss								(6,277,211)			(6,277,211)	
<b>Balance at December 31, 2022</b>	<u>2,183,463</u>	<u>\$ 2,183</u>	<u>50,000</u>	<u>\$ 50</u>	<u>793,727</u>	<u>\$ 794</u>	<u>\$ 66,913,542</u>	<u>\$(61,206,231)</u>	<u>\$(148,291)</u>	<u>\$ 2,601,094</u>	<u>\$ 8,163,141</u>	<u>\$ 633,579</u>
Foreign currency translation gain/(loss)										(317,218)	(317,218)	
Share-based compensation							26,735				26,735	
Additional rounding shares issued for reverse stock split					19,314	19	(19)					
Income/(loss) attributable to noncontrolling interest												- 55,265
Shares issued to pay for services					15,529	15	102,485				102,500	
Net loss								(594,794)			(594,794)	
<b>Balance at March 31, 2023</b>	<u>2,183,463</u>	<u>\$ 2,183</u>	<u>50,000</u>	<u>\$ 50</u>	<u>828,570</u>	<u>\$ 828</u>	<u>\$ 67,042,743</u>	<u>\$(61,801,025)</u>	<u>\$(148,291)</u>	<u>\$ 2,283,876</u>	<u>\$ 7,380,364</u>	<u>\$ 688,844</u>

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

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

	Preferred Stock Series 1 Par Value \$0.001		Preferred Stock Series C Par Value \$0.001		Common Stock Par Value \$0.001		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock, 64,100 shares of Series 1 Preferred Stock	Accumulated other Comprehensive Income(loss)	Centrex Stockholders' Equity	Non- controlling interest
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount						
<b>Balance at September 30, 2021</b>	<u>1,885,151</u>	<u>\$ 1,885</u>	<u>50,000</u>	<u>\$ 50</u>	<u>593,777</u>	<u>\$ 594</u>	<u>\$ 61,748,022</u>	<u>\$(41,908,062)</u>	<u>\$(148,291)</u>	<u>\$ 2,896,452</u>	<u>\$ 22,590,650</u>	<u>\$ 964,026</u>
Foreign currency translation gain/(loss)										59,492	59,492	
Share-based compensation							45,371				45,371	
Shares issued to pay notes payable					82,600	83	3,287,988				3,288,071	
Dividends paid in Series 1 preferred shares	94,602	95					(95)					
Income/(loss) attributable to noncontrolling interest												
Net loss								(4,477,951)			(4,477,951)	(51,872)
<b>Balance at December 31, 2021</b>	<u>1,979,753</u>	<u>\$ 1,980</u>	<u>50,000</u>	<u>\$ 50</u>	<u>676,377</u>	<u>\$ 677</u>	<u>\$ 65,081,286</u>	<u>\$(46,386,013)</u>	<u>\$(148,291)</u>	<u>\$ 2,955,944</u>	<u>\$ 21,505,633</u>	<u>\$ 912,154</u>
Foreign currency translation gain/(loss)										(199,623)	(199,623)	
Share-based compensation							27,046				27,046	
Shares issued with note payable					28,571	29	695,371				695,400	
Income/(loss) attributable to noncontrolling interest												
Net loss								(4,721,247)			(4,721,247)	(80,676)
<b>Balance at March 31, 2022</b>	<u>1,979,753</u>	<u>1,980</u>	<u>50,000</u>	<u>\$ 50</u>	<u>704,948</u>	<u>706</u>	<u>65,803,703</u>	<u>\$(51,107,260)</u>	<u>(148,291)</u>	<u>2,756,321</u>	<u>17,307,209</u>	<u>831,478</u>

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

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

<b>Cash Flows from Operating Activities</b>	<b>For the six months ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
Net loss	\$ (6,875,903)	\$ (9,331,746)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	448,388	610,327
Loss on disposal of property and equipment	64,908	30,558
Noncash lease expense	420,411	293,506
Bad debt expense	(1,543)	(1,839)
Share-based compensation	66,577	72,417
Interest expense paid in equity shares	32,145	1,521,992
Accounts payable paid in equity shares	102,500	-
Accrued interest on notes payable	1,290,615	329,264
Amortization of original issue discounts on notes payable	883,467	583,333
Gain/(loss) on marketable securities	58	(159,905)
Discharge of Paycheck Protection Program Loans	-	(971,500)
Changes in operating assets and liabilities net of effects from acquisition of subsidiaries:		
Trade receivables	(1,870,729)	1,572,113
Trade receivables - related party	(408,464)	14,641
Inventory	(73,209)	(1,396,073)
Prepaid expenses and other current assets	(166,756)	(708,456)
Other assets	(185,165)	(78,146)
Other liabilities	(231,998)	(17,163)
Accounts payable	256,584	432,372
Accounts payable - related party	(15,765)	-
Operating lease liabilities	(356,176)	(201,578)
Deposits from customers	1,618	(288,503)
Accrued expenses	791,618	(312,693)
Deferred revenue	481,457	722,975
Income taxes payable	(37,698)	(312,006)
Net cash used by operating activities - continuing operations	(5,383,060)	(7,596,110)
Net cash provided by operating activities - discontinued operations	2,488,144	133,512
<b>Net cash used by operating activities</b>	<b>(2,894,916)</b>	<b>(7,462,598)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(263,732)	(706,392)
Proceeds from sale of property and equipment	11,026	230,901
Investment in MasterpieceVR	-	(500,000)
Proceeds from sale of marketable securities	-	176,945
Purchase of marketable securities	-	(4,626,862)
Net cash used by investing activities - continuing operations	(252,706)	(5,425,408)
Net cash provided by investing activities - discontinued operations	-	(2,349)
<b>Net cash used by investing activities</b>	<b>(252,706)</b>	<b>(5,427,757)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from notes payable	-	8,000,000
Payments on notes payable	(544,370)	(901,763)
Payments on Paycheck Protection Program Loans	(10,033)	-
Payments on bank loans	(365,724)	(613,900)
<b>Net cash (used)/provided by financing activities</b>	<b>(920,127)</b>	<b>6,484,337</b>
Effect of currency translation	(126,593)	(150,076)
Net decrease in cash, cash equivalents, and restricted cash	(4,067,749)	(6,406,018)
Cash, cash equivalents, and restricted cash at beginning of period	11,473,676	17,186,323
<b>Cash, cash equivalents, and restricted cash at end of period</b>	<b>\$ 7,279,334</b>	<b>\$ 10,630,229</b>
<b>Balance Sheet Accounts Included in Cash, Cash Equivalents, and Restricted Cash</b>		
Cash and equivalents	\$ 6,634,037	\$ 8,970,324
Restricted cash	645,297	1,659,905
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 7,279,334</b>	<b>\$ 10,630,229</b>

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

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

**Supplemental Disclosure of Cash Flow Information:**

Cash paid during the period for interest	\$ 257,145	\$ 288,397
Cash paid during the period for income taxes, net of refunds	\$ 37,698	\$ 312,806

**Supplemental Schedule of Non-Cash Investing and Financing Activities**

Shares issued to pay notes payable	\$ 232,145	\$ 3,288,071
Shares issued in connection with note payable	\$ -	\$ 700,400
Investment in right of use asset	\$ 76,506	\$ 317,187

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

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

NOTE 1 – ORGANIZATION AND PLAN OF OPERATIONS

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

During the first quarter of fiscal year 2023, The Company reorganized its reporting segments to be in line with its current structure consisting of (i) Security (ii) Industrial Services and (iii) Centrex Corporate.

*Security*

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

*Industrial Services*

Centrex’s Industrial Services segment operates under the brand, Advanced Industrial Services (“AIS”), which offers single-source expertise and services for rigging, millwrighting, in plant maintenance, equipment erection, relocation, and disassembly to diversified customers. AIS installs high precision equipment in a wide variety of industrial markets like automotive, printing & graphics, industrial automation, packaging, and chemicals, among others. AIS is a leading provider of reliability-driven maintenance and contracting solutions for machinery, packaging, printing, chemical, and other manufacturing markets. 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.

*Centrex Corporate*

Centrex’s Corporate segment is the holding company of our other two segments.

*Sale of former Centrex Brands*

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

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

- Centrex XR, Inc.
  - \$895,000 comprised of:
    - \$75,000 in cash payable at Closing; and
    - 5% royalty of all revenues on the Business to be paid 90 days after the end of each calendar year for the next three years; and should the total sum of royalties due be less than \$820,000 at the end of the three-year period, Purchaser shall be obligated to pay the difference between \$820,000 and the royalties paid.

- Centrex Advanced Technologies, Inc.
  - \$10,000 in cash payable at Closing; and
  - 5% royalty of all revenues on the Business to be paid 90 days after the end of each calendar year for the next 5 years; and
  - \$1,600,000 in SAFE (common equity) at any subsequent fundraising or exit above \$5M with a \$10M cap.

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

#### *Common Stock Reverse Stock Split*

On January 25, 2023, the company completed a 35:1 reverse stock split on its common stock. All share and per share data have been retroactively adjusted for this reverse split.

#### *Extension of cure period and Subsequent Compliance*

#### Series 1 Preferred Stock

On July 29, 2022, the Company received a notification letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") notifying the Company that, because the closing bid price for the Company's Series 1 preferred stock listed on Nasdaq was below \$1.00 for 30 consecutive trading days, the Company no longer met the minimum bid price requirement for continued listing on The Nasdaq Capital Market under Nasdaq Marketplace Rule 5550(a)(2), requiring a minimum bid price of \$1.00 per share (the "Minimum Bid Price Requirement").

On January 26, 2023, the Company received a notification letter from the Listing Qualifications Department of Nasdaq notifying the Company that, it had been granted an additional 180 days or until July 24, 2023, to regain compliance with the Minimum Bid Price Requirement based on the Company meeting the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on the Capital Market with the exception of the bid price requirement, and the Company's written notice of its intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary.

The Company intends to continue actively monitoring the bid price for its Series 1 preferred stock between now and July 24, 2023 and will consider available options to resolve the deficiency and regain compliance with the Minimum Bid Price Requirement.

#### Common Stock

On January 24, 2022, the Company received a notification letter from the Listing Qualifications Department of Nasdaq notifying the Company that, because the closing bid price for the Company's common stock listed on Nasdaq was below \$1.00 for 30 consecutive trading days, the Company no longer met the minimum bid price requirement for continued listing on The Nasdaq Capital Market under Nasdaq Marketplace Rule 5550(a)(2), requiring a minimum bid price of \$1.00 per share (the "Minimum Bid Price Requirement").

On July 26, 2022, the Company received a notification letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC Nasdaq notifying the Company that, it had been granted an additional 180 days or until January 23, 2023, to regain compliance with the Minimum Bid Price Requirement based on the Company meeting the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on the Capital Market with the exception of the bid price requirement, and the Company's written notice of its intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary.

On January 26, 2023, the Company received a notification letter from the Listing Qualifications Department of Nasdaq notifying the Company that it has not regained compliance with Listing Rule 5550(a)(2) and accordingly would be delisted from the Capital Market. The Company then requested and had been granted a hearing to occur on March 16, 2023, appealing this determination to a Hearings Panel (the "Panel"), pursuant to the procedures set forth in the Nasdaq Listing Rule 5800 Series.

