

**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, 2020

OR

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

For the transition period from _____ to _____

Commission File Number 001-37464



CENTREX, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

276 Greenpoint Ave, Suite 208, Brooklyn, NY
(Address of principal executive offices)

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

11222
(Zip Code)

631-756-9116

(Registrant's telephone number, including area code)

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

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

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

Yes No

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

Yes No

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

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

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

Yes No

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

As of August 11, 2020, the issuer had 16,743,334 shares of common stock issued and outstanding.



CENTREX, INC. AND SUBSIDIARIES

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Part I. Financial Information**Item 1. Financial Statements****Cemtrex, Inc. and Subsidiaries**
Condensed Consolidated Balance Sheets
(Unaudited)

	June 30, 2020	September 30, 2019
Assets		
Current assets		
Cash and equivalents	\$ 12,939,493	\$ 1,769,994
Restricted cash	1,334,245	1,088,091
Short-term investments	1,778,739	412,730
Accounts receivables, net	4,804,475	6,458,984
Accounts receivables - related party	221,509	227,019
Notes receivable - short-term	1,713,371	1,713,371
Inventory –net of allowance for inventory obsolescence	6,591,608	5,207,155
Prepaid expenses and other assets	1,757,567	2,000,265
Total current assets	31,141,007	18,877,609
Property and equipment, net	19,158,694	16,776,552
Right-of-use assets	2,454,603	-
Goodwill	4,370,894	4,370,894
Notes receivable - long-term	1,586,918	1,586,918
Deferred tax asset	2,098,711	2,282,867
Investment in related party	500,000	-
Other	1,515,194	497,857
Total Assets	\$ 62,826,021	\$ 44,392,697
Liabilities & Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 2,602,556	\$ 4,236,945
Short-term liabilities	6,334,945	6,817,534
Lease liabilities - short-term	694,178	22,718
Deposits from customers	35,077	33,074
Accrued expenses	2,540,568	2,673,646
Deferred revenue	1,457,179	1,433,803
Accrued income taxes	311,109	419,541
Total current liabilities	13,975,612	15,637,261
Long-term liabilities		
Loans payable to bank, net of current portion	2,014,922	2,240,526
Long-term lease liabilities, net of current portion	1,845,165	20,061
Notes payable, net of current portion	4,435,737	2,817,661
Mortgage payable, net of current portion	2,373,188	-
Other long-term liabilities	3,273,320	1,221,549
Series 1 preferred stock dividends payable	1,026,900	-
Deferred Revenue - long-term	366,805	489,535
Total long-term liabilities	15,336,037	6,789,332
Total liabilities	29,311,649	22,426,593
Commitments and contingencies		
	-	-
Stockholders' equity		
Preferred stock , \$0.001 par value, 20,000,000 shares authorized, Series 1, 3,000,000 shares authorized, 2,216,683 shares issued and outstanding as of June 30, 2020 and 2,110,718 shares issued and outstanding as of September 30, 2019 (liquidation value of \$10 per share)	2,217	2,111
Series A, 1,000,000 shares authorized, issued and outstanding at June 30, 2020 and September 30, 2019	1,000	1,000
Series C, 100,000 shares authorized, issued and outstanding at June 30, 2020	100	-
Common stock, \$0.001 par value, 20,000,000 shares authorized, 16,263,715 shares issued and outstanding at June 30, 2020 and 3,962,790 shares issued and outstanding at September 30, 2019	16,264	3,963
Additional paid-in capital	60,543,674	40,344,837
Accumulated deficit	(28,812,321)	(20,067,685)
Treasury stock at cost	(190,483)	-
Accumulated other comprehensive income	949,424	796,004
Cemtrex stockholders' equity	32,509,875	21,080,230
Non-controlling interest		

	1,004,497	885,874
Total liabilities and stockholders' equity	\$ 62,826,021	\$ 44,392,697

