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

# FORM 10-Q

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

For the quarterly period ended June 30, 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

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

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

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

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

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

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

☒ Yes ☐ No

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

☒ Yes ☐ No

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

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

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

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

☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:
As of August 8, 2023, the issuer had 998,334 shares of common stock issued and outstanding.

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

| | (Unaudited) June 30, 2023 | September 30, 2022 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and equivalents | $ 5,628,839 | $ 9,895,761 |
| Restricted cash | 805,273 | 1,577,915 |
| Short-term investments | 13,663 | 13,721 |
| Trade receivables, net | 7,507,755 | 5,399,216 |
| Trade receivables - related party | 578,388 | - |
| Inventory –net of allowance for inventory obsolescence | 8,719,740 | 8,487,817 |
| Prepaid expenses and other assets | 3,089,416 | 2,421,644 |
| Assets of discontinued operations | - | 3,971,693 |
| Total current assets | 26,343,074 | 31,767,767 |
| | | |
| Property and equipment, net | 6,180,771 | 5,280,442 |
| Right-of-use assets | 2,213,341 | 2,641,198 |
| Royalties receivable - related party | 691,611 | - |
| Note receivable - related party | 761,585 | 761,585 |
| Goodwill | 3,906,891 | 3,906,891 |
| Other | 1,646,403 | 1,399,745 |
| **Total Assets** | **$ 41,743,676** | **$ 45,757,628** |
| | | |
| **Liabilities & Stockholders' Equity** | | |
| Current liabilities | | |
| Accounts payable | $ 3,725,105 | $ 3,050,937 |
| Accounts payable - related party | 3,372 | 19,133 |
| Short-term liabilities, net of unamortized original issue discounts | 17,185,167 | 16,894,743 |
| Lease liabilities - short-term | 716,896 | 754,495 |
| Deposits from customers | 34,281 | 73,144 |
| Accrued expenses | 3,536,097 | 2,271,188 |
| Deferred revenue | 2,060,570 | 1,551,088 |
| Accrued income taxes | 49,075 | 94,848 |
| Liabilities of discontinued operations | - | 805,219 |
| Total current liabilities | 27,310,563 | 25,514,795 |
| Long-term liabilities | | |
| Loans payable to bank | 54,578 | 110,331 |
| Long-term lease liabilities | 1,496,445 | 1,822,468 |
| Notes payable | 1,379,743 | - |
| Mortgage payable | 2,110,020 | 2,160,169 |
| Other long-term liabilities | 528,952 | 807,898 |
| Paycheck Protection Program Loans | 60,695 | 97,120 |
| Deferred Revenue - long-term | 623,007 | 607,309 |
| Total long-term liabilities | 6,253,440 | 5,605,295 |
| Total liabilities | 33,564,003 | 31,120,090 |
| | | |
| Commitments and contingencies | - | - |
| | | |
| Stockholders' equity | | |
| | | |
| Preferred stock, $0.001 par value, 10,000,000 shares authorized, Series 1, 3,000,000 shares authorized, 2,293,016 shares issued and 2,228,916 shares outstanding as of June 30, 2023 and 2,079,122 shares issued and 2,015,022 shares outstanding as of September 30, 2022 (liquidation value of $10 per share) | 2,293 | 2,079 |
| | | |
| Series C, 100,000 shares authorized, 50,000 shares issued and outstanding at June 30, 2023 and September 30, 2022 | 50 | 50 |
| | | |
| Common stock, $0.001 par value, 50,000,000 shares authorized, 957,760 shares issued and outstanding at June 30, 2023 and 754,711 shares issued and outstanding at September 30, 2022 | 958 | 755 |
| Additional paid-in capital | 68,302,617 | 66,641,698 |
| Accumulated deficit | (62,947,549) | (54,929,020) |
| Treasury stock, 64,100 shares of Series 1 Preferred Stock at June 30, 2023 and September 30, 2022 | (148,291) | (148,291) |
| Accumulated other comprehensive income | 2,306,346 | 2,377,525 |
| Total Cemtrex stockholders' equity | 7,516,424 | 13,944,796 |
| Non-controlling interest | 663,249 | 692,742 |
| **Total liabilities and shareholders' equity** | **$ 41,743,676** | **$ 45,757,628** |

***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 nine months ended | |
|---|---|---|---|---|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Revenues | $ 14,730,140 | $ 12,108,904 | $ 42,773,779 | $ 33,268,316 |
| Cost of revenues | 8,249,497 | 7,068,797 | 23,914,249 | 21,236,178 |
| Gross profit | 6,480,643 | 5,040,107 | 18,859,530 | 12,032,138 |
| Operating expenses | | | | |
| General and administrative | 5,376,960 | 5,381,529 | 16,456,602 | 16,095,373 |
| Research and development | 1,049,909 | 1,189,875 | 3,895,717 | 3,660,883 |
| Total operating expenses | 6,426,869 | 6,571,404 | 20,352,319 | 19,756,256 |
| Operating income/(loss) | 53,774 | (1,531,297) | (1,492,789) | (7,724,118) |
| Other income/(expense) | | | | |
| Other income | 34,652 | 2,315,500 | 394,073 | 3,336,560 |
| Interest expense | (1,254,185) | (925,545) | (3,717,557) | (3,641,432) |
| Total other (expense)/income, net | (1,219,533) | 1,389,955 | (3,323,484) | (304,872) |
| Net loss before income taxes | (1,165,759) | (141,342) | (4,816,273) | (8,028,990) |
| Income tax benefit/(expense) | (19,641) | 247,941 | (19,641) | 247,941 |
| (Loss)/income from Continuing operations | (1,185,400) | 106,599 | (4,835,914) | (7,781,049) |
| Income/(loss) from discontinued operations, net of tax | 13,281 | (838,301) | (3,212,108) | (2,282,399) |
| Net loss | (1,172,119) | (731,702) | (8,048,022) | (10,063,448) |
| Less loss in noncontrolling interest | (25,595) | (50,909) | (29,493) | (183,457) |
| **Net loss attributable to Cemtrex, Inc. shareholders** | **$ (1,146,524)** | **$ (680,793)** | **$ (8,018,529)** | **$ (9,879,991)** |
| Income (loss) per share - Basic & Diluted | | | | |
| Continuing Operations | $ (1.29) | $ 0.21 | $ (5.83) | $ (10.94) |
| Discontinued Operations | $ 0.01 | $ (1.14) | $ (3.89) | $ (3.29) |
| Weighted Average Number of Shares-Basic & Diluted | 897,897 | 736,506 | 824,689 | 694,758 |