On February 8, 2023, the Company received a notification letter from the Listing Qualifications Department of Nasdaq notifying the Company that it has regained compliance with Listing Rule 5550(a)(2) and is in compliance with all applicable listing standards. The Company's common stock will continue to be listed and traded on The Nasdaq Stock Market.

#### *Going Concern Considerations*

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

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

The Company has incurred substantial losses of \$13,020,958 and \$7,807,995 for fiscal years 2022 and 2021, respectively, and has losses on continuing operations for the first half of fiscal year 2023 of \$6,872,005 and has debt obligations over the next year of \$16,441,488 and working capital of \$108,939, that raise substantial doubt with respect to the Company's ability to continue as a going concern.

While our working capital and current debt indicate a substantial doubt regarding the Company's ability to continue as a going concern, the Company has historically, from time to time, satisfied and may continue to satisfy certain short-term liabilities through the issuance of common stock, thus reducing our cash requirement to meet our operating needs. Additionally, the Company has sold unprofitable brands, reducing the cash required to maintain those brands, reevaluated our pricing model on our Vicon brand to improve margins on those products, and has effected a 35:1 reverse stock split on our common stock to remain trading on the Nasdaq Capital Markets, and improve our ability to potentially raise capital through equity offerings that we may use to satisfy debt. In the event additional capital is raised through equity offerings and/or debt is satisfied with equity, it may have a dilutive effect on our existing stockholders. While the Company believes these plans are sufficient to meet the capital demands of our current operations for at least the next twelve months, there is no guarantee that we will succeed. Overall, there is no guarantee that cash flow from our existing or future operations and any external capital that we may be able to raise will be sufficient to meet our working capital needs. The Company currently does not have adequate cash to meet our short or long-term needs. The condensed consolidated financial statements do not include any adjustments relating to this uncertainty.

#### NOTE 2 – INTERIM STATEMENT PRESENTATION

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

The accompanying unaudited condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Annual Report on Form 10-K for the year ended September 30, 2022, of Cemtrex, Inc.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United 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 Technologies Pvt. Ltd., Advanced Industrial Services, Inc., and the Company’s majority owned subsidiary Vicon Industries, Inc. and its subsidiary, Vicon Industries Ltd. All inter-company balances and transactions have been eliminated in consolidation.

#### *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, 2022, includes a summary of the significant accounting policies used in the preparation of the consolidated financial statements.

##### Recently Issued Accounting Standards

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“Update 2016-13”). Update 2016-13 replaced the incurred loss model with an expected loss model, which is referred to as the current expected credit loss (“CECL”) model. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including but not limited to trade receivables. For public business entities, the new standard became effective for annual reporting periods beginning after December 15, 2022, including interim periods within that reporting period. The Company is currently evaluating the impact of this ASU on our financial statements.

In October 2021, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) 2021-08, “Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (“ASU No. 2021-08”). ASU No. 2021-08 will require companies to apply the definition of a performance obligation under ASC Topic 606 to recognize and measure contract assets and contract liabilities (i.e., deferred revenue) relating to contracts with customers that are acquired in a business combination. Under current U.S. GAAP, an acquirer generally recognizes assets acquired and liabilities assumed in a business combination, including contract assets and contract liabilities arising from revenue contracts with customers, at fair value on the acquisition date. ASU No. 2021-08 will result in the acquirer recording acquired contract assets and liabilities on the same basis that would have been recorded by the acquiree before the acquisition under ASC Topic 606. ASU No. 2021-08 is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact of this ASU on our financial statements.

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

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

#### NOTE 3 – DISCONTINUED OPERATIONS

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

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

Based on sales projections for Cemtrex XR, Inc., the Company does not believe that it will exceed the sales levels required to exceed the \$820,000 royalties due and has not accounted for any additional royalties at this time. In accordance with *ASC 310 – Receivables*, the Company has discounted the royalties due and during the six-month ended March 31, 2023, has recognized \$678,330 of royalties due and will amortize the remaining amount over the period the royalties are due.

The following table summarizes the loss on the sale recorded during the three months ended December 31, 2022, included in Income/(loss) from discontinued operations, net of tax in the accompanying condensed consolidated statement of Operations:

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

Assets and liabilities included within discontinued operations on the Company's Condensed Consolidated Balance Sheets at March 31, 2023 and September 30, 2022 are as follows;

	<b>March 31, 2023</b>	<b>September 30, 2022</b>
<b>Assets</b>		
Current assets		
Cash and equivalents	\$ -	\$ 714,420
Trade receivables, net	-	561,470
Inventory –net of allowance for inventory obsolescence	-	1,043,865
Prepaid expenses and other assets	-	153,461
<b>Total current assets</b>	<b>-</b>	<b>2,473,216</b>
Property and equipment, net	-	825,850
Other	-	672,627
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 3,971,693</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ -	\$ 205,622
Short-term liabilities	-	464,429
Deposits from customers	-	125,032
Accrued expenses	-	10,136
<b>Total current liabilities</b>	<b>-</b>	<b>805,219</b>
Long-term liabilities		
Deferred revenue	-	6,273
<b>Total long-term liabilities</b>	<b>-</b>	<b>6,273</b>
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 811,492</b>

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

Gain/(loss) from discontinued operations, net of tax and the loss on sale of discontinued operations, net of tax, of Centrex Advanced Technologies, Inc. and Centrex XR, Inc., sold during the first quarter of fiscal year 2023, which are presented in total as discontinued operations, net of tax in the Company's Condensed Consolidated Statements of Operations for the three and six month periods ended March 31, 2023 and 2022, are as follows:

	Three months ended March 31,		Six months ended March 31,	
	2023	2022	2023	2022
Total net sales	\$ -	\$ 982,198	\$ 649,061	\$ 2,241,292
Cost of sales	-	699,368	228,086	1,311,518
Operating, selling, general and administrative expenses	492	1,207,945	1,296,064	2,610,813
Other (income)/expenses	-	(239,975)	3,195	(236,941)
Income (loss) from discontinued operations	(492)	(685,140)	(878,284)	(1,444,098)
Amortization of discounted royalties	14,724	-	19,151	-
Loss on sale of discontinued operations	-	-	(2,455,341)	-
Adjustment of benefit obligation	-	-	89,085	-
Income tax provision	-	-	-	-
Discontinued operations, net of tax	\$ 14,232	\$ (685,140)	\$ (3,225,389)	\$ (1,444,098)

#### NOTE 4 – 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 six months ended March 31, 2023, and 2022, 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 March 31,		For the six months ended March 31,	
	2023	2022	2023	2022
Options	28,796	22,858	28,796	22,858

NOTE 5 – SEGMENT INFORMATION

During the first quarter of fiscal year 2023, the Company reorganized its reporting segments to be in line with its current structure. The Company reports and evaluates financial information for three current segments: the Security segment, Industrial Services segment and the Corporate segment.

The following tables summarize the Company’s segment information:

	Three months ended March 31, 2023				Six months ended March 31, 2023			
	Security	Industrial Services	Corporate	Consolidated	Security	Industrial Services	Corporate	Consolidated
Revenues	\$ 9,913,898	\$ 6,159,499	\$ -	\$ 16,073,397	\$ 16,918,642	\$ 11,124,997	\$ -	\$ 28,043,639
Cost of revenues	4,791,608	3,943,308	-	8,734,916	8,392,662	7,269,881	-	15,662,543
Gross profit	\$ 5,122,290	\$ 2,216,191	\$ -	\$ 7,338,481	\$ 8,525,980	\$ 3,855,116	\$ -	\$ 12,381,096
Operating expenses								
Sales, general, and administrative	2,965,659	1,336,313	807,242	5,109,214	5,715,088	2,525,178	1,793,951	10,034,217
Depreciation and amortization	31,543	157,385	20,125	209,053	71,203	324,906	52,279	448,388
Research and development	1,615,341	-	-	1,615,341	3,445,054	-	-	3,445,054
Operating income/(loss)	\$ 509,747	\$ 722,493	\$ (827,367)	\$ 404,873	\$ (705,365)	\$ 1,005,032	\$ (1,846,230)	\$ (1,546,563)
Other income/(expense)	\$ 337,191	\$ (29,866)	\$ (1,265,959)	\$ (958,634)	\$ 224,792	\$ (61,426)	\$ (2,267,317)	\$ (2,103,951)

	Three months ended March 31, 2022				Six months ended March 31, 2022			
	Security	Industrial Services	Corporate	Consolidated	Security	Industrial Services	Corporate	Consolidated
Revenues	\$ 6,740,109	\$ 5,005,908	\$ -	\$ 11,746,017	\$ 11,099,532	\$ 10,059,880	\$ -	\$ 21,159,412
Cost of revenues	4,436,346	3,539,890	-	7,976,236	7,003,704	7,163,677	-	14,167,381
Gross profit	\$ 2,303,763	\$ 1,466,018	\$ -	\$ 3,769,781	\$ 4,095,828	\$ 2,896,203	\$ -	\$ 6,992,031
Operating expenses								
Sales, general, and administrative	2,438,851	1,213,788	1,123,329	4,775,968	5,298,815	2,624,649	2,052,752	9,976,216
Depreciation and amortization	366,929	176,490	36,702	580,121	398,707	355,713	73,404	827,824
Research and development	1,306,862	-	1,052	1,307,914	2,379,760	-	1,052	2,380,812
Operating (loss)/income	\$ (1,808,879)	\$ 75,740	\$ (1,161,083)	\$ (2,894,222)	\$ (3,981,454)	\$ (84,159)	\$ (2,127,208)	\$ (6,192,821)
Other income/(expense)	\$ (37,015)	\$ (25,741)	\$ (1,159,805)	\$ (1,222,561)	\$ 824,685	\$ (76,789)	\$ (2,442,723)	\$ (1,694,827)

	March 31, 2023	September 30, 2022
Identifiable Assets		
Security	\$ 17,951,806	\$ 15,257,235
Industrial Services	17,667,808	16,658,984
Corporate	4,784,566	9,869,716
Discontinued operations	-	3,971,693
Total Assets	\$ 40,404,180	\$ 45,757,628

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 \$645,297 at March 31, 2023 and \$1,577,915 at September 30, 2022.

NOTE 7 – FAIR VALUE MEASUREMENTS

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

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

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

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

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

The Company's fair value assets at March 31, 2023 and September 30, 2022, 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 March 31, 2023
<b>Assets</b>				
Investment in marketable securities (included in short-term investments)	\$ 13,663	\$ -	\$ -	\$ 13,663
	<u>\$ 13,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,663</u>
<b>Assets</b>				
Investment in marketable securities (included in short-term investments)	\$ 13,721	\$ -	\$ -	\$ 13,721
	<u>\$ 13,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,721</u>

#### NOTE 8 – TRADE RECEIVABLES, NET

Trade receivables, net consist of the following:

	March 31, 2023	September 30, 2022
Trade receivables	\$ 7,519,384	\$ 5,648,655
Allowance for doubtful accounts	(247,896)	(249,439)
	<u>\$ 7,271,488</u>	<u>\$ 5,399,216</u>

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

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

NOTE 9 – INVENTORY, NET

Inventory, net, consist of the following:

	March 31, 2023	September 30, 2022
Raw materials	\$ 1,560,503	\$ 1,375,933
Work in progress	216,724	120,026
Finished goods	7,809,788	8,080,235
	<u>9,587,015</u>	<u>9,576,194</u>
Less: Allowance for inventory obsolescence	(1,025,989)	(1,088,377)
Inventory –net of allowance for inventory obsolescence	<u>\$ 8,561,026</u>	<u>\$ 8,487,817</u>

NOTE 10 – PREPAID AND OTHER CURRENT ASSETS

On March 31, 2023, the Company had prepaid and other current assets consisting of prepayments on inventory purchases of \$665,525, costs and estimated earnings in excess of billings on uncompleted contracts of \$794,416, and other current assets of \$1,128,459. On September 30, 2022, the Company had prepaid and other current assets consisting of prepayments on inventory purchases of \$414,997, costs and estimated earnings in excess of billings on uncompleted contracts of \$781,819, accrued income taxes refunds on foreign operations of \$37,761, and prepaid expenses and other current assets of \$1,187,067.