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

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

	For the three months ended		For the nine months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenues	\$ 8,440,867	\$ 10,928,933	\$ 32,774,797	\$ 28,371,927
Cost of revenues	5,161,015	6,870,920	18,800,355	17,319,532
Gross profit	<u>3,279,852</u>	<u>4,058,013</u>	<u>13,974,442</u>	<u>11,052,395</u>
Operating expenses				
General and administrative	5,606,659	4,057,081	16,187,890	14,365,707
Research and development	331,936	285,853	1,113,455	1,136,981
Total operating expenses	<u>5,938,595</u>	<u>4,342,934</u>	<u>17,301,345</u>	<u>15,502,688</u>
Operating loss	<u>(2,658,743)</u>	<u>(284,921)</u>	<u>(3,326,903)</u>	<u>(4,450,293)</u>
Other income (expense)				
Other Income	158,134	150,561	830,251	145,991
Loss on equity interests	-	-	-	(342,776)
Interest expense	(1,982,101)	(2,313,415)	(3,812,921)	(2,945,427)
Total other expense, net	<u>(1,823,967)</u>	<u>(2,162,854)</u>	<u>(2,982,670)</u>	<u>(3,142,212)</u>
Net loss before income taxes	<u>(4,482,710)</u>	<u>(2,447,775)</u>	<u>(6,309,573)</u>	<u>(7,592,505)</u>
Income tax benefit/(expense)	<u>(7,658)</u>	<u>780,742</u>	<u>(197,201)</u>	<u>1,954,251</u>
Loss from continuing operations	<u>(4,490,368)</u>	<u>(1,667,033)</u>	<u>(6,506,774)</u>	<u>(5,638,254)</u>
Loss from discontinued operations, net of tax	<u>-</u>	<u>(221,923)</u>	<u>-</u>	<u>(767,026)</u>
Net loss	<u>(4,490,368)</u>	<u>(1,888,956)</u>	<u>(6,506,774)</u>	<u>(6,405,280)</u>
Less noncontrolling interest	<u>(35,751)</u>	<u>36,662</u>	<u>151,312</u>	<u>(319,493)</u>
Net loss	<u>\$ (4,454,617)</u>	<u>\$ (1,925,618)</u>	<u>\$ (6,658,086)</u>	<u>\$ (6,085,787)</u>
Preferred dividends	<u>-</u>	<u>1,007,720</u>	<u>2,086,550</u>	<u>1,965,500</u>
Net loss available to Centrex, Inc. shareholders	<u>\$ (4,454,617)</u>	<u>\$ (2,933,338)</u>	<u>\$ (8,744,636)</u>	<u>\$ (8,051,287)</u>
Other comprehensive loss				
Foreign currency translation gain/(loss)	310,797	(169,928)	153,420	(1,198,688)
Other comprehensive income attributable to noncontrolling interest	(5,515)	-	(32,689)	-
Comprehensive loss	<u>305,282</u>	<u>(169,928)</u>	<u>120,731</u>	<u>(1,198,688)</u>
Comprehensive loss	<u>\$ (4,149,335)</u>	<u>\$ (3,103,266)</u>	<u>\$ (8,623,905)</u>	<u>\$ (9,249,975)</u>
Loss Per Share-Basic				
Continuing Operations	<u>\$ (0.41)</u>	<u>\$ (1.47)</u>	<u>\$ (1.22)</u>	<u>\$ (3.49)</u>
Discontinued Operations	<u>\$ -</u>	<u>\$ (0.12)</u>	<u>\$ -</u>	<u>\$ (0.37)</u>
Loss Per Share-Diluted				
Continuing Operations	<u>\$ (0.41)</u>	<u>\$ (1.47)</u>	<u>\$ (1.22)</u>	<u>\$ (3.49)</u>
Discontinued Operations	<u>\$ -</u>	<u>\$ (0.12)</u>	<u>\$ -</u>	<u>\$ (0.37)</u>
Weighted Average Number of Shares-Basic	<u>10,933,926</u>	<u>1,844,895</u>	<u>7,161,785</u>	<u>2,087,195</u>
Weighted Average Number of Shares-Diluted	<u>10,933,926</u>	<u>1,844,895</u>	<u>7,161,785</u>	<u>2,087,195</u>