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

| | For the three months ended | | For the nine months ended | |
|---|---|---|---|---|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Other comprehensive loss | | | | |
| Net loss | $ (1,172,119) | $ (731,702) | $ (8,048,022) | $ (10,063,448) |
| Foreign currency translation gain/(loss) | 22,470 | (200,880) | (71,179) | (341,011) |
| Comprehensive loss | (1,149,649) | (932,582) | (8,119,201) | (10,404,459) |
| Less comprehensive income attributable to noncontrolling interest | 25,595 | 50,909 | 29,493 | 183,457 |
| Comprehensive loss attributable to Cemtrex, Inc. shareholders | $ (1,175,244) | $ (983,491) | $ (8,148,694) | $ (10,587,916) |

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

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

| | Preferred Stock Series 1 Par Value $0.001 Number of Shares | Preferred Stock Series 1 Par Value $0.001 Amount | Preferred Stock Series C Par Value $0.001 Number of Shares | Preferred Stock Series C Par Value $0.001 Amount | Common Stock Par Value $0.001 Number of Shares | Common Stock Par Value $0.001 Amount | AdditionalPaid-in Capital | Accumulated Deficit | Treasury Stock, 64,100 shares of Series 1 Preferred Stock | Accumulated otherComprehensive Income(loss) | Cemtrex Stockholders' Equity | Non-controlling interest |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at September 30, 2022** | **2,079,122** | **$ 2,079** | **50,000** | **$ 50** | **754,711** | **$ 755** | **$ 66,641,698** | **$ (54,929,020)** | **$ (148,291)** | **$ 2,377,525** | **$ 13,944,796** | **$ 692,742** |
| 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) | |
| **Balance at December 31, 2022** | **2,183,463** | **$ 2,183** | **50,000** | **$ 50** | **793,727** | **$ 794** | **$ 66,913,542** | **$ (61,206,231)** | **$ (148,291)** | **$ 2,601,094** | **$ 8,163,141** | **$ 633,579** |
| 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) | |
| **Balance at March 31, 2023** | **2,183,463** | **$ 2,183** | **50,000** | **$ 50** | **828,570** | **$ 828** | **$ 67,042,743** | **$ (61,801,025)** | **$ (148,291)** | **$ 2,283,876** | **$ 7,380,364** | **$ 688,844** |
| Foreign currency translation gain/(loss) | | | | | | | | | | 22,470 | 22,470 | |
| Share-based compensation | | | | | | | 26,736 | | | | 26,736 | |
| Dividends paid in Series 1 preferred shares | 109,553 | 110 | | | | | (110) | | | | - | |
| Shares issued to pay notes payable | | | | | 122,702 | 123 | 1,193,883 | | | | 1,194,006 | |
| Income/(loss) attributable to noncontrolling interest | | | | | | | | | | | - | (25,595) |
| Shares issued to pay for services | | | | | 6,488 | 7 | 39,365 | | | | 39,372 | |
| Net loss | | | | | - | | | (1,146,524) | | | (1,146,524) | |
| **Balance at June 30, 2023** | **2,293,016** | **$ 2,293** | **50,000** | **$ 50** | **957,760** | **$ 958** | **$ 68,302,617** | **$ (62,947,549)** | **$ (148,291)** | **$ 2,306,346** | **$ 7,516,424** | **$ 663,249** |

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

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

| | Preferred Stock Series 1 Par Value $0.001 | | Preferred Stock Series C Par Value $0.001 | | Common Stock Par Value $0.001 | | | | Treasury Stock,64,100 shares of | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount | Number of Shares | Amount | Additional Paid-in Capital | Accumulated Deficit | Series 1 Preferred Stock | Accumulated other Comprehensive Income(loss) | Cemtrex Stockholders' Equity | Non-controlling interest |
| **Balance at September 30, 2021** | 1,885,151 | $ 1,885 | 50,000 | $ 50 | 593,777 | $ 594 | $ 61,748,022 | $ (41,908,062) | $ (148,291) | $ 2,896,452 | $ 22,590,650 | $ 964,026 |
| 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 | | | | | | | | | | | - | (51,872) |
| Net loss | | | | | | | | (4,477,951) | | | (4,477,951) | |
| **Balance at December 31, 2021** | 1,979,753 | $ 1,980 | 50,000 | $ 50 | 676,377 | $ 677 | $ 65,081,286 | $ (46,386,013) | $ (148,291) | $ 2,955,944 | $ 21,505,633 | $ 912,154 |
| 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 | | | | | | | | | | | - | (80,676) |
| Net loss | | | | | | | | (4,721,247) | | | (4,721,247) | |
| **Balance at March 31, 2022** | 1,979,753 | $ 1,980 | 50,000 | $ 50 | 704,948 | $ 706 | $ 65,803,703 | $ (51,107,260) | $ (148,291) | $ 2,756,321 | $ 17,307,209 | $ 831,478 |
| Foreign currency translation gain/(loss) | | | | | | | | | | (200,880) | (200,880) | |
| Share-based compensation | | | | | | | 38,985 | | | | 38,985 | |
| Shares issued to pay notes payable | | | | | 45,432 | 45 | 705,008 | | | | 705,053 | |
| Dividends paid in Series 1 preferred shares | 99,369 | 99 | | | | | (99) | | | | - | |
| Income/(loss) attributable to noncontrolling interest | | | | | | | | | | | - | (50,909) |
| Net loss | | | | | | | | (680,793) | | | (680,793) | |
| **Balance at June 30, 2022** | 2,079,122 | $ 2,079 | 50,000 | $ 50 | 750,380 | $ 751 | $ 66,547,597 | $ (51,788,053) | $ (148,291) | $ 2,555,441 | $ 17,169,574 | $ 780,569 |