NOTE 11 – PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	March 31, 2023	September 30, 2022
Land	\$ 790,373	\$ 790,373
Building and leasehold improvements	2,914,854	2,906,953
Furniture and office equipment	561,183	546,548
Computers and software	208,135	365,892
Machinery and equipment	10,747,542	11,242,709
	<u>15,222,087</u>	<u>15,852,475</u>
Less: Accumulated depreciation	(10,169,291)	(10,572,033)
Property and equipment, net	<u>\$ 5,052,796</u>	<u>\$ 5,280,442</u>

Depreciation expense for the three months ended March 31, 2023, and 2022 were \$209,053 and \$347,494, respectively. Depreciation expense for the six months ended March 31, 2023, were \$448,388, and \$610,327, respectively.

NOTE 12 – OTHER ASSETS

As of March 31, 2023, the Company had other assets of \$1,584,910 which was comprised of rent security of \$199,088, a strategic investment in MasterpieceVR of \$1,000,000 (see below), and other assets of \$385,822. As of September 30, 2022, the Company had other assets of \$1,399,745 which was comprised of rent security deposits of \$204,388, Investment in Masterpiece VR valued at \$1,000,000, and other assets of \$195,357.

On November 13, 2020, Cemtrex made a \$500,000 investment and on January 19, 2022, made an additional \$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 and recorded at cost. No impairment has been recorded for the three and six months ended March 31, 2023.

#### 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, for total consideration of \$550,000. On July 31, 2022, the Company negotiated a payment agreement surrounding the sale of Griffin Filters, LLC and other liabilities due to Cemtrex, Inc. totaling \$761,585. This agreement is in the form of a secured promissory note earning interest at a rate of 5% per annum and matures on July 31, 2024.

As of March 31, 2023, and September 30, 2022, there was \$3,368 and \$19,133 payable due to Ducon Technologies, Pvt Ltd., respectively.

Receivables of \$708,512 that represented the amount due from Ducon to Cemtrex Technologies Pvt. Ltd. the Company's subsidiary based in India were written off to bad debt in fiscal year 2022.

On February 26, 2021, the Company entered into a Settlement Agreement and Release with Aron Govil regarding transactions Cemtrex's Board of Directors determined were incorrectly handled and accounted for. Mr. Govil executed a secured promissory note (the "Note") in the amount of \$1,533,280. The Note matured and was due in full on February 26, 2023, and bore interest at 9% per annum and was secured by all of Mr. Govil's assets. On April 27, 2023, the Company and Mr. Govil signed an amendment to the note, extending the maturity date one year to February 28, 2024. Mr. Govil also signed an affidavit confessing judgment in the event of a default on the Note. While the Company believes the note to be fully collectible, in accordance with ASC 450-30, Gain Contingencies, the Company determined the gain was not to 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.

On November 22, 2022, the Company entered into two Asset Purchase Agreements and one Simple Agreement for Future Equity ("SAFE") with the Company's CEO, Saagar Govil, to secure the sale of the subsidiaries Cemtrex Advanced Technologies, Inc, and Cemtrex XR, Inc., which include the brands SmartDesk, Cemtrex XR, Virtual Driver Interactive, Bravo Strong, and good tech (formerly Cemtrex Labs), to Mr. Govil (see NOTE 1).

As of March 31, 2023, there was \$408,464 in trade receivables due from these companies. Of these receivables \$123,812 are related to costs paid by Cemtrex related to payroll during the transition of employees to the new company. The remaining \$284,652 are related to services provided by Cemtrex Technologies Pvt. Ltd. in the normal course of business.

As of March 31, 2023, there were royalties receivable from the sale of Cemtrex, XR, Inc. of \$678,330.

#### NOTE 14 – LEASES

The Company is party to contracts where we lease property from others under contracts classified as operating leases. The Company primarily leases office and operating facilities, vehicles, and office equipment. The weighted average remaining term of our operating leases was approximately 3.3 years at March 31, 2023 and 3.0 years at March 31, 2022. Lease liabilities were \$2,297,293 with \$732,680 classified as short-term at March 31, 2023, and \$2,576,963 with \$754,495, classified as short-term at September 30, 2022. The weighted average discount rate used to measure lease liabilities was approximately 5.66% at March 31, 2023 and March 31, 2022. The Company used the rate implicit in the lease, where known, or its incremental borrowing rate as the rate used to discount the future lease payments.

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

A reconciliation of undiscounted cash flows to operating lease liabilities recognized in the condensed consolidated balance sheet at March 31, 2023, is set forth below:

Years ending September 30,	Operating Leases
2023	431,540
2024	755,686
2025	733,327
2026	539,279
2027 & Thereafter	205,358
Undiscounted lease payments	2,665,190
Amount representing interest	(367,897)
Discounted lease payments	<u>\$ 2,297,293</u>

Lease costs for the three and six months ended March 31, 2023 and 2022 are set forth below.:

	For the three months ended March 31,		For the six months ended March 31,	
	2023	2022	2023	2022
Lease costs:				
Finance lease costs	\$ -	\$ -	\$ -	\$ -
Operating lease costs	223,213	130,511	484,646	369,363
<b>Total lease cost</b>	<u>\$ 223,213</u>	<u>\$ 130,511</u>	<u>\$ 484,646</u>	<u>\$ 369,363</u>

#### NOTE 15 – LINES OF CREDIT AND LONG-TERM LIABILITIES

On January 12, 2023, the Company entered into a standstill agreement with Streeterville Capital, LLC. The lender has agreed to refrain and forbear temporarily from making redemptions under the notes for a period ending on April 12, 2023. In addition, the company has agreed to an increase of the outstanding balance of the note issued on September 30, 2021 for the original amount of \$5,755,000 by \$148,000, and the outstanding balance of the note issued on February 22, 2022 for the original amount of \$9,205,000 by \$303,422. The aggregate amount of \$451,422 has been recorded as interest expense on the Company's Consolidated Condensed Statement of Operations and Condensed Consolidated Statements of Cash Flow.

On February 15, 2023, the Company and Fulton Bank agreed to an amendment to the Master Agreement Regarding Financial Covenants and Financial Deliverables dated September 22, 2020.

On March 3, 2023, the Company and NIL Funding agreed at an amendment to the term loan agreement dated September 18, 2018. This agreement amends the maturity date to December 31, 2024 and amends the interest rate to 11.5%. Additionally, the Company paid \$10,000 in fees and made an additional principal payment of \$100,000 on March 29, 2023 and is required to make another additional principal payment of \$100,000 on or before March 29, 2024. The Company has accounted for this amendment as a debt modification.

On May 3, 2023, the Company and Streeterville Capital, LLC. agreed to an amendment to the note issued on September 30, 2021 for the original amount of \$5,755,000. The agreement extends the maturity date to June 30, 2024, in exchange for a fee of 5% of the outstanding balance or approximately \$252,912 added to the outstanding balance of the note. The Company has accounted for this amendment as a debt modification.

The following table outlines the Company's lines of credit and secured liabilities.

	Interest Rate	Maturity	March 31, 2023	September 30, 2022
Fulton Bank line of credit \$3,500,000 - The terms of this line of credit are subject to the bank's review annually on February 1.	Secured Overnight Financing Rate ("SOFR") plus 2.37% (7.24% as of March 31, 2023 and 5.35% as of September 30, 2022)	N/A	\$ -	\$ -
Fulton Bank loan \$5,250,000 for the purchase of AIS \$5,000,000 of the proceeds went to the direct purchase of AIS. The Company was in compliance with loan covenants as of March 31, 2023. This loan is secured by certain assets of the Company.	SOFR plus 2.37%(7.24% as of March 31, 2023 and 5.35% as of September 30, 2022)	12/15/2022	-	247,284
Fulton Bank loan \$400,000 fund equipment for AIS. The Company was in compliance with loan covenants as of March 31, 2023. This loan is secured by certain assets of the Company.	SOFR plus 2.37% (7.24% as of March 31, 2023 and 5.35% as of September 30, 2022)	5/1/2023	16,070	63,280
Fulton Bank - \$360,000 fund equipment for AIS. The Company was in compliance with loan covenants as of March 31, 2023. This loan is secured by certain assets of the Company.	SOFR plus 2.37% (7.24% as of March 31, 2023 and 5.35% as of September 30, 2022).	5/1/2023	146,915	183,839
Fulton Bank mortgage \$2,476,000. The Company was in compliance with loan covenants as of March 31, 2023.	SOFR plus 2.62% (7.49% as of March 31, 2023 and 5.6% as of September 30, 2022).	1/28/2040	2,211,359	2,245,664
Note payable - \$439,774. For the purchase of VDI. Payable in two installments on October 26, 2021, and October 26, 2022.		5% 10/26/2022	-	219,370
Note payable - \$5,755,000 - Less original issue discount \$750,000 and legal fees \$5,000, net cash received \$5,000,000 Unamortized original issue discount balance of \$0 and \$250,000, as of March 31, 2023 and September 30, 2022 respectively.		8% 6/30/2024	5,171,271	4,943,929
Note payable - \$9,205,000. Less original issue discount \$1,200,000 and legal fees \$5,000, net cash received \$8,000,000. 28,572 shares of common stock valued at \$700,400 recognized as additional original issue discount. Unamortized original issue discount balance of \$422,311 and \$1,064,778 as of March 31, 2023 and September 30, 2022 respectively.		8% 8/23/2023	10,601,904	9,738,632
Term Loan Agreement with NIL Funding Corporation ("NIL") - \$5,600,000 The Company was in compliance with loan covenants as of March 31, 2023.		11.50% 12/31/2024	2,479,743	2,804,743
Paycheck Protection Program loan - \$121,400 - The issuing bank determined that this loan qualifies for loan forgiveness; however the Company is awaiting final approval from the Small Business Administration.		1% 5/5/2025	111,367	121,400
<b>Total lines of credit and secured liabilities</b>			<b>\$ 20,738,629</b>	<b>\$ 20,568,141</b>
Less: Current maturities			(16,441,488)	(16,894,743)
Less: Unamortized original issue discount			(422,311)	(1,305,778)
<b>Lines of credit and secured liabilities, Long Term</b>			<b>\$ 3,874,830</b>	<b>\$ 2,367,620</b>

#### NOTE 16 – SHAREHOLDERS' EQUITY

##### *Preferred Stock*

The Company is authorized to issue 10,000,000 shares of Preferred Stock, \$0.001 par value. As of March 31, 2023, and September 30, 2022, there were 2,233,463 and 2,129,122 shares issued and 2,169,363 and 2,065,022 shares outstanding, respectively.