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

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

	Preferred Stock Series 1 Par Value \$0.001		Preferred Stock Series A Par Value \$0.001		Preferred Stock Series C Par Value \$0.001		Common Stock Par Value \$0.01		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Treasury Stock, At cost	Accumulated other Comprehensive Income(loss)	Centrex Stockholders' Equity	Non- controlling interest
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount						
Balance at September 30, 2019	2,110,718	\$ 2,111	1,000,000	\$ 1,000	-	\$ -	3,962,790	\$ 3,963	\$40,344,837	\$ (20,067,685)	\$ -	\$ 796,004	\$ 21,080,230	\$ 885,874
Comprehensive income												564,597	564,597	
Share-based compensation					100,000	100			119,004				119,104	
Shares issued to pay accounts payable							18,358	18	27,520				27,538	
Shares sold in Securities Purchase Agreements, net of offering costs							338,393	338	359,712				360,050	
Stock issued to pay notes payable							105,042	105	130,147				130,252	
Dividends paid in Series 1 preferred shares	105,965	106							1,059,544	(1,059,650)			-	
Noncontrolling interest												18,429	18,429	176,482
Net loss										(334,165)			(334,165)	
Balance at December 31, 2019	2,216,683	\$ 2,217	1,000,000	\$ 1,000	100,000	\$ 100	4,424,583	\$ 4,424	\$42,040,764	\$ (21,461,500)	\$ -	\$ 1,379,030	\$ 21,966,035	\$ 1,062,356
Comprehensive income												(749,148)	(749,148)	
Share-based compensation									24,104				24,104	
Shares sold in Securities Purchase Agreements, net of offering costs							847,000	847	1,160,253				1,161,100	
Stock issued to pay notes payable							2,518,045	2,519	3,499,747				3,502,266	
Accrued dividends										(1,026,900)			(1,026,900)	
Shares issued for services							150,000	150	170,850				171,000	
Purchase of treasury stock											(190,483)		(190,483)	
Noncontrolling interest												8,745	8,745	(16,593)
Net loss										(1,869,304)			(1,869,304)	
Balance at March 31, 2020	2,216,683	\$ 2,217	1,000,000	\$ 1,000	100,000	\$ 100	7,939,628	\$ 7,940	\$46,895,718	\$ (24,357,704)	\$ (190,483)	\$ 638,627	\$ 22,997,415	\$ 1,045,763
Comprehensive income												305,282	305,282	
Share-based compensation									24,104				24,104	
Shares sold in Securities Purchase Agreements, net of offering costs							5,458,479	5,459	10,095,311				10,100,770	
Stock issued to pay notes payable							2,595,608	2,595	3,298,811				3,301,406	
Shares issued for services							270,000	270	229,730				230,000	
Noncontrolling interest												5,515	5,515	(41,266)
Net loss										(4,454,617)			(4,454,617)	
Balance at June 30, 2020	2,216,683	\$ 2,217	1,000,000	\$ 1,000	100,000	\$ 100	16,263,715	\$ 16,264	\$60,543,674	\$ (28,812,321)	\$ (190,483)	\$ 949,424	\$ 32,509,875	\$ 1,004,497

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

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

	Preferred Stock Series 1 Par Value \$0.001		Preferred Stock Series A Par Value \$0.001		Common Stock Value \$0.01		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated other Comprehensive Income(loss)	Total Stockholders' Equity	Non- controlling interest of Vicon
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount					
Balance at September 30, 2018	<u>1,914,168</u>	<u>\$ 1,914</u>	<u>1,000,000</u>	<u>\$ 1,000</u>	<u>1,621,719</u>	<u>\$ 1,622</u>	<u>\$ 31,496,671</u>	<u>\$ 4,262,756</u>	<u>\$ (483,297)</u>	<u>\$ 35,280,666</u>	<u>\$ -</u>
Foreign currency translations									(857,552)	(857,552)	
Share-based compensation							36,108			36,108	
Stock issued in Subscription Rights Offering					25,126	25	138,669			138,694	
Stock issued to pay notes payable					26,342	26	224,974			225,000	
Dividends paid in Series 1 preferred shares	95,778	96					957,684	(957,780)		-	
Net loss								(2,176,298)		(2,176,298)	
Balance at December 31, 2018	<u>2,009,946</u>	<u>\$ 2,010</u>	<u>1,000,000</u>	<u>\$ 1,000</u>	<u>1,673,187</u>	<u>\$ 1,673</u>	<u>\$ 32,854,106</u>	<u>\$ 1,128,678</u>	<u>\$ (1,340,849)</u>	<u>\$ 32,646,618</u>	<u>\$ -</u>
Foreign currency translations									(171,208)	(171,208)	
Share-based compensation							36,108			36,108	
Stock issued to pay notes payable					117,774	118	713,772			713,890	
Shares issued in trust for ATM Offering					27,953	27	(27)			-	
Shares sold in ATM Offering					34,547	35	203,644			203,679	
Shares sold in Securities Purchase Agreement					2,500	3	129,508			129,511	
Net loss								(1,983,867)		(1,983,867)	
Non-controlling interest of Vicon											781,871
Balance at March 31, 2019	<u>2,009,946</u>	<u>\$ 2,010</u>	<u>1,000,000</u>	<u>\$ 1,000</u>	<u>1,855,961</u>	<u>\$ 1,856</u>	<u>\$ 33,937,111</u>	<u>\$ (855,189)</u>	<u>\$ (1,512,057)</u>	<u>\$ 31,574,731</u>	<u>\$ 781,871</u>
Foreign currency translations									(169,928)	(169,928)	
Stock issued to pay notes payable					559,378	559	1,715,015			1,715,574	
Share-based compensation							36,108			36,108	
Series B Conversion					175,562	176	356,270			356,446	
Reverse split rounding shares					3,338	3				3	
Discount on Series B (deemed dividend)							(154,511)			(154,511)	
Dividends paid in Series 1 preferred shares	100,772	101					1,007,618	(1,007,719)		-	
QTR Results								(1,925,618)		(1,925,618)	
Non-controlling interest of Vicon											(323,337)
Balance at June 30, 2019	<u>2,110,718</u>	<u>\$ 2,111</u>	<u>1,000,000</u>	<u>\$ 1,000</u>	<u>2,594,239</u>	<u>\$ 2,594</u>	<u>\$ 36,897,611</u>	<u>\$ (3,788,526)</u>	<u>\$ (1,681,985)</u>	<u>\$ 31,432,805</u>	<u>\$ 458,534</u>