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

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

| | For the nine months ended June 30, 2023 | 2022 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Net loss | $ (8,048,022) | $ (10,063,448) |
| Adjustments to reconcile net loss to net cash used by operating activities | | |
| Depreciation and amortization | 698,269 | 1,038,138 |
| Loss on disposal of property and equipment | 69,611 | 161,814 |
| Noncash lease expense | 614,254 | 524,500 |
| Bad debt expense (recovery) | (155) | (7,584) |
| Share-based compensation | 93,313 | 111,402 |
| Income tax expense/ (benefit) | - | (247,941) |
| Interest expense paid in equity shares | 276,151 | 1,627,046 |
| Accrued interest on notes payable | 1,858,631 | 635,001 |
| Amortization of original issue discounts on notes payable | 1,200,200 | 908,333 |
| Gain/(loss) on marketable securities | 58 | (2,234,478) |
| Discharge of Paycheck Protection Program Loans | - | (971,500) |
| Changes in operating assets and liabilities net of effects from acquisition of subsidiaries: | | |
| Trade receivables | (2,108,384) | 445,590 |
| Trade receivables - related party | (578,388) | 14,641 |
| Inventory | (231,923) | (2,565,778) |
| Prepaid expenses and other current assets | (667,772) | 125,344 |
| Other assets | (246,658) | (159,526) |
| Accounts payable | 816,040 | 1,012,206 |
| Accounts payable - related party | (15,761) | - |
| Operating lease liabilities | (550,019) | (456,042) |
| Deposits from customers | (38,863) | (374,978) |
| Accrued expenses | 1,264,909 | (444,238) |
| Deferred revenue | 525,180 | 470,685 |
| Income taxes payable | (45,773) | (59,588) |
| Other liabilities | (278,946) | (159,526) |
| Net cash used by operating activities - continuing operations | (5,394,048) | (10,669,927) |
| Net cash provided by operating activities - discontinued operations | 2,474,863 | 41,562 |
| **Net cash used by operating activities** | **(2,919,185)** | **(10,628,365)** |
| **Cash Flows from Investing Activities** | | |
| Purchase of property and equipment | (761,470) | (727,955) |
| Proceeds from sale of property and equipment | 26,205 | 51,262 |
| Investment in MasterpieceVR | - | (500,000) |
| Proceeds from sale of marketable securities | - | 12,182,932 |
| Purchase of marketable securities | - | (10,214,044) |
| Net cash (used in)/provided by investing activities - continuing operations | (735,265) | 792,195 |
| Net cash used by investing activities - discontinued operations | - | (39,388) |
| **Net cash (used in)/provided by investing activities** | **(735,265)** | **752,807** |
| **Cash Flows from Financing Activities** | | |
| Proceeds from notes payable | - | 8,000,000 |
| Payments on debt | (844,370) | (1,176,763) |
| Payments on Paycheck Protection Program Loans | (20,154) | - |
| Payments on bank loans | (416,467) | (920,939) |
| Net cash provided by financing activities - continuing operations | (1,280,991) | 5,902,298 |
| Net cash used by financing activities - discontinued operations | - | - |
| **Net cash (used)/provided by financing activities** | **(1,280,991)** | **5,902,298** |
| Effect of currency translation | (104,123) | (397,840) |
| Net decrease in cash, cash equivalents, and restricted cash | (4,935,441) | (3,973,260) |
| Cash, cash equivalents, and restricted cash at beginning of period | 11,473,676 | 17,186,323 |
| **Cash, cash equivalents, and restricted cash at end of period** | **$ 6,434,112** | **$ 12,815,223** |
| **Balance Sheet Accounts Included in Cash, Cash Equivalents, and Restricted Cash** | | |
| Cash and equivalents | $ 5,628,839 | $ 11,442,487 |
| Less cash attributed to discontinued operations | - | (145,984) |
| Restricted cash | 805,273 | 1,518,720 |
| **Total cash, cash equivalents, and restricted cash** | **$ 6,434,112** | **$ 12,815,223** |

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

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

| | | | | |
|---|---|---|---|---|
| **Supplemental Disclosure of Cash Flow Information:** | | | | |
| Cash paid during the period for interest | $ | 382,575 | $ | 483,665 |
| Cash paid during the period for income taxes, net of refunds | $ | 45,773 | $ | 306,729 |
| **Supplemental Schedule of Non-Cash Investing and Financing Activities** | | | | |
| Shares issued to pay for services | $ | 141,872 | $ | - |
| Shares issued to pay notes payable | $ | 1,426,151 | $ | 3,993,124 |
| Purchase of property and equipment through vendor financing | $ | 1,125,000 | $ | - |
| Shares issued in connection with note payable | $ | - | $ | 700,400 |
| Investment in right of use asset | $ | 186,397 | $ | 317,187 |

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

NOTE 1 – ORGANIZATION AND PLAN OF OPERATIONS

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

*Sale of former Cemtrex 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 Cemtrex Advanced Technologies, Inc, which include the brand SmartDesk, and Cemtrex XR, Inc., which include the brands Cemtrex XR, Virtual Driver Interactive, Bravo Strong, and good tech (formerly Cemtrex Labs), to Mr. Govil.

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

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

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

*Notice of Delisting, 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.

On July 25, 2023, the Company received a Notice of Staff Determination from the Listing Qualifications Department of Nasdaq notifying the Company that its Series 1 Preferred Stock had not gained compliance and would be suspended from trading at the opening of business on August 3, 2023. The Company has requested a hearing regarding the delisting that has been scheduled for September 14, 2023, which will stay the suspension and filing of Form 25-NSE with the Securities and Exchange Commission.

The Company intends to continue actively monitoring the bid price for its Series 1 preferred stock between now and the hearing date 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 nine months ending June 30, 2023 of $4,835,914 and has debt obligations over the next year of $17,185,167 and working capital deficit of $967,489, 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, the 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 Unites States ("US GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X pursuant to the requirements of the U.S. Securities and Exchange Commission ('SEC"). Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for the interim periods are not necessarily indicative of the results of operations for the entire year.

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

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

The condensed consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, Cemtrex Technologies Pvt. Ltd., Advanced Industrial Services, Inc., Advanced Industrial Leasing, 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*

<u>Significant Accounting Policies</u>

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.