### Series I Preferred Stock

During the six months ended March 31, 2023, 104,341 shares of Series I Preferred Stock were issued to pay dividends to holders of Series I Preferred Stock.

As of March 31, 2023, and September 30, 2022, there were 2,183,463 and 2,079,122 shares of Series I Preferred Stock issued and 2,119,363 and 2,015,022 shares of Series I Preferred Stock outstanding, respectively.

### Series C Preferred Stock

As of March 31, 2023, and September 30, 2022, there were 50,000 shares of Series C Preferred Stock issued and outstanding.

### *Common Stock*

The Company is authorized to issue 50,000,000 shares of common stock, \$0.001 par value. As of March 31, 2023, there were 828,570 shares issued and outstanding and at September 30, 2022, there were 754,711 shares issued and outstanding.

On January 25, 2023, the Company completed a 35:1 reverse stock split on its common stock. All share and per share data have been retroactively adjusted for this reverse split. On February 2, 2023, 19,314 shares were issued for rounding shares of the reverse stock split.

During the six months ended March 31, 2023, 39,016 shares of the Company's common stock have been issued to satisfy \$31,331 of notes payable, \$168,669 in accrued interest, and \$32,145 of excess value of shares issued recorded as interest expense.

During the three and six months ended March 31, 2023, 15,529 shares of the Company's common stock have been issued in exchange for services valued at \$102,500.

### NOTE 17 – SHARE-BASED COMPENSATION

For the six months ended March 31, 2023, and 2022, the Company recognized \$66,577 and \$72,417 of share-based compensation expense on its outstanding options, respectively. As of March 31, 2023, \$103,557 of unrecognized share-based compensation expense is expected to be recognized over a period of two years and six months. Future compensation amounts will be adjusted for any change in estimated forfeitures.

During the six months ended March 31, 2023, options to purchase 2,931 shares of the Company's common stock at an exercise price of \$13.65 per share and options to purchase 2,858 shares of the Company's common stock at an exercise price of \$40.95 per share were cancelled.

### NOTE 18 – COMMITMENTS AND CONTINGENCIES

The Company's corporate segment leases approximately 100 square feet of office space in Brooklyn, NY on a month-to-month lease at a rent of \$600 per month.

The Company's Industrial Services 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, 2025.

The Company's Security segment leases (i) approximately 6,700 square feet of office and warehouse space in Pune, India from a third party in a five year lease at a monthly rent of \$6,453 (INR456,972) expiring on February 28, 2024, (ii) approximately 30,000 square feet of office and warehouse space in Hauppauge, New York from a third party in a seven-year lease at a monthly rent of \$28,719 expiring on March 31, 2027, (iii) approximately 9,400 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 to terminate in 2026, and (iv) approximately 280 square feet of office space in Clovis, CA on a month-to-month lease at a monthly rent of \$1,504.

### NOTE 19 – SUBSEQUENT EVENTS

On April 6, 2023, 109,553 shares of Series I Preferred Stock were issued to pay dividends to holders of Series I Preferred Stock. The holders of the Series I Preferred Stock are entitled to receive dividends at the rate of 10% annually, based on the \$10.00 per share Preference Amount, payable semiannually.

On April 13, 2023, the Company issued an aggregate of 20,226 shares of common stock to settle \$150,000 of notes payable and accrued interest, and \$53,069 of excess value of shares issued to be recorded as interest expense.

On May 4, 2023, the Company issued an aggregate of 36,740 shares of common stock to settle \$275,000 of notes payable and accrued interest, and \$87,256 of excess value of shares issued to be recorded as interest expense.

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

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

### General Overview

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

During the first quarter of fiscal year 2023, the Company reorganized its reporting segments to be in line with its current structure, consisting of (i) Security, (ii) Industrial Services, and (iii) Cemtrex Corporate.

#### *Security*

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

#### *Industrial Services*

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

#### *Cemtrex Corporate*

Cemtrex’s Corporate segment is the holding company of our other two segments.

## 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, 2022.

## Results of Operations – For the three months ending March 31, 2023, and 2022

Total revenue for the three months ended March 31, 2023, and 2022 was \$16,073,789 and \$11,746,017, respectively, an increase of \$4,327,380, or 37%. Loss from continuing operations for the three months ended March 31, 2023, was \$553,761 compared to \$4,116,783 for the three months ended March 31, 2022, a decrease on the loss of \$3,563,022, or 87%. Total revenue for the quarter increased, as compared to total revenue in the same period last year, due to increased demand for the Company’s products and services. Loss from operations decreased due to increased revenues as compared to the same period in the prior year.

### Revenues

Our Security segment revenues for the three months ended March 31, 2023, increased by \$3,173,789 or 47% to \$9,913,898 from \$6,740,109 for the three months ended March 31, 2022. This increase is due to an increased demand for the Security segment’s products and services.

Our Industrial Services segment revenues for the three months ended March 31, 2023, increased by \$1,153,591 or 23%, to \$6,159,499 from \$5,005,908 for the three months ended March 31, 2022. This increase is mainly due to increased demand for the segment’s products and services.

### Gross Profit

Gross Profit for the three months ended March 31, 2023, was \$7,338,481 or 46% of revenues as compared to gross profit of \$3,769,781 or 32% of revenues for the three months ended March 31, 2022.

Gross profit in our Security segment was \$5,122,290 or 52% of the segment’s revenues for the three months ended March 31, 2023, as compared to gross profit of \$2,303,763 or 34% of the segment’s revenues for the period ended March 31, 2022. Gross profit as a percentage of revenues increased in the three months ended March 31, 2023, compared to the three months ended March 31, 2022, due to price increases implemented throughout the segment in response to rising costs of our goods and transportation costs.

Gross profit in our Industrial Services segment was \$2,216,191 or 36% of the segment’s revenues for the three months ended March 31, 2023, as compared to gross profit of \$1,466,018 or 29% of the segment’s revenues for the period ended March 31, 2022. Gross profit as a percentage of revenues increased in the three months ended March 31, 2023, compared to the three months ended March 31, 2022, was primarily due to lower subcontractor costs.

### General and Administrative Expenses

General and administrative expenses for the three months ended March 31, 2023, decreased \$106,402 or 2% to \$5,318,267 from \$5,424,669 for the three months ended March 31, 2022. General and administrative expenses as a percentage of revenues were 33% and 46% of revenues for the three-month periods ended March 31, 2023, and 2022, respectively. The reduction in general and administrative expenses is mainly related to reduced employee costs and legal expenses.

### *Research and Development Expenses*

Research and Development expenses for the three months ended March 31, 2023, were \$1,615,341 compared to \$1,239,334 for the three months ended March 31, 2022, an increase of \$376,007 or 30%. Research and Development expenses are primarily related to the Security Segment's development of next generation solutions associated with security and surveillance systems software.

### *Other Expense*

Other expense for the three months ended March 31, 2023, was \$958,634, as compared to other expense of \$1,222,561 for the three months ended March 31, 2022. Other expense for the three months ended March 31, 2023, was mainly driven by interest on the Company's debt, offset by a one-time income related to employee retention credits of \$416,502.

### *Provision for Income Taxes*

During the three months ended March 31, 2023, and 2022, the Company took no provision on income taxes. 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.

### *Income/(loss) from Discontinued Operations*

The Company had income on discontinued operations of \$14,232. This income is mainly related to the recognition of the royalties due from CXR, Inc. Losses on discontinued operations for the three months ended March 31, 2022 were \$685,140 attributable to the operations of the Centrex brands discussed in Note 3.

### **Results of Operations – For the six months ending March 31, 2023, and 2022**

Total revenue for the six months ended March 31, 2023, and 2022 was \$28,043,639 and \$21,159,412, respectively, an increase of \$6,884,227, or 33%. Loss from continuing operations for the six months ended March 31, 2023, was \$3,650,514 compared to \$7,887,648 for the six months ended March 31, 2022, a decrease on the loss of \$4,237,134, or 54%. Total revenue for the period increased, as compared to total revenue in the same period last year, due to increased demand for the Company's products and services. Loss from operations decreased due to increased revenues and improved gross profit margins as compared to the same period in the prior year.

### *Revenues*

Our Security segment revenues for the six months ended March 31, 2023, increased by \$5,819,110 or 52% to \$16,918,642 from \$11,099,532 for the six months ended March 31, 2022. This increase is due to an increased demand for the Security segment's products and services.

Our Industrial Services segment revenues for the six months ended March 31, 2023, increased by \$1,065,117 or 11%, to \$11,124,997 from \$10,059,880 for the six months ended March 31, 2022. This increase is mainly due to increased demand for the segment's products and services.

### *Gross Profit*

Gross Profit for the six months ended March 31, 2023, was \$12,381,096 or 44% of revenues as compared to gross profit of \$6,992,031 or 33% of revenues for the six months ended March 31, 2022.

Gross profit in our Security segment was \$8,525,980 or 50% of the segment's revenues for the six months ended March 31, 2023, as compared to gross profit of \$4,095,828 or 37% of the segment's revenues for the six-month period ended March 31, 2022. Gross profit as a percentage of revenues increased in the six months ended March 31, 2023, compared to the six months ended March 31, 2022, due to price increases implemented throughout the segment in response to rising costs of our goods and transportation costs.

Gross profit in our Industrial Services segment was \$3,855,116 or 35% of the segment's revenues for the six months ended March 31, 2023, as compared to gross profit of \$2,896,203 or 29% of the segment's revenues for the period ended March 31, 2022. Gross profit as a percentage of revenues increased in the six months ended March 31, 2023, compared to the six months ended March 31, 2022, was primarily due to lower subcontractor costs.

#### *General and Administrative Expenses*

General and administrative expenses for the six months ended March 31, 2023, decreased \$231,239 or 2% to \$10,482,605 from \$10,713,844 for the six months ended March 31, 2022. General and administrative expenses as a percentage of revenues were 37% and 51% of revenues for the six-month periods ended March 31, 2023, and 2022, respectively. The reduction in general and administrative expenses is mainly related to reduced employee costs and legal expenses.

#### *Research and Development Expenses*

Research and Development expenses for the six months ended March 31, 2023, were \$3,445,054 compared to \$2,471,008 for the six months ended March 31, 2022, an increase of \$974,046 or 39%. Research and Development expenses are primarily related to the Security Segment's development of next generation solutions associated with security and surveillance systems software.

#### *Other Expense*

Other expense for the six months ended March 31, 2023, was \$2,103,951 as compared to an expense of \$1,694,827 for the six months ended March 31, 2022. Other expense for the six months ended March 31, 2023, was mainly driven by interest on the Company's debt, offset by a one-time income related to employee retention credits of \$416,502. Other expense for the six months ended March 31, 2022, included the gain on the forgiveness of our PPP loans of \$971,500.

#### *Provision for Income Taxes*

During the six months ended March 31, 2023, and 2022, the Company took no provision on income taxes. 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.

#### *Loss from Discontinued Operations*

The Company had losses on discontinued operations of \$3,225,389. The losses are comprised of the \$2,455,341 loss on the sale of Cemtrex Advanced Technologies, and Cemtrex XR, Inc. The net loss of \$878,284 for the six months ended March 31, 2023, the recognition of discounted royalties of \$19,151, and the net gain on the recovery of cash from Vicon Industries Ltd. of \$89,085. Losses on discontinued operations for the six months ended March 31, 2022 were \$1,444,098 attributable to the operations of the Cemtrex brands discussed in Note 3.