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

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

	For the nine months ended	
	June 30,	
	2020	2019
Cash Flows from Operating Activities		
Net loss	\$ (6,506,774)	\$ (6,405,280)
Net loss from discontinued operations	-	(767,026)
Net loss from continuing operations	(6,506,774)	(5,638,254)
Adjustments to reconcile net loss to net cash provided/(used) by operating activities:		
Depreciation and amortization	2,158,938	3,208,933
Gain/(loss) on disposal of property & equipment	457	465,029
Amortization of right-of-use assets	352,691	-
Change in allowance for inventory obsolescence	726,824	25,469
Change in allowance for doubtful accounts	126	236,113
Share-based compensation	167,312	108,324
Interest expense paid in equity shares	2,505,924	1,253,516
Changes in operating assets and liabilities net of effects from acquisition of subsidiaries:		
Accounts receivable	1,654,383	1,283,756
Accounts receivable - related party	5,510	(50,904)
Inventory	(2,111,277)	(175,159)
Prepaid expenses and other current assets	242,698	(719,271)
Other assets	(1,017,337)	(1,135,190)
Other liabilities	(117,667)	354,332
Accounts payable	(1,205,851)	19,660
Accounts payable - related party	-	155,600
Deposits from customers	2,003	9,390
Accrued expenses	938,132	2,367,665
Deferred revenue	(99,354)	109,493
Income taxes payable	75,724	(153,734)
Net cash provided by operating activities - continuing operations	(2,227,538)	1,724,768
Net cash provided by operating activities - discontinued operations	-	1,636,714
Net cash provided/(used) by operating activities	(2,227,538)	3,361,482
Cash Flows from Investing Activities		
Net change in self-insured benefit deposits	(246,154)	(468,870)
Purchase of property and equipment	(4,541,537)	(1,525,998)
Purchase of marketable securities	(1,366,009)	-
Investment in related party	(500,000)	-
Net cash used by investing activities - continuing operations	(6,653,700)	(1,994,868)
Net cash used by investing activities - discontinued operations	-	(119,482)
Net cash used by investing activities	(6,653,700)	(2,114,350)
Cash Flows from Financing Activities		
Proceeds from notes payable	4,485,000	1,100,000
Payments on notes payable	(726,640)	(264,560)
Proceeds on bank loans	5,947,101	-
Payments on bank loans	(224,196)	(1,453,506)
Proceeds from securities purchase agreements	12,462,648	-
Expenses on securities purchase agreements	(840,728)	-
Proceeds from at-the-market offerings	-	490,237
Expenses on at-the-market offerings	-	(18,323)
Proceeds from the issuance of Series B Preferred Stock	-	500,000
Expenses from the issuance of Series B Preferred Stock	-	(25,000)
Settlement of Series B Preferred Stock in cash	-	(273,092)
Revolving line of credit	(425,812)	122,918
Purchases of treasury stock	(190,483)	-
Payments on lease liabilities	(310,730)	(18,812)
Net cash provided by financing activities - continuing operations	20,176,160	159,862
Net cash used by financing activities - discontinued operations	-	(78,123)
Net cash provided by financing activities	20,176,160	81,739
Effect of currency translation	120,731	(1,198,688)
Net increase in cash, cash equivalents, and restricted cash	11,294,922	1,328,871
Cash, cash equivalents, and restricted cash at beginning of period	2,858,085	2,315,935
Cash, cash equivalents, and restricted cash at end of period	\$ 14,273,738	\$ 2,446,118

Balance Sheet Accounts Included in Cash, Cash Equivalents, and Restricted Cash

Cash and equivalents	\$	12,939,493	\$	1,572,825
Restricted cash		1,334,245		873,293
Total cash, cash equivalents, and restricted cash	\$	14,273,738	\$	2,446,118