<u>Recently Issued Accounting Standards</u>

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 nine-month ended June 30, 2023, has recognized $691,611 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 | | (10,924) |
| Net purchase price | $ | 35,274 |
| | | |
| Assets Sold | | |
| Accounts receivable, net | $ | 625,638 |
| Inventory, net | | 980,730 |
| Prepaid expenses and other assets | | 502,577 |
| Property and equipment, net | | 837,808 |
| Goodwill | | 598,392 |
| | | 3,545,145 |
| Liabilities Transferred | | |
| Accounts payable | | 370,774 |
| Short-term liabilities | | 364,775 |
| Long-term liabilities | | 318,981 |
| | | 1,054,530 |
| Net assets sold | $ | 2,490,615 |
| | | |
| Pretax loss on sale of Cemtrex Advanced Technologies, Inc, and Cemtrex XR, Inc.Companies | $ | (2,455,341) |

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

| | June 30, 2023 | September 30, 2022 |
|---|---|---|
| **Assets** | | |
| 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 |
| Total current assets | - | 2,473,216 |
| Property and equipment, net | - | 825,850 |
| Other | - | 672,627 |
| **Total Assets** | **$ -** | **$ 3,971,693** |
| **Liabilities** | | |
| Current liabilities | | |
| Accounts payable | $ - | $ 205,622 |
| Short-term liabilities | - | 464,429 |
| Deposits from customers | - | 125,032 |
| Accrued expenses | - | 10,136 |
| Total current liabilities | - | 805,219 |
| Long-term liabilities | | |
| Deferred revenue | | 6,273 |
| Total long-term liabilities | - | 6,273 |
| **Total liabilities** | **$ -** | **$ 811,492** |

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 Cemtrex Advanced Technologies, Inc. and Cemtrex XR, Inc., sold during the first quarter of fiscal year 2023, which are presented in total as discontinued operations, net of tax in the Company's Condensed Consolidated Statements of Operations for the three and nine month periods ended June 30, 2023 and 2022, are as follows:

| | Three months ended June 30, | | Nine months ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Total net sales | $ - | $ 1,521,942 | $ 649,061 | $ 3,763,234 |
| Cost of sales | - | 685,693 | 228,086 | 1,997,211 |
| Operating, selling, general and administrative expenses | 1,443 | 1,425,801 | 1,297,507 | 4,036,614 |
| Other (income)/expenses | - | 248,749 | 3,195 | 11,808 |
| Income (loss) from discontinued operations | (1,443) | (838,301) | (879,727) | (2,282,399) |
| Amortization of discounted royalties | 14,724 | - | 33,875 | - |
| Loss on sale of discontinued operations | - | - | (2,455,341) | - |
| Adjustment of benefit obligation | - | - | 89,085 | - |
| Income tax provision | - | - | - | - |
| Discontinued operations, net of tax | $ 13,281 | $ (838,301) | $ (3,212,108) | $ (2,282,399) |

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 nine months ended June 30, 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 June 30, | | For the nine months ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Options | 28,796 | 34,579 | 28,796 | 34,579 |

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 June 30, 2023 | | | | Nine months ended June 30, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Security | Industrial Services | Corporate | Consolidated | Security | Industrial Services | Corporate | Consolidated |
| Revenues | $ 9,015,279 | $ 5,714,861 | $ - | **$ 14,730,140** | $ 25,933,921 | $ 16,839,858 | $ - | **$ 42,773,779** |
| Cost of revenues | 4,610,443 | 3,639,054 | - | **8,249,497** | 13,005,314 | 10,908,935 | - | **23,914,249** |
| Gross profit | $ 4,404,836 | $ 2,075,807 | $ - | **$ 6,480,643** | $ 12,928,607 | $ 5,930,923 | $ - | **$ 18,859,530** |
| Operating expenses | | | | | | | | |
| Sales, general, and administrative | 3,182,509 | 912,387 | 1,032,183 | **5,127,079** | 9,494,634 | 3,437,565 | 2,826,134 | **15,758,333** |
| Depreciation and amortization | 90,630 | 159,251 | - | **249,881** | 161,833 | 484,157 | 52,279 | **698,269** |
| Research and development | 1,049,909 | - | - | **1,049,909** | 3,895,717 | - | - | **3,895,717** |
| Operating income/(loss) | $ 81,788 | $ 1,004,169 | $ (1,032,183) | **$ 53,774** | $ (623,577) | $ 2,009,201 | $ (2,878,413) | **$ (1,492,789)** |
| | | | | | | | | |
| Other income/(expense) | $ (282,857) | $ (7,281) | $ (929,395) | **$ (1,219,533)** | $ (58,065) | $ (68,707) | $ (3,196,712) | **$ (3,323,484)** |

| | Three months ended June 30, 2022 | | | | Nine months ended June 30, 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Security | Industrial Services | Corporate | Consolidated | Security | Industrial Services | Corporate | Consolidated |
| Revenues | $ 6,640,913 | $ 5,467,991 | $ - | **$ 12,108,904** | $ 17,740,445 | 15,527,871 | $ - | **$ 33,268,316** |
| Cost of revenues | 3,257,672 | 3,811,125 | - | **7,068,797** | 10,261,376 | 10,974,802 | - | **21,236,178** |
| Gross profit | $ 3,383,241 | $ 1,656,866 | $ - | **$ 5,040,107** | $ 7,479,069 | $ 4,553,069 | $ - | **$ 12,032,138** |
| Operating expenses | | | | | | | | |
| Sales, general, and administrative | 3,057,839 | 1,081,392 | 814,487 | **4,953,718** | 8,483,955 | 3,706,041 | 2,867,239 | **15,057,235** |
| Depreciation and amortization | 217,497 | 174,066 | 36,248 | **427,811** | 398,707 | 529,779 | 109,652 | **1,038,138** |
| Research and development | 1,189,875 | - | - | **1,189,875** | 3,660,883 | - | - | **3,660,883** |
| Operating (loss)/income | $ (1,081,970) | $ 401,408 | $ (850,735) | **$ (1,531,297)** | $ (5,064,476) | $ 317,249 | $ (2,976,891) | **$ (7,724,118)** |
| | | | | | | | | |
| Other income/(expense) | $ (83,355) | $ (104,797) | $ 1,578,107 | **$ 1,389,955** | $ 741,330 | $ (181,586) | $ (864,616) | **$ (304,872)** |

| | June 30, 2023 | September 30, 2022 |
|---|---|---|
| Identifiable Assets | | |
| Security | $ 20,631,185 | $ 15,257,235 |
| Industrial Services | 17,302,398 | 16,658,984 |
| Corporate | 3,810,093 | 9,869,716 |
| Discontinued operations | - | 3,971,693 |
| Total Assets | $ 41,743,676 | $ 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 $805,237 at June 30, 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 June 30, 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 June 30, 2023 |
|---|---|---|---|---|
| **Assets** | | | | |
| Investment in marketable securities | | | | |
| (included in short-term investments) | $ 13,663 | $ - | $ - | $ 13,663 |
| | | | | |
| | $ 13,663 | $ - | $ - | $ 13,663 |