#### **Effects of Inflation**

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

#### **Liquidity and Capital Resources**

Working capital was \$383,939 at March 31, 2023, compared to working capital of \$6,252,972 at September 30, 2022. This includes cash and equivalents and restricted cash of \$7,279,334 at March 31, 2023, and \$11,473,676 at September 30, 2022. The decrease in working capital was primarily due to the Company's sale of assets and liabilities of discontinued operations and an increase in accounts payable, accrued expenses, and deferred revenue during the six months ended March 31, 2023.

Cash used by operating activities for continuing operations for the six months ended March 31, 2023 and 2022 was \$5,383,060 and \$6,152,012, respectively. Cash provided by operating activities for discontinued operations for the six months ended March 31, 2023 was \$2,488,144, compared to using cash of \$1,310,586 for the six months ended March 31, 2022.

Trade receivables increased by \$1,872,272 or 35% to \$7,271,488 at March 31, 2023, from \$5,399,216 at September 30, 2022. The increase in trade receivables is attributable to increased sales in the Security segment.

Cash used by investment activities for continuing operations for the six months ended March 31, 2023 was \$252,706 compared to \$5,425,408 for the six months ended March 31, 2022. Cash used by investing activities for discontinued operations for the six months ended March 31, 2022 was \$2,349. Investing activities for the six months ended March 31, 2023 were driven by the Company's purchase of property and equipment.

Cash used by financing activities for the six months ended March 31, 2023, was \$920,127 compared to providing cash of \$6,484,337 for the six months ended March 31, 2022. Financing activities were primarily driven by payments on the Company's debt. Financing activities for the six months ended March 31, 2022 were primarily driven by proceeds from the note payable issued in February of 2022.

While our working capital and current debt indicate a substantial doubt regarding the Company's ability to continue as a going concern, the Company has historically, from time to time, satisfied and may continue to satisfy certain short-term liabilities through the issuance of common stock, thus reducing our cash requirement to meet our operating needs. Additionally, the Company has recently sold unprofitable brands, reducing the cash required to maintain those brands, reevaluated our pricing model on our Vicon brand to improve margins on those products, and has effected a reverse stock split on our common stock to remain trading on the Nasdaq Capital Markets, and improved our ability to potentially raise capital through equity offerings that we may use to satisfy debt. In the event additional capital is raised through equity offerings and/or debt is satisfied with equity, it may have a dilutive effect on our existing stockholders. While the Company believes these plans are sufficient to meet the capital demands of our current operations for at least the next twelve months, there is no guarantee that we will succeed.

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

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

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

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

Our CEO and our CFO have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2023. Based on their evaluation, our management has concluded that as of March 31, 2023, our disclosure controls and procedures were not effective and 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 personnel resulted in the Company lacking entity level controls around the review of period-end reporting processes, accounting policies and public disclosures. Additionally, the Company’s current processes and systems do not provide for necessary, timely reconciliation of certain accounts and sufficient consideration regarding recoverability of certain assets. This deficiency is common in small companies, similar to ours, with limited personnel.

Notwithstanding the conclusion by our Chief Executive Officer and Chief Financial Officer that our disclosure controls and procedures as of March 31, 2023, 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 weaknesses, the Company has implemented measures that it believes have mitigated these weaknesses but has not had sufficient time to fully evaluate these measures. These measures include; (i) updating our accounting software to ensure tighter control over entries and providing improved data for timely reconciliation of certain accounts, and (ii) engaged a third-party consulting firm to provide review of period-end reporting processes, accounting policies and public disclosures. The Company believes that given more time these new measures will be sufficient in remediating the material weakness in internal controls.

### **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 continuing to improve its internal controls through the actions mentioned above.

### **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 filed with the SEC on December 28, 2022.

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

During the six months ended March 31, 2023, 39,016 shares of the Company's common stock have been issued to satisfy \$31,331 of notes payable, \$168,669 in accrued interest, and \$32,145 of excess value of shares issued recorded as interest expense.

During the three and six months ended March 31, 2023, 15,529 shares of the Company's common stock have been issued in exchange for services valued at \$102,500.

Subsequent to the reporting period, the Company issued an aggregate of 56,966 shares of common stock to settle \$425,000 of notes payable and accrued interest, and \$140,325 of excess value of shares issued recorded as interest expense.

Such shares were issued pursuant to the exemption contained under Section 4(a)(2) of the Securities Act of 1933, as amended.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

N/A

**Item 5. Other Information**

None.

Item 6. Exhibits

Exhibit No.	Description
2.2	<a href="#">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)</a>
3.1	<a href="#">Certificate of Incorporation of the Company.(1)</a>
3.2	<a href="#">By Laws of the Company.(1)</a>
3.3	<a href="#">Certificate of Amendment of Certificate of Incorporation, dated September 29, 2006.(1)</a>
3.4	<a href="#">Certificate of Amendment of Certificate of Incorporation, dated March 30, 2007.(1)</a>
3.5	<a href="#">Certificate of Amendment of Certificate of Incorporation, dated May 16, 2007.(1)</a>
3.6	<a href="#">Certificate of Amendment of Certificate of Incorporation, dated August 21, 2007.(1)</a>
3.7	<a href="#">Certificate of Amendment of Certificate of Incorporation, dated April 3, 2015.(3)</a>
3.8	<a href="#">Certificate of Designation of the Series A Preferred Shares, dated September 8, 2009.(2)</a>
3.9	<a href="#">Certificate of Designation of the Series I Preferred Stock.(11)</a>
3.10	<a href="#">Certificate of Amendment of Certificate of Incorporation, dated September 7, 2017 (12)</a>
3.11	<a href="#">Certificate of Correction to the Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as amended, of Cemtrex, Inc.(6)</a>
3.12	<a href="#">Amended Certificate of Designation of the Series I Preferred Shares, dated March 30, 2020.(16)</a>
3.13	<a href="#">Certificate of Amendment of Certificate of Incorporation, dated July 29, 2020 (20)</a>
3.14	<a href="#">Certificate of Correction of Certificate of Incorporation, dated July 29, 2021, filed October 7, 2020 (9)</a> <a href="#">Certificate of Amendment of Certificate of Incorporation, dated January 12, 2023 (7)</a>
4.1	<a href="#">Form of Subscription Rights Certificate. (10)</a>
4.2	<a href="#">Form of Series I Preferred Stock Certificate. (10)</a>
4.3	<a href="#">Form of Series I Warrant. (10)</a>
4.4	<a href="#">Form of Common Stock Purchase Warrant, dated March 22, 2019. (14)</a>
10.1*	<a href="#">Amendment of the Term Loan Agreement between Vicon and NIL Funding, dated March 3, 2023.</a>
10.2*	<a href="#">Amendment to Loan Documents Between Advanced Industrial Services, Inc. and Fulton Bank, N.A. dated February 24, 2023</a>
10.3*	<a href="#">Amendment to Promissory Note Between Cemtrex, Inc. and Streeterville Capital, LLC dated May 3, 2023</a>
10.4	<a href="#">Securities Purchase Agreement dated June 1, 2020.(18)</a>
10.5	<a href="#">Securities Purchase Agreement dated June 9, 2020.(19)</a>
10.6	<a href="#">Settlement Agreement and Release between Cemtrex, Inc. and Aron Govil dated February 26, 2021 (13)</a>
10.7	<a href="#">Securities Purchase Agreement dated February 22, 2022 (15)</a>
10.8	<a href="#">Amendment of the Term Loan Agreement between Vicon and NIL Funding, dated March 30, 2022. (15)</a>
10.9	<a href="#">Asset Purchase agreement between Cemtrex, Inc. and Saagar Govil, dated November 22, 2022 (22)</a>
10.1	<a href="#">Asset Purchase agreement between Cemtrex, Inc. and Saagar Govil, dated November 22, 2022 (22)</a>
10.11	<a href="#">Simple Agreement for Future Equity (SAFE) between Cemtrex, Inc. and Saagar Govil, dated November 18, 2022 (22)</a>
14.1	<a href="#">Corporate Code of Business Ethics.(4)</a>
21.1*	<a href="#">Subsidiaries of the Registrant</a>
31.1*	<a href="#">Certification of Chief Executive Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Interim Chief Financial Officer and Principal Financial Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2*	<a href="#">Certification of Interim Chief Financial Officer and Principal Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
99.1	<a href="#">Order pursuant to Section 8A of the Securities Act – dated September 30, 2022. (21)</a>
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)
*	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	Intentionally left blank
6	Incorporated by reference from Form 8-K filed on June 12, 2019.
7	Incorporated by reference from Form 8-K filed on January 20, 2023.
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	Incorporated by reference from Form 10-Q filed on May 16, 2022.
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.
21	Incorporated by reference from Form 8-K filed on October 4, 2022.
22	Incorporated by reference from Form 8-K filed on November 29, 2022.



### Signatures

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

Centrex, Inc.

Dated: May 11, 2023

By: /s/Saagar Govil  
Saagar Govil  
Chief Executive Officer

Dated: May 11, 2023

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

**THIS FOURTH AMENDMENT TO TERM LOAN AGREEMENT AND RELATED LOAN DOCUMENTS WITH CONSENT OF GUARANTORS IS SUBJECT TO ARBITRATION PURSUANT TO THE FEDERAL ARBITRATION ACT AND/OR §15-48-10 OF THE SOUTH CAROLINA CODE OF LAWS (1976), AS AMENDED.**

**FOURTH AMENDMENT TO TERM LOAN AGREEMENT AND RELATED LOAN DOCUMENTS WITH CONSENT OF GUARANTORS**

THIS FOURTH AMENDMENT TO TERM LOAN AGREEMENT AND RELATED LOAN DOCUMENTS WITH CONSENT OF GUARANTORS (the “**Amendment**”) effective as of March 3, 2023, by and among Vicon Industries, Inc., (the “**Borrower**”), NIL Funding Corporation (the “**Lender**”), IQinVision, Inc., (“**IQin**”), TeleSite U.S.A., Inc., (“**TeleSite**”), Vicon Industries Limited (“**Vicon Industries**”), and Vicon Systems Ltd., (“**Vicon Systems**” and collectively with IQin, TeleSite, and Vicon Industries, the “**Guarantors**”).

WITNESSETH:

WHEREAS, Borrower and Lender executed that certain Term Loan Agreement, dated as of September 21, 2018 (as amended, the “**Loan Agreement**”) pursuant to which Lender agreed to loan to Borrower Five Million Six Hundred Thousand and No/100 Dollars (\$5,600,000.00) in accordance with the terms set forth therein (the “**Loan**”);

WHEREAS, the Borrower executed that certain Promissory Note [Facility A], dated as of September 21, 2018, in the original principal amount of One Million Seven Hundred Ninety Six Thousand and No/100 Dollars (\$1,796,000.00) in favor of Lender (as amended, the “**Facility A Note**”);

WHEREAS, the Borrower executed that certain Promissory Note [Facility BJ, dated as of September 21, 2018, in the original principal amount of Three Million Eight Hundred Four Thousand and No/100 Dollars (\$3,804,000.00) in favor of Lender (as amended, the “**Facility B Note**”);

WHEREAS, the Guarantors each executed a Continuing Guaranty, dated as of September 21, 2018 (collectively, the “**Guaranty Agreements**”), pursuant to which the Guarantors jointly and severally guaranteed all obligations of the Borrower to the Lender;

WHEREAS, the Borrower, Lender, and Citibank, N.A. executed those three (3) certain Deposit Account Control Agreements, dated as September 28, 2018 (collectively, the “**Citibank DACAs**”);

WHEREAS, pursuant to that certain Termination of Deposit Account Control Agreement dated September 28, 2021, the Citibank DACAs were terminated.