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance as of September 30, 2022 |
|---|---|---|---|---|
| **Assets** | | | | |
| Investment in marketable securities | | | | |
| (included in short-term investments) | $ 13,721 | $ - | $ - | $ 13,721 |
| | $ 13,721 | $ - | $ - | $ 13,721 |

NOTE 8 – TRADE RECEIVABLES, NET

Trade receivables, net consist of the following:

| | June 30, 2023 | September 30, 2022 |
|---|---|---|
| Trade receivables | $ 7,757,039 | $ 5,648,655 |
| Allowance for doubtful accounts | (249,284) | (249,439) |
| | $ 7,507,755 | $ 5,399,216 |

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:

| | June 30, 2023 | September 30, 2022 |
|---|---|---|
| Raw materials | $ 1,130,327 | $ 1,375,933 |
| Work in progress | 95,773 | 120,026 |
| Finished goods | 8,099,426 | 8,080,235 |
| | 9,325,526 | 9,576,194 |
| Less: Allowance for inventory obsolescence | (605,786) | (1,088,377) |
| Inventory –net of allowance for inventory obsolescence | $ 8,719,740 | $ 8,487,817 |

NOTE 10 – PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets consisting of the following:

| | June 30, 2023 | September 30, 2022 |
|---|---|---|
| Prepaid expenses | $ 344,300 | $ 536,820 |
| Prepaid inventory | 1,427,013 | 220,553 |
| Deferred costs | 60,169 | 40,626 |
| Prepaid income taxes | 402,048 | 604,840 |
| VAT & GST tax receivable | 289,371 | 236,986 |
| Contract assets | 566,515 | 781,819 |
| **Prepaid expenses and other assets total** | **$ 3,089,416** | **$ 2,421,644** |

NOTE 11 – PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

| | June 30, 2023 | September 30, 2022 |
|---|---|---|
| Land | $ 790,373 | $ 790,373 |
| Building and leasehold improvements | 2,915,918 | 2,906,953 |
| Furniture and office equipment | 574,645 | 546,548 |
| Computers and software | 1,333,135 | 365,892 |
| Machinery and equipment | 10,725,259 | 11,242,709 |
| | 16,339,330 | 15,852,475 |
| Less: Accumulated depreciation | (10,158,559) | (10,572,033) |
| Property and equipment, net | $ 6,180,771 | $ 5,280,442 |

Depreciation expense for the three months ended June 30, 2023, and 2022, were $249,881 and $427,811, respectively. Depreciation expense for the nine months ended June 30, 2023, and 2022, were $698,269, and $1,038,138, respectively.

NOTE 12 – OTHER ASSETS

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 nine months ended June 30, 2023.

Other assets consist of the following:

| | June 30, 2023 | September 30, 2022 |
|---|---|---|
| Rental deposits | $ 251,739 | $ 204,388 |
| Investment in Masterpiece VR | 1,000,000 | 1,000,000 |
| Other deposits | 64,626 | 24,467 |
| Demonstration equipment supplied to resellers | 330,038 | 170,890 |
| **Other assets total** | **$ 1,646,403** | **$ 1,399,745** |

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 June 30, 2023, and September 30, 2022, there was $3,372 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 June 30, 2023, there was $578,388 in trade receivables due from these companies. Of these receivables $131,922 are related to costs paid by Cemtrex related to payroll during the transition of employees to the new company and some subscription services that are set up on auto pay with a credit card. The remaining $446,466 is related to services provided by Cemtrex Technologies Pvt. Ltd. in the normal course of business.

As of June 30, 2023, there were royalties receivable from the sale of Cemtrex, XR, Inc. of $691,611.

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 years at June 30, 2023, and 3 years at June 30, 2022. Lease liabilities were $2,213,341 with $716,896 classified as short-term at June 30, 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 5.64% at June 30, 2023, and 5.66% at June 30, 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.

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.

A reconciliation of undiscounted cash flows to operating lease liabilities recognized in the condensed consolidated balance sheet at June 30, 2023, is set forth below:

| Years ending September 30, | Operating Leases |
|---|---|
| 2023 | 211,721 |
| 2024 | 786,889 |
| 2025 | 764,530 |
| 2026 | 684,449 |
| 2027 & Thereafter | 289,528 |
| Undiscounted lease payments | 2,737,117 |
| Amount representing interest | (523,776) |
| Discounted lease payments | $ 2,213,341 |

Lease costs for the three and nine months ended June 30, 2023, and 2022 are set forth below.:

| | For the three months ended June 30, | | For the nine months ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Operating lease costs | 193,843 | 223,595 | 678,489 | 592,958 |
| **Total lease cost** | **$ 193,843** | **$ 223,595** | **$ 678,489** | **$ 592,958** |

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.

On April 3, 2023, The Company and SeKureID Solutions Corp., entered into a software license agreement, where the company obtained the right to use source code for its security products in exchange for $1,125,000 payable in (15) fifteen equal monthly installments of $75,000. The current balance of $900,000 is presented on the Condensed Consolidated Balance Sheets as of June 30, 2023, under Short-term liabilities, net of unamortized original issue discounts.

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

| | Interest Rate | Maturity | June 30, 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% (7.46% as of June 30, 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. | SOFR plus 2.37%(7.46% as of June 30, 2023 and 5.35% as of September 30, 2022) | 12-15-2022 | - | 247,284 |
| Fulton Bank loan $400,000 fund equipment for AIS. | SOFR plus 2.37% (7.46% as of June 30, 2023 and 5.35% as of September 30, 2022) | 05-01-2023 | - | 63,280 |
| Fulton Bank - $360,000 fund equipment for AIS. The Company was in compliance with loan covenants as of June 30, 2023. This loan is secured by certain assets of the Company. | SOFR plus 2.37% (7.46% as of June 30, 2023 and 5.35% as of September 30, 2022). | 01-31-2025 | 128,086 | 183,839 |
| Fulton Bank mortgage $2,476,000. The Company was in compliance with loan covenants as of June 30, 2023. This loan is secured by the underlying asset | SOFR plus 2.62% (7.71% as of June 30, 2023 and 5.6% as of September 30, 2022). | 01-28-2040 | 2,195,515 | 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 June 30, 2023 and September 30, 2022 respectively. | 8% | 06-30-2024 | 4,899,908 | 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 $105,578 and $1,064,778 as of June 30, 2023 and September 30, 2022 respectivly. | 8% | 08-23-2023 | 10,491,283 | 9,738,632 |
| Term Loan Agreement with NIL Funding Corporation ("NIL") - $5,600,000 The Company was in compliance with loan covenants as of June 30, 2023. | 11.50% | 12-31-2024 | 2,179,743 | 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% | 05-05-2025 | 101,246 | 121,400 |
| Software License Agreement - $1,125,000, for the purchase of software source code for use in our Security segment products | N/A | 06-03-2024 | 900,000 | - |
| **Total lines of credit and secured liabilities** | | | **$ 20,895,781** | **$ 20,568,141** |
| Less: Current maturities | | | (17,185,167) | (16,894,743) |
| Less: Unamortized original issue discount | | | (105,578) | (1,305,778) |
| **Lines of credit and secured liabilities, Long Term** | | | **$ 3,605,036** | **$ 2,367,620** |

NOTE 16 – STOCKHOLDERS' EQUITY

*Preferred Stock*

The Company is authorized to issue 10,000,000 shares of Preferred Stock, $0.001 par value. As of June 30, 2023, and September 30, 2022, there were 2,343,016 and 2,129,122 shares issued and 2,278,916 and 2,065,022 shares outstanding, respectively.

<u>Series 1 Preferred Stock</u>

During the nine months ended June 30, 2023, 213,894 shares of Series 1 Preferred Stock were issued to pay dividends to holders of Series 1 Preferred Stock.

As of June 30, 2023, and September 30, 2022, there were 2,293,016 and 2,079,122 shares of Series 1 Preferred Stock issued and 2,228,916 and 2,015,022 shares of Series 1 Preferred Stock outstanding, respectively.

<u>Series C Preferred Stock</u>

As of June 30, 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 June 30, 2023, there were 957,760 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 nine months ended June 30, 2023,161,718 shares of the Company's common stock have been issued to satisfy $487,716 of notes payable, $662,284 in accrued interest, and $276,151 of excess value of shares issued recorded as interest expense.

During the nine months ended June 30, 2023, 22,017 shares of the Company's common stock have been issued in exchange for services valued at $141,872.

NOTE 17 – SHARE-BASED COMPENSATION

For the nine months ended June 30, 2023, and 2022, the Company recognized $93,313 and $111,402 of share-based compensation expense on its outstanding options, respectively. As of June 30, 2023, $76,831 of unrecognized share-based compensation expense is expected to be recognized over a period of two years. Future compensation amounts will be adjusted for any change in estimated forfeitures.

During the nine months ended June 30, 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 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 Industrial Services segment also leases approximately 15,500 square feet of warehouse space in Emigsville, PA from a third party in a three-year lease at a monthly rent of $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 an 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

*Heisey Mechanical Acquisition*

On July 1, 2023, the Company completed the acquisition of a service contractor and steel fabricator that specializes in industrial and water treatment markets, Heisey Mechanical, Ltd. ("Heisey") based in Columbia, Pennsylvania to expand the Company's Industrial Services segment.

The total consideration given by Cemtrex to the shareholder of Heisey for full control, was approximately $2,400,000 with $2,160,000 in cash, $240,000 in a seller's note. Cemtrex funded the transaction with a $2,160,000 term loan from Fulton Bank. Approximately $25,000 in acquisition costs will be capitalized. The real estate the business occupies is expected to be purchased later for $1,500,000.

*Notice of Delisting*

On July 25, 2023, the Company received a Notice of Staff Determination from the Listing Qualifications Department of Nasdaq notifying the Company that its Series 1 Preferred Stock had not gained compliance and would be suspended from trading at the opening of business on August 3, 2023. The Company has requested a hearing regarding the delisting that has been scheduled for September 15, 2023, which will stay the suspension and filing of Form 25-NSE with the Securities and Exchange Commission.

*Equity shares issued*

On July 31, 2023, the Company issued an aggregate of 32,488 shares of common stock to settle $200,000 of notes payable and accrued interest, and $25,792 of excess value of shares issued recorded as interest expense.

On July 6, 2023, the Company issued an aggregate of 1,686 shares of common stock in exchange for services valued at $7,500.

On August 4, 2023, the Company issued an aggregate of 6,400 shares of common stock in exchange for services valued at $45,625.

## 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 June 30, 2023, and 2022**

Total revenue for the three months ended June 30, 2023, and 2022 was $14,730,140 and $12,108,904, respectively, an increase of $2,621,236, or 22%. Loss from continuing operations for the three months ended June 30, 2023, was $1,185,400 compared to income of $106,599 for the three months ended June 30, 2022, a decrease of $1,291,999, or 1,212%. 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. Income from continuing operations became a loss due to other income related to realized and unrealized gain on marketable securities during the same period in the prior year.

*Revenues*

Our Security segment revenues for the three months ended June 30, 2023, increased by $2,374,366 or 36% to $9,015,279 from $6,640,913 for the three months ended June 30, 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 June 30, 2023, increased by $246,870 or 5%, to $5,714,861 from $5,467,991 for the three months ended June 30, 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 June 30, 2023, was $6,480,643 or 44% of revenues as compared to gross profit of $5,040,107 or 42% of revenues for the three months ended June 30, 2022.