WHEREAS, the Borrower, Lender, and TD Bank, N.A., executed that certain Deposit Account Control Agreement, dated as of November 9, 2021 (the “**TD Bank DACA**”).

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WHEREAS, the Borrower and Guarantors each executed a Security Agreement, dated as of September 21, 2018 (collectively, the “**Security Agreements**,” and collectively with the Loan Agreement, Facility A Note, Facility B Note, Guaranty Agreements, the Citibank DACAs, and all other documents executed in connection with the foregoing, including, but not limited to, that certain First Amendment to Term Loan Agreement and the Related Loan Documents with Consent of Guarantors, dated as of March 4, 2020, that certain Second Amendment to Term Loan Agreement and Related Loan Documents with Consent of Guarantors, dated as of March 30, 2020, and that certain Third Amendment to Term Loan Agreement and Related Loan Documents with Consent of Guarantors, dated as of March 30, 2022, the “**Loan Documents**”), pursuant to which the Borrower and Guarantors each granted security interests in the collateral more particularly described therein to Lender; and

WHEREAS, Borrower, Lender, and Guarantors now desire to modify and amend certain terms of the Loan Documents as hereinafter provided.

NOW, THEREFORE, in consideration of the premises and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Capitalized terms used herein but not defined shall have the meaning ascribed to them in the Loan Documents.
  2. The Loan Documents are hereby amended as follows:
    - a. The Maturity Date of the Facility A Note is extended to December 31, 2024 (the “**Facility A Note Maturity Date**”).
    - b. The outstanding principal balance of the Facility A Note shall bear interest (computed on the basis of a 360-day year) before default at 11.5% per annum.
    - c. Commencing on April 1, 2023, equal principal payments of Fifty Thousand and No/100 Dollars (\$50,000.00) plus interest accrued on the Facility A Note shall be payable on the first day of each calendar month, until the Facility A Note Maturity Date, at which point the full outstanding balance of the loan evidenced thereby, together with all accrued and unpaid interest thereon as well as fees related thereto, shall be due and payable.
    - d. The Maturity Date of the Facility B Note is extended to December 31, 2024(the “**Facility B Note Maturity Date**”).
    - e. The outstanding principal balance of the Facility B Note shall bear interest (computed on the basis of a 360-day year) before default at 11.5% per annum.
    - f. Commencing on April 1, 2023, equal principal payments of Fifty Thousand and No/100 Dollars (\$50,000.00) plus interest accrued on the Facility B Note shall be payable on the first day of each calendar month, until the Facility B Note Maturity Date, at which point the full outstanding balance of the loan evidenced thereby, together with all accrued and unpaid interest thereon as well as fees related thereto, shall be due and payable.
    - g. On or before March 31, 2023, Borrower shall pay to Lender an additional One Hundred Thousand and No/100 Dollars (\$100,000.00) principal payment (the “**First Additional Principal Payment**”). Failure to make the First Additional Principal Payment by March 31, 2023, shall be an automatic Event of Default.
    - h. On or before March 29, 2024, Borrower shall pay to Lender an additional One Hundred Thousand and *Null* 00 Dollars (\$100,000.00) principal payment (the “**Second Additional Principal Payment**”). Failure to make the Second Additional Principal Payment by March 29, 2024, shall be an automatic Event of Default.
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3. Each of the existing Loan Documents is hereby further amended to provide that each reference to any one or more of the Loan Documents is deemed to refer to such documents as modified by this Amendment. In addition, this Amendment shall be deemed to be included as a "Loan Document" in any and all references to the "Loan Documents" contained in any of the Loan Documents existing as of the date hereof or which are executed following the date hereof.

4. Except as specifically amended herein, all terms and conditions of the Loan Documents shall remain in full force and effect, without waiver or modification.

5. Borrower and Guarantors each hereby remake all of their respective representations and warranties contained in the Loan Documents and reaffirm all respective covenants set forth therein. Borrower and Guarantors each further certify that as of the date of this Amendment there exists no Event of Default as defined in the Loan Documents, nor any condition, act or event which with the giving of notice or the passage of time or both would constitute any such Event of Default. As a further inducement to the Lender to enter into this Amendment, Borrower and each Guarantor further represents, warrants, covenants and acknowledges (as applicable) as follows (it being acknowledged by all parties that each such representation, warranty, covenant and acknowledgment relates to material matters upon which Lender has relied):

(a) There are no defenses, offsets or counterclaims or other claims, legal or equitable, available to Borrower, any Guarantor, or any other person or entity with respect to this Amendment, the Loan Documents, or any other instrument, document and/or agreement described herein or therein, as modified and amended hereby, or with respect to the obligation of Borrower to repay the Loan, as the case may be.

(b) The Borrower and Guarantors each has the right and power and has obtained all authorizations necessary to execute and deliver this Amendment and all documents required to be delivered in connection herewith and to perform its respective obligations hereunder and under the Loan Documents in accordance with their respective terms. This Amendment and all documents required to be delivered in connection herewith has been duly executed and delivered by duly authorized officers, managers, partners, trustee(s), or directors (as applicable) of the Borrower and Guarantors and is a legal, valid and binding obligation of the Borrower and/or Guarantors (as applicable), enforceable against each party thereto in accordance with their respective terms, except as the same may be limited by bankruptcy, insolvency, and other similar laws affecting the rights of creditors generally and the availability of equitable remedies for the enforcement of certain obligations contained herein or therein may be limited by equitable principles generally.

(c) There is no action, suit, investigation or proceeding, pending or threatened, in any court or before any arbitrator or governmental authority, that has a reasonable probability of materially adversely affecting Borrower or Guarantors or any transaction contemplated hereby or by the Loan Documents, or the ability of Borrower or Guarantors to perform their respective obligations under this Amendment or the other Loan Documents as modified and amended hereby.

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(d) Each of the Borrower and Guarantors is duly organized and validly existing in its state of organization. The undersigned persons are duly authorized to execute and deliver, on behalf of the Borrower and Guarantor, as applicable, this Amendment and all documents required to be delivered in connection herewith.

(e) The amendments to the Loan Documents set forth in this Amendment are not intended as and do not constitute novations of any of the obligations reflected in the Loan Documents.

6. The effectiveness of this Amendment is subject to receipt by the Lender of each of the following, each in form and substance satisfactory to the Lender:

- (a) a counterpart of this Amendment duly executed by the Borrower and Guarantors;
- (b) payment by Borrower of Ten Thousand and No/100 Dollars (\$10,000.00) to reimburse Lender for fees incurred in connection with this Amendment;
- (c) payment by Borrower of the First Additional Principal Payment, which amount shall be credited towards the outstanding principal balance of the Loan;
- (d) original counterparts of resolutions from the Borrower and Guarantors authorizing the execution and delivery of this Amendment; and
- (e) such other documents, instruments and agreements as the Lender may reasonably request.

7. The failure of the Borrower or Guarantors to perform any of their respective obligations under this Amendment or the falsity of any representation or warranty made herein shall, at the option of the Lender, constitute an Event of Default the Loan Documents.

8. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF SOUTH CAROLINA APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE. In the event no party makes demand for arbitration pursuant to Section 7.11 of the Loan Agreement, any legal suit, action or proceeding arising out of or relating to this Amendment, the Loan Agreement, any of the Loan Documents, the transactions contemplated hereby or thereby shall be instituted in the Federal Courts of the United States of America or the State Courts of the State of South Carolina and County of Charleston, and the Borrower and Guarantors irrevocably submit to the exclusive jurisdiction of such courts in any such suit, action, or proceeding. The Borrower and Guarantors irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

9. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No party shall transfer or assign any of their respective rights or obligations hereunder without the prior written consent of the Lender.

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10. Except as expressly herein amended, the terms and conditions of the Loan Documents remain in full force and effect. The amendments and modifications contained herein shall be deemed to have prospective application only, unless otherwise specifically stated herein. If any provision of any of this Amendment or of any Loan Document, as amended hereby, is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions. The Borrower and Guarantors will execute such additional documents as are reasonably requested by the Lender to reflect the terms and conditions of this Amendment., and will cause to be delivered such additional certificates, legal opinions and other documents as are reasonably required by the Lender.

11. The Borrower hereby agrees that all fees, expenses and costs incurred by the Lender (including, without limitation, fees, expenses and costs of Lender's counsel) in negotiating, preparing, reviewing and granting the amendment set forth herein shall, to the extent not paid or invoiced as of the date hereof, be paid by it upon demand as fees, costs and expenses incurred in connection with the Loan Agreement.

12. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart for each of the parties hereto. Delivery by facsimile by any of the parties hereto of an executed counterpart of this Amendment shall be as effective as an original executed counterpart hereof and shall be deemed a representation that an original executed counterpart hereof will be delivered. Each counterpart hereof shall be deemed to be an original and shall be binding upon all parties, their successors and assigns.

13. In consideration of the modifications set forth in this Amendment, Borrower and Guarantors each releases and holds harmless the Lender and its officers, employees, agents, affiliates, parent companies, and subsidiaries from and against any claim, action, suit, demand, cost expense or liability of any kind relating to the transactions contemplated by the Loan Documents, the administration thereof or any business communications and dealings among Borrower, and/or Guarantors and the Lender concerning the Loan through the date of execution hereof.

14. The Guarantors, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, each hereby consent to and join in this Amendment and hereby declare to and agree with the Lender that: (a) the Guaranty Agreements and Security Agreements entered into by the Guarantors, are and shall continue in full force and effect for the benefit of Lender with respect to the obligations guaranteed and secured thereby, as amended by this Agreement, (b) there are no offsets, claims, counterclaims, cross-claims or defenses of the Guarantors with respect to such Guaranty Agreements or Security Agreements nor, with respect to the obligations guaranteed and secured thereby, (c) that the Guaranty Agreements and Security Agreements are not released, diminished or impaired in any way by this Amendment or the transactions contemplated hereby, and (d) such Guaranty Agreements and Security Agreements, as amended by this Agreement, are hereby ratified and confirmed in all respects. Guarantors each acknowledge that without this consent and reaffirmation, the Lender would not execute this Agreement or otherwise consent to its terms.

15. This Amendment shall, upon satisfaction of the items set forth in Section 6 above, be effective as of the date set forth above. Thereafter, this Amendment shall be binding upon and inure to the benefit of the Borrower, the Lender, each of the other parties to the Loan Documents and each of their respective successors and assigns.

(SIGNATURE PAGE(S) ATTACHED)

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IN WITNESS WHEREOF, Borrower and Lender have set their respective hands and seals as of March 3, 2023.

BORROWER:

Vicon Industries, Inc.

By: /s/ Sagar Govil

Name: Saagar Govil

Title: CEO

GUARANTORS:

IQin Vision, Inc.