Gross profit in our Security segment was $4,404,836 or 49% of the segment's revenues for the three months ended June 30, 2023, as compared to gross profit of $3,383,241 or 51% of the segment's revenues for the period ended June 30, 2022. Gross profit as a percentage of revenues decreased in the three months ended June 30, 2023, compared to the three months ended June 30, 2022, due to negotiated terms on some sales.

Gross profit in our Industrial Services segment was $2,075,807 or 36% of the segment's revenues for the three months ended June 30, 2023, as compared to gross profit of $1,656,866 or 30% of the segment's revenues for the period ended June 30, 2022. Gross profit as a percentage of revenues increased in the three months ended June 30, 2023, compared to the three months ended June 30, 2022, was primarily due to lower subcontractor costs.

*General and Administrative Expenses*

General and administrative expenses for the three months ended June 30, 2023, decreased $4,569 or less than 1% to $5,376,960 from $5,381,529 for the three months ended June 30, 2022. General and administrative expenses as a percentage of revenues were 37% and 44% of revenues for the three-month periods ended June 30, 2023, and 2022, respectively. The decrease in general and administrative expenses is mainly related to decreased general and administrative expenses and professional fees expenses offset by increased personnel and insurance expenses.

*Research and Development Expenses*

Research and Development expenses for the three months ended June 30, 2023, were $1,049,909 compared to $1,189,875 for the three months ended June 30, 2022, a decrease of $139,966 or 12%. 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 Income/Expense*

Other expense for the three months ended June 30, 2023, was $1,219,533, as compared to other income of $1,389,955 for the three months ended June 30, 2022. Other expense for the three months ended June 30, 2023, was mainly driven by interest on the Company's debt. Other income for the three months ended June 30, 2022, included one-time realized and unrealized gain on marketable securities of $2,075,125.

*Provision for Income Taxes*

During the three months ended June 30, 2023, the Company had income tax expense of $19,641 and a benefit of $247,941 for the three months ended June 30, 2022. 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*

For the three months ended June 30, 2023, the Company had income on discontinued operations of $13,281. This income is mainly related to the recognition of the royalties due from CXR, Inc. Losses on discontinued operations for the three months ended June 30, 2022, were $838,301 attributable to the operations of the Cemtrex brands discussed in Note 3.

**Results of Operations – For the nine months ending June 30, 2023, and 2022**

Total revenue for the nine months ended June 30, 2023, and 2022 was $42,773,779 and $33,268,316, respectively, an increase of $9,505,463, or 29%. Loss from continuing operations for the nine months ended June 30, 2023, was $4,835,914 compared to $7,781,049 for the nine months ended June 30, 2022, a decrease on the loss of $2,945,135, or 38%. 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 continuing 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 nine months ended June 30, 2023, increased by $8,193,476 or 46% to $25,933,921 from $17,740,445 for the nine months ended June 30, 2022. This increase is due to an increased demand for the Security segment's products and services.

Our Industrial Services segment revenues for the nine months ended June 30, 2023, increased by $1,311,987 or 8%, to $16,839,858 from $15,527,871 for the nine months ended June 30, 2022. This increase is mainly due to increased demand for the segment's products and services.

*Gross Profit*

Gross Profit for the nine months ended June 30, 2023, was $18,859,530 or 44% of revenues as compared to gross profit of $12,032,138 or 36% of revenues for the nine months ended June 30, 2022.

Gross profit in our Security segment was $12,928,607 or 50% of the segment's revenues for the nine months ended June 30, 2023, as compared to gross profit of $7,479,069 or 42% of the segment's revenues for the nine-month period ended June 30, 2022. Gross profit as a percentage of revenues increased in the nine months ended June 30, 2023, compared to the nine months ended June 30, 2022, due to price increases implemented throughout the segment in January 2023 in response to rising costs of our goods and a reduction in transportation costs in 2023, compared to the same period in 2022.

Gross profit in our Industrial Services segment was $5,930,923 or 35% of the segment's revenues for the nine months ended June 30, 2023, as compared to gross profit of $4,553,069 or 29% of the segment's revenues for the period ended June 30, 2022. Gross profit as a percentage of revenues increased in the nine months ended June 30, 2023, compared to the nine months ended June 30, 2022, was primarily due to lower subcontractor costs.

*General and Administrative Expenses*

General and administrative expenses for the nine months ended June 30, 2023, increased $361,229 or 2% to $16,456,602 from $16,095,373 for the nine months ended June 30, 2022. General and administrative expenses as a percentage of revenues were 38% and 48% of revenues for the nine-month periods ended June 30, 2023, and 2022, respectively. The increase in general and administrative expenses is mainly related to increased employee costs and insurance expenses.

*Research and Development Expenses*

Research and Development expenses for the nine months ended June 30, 2023, were $3,895,717 compared to $3,660,883 for the nine months ended June 30, 2022, an increase of $234,834 or 6%. 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 nine months ended June 30, 2023, was $3,323,484, as compared to an expense of $304,872 for the nine months ended June 30, 2022. Other expense for the nine months ended June 30, 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 nine months ended June 30, 2022, included the gain on the forgiveness of our PPP loans of $971,500 and the realized and unrealized gain on marketable securities of $2,235,738.

*Provision for Income Taxes*

During the nine months ended June 30, 2023, and 2022, the Company had income tax expense of $19,641 and a benefit of $247,941 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 $3,212,108. 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 $879,727 attributable to the operations of the Cemtrex brands, the recognition of discounted royalties of $33,875, and the net gain on the recovery of cash from Vicon Industries Ltd. of $89,085. Losses on discontinued operations for the nine months ended June 30, 2022, were $2,282,399 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 deficit was $967,489 at June 30, 2023, compared to working capital of $6,252,972 at September 30, 2022. This includes cash and equivalents and restricted cash of $6,434,112 at June 30, 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 nine months ended June 30, 2023.

Cash used by operating activities for continuing operations for the six months ended June 30, 2023, and 2022 was $5,394,048 and $10,669,927, respectively. Cash provided by operating activities for discontinued operations for the nine months ended June 30, 2023, was $2,474,863, compared to providing cash of $41,562 for the nine months ended June 30, 2022.

Trade receivables increased by $2,108,539 or 39% to $7,507,755 at June 30, 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 nine months ended June 30, 2023, was $735,265 compared to providing cash of $792,195 for the nine months ended June 30, 2022. Cash used by investing activities for discontinued operations for the nine months ended June 30, 2022, was $39,388. Investing activities for the nine months ended June 30, 2023, were driven by the Company's purchase of property and equipment.