By: /s/ Sagar Govil

Name: Saagar Govil

Title: CEO

TeleSite U.S.A., Inc.

By: /s/ Sagar Govil

Name: Saagar Govil

Title: CEO

Vicon Industries Limited

By: /s/ Sagar Govil

Name: Saagar Govil

Title: CEO

Vicon Systems Ltd.

By: /s/ Sagar Govil

Name: Saagar Govil

Title: CEO

LENDER:

NIL Funding Corporation

By: /s/ Michael Bender

Name: Michael Bender

Title: Secretary

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**2023 AMENDMENT TO LOAN DOCUMENTS**

**TIDS 2023 AMENDMENT TO LOAN DOCUMENTS** (this “**Amendment**”) is made as of February 15, 2023, by and between **FULTON BANK, N.A.**, a national banking association (the “**Bank**”), with a mailing address at 30 South George Street, York, Pennsylvania 17401, and **ADVANCED INDUSTRIAL SERVICES, INC.**, a Pennsylvania corporation, and **AIS LEASING COMPANY**, a Pennsylvania corporation, both maintaining an address at 3250 Susquehanna Trail, P.O. Box 1463, York, Pennsylvania 17405 (individually and collectively, the “**Borrower**”).

**BACKGROUND**

A. The Borrower has executed and delivered to the Bank one or more promissory notes, letter agreements, loan agreements, security agreements, mortgages, pledge agreements, collateral assignments, and other agreements, instruments, certificates and documents, some or all of which are more fully described on attached Exhibit A, which is made a part of this Amendment (collectively, as amended from time to time, the “**Loan Documents**”) which evidence or secure some or all of the Borrower’s obligations to the Bank for one or more loans or other extensions of credit (the “**Obligations**”).

B. The Borrower and the Bank desire to amend the Loan Documents as provided for in this Amendment.

**NOW, THEREFORE**, in consideration of the mutual covenants herein contained and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain of the Loan Documents are amended as set forth in Exhibit A. Any and all references to any Loan Document in any other Loan Document shall be deemed to refer to such Loan Document as amended by this Amendment. This Amendment is deemed incorporated into each of the Loan Documents. Any initially capitalized terms used in this Amendment without definition shall have the meanings assigned to those terms in the Loan Documents. To the extent that any term or provision of this Amendment is or may be inconsistent with any term or provision in any Loan Document, the terms and provisions of this Amendment shall control.

2. The Borrower hereby certifies that: (a) all of its representations and warranties in the Loan Documents, as amended by this Amendment, are, except as may otherwise be stated in this Amendment: (i) true and correct as of the date of this Amendment, (ii) ratified and confirmed without condition as if made anew, and (iii) incorporated into this Amendment by reference, (b) no Event of Default or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default, exists under any Loan Document which will not be cured by the execution and effectiveness of this Amendment, (c) no consent, approval, order or authorization of, or registration or filing with, any third party is required in connection with the execution, delivery and carrying out of this Amendment or, if required, has been obtained, and (d) this Amendment has been duly authorized, executed and delivered so that it constitutes the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms. The Borrower confirms that the Obligations remain outstanding without defense, set off, counterclaim, discount or charge of any kind as of the date of this Amendment. \

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3. The Borrower hereby confirms that any collateral for the Obligations, including liens, security interests, mortgages, and pledges granted by the Borrower or third parties (if applicable), shall continue unimpaired and in full force and effect, and shall cover and secure all of the Borrower's existing and future Obligations to the Bank, as modified by this Amendment.

4. As a condition precedent to the effectiveness of this Amendment, the Borrower shall comply with the terms and conditions (if any) specified in Exhibit A.

5. To induce the Bank to enter into this Amendment, the Borrower and the Guarantor (hereinafter defined) each waive and release and forever discharge the Bank and its officers, directors, attorneys, agents, and employees from any liability, damage, claim, loss or expense of any kind that it may have against the Bank or any of them arising out of or relating to the Obligations. The Borrower and the Guarantor each further agree to indemnify and hold the Bank and its officers, directors, attorneys, agents and employees harmless from any loss, damage, judgment, liability or expense (including attorneys' fees) suffered by or rendered against the Bank or any of them on account of any claims arising out of or relating to the Obligations. The Borrower and the Guarantor each further state that it has carefully read the foregoing release and indemnity, knows the contents thereof and grants the same as its own free act and deed.

6. This Amendment may be signed in any number of counterpart copies and by the parties to this Amendment on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Amendment by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.

7. This Amendment will be binding upon and inure to the benefit of the Borrower and the Bank and their respective heirs, executors, administrators, successors and assigns.

8. This Amendment has been delivered to and accepted by the Bank and will be deemed to be made in the State where the Bank's office indicated in the Loan Documents is located. This Amendment will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the State where the Bank's office indicated in the Loan Documents is located, excluding its conflict of laws rules.

9. Except as amended hereby, the terms and provisions of the Loan Documents remain unchanged, are and shall remain in full force and effect unless and until modified or amended in writing in accordance with their terms, and are hereby ratified and confirmed. Except as expressly provided herein, this Amendment shall not constitute an amendment, waiver, consent or release with respect to any provision of any Loan Document, a waiver of any default or Event of Default under any Loan Document, or a waiver or release of any of the Bank's rights and remedies (all of which are hereby reserved). **The Borrower expressly ratifies and confirms the power of attorney, confession of judgment and waiver of jury trial provisions contained in the Loan Documents. The Borrower acknowledges and agrees that (a) the power of attorney and confession of judgment provisions set forth in the Loan Documents are made in connection with a commercial transaction, (b) the Bank's exercise of the authority granted in such power of attorney and confession of judgment provisions would be in accordance with the Borrower's reasonable expectations, and (c) the Bank does not and, in regards to this Amendment, the Loan Documents and the Obligations, shall not have any of the duties to the Borrower set forth in 20 Pa.C.S.A. §5601.3(b).**

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**WITNESS** the due execution of this Amendment as a document under seal as of the date first written above.

WITNESS:

FULTON BANK, N.A.

By: /s/ Tammy L. Snyder

Tammy L. Snyder, Senior Vice President

**BORROWER:**

ADVANCED INDUSTRIAL SERVICES, INC.

By: /s/ Saagar Govil

Saagar Govil, Chief Executive Officer

AIS LEASING COMPANY

By: /s/ Saagar Govil

Saagar Govil, Chief Executive Officer

Commonwealth of Pennsylvania

ss.

County of York

On this, the 24th day of February, 2023, before me, a Notary Public in and for the Commonwealth and County aforesaid, the undersigned officer, personally appeared Tammy L. Snyder, who acknowledged herself to be the Senior Vice President of Fulton Bank, N.A., a national banking association, and that she as such officer being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the bank by herself as such officer.

In witness whereof, I hereunto set my hand and official seal.

/s/Donna J. Diehl

State of New York  
County of, Suffolk

Notary Public

Commonwealth of Pennsylvania - Notary Seal  
Donna J. Diehl Notary Public York County  
My commission expires February 21, 2025  
Commission, number 1039673  
Member, Pennsylvania Association of Notaries

ss.

On this, 15<sup>th</sup> day of February, 2023, before me, a Notary Public in and for the State and County aforesaid, the undersigned officer, personally appeared, Saagar Govil, who acknowledged himself to be the Chief Executive Officer of Advanced Industrial Services, Inc., a corporation, and that as such Officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the company by himself as such Officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

/s/Cindy B. Atkins

State of New York

Notary Public

CINDY B. ATKINS  
NOTARY PUBLIC, STATE OF NEW YORK  
Registration No. 01AT6127837  
Qualified in Suffolk County -  
Commission Expires May 31, 2025

County of, Suffolk

ss.

On this, the 15th day of February, 2023, before me, a Notary Public in and for the State and County aforesaid, the undersigned officer, personally appeared, Saagar Govil, who acknowledged himself to be the Chief Executive Officer of AIS Leasing Company, a corporation, and that as such Officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the company by himself as such Officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

/s/Cindy B. Atkins

Notary Public

CINDY B. ATKINS  
NOTARY PUBLIC, STATE OF NEW YORK  
Registration No. 01AT6127837  
Qualified in Suffolk County -  
Commission Expires May 31, 2025

ss.

**EXHIBIT A TO AMENDMENT TO LOAN DOCUMENTS**

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A. The "Loan Documents" that are the subject of this Amendment include the following (as any of the foregoing have previously been amended, modified or otherwise supplemented):

1. Loan Agreement dated December 15, 2015 (the "**Loan Agreement**");
2. Revolving Line of Credit Note dated December 15, 2015, issued by the Borrower in the original principal amount of \$3,500,000;
3. Equipment Line of Credit Note dated December 15, 2015, issued by the Borrower in the original principal amount of \$800,000;
4. Equipment Term Loan Note dated December 15, 2015, issued by the Borrower in the original principal amount of \$620,000;
5. Security Agreement dated December 15, 2015, between the Borrower and the Bank;
6. Guaranty and Suretyship Agreement dated December 15, 2015, between Cemtrex, Inc., as Guarantor, the Borrower and the Bank;
7. Support Agreement dated December 15, 2015, Cemtrex, Inc., as Parent, the Borrower and the Bank;
8. Intercreditor and Subordination Agreement dated December 15, 2015; and
9. All other documents, instruments, agreements, guaranties, and certificates executed and delivered in connection with the Loan Documents listed in this Section A.

B. The applicable sections of the Loan Agreement are hereby amended as follows:

1. Notwithstanding anything to the contrary contained in the Loan Documents, the Borrower shall not declare or pay any dividends or make any other distribution (whether in cash or in property) on account of any class of stock or any other securities (or rights, options or warrants to purchase such securities) unless the Borrower shall remain in compliance with all other covenants, conditions, terms or provisions of this Agreement after the payment of the dividend or distribution.

2. Borrower may make payments of principal, interest and other amounts due with respect to the Junior Liabilities (as defined in the Subordination Agreement) so long as (i) no Event of Default then exists under the Loan Documents or (ii) will exist under the Loan Documents after such payment.

C. Conditions to Effectiveness of Amendment: The Bank's willingness to agree to the amendments set forth in this Amendment is subject (i) to the execution by all parties and delivery to the Bank of this Amendment and all related loan documents, which documents shall be in form and substance satisfactory to the Bank, and (ii) payment of all reasonable expenses incurred by the Bank in connection with this Amendment and the related loan documents.

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**AMENDMENT NUMBER ONE TO MASTER AGREEMENT REGARDING FINANCIAL COVENANTS AND FINANCIAL DELIVERABLES**

This Amendment is made this 15 day of February, 2023 (“Amendment”) to a Master Agreement Regarding Financial Covenants and Financial Deliverables dated September 22, 2020, as amended to date (the “Agreement”) by and among Fulton Bank, N.A. (“Lender”), Advanced Industrial Services, Inc. and AIS Leasing Company (collectively, the “Borrower”) and those persons or entities identified as a guarantor on the signature page(s) of this Agreement, if any (each, a “Guarantor” and collectively with Borrower, the “Loan Parties”).

**Background**

A. Lender has made available, or is making available, one or more credit facilities to Borrower (as the same may be further modified, increased, decreased, supplemented, renewed or restated from time to time, collectively, the “Loans”).