Cash used by financing activities for the nine months ended June 30, 2023, was $1,280,991 compared to providing cash of $5,902,298 for the nine months ended June 30, 2022. Financing activities were primarily driven by payments on the Company's debt. Financing activities for the nine months ended June 30, 2022, were primarily driven by proceeds from the note payable issued in February of 2022.

While our working capital deficit 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 June 30, 2023. Based on their evaluation, our management has concluded that as of June 30, 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 June 30, 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 nine months ended June 30, 2023,161,718 shares of the Company's common stock have been issued to satisfy $487,716 of notes payable, $662,284 in accrued interest, and $276,151 of excess value of shares issued recorded as interest expense.

During the nine months ended June 30, 2023, 22,017 shares of the Company's common stock have been issued in exchange for services valued at $141,872.

Subsequent to the reporting period, the Company issued an aggregate of 32,488 shares of common stock to settle $200,000 of notes payable and accrued interest, and $25,792 of excess value of shares issued recorded as interest expense.

Subsequent to the reporting period, the Company issued an aggregate of 8,086 shares of common stock in exchange for services valued at $53,125.

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 | 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) |
| 3.1 | Certificate of Incorporation of the Company.(1) |
| 3.2 | By Laws of the Company.(1) |
| 3.3 | Certificate of Amendment of Certificate of Incorporation, dated September 29, 2006.(1) |
| 3.4 | Certificate of Amendment of Certificate of Incorporation, dated March 30, 2007.(1) |
| 3.5 | Certificate of Amendment of Certificate of Incorporation, dated May 16, 2007.(1) |
| 3.6 | Certificate of Amendment of Certificate of Incorporation, dated August 21, 2007.(1) |
| 3.7 | Certificate of Amendment of Certificate of Incorporation, dated April 3, 2015.(3) |
| 3.8 | Certificate of Designation of the Series A Preferred Shares, dated September 8, 2009.(2) |
| 3.9 | Certificate of Designation of the Series 1 Preferred Stock.(11) |
| 3.10 | Certificate of Amendment of Certificate of Incorporation, dated September 7, 2017 (12) |
| 3.11 | Certificate of Correction to the Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as amended, of Cemtrex, Inc (6) |
| 3.12 | Amended Certificate of Designation of the Series 1 Preferred Shares, dated March 30, 2020.(16) |
| 3.13 | Certificate of Amendment of Certificate of Incorporation, dated July 29, 2020 (20) |
| 3.14 | Certificate of Correction of Certificate of Incorporation, dated July 29, 2021, filed October 7, 2020 (9) |
| | Certificate of Amendment of Certificate of Incorporation, dated January 12, 2023 (7) |
| 4.1 | Form of Subscription Rights Certificate. (10) |
| 4.2 | Form of Series 1 Preferred Stock Certificate. (10) |
| 4.3 | Form of Series 1 Warrant. (10) |
| 4.4 | Form of Common Stock Purchase Warrant, dated March 22, 2019. (14) |
| 10.1 | Amendment of the Term Loan Agreement between Vicon and NIL Funding, dated March 3, 2023. (5) |
| 10.2 | Amendment to Loan Documents Between Advanced Industrial Services, Inc. and Fulton Bank, N.A. dated February 24, 2023 (5) |
| 10.3 | Amendment to Promissory Note Between Cemtrex, Inc. and Streeterville Capital, LLC dated May 3, 2023 (5) |
| 10.4 | Securities Purchase Agreement dated June 1, 2020 (18) |
| 10.5 | Securities Purchase Agreement dated June 9, 2020 (19) |
| 10.6 | Settlement Agreement and Release between Cemtrex, Inc. and Aron Govil dated February 26, 2021 (13) |
| 10.7 | Securities Purchase Agreement dated February 22, 2022 (15) |
| 10.8 | Amendment of the Term Loan Agreement between Vicon and NIL Funding, dated March 30, 2022. (15) |
| 10.9 | Asset Purchase agreement between Cemtrex, Inc. and Saagar Govil, dated November 22, 2022 (22) |
| 10.10 | Asset Purchase agreement between Cemtrex, Inc. and Saagar Govil, dated November 22, 2022 (22) |
| 10.11 | Simple Agreement for Future Equity (SAFE) between Cemtrex, Inc. and Saagar Govil, dated November 18, 2022 (22) |
| 14.1 | Corporate Code of Business Ethics.(4) |
| 21.1* | Subsidiaries of the Registrant |
| 31.1* | Certification of Chief Executive Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | Certification of 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. |
| 32.1* | Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act 0f of 2002. |
| 32.2* | Certification of 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 0f of 2002. |
| 99.1 | Order pursuant to Section 8A of the Securities Act – dated September 30, 2022. (21) |
| 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 Incorporated by reference from Form 10-Q filed on May 11, 2023.
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.

Cemtrex, Inc.

| | |
|---|---|
| Dated: August 10, 2023 | By: */s/ Saagar Govil.*<br>Saagar Govil<br>Chief Executive Officer |
| Dated: August 10, 2023 | */s/ Paul J. Wyckoff.*<br>Paul J. Wyckoff<br>Interim Chief Financial Officer<br>and Principal Financial Officer |

**EXHIBIT 21.1**

| Name of consolidated subsidiary or entity | State or other jurisdiction of incorporation or organization | Date of incorporation or formation (date of acquisition, if applicable) | Attributable interest |
|---|---|---|---|
| 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% |

**EXHIBIT 31.1**

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

I, Saagar Govil, certify that:

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

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

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

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

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

*/s/ Saagar Govil.*

Saagar Govil
Chief Executive Officer

Dated: August 10, 2023

**EXHIBIT 31.2**

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

I, 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.*

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

Dated: August 10, 2023

**EXHIBIT 32.1**

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

In connection with the quarterly report of Cemtrex, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 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.*

Saagar Govil
Chief Executive Officer

Dated: August 10, 2023

**EXHIBIT 32.2**

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

In connection with the quarterly report of Cemtrex, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 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.*
Paul J. Wyckoff
Interim Chief Financial Officer
and Principal Financial Officer

Dated: August 10, 2023