B. Lender and the Loan Parties have entered into certain loan documents, guaranty agreements (if any), and related instruments and agreements with respect to the Loans (each as may be amended, restated, supplemented or otherwise modified from time to time, and together with all other documents, instruments and agreements executed by any Loan Party or any other person in connection with or relating to the Loans, collectively, the “Loan Documents”).

C. Lender and the Borrower entered into the Agreement in order to modify certain provisions of the Loan Documents.

D. Lender and the Loan Parties desire to enter into this Amendment to modify certain financial covenants and deliverables set forth in the Agreement.

E. Capitalized terms used herein without definition and which are defined in the Agreement shall have the meanings set forth in the Agreement.

NOW THEREFORE, incorporating the foregoing recitals contained in the Background section of this Amendment, all of which Lender has relied upon as a material inducement to enter into this Amendment and in consideration of the mutual promises and covenants contained in this Amendment and for other good and valuable consideration, the receipt and legal sufficiency of which are acknowledged, Lender and Loan Parties intending to be legally bound agree as follows:

1. Amendments to Agreement.

(a) Effective as the date of this Amendment, Paragraph 2.2 of the Agreement is hereby amended and restated in its entirety as follows:

“Debt to Tangible Net Worth Ratio. The Borrower’s Debt to Tangible Net Worth Ratio shall not exceed 1.50 to 1 on September 30, 2023 and each September 30 thereafter. “Debt to Tangible Net Worth Ratio” shall mean, for the applicable period, on a consolidated basis, the ratio of all Indebtedness of Borrower to Borrower’s Tangible Net Worth, as determined by the Bank in its sole and absolute discretion. “Tangible Net Worth” shall mean the amount by which the assets of the Borrower (exclusive of all asset accounts in respect of goodwill, patents, copyrights, licenses, franchises, capitalized start- up costs, organization expense, unamortized debt discount and expense, capitalized or deferred research and development costs, deferred marketing expenses and similar intangibles, and monies due from Affiliates, officers, employees or shareholders of the Borrower) exceed its liabilities (including, but not limited to, accrued and deferred income taxes).”

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(b) Effective as the date of this Amendment, Paragraph 2.3 of the Agreement is hereby deleted in its entirety.

2. Conditions Precedent. On or before the date of the execution and delivery of this Amendment, Loan Parties shall deliver or cause to be delivered to Lender the following:

(a) This Amendment; and

(b) Loan Parties shall pay to Lender all reasonable expenses incurred by Lender as a result of the transactions contemplated and evidenced by this Amendment, including but not limited to, Lender's counsel fees and any other fees and costs reasonably incurred by Lender.

3. Non-waiver or Extinguishment of Liens and Security Interests. Borrower agrees that the liens and all security for the Loans as renewed and modified pursuant to this Amendment shall remain in full force and effect until the Loans have been paid in full. Borrower agrees that the liens and security interests created as evidenced by the Loans, the Loan Documents, this Amendment or any of the Loan Documents are not in any manner waived or extinguished.

4. Miscellaneous.

(a) Incorporation of Representations, Covenants, Conditions, Terms and Provisions of the Note. The representations, covenants, conditions, terms and provisions of the Agreement and the Loan Documents not inconsistent with this Amendment are ratified and confirmed by Lender and Loan Parties and deemed to be incorporated into this Amendment as though such representations, covenants, conditions, terms and provisions were set forth specifically herein. Loan Parties now represent, warrant and agree that no representation, covenant, condition, term or provision of the Agreement, this Amendment or the Loan Documents is untrue or misleading. The continuing validity in all respects of the representations, covenants, conditions, terms and provisions of the Agreement and the Loan Documents is a condition precedent to Lender's obligations and agreements under this Amendment.

(b) Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(c) Governing Law. This Amendment shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to principles of conflicts of laws.

[signature page follows]

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IN WITNESS WHEREOF and intending to legally bind themselves, their successors and assigns, Lender and Loan Parties have entered into this Amendment the day and year first above written.

BORROWER:

ADVANCED INDUSTRIAL SERVICES, INC.

By: /s/ Saagar Govil  
Saagar Govil, Chief Executive Officer

AIS LEASING COMPANY

By: /s/ Saagar Govil  
Saagar Govil, Chief Executive Officer

LENDER:

By: /s/ Tammy L. Snyder  
Tammy L. Snyder, Senior Vice President

STATE OF NEW YORK

COUNTY OF SUFFOLK:

On the 15<sup>th</sup> day of February, 2023, before me a Notary Public for said State and County, the undersigned officer, personally appeared Saagar Govil, who represented that he is the Chief Executive Officer of Advanced Industrial Services Inc. and AIS Leasing Company and that he executed the foregoing instrument for the purposes therein contained by signing therein.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

/s/Cindy B. Atkins  
Notary Public

CINDY B. ATKINS  
NOTARY PUBLIC, STATE OF NEW YORK  
Registration No. 01AT6127837  
Qualified in Suffolk County -  
Commission Expires May 31, 2025

ss.

AMENDMENT TO PROMISSORY NOTE

This Amendment to Promissory Note (this “**Amendment**”) is entered into as of May 3, 2023, by and between STREETERVILLE CAPITAL, LLC, a Utah limited liability company (“**Lender**”), and CEMTREX, INC., a Delaware corporation (“**Borrower**”). Capitalized terms used in this Amendment without definition shall have the meanings given to them in the Note (as defined below).

- A. Borrower previously issued to Lender a Promissory Note dated September 30, 2021 in the principal amount of \$5,755,000.00 (the “**Note**”).
- B. Borrower has requested that Lender extend the Maturity Date of the Note (the “**Extension**”).
- C. Lender has agreed, subject to the terms, amendments, conditions and understandings expressed in this Amendment, to grant the Extension.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Recitals. Each of the parties hereto acknowledges and agrees that the recitals set forth above in this Amendment are true and accurate and are hereby incorporated into and made a part of this Amendment.

2. Extension. The Maturity Date for the Note is hereby extended until June 30, 2024.

3. Extension Fee. In consideration of Lender’s grant of the Extension, its fees incurred in preparing this Amendment and other accommodations set forth herein, Borrower agrees to pay to Lender an extension fee equal to five percent (5%) of the outstanding balance of the Note (the “**Extension Fee**”). The Extension Fee is hereby added to the outstanding balance as of the date of this Amendment. Lender and Borrower further agree that the Extension Fee is deemed to be fully earned as of the date hereof, is nonrefundable under any circumstance, and that the Extension Fee tacks back to the date of the Note for Rule 144 purposes. Borrower represents and warrants that as of the date hereof the outstanding balance of the Note, following the application of the Extension Fee, is \$5,311,572.53.

4. Representations and Warranties. In order to induce Lender to enter into this Amendment, Borrower, for itself, and for its affiliates, successors and assigns, hereby acknowledges, represents, warrants and agrees as follows:

(a) Borrower has full power and authority to enter into this Amendment and to incur and perform all obligations and covenants contained herein, all of which have been duly authorized by all proper and necessary action. No consent, approval, filing or registration with or notice to any governmental authority is required as a condition to the validity of this Amendment or the performance of any of the obligations of Borrower hereunder.

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(b) There is no fact known to Borrower or which should be known to Borrower which Borrower has not disclosed to Lender on or prior to the date of this Amendment which would or could materially and adversely affect the understanding of Lender expressed in this Amendment or any representation, warranty, or recital contained in this Amendment.

(c) Except as expressly set forth in this Amendment, Borrower acknowledges and agrees that neither the execution and delivery of this Amendment nor any of the terms, provisions, covenants, or agreements contained in this Amendment shall in any manner release, impair, lessen, modify, waive, or otherwise affect the liability and obligations of Borrower under the terms of the Transaction Documents.

(d) Borrower has no defenses, affirmative or otherwise, rights of setoff, rights of recoupment, claims, counterclaims, actions or causes of action of any kind or nature whatsoever against Lender, directly or indirectly, arising out of, based upon, or in any manner connected with, the transactions contemplated hereby, whether known or unknown, which occurred, existed, was taken, permitted, or begun prior to the execution of this Amendment and occurred, existed, was taken, permitted or begun in accordance with, pursuant to, or by virtue of any of the terms or conditions of the Transaction Documents. To the extent any such defenses, affirmative or otherwise, rights of setoff, rights of recoupment, claims, counterclaims, actions or causes of action exist or existed, such defenses, rights, claims, counterclaims, actions and causes of action are hereby waived, discharged and released. Borrower hereby acknowledges and agrees that the execution of this Amendment by Lender shall not constitute an acknowledgment of or admission by Lender of the existence of any claims or of liability for any matter or precedent upon which any claim or liability may be asserted.

(e) Borrower represents and warrants that as of the date hereof no Events of Default or other material breaches exist under the Transaction Documents or have occurred prior to the date hereof.

5. Certain Acknowledgments. Each of the parties acknowledges and agrees that no property or cash consideration of any kind whatsoever has been or shall be given by Lender to Borrower in connection with the Extension or any other amendment to the Note granted herein.

6. Other Terms Unchanged. The Note, as amended by this Amendment, remains and continues in full force and effect, constitutes legal, valid, and binding obligations of each of the parties, and is in all respects agreed to, ratified, and confirmed. Any reference to the Note after the date of this Amendment is deemed to be a reference to the Note as amended by this Amendment. If there is a conflict between the terms of this Amendment and the Note, the terms of this Amendment shall control. No forbearance or waiver may be implied by this Amendment. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment to, any right, power, or remedy of Lender under the Note, as in effect prior to the date hereof. For the avoidance of doubt, this Amendment shall be subject to the governing law, venue, and Arbitration Provisions, as set forth in the Note.

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7. No Reliance. Borrower acknowledges and agrees that neither Lender nor any of its officers, directors, members, managers, equity holders, representatives or agents has made any representations or warranties to Borrower or any of its agents, representatives, officers, directors, or employees except as expressly set forth in this Amendment and the Transaction Documents and, in making its decision to enter into the transactions contemplated by this Amendment, Borrower is not relying on any representation, warranty, covenant or promise of Lender or its officers, directors, members, managers, equity holders, agents or representatives other than as set forth in this Amendment.

8. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. The parties hereto confirm that any electronic copy of another party's executed counterpart of this Amendment (or such party's signature page thereof) will be deemed to be an executed original thereof.

9. Further Assurances. Each party shall do and perform or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Amendment and the consummation of the transactions contemplated hereby.

*[Remainder of page intentionally left blank]*

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IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date set forth above.

**LENDER:**

STREETERVILLE CAPITAL, LLC

By: John Fife  
John M. Fife, President

**BORROWER:**

CENTREX, INC.

By: Saagar Govil  
Name: Saagar Govil  
Title: CEO

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

**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: May 11, 2023

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

I, Paul J. Wyckoff, certify that:

1. I have reviewed this report on Form 10-Q of 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/Paul J. Wyckoff*

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

Dated: May 11, 2023

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

In connection with the quarterly report of Cemtrex, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Saagar Govil, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

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

*/s/ Saagar Govil*

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Saagar Govil  
Chief Executive Officer

Dated: May 11, 2023

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

In connection with the quarterly report of Cemtrex, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul J. Wyckoff, Interim Chief Financial Officer and Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

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

*/s/ Paul J. Wyckoff*

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

Dated: May 11, 2023

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