Supplemental Disclosure of Cash Flow Information:

Cash paid during the period for interest	\$	342,268	\$	715,722
Cash paid during the period for income taxes	\$	75,724	\$	162,871

Supplemental Schedule of Non-Cash Investing and Financing Activities

Stock issued to pay for products and/or services	\$	428,538	\$	-
Stock issued to pay notes payable	\$	6,933,924	\$	1,790,469
Dividends paid in equity shares	\$	1,059,650	\$	1,965,500
Amortization of original issue discounts on notes payable	\$	757,278	\$	11,889

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

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

NOTE 1 – ORGANIZATION AND PLAN OF OPERATIONS

Cemtrex was incorporated in 1998, in the state of Delaware and has evolved through strategic acquisitions and internal research & development from a small environmental monitoring instruments company into a world leading multi-industry technology company. The Company now specializes in the development of Internet of Things (IoT), Artificial Intelligence (AI) and Virtual Reality (VR) enabled technologies that drive innovation in a wide range of sectors, including consumer products, industrial manufacturing, digital applications, and intelligent security & surveillance systems. Unless the context requires otherwise, all references to “we”, “our”, “us”, “Company”, “registrant”, “Cemtrex” or “management” refer to Cemtrex, Inc. and its subsidiaries.

The Company continuously assesses the composition of its portfolio businesses to ensure it is aligned with its strategic objectives and positioned to maximize growth and return in the coming years. During fiscal 2019, the Company made a strategic decision to exit its Electronics Manufacturing group by selling all companies in that business segment on August 15, 2019. During fiscal 2019, the Company also reached a strategic decision to exit its original environmental products business and sold those operations.

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

Advanced Technologies (AT)

Cemtrex’s Advanced Technologies segment delivers cutting-edge technologies in the Internet of Things (IoT), Wearables and Smart Devices, such as the SmartDesk. Through the Company’s advanced engineering and product design, Company delivers Virtual Reality (VR) and Augmented Reality (AR) products that provide higher productivity, progressive design and impactful experiences for consumer products, digital applications and industrial manufacturing.

The AT business segment also includes the Company’s majority owned subsidiary, Vicon Industries, which provides end-to-end security solutions to meet the toughest corporate, industrial and governmental security challenges. Vicon’s products include browser-based Video monitoring systems and facial recognition systems, cameras, servers, and access control systems for every aspect of security and surveillance in industrial and commercial facilities, federal prisons, hospitals, universities, schools, and federal and state government offices. Vicon provides cutting edge, mission critical security and video surveillance solutions utilizing Artificial Intelligence (AI).

Industrial Services (IS)

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

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, 2019 of Cemtrex Inc.

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

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

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

Significant Accounting Policies and Recent Accounting Pronouncements

Significant Accounting Policies

Note 2 of the Notes to Consolidated Financial Statements, included in the annual report on Form 10-K for the year ended September 30, 2019, includes a summary of the significant accounting policies used in the preparation of the consolidated financial statements.

Recently Adopted Accounting Pronouncements

Adoption of ASU 2016-02 (Topic 842)

On October 1, 2019, the Company adopted ASU 2016-02 (Topic 842), “Leases”. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors may use the effective date method and elected certain practical expedients allowing the Company not to reassess:

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

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

See Note 10 for the impact implementing this standard had on our financial statements.

Recently Issued Accounting Standards

In August 2018, the FASB issued amended guidance, Fair Value Measurement: Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement, to modify the disclosure requirements on fair value measurements based on the concepts in the FASB Concepts Statements, including the consideration of costs and benefits. The new standard is effective for the Company from October 1, 2020. The Company believes adoption will not have a material effect on the Company's financial position.

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

NOTE 3 – LOSS PER COMMON SHARE

Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income per common share is computed by dividing net income by the weighted average number of shares of common stock and potentially dilutive outstanding shares of common stock during the period to reflect the potential dilution that could occur from common shares issuable through contingent share arrangements, stock options and warrants.

	For the three months ended June 30,		For the nine months ended June 30,	
	2020	2019	2020	2019
Basic weighted average shares outstanding	10,933,926	1,844,895	7,161,785	2,087,195
Dilutive effect of options	-	-	-	-
Dilutive effect of convertible debt	-	-	-	-
Diluted weighted average shares outstanding	<u>10,933,926</u>	<u>1,844,895</u>	<u>7,161,785</u>	<u>2,087,195</u>

For the three and nine months ended June 30, 2020 and 2019, 1,483,965 and 538,076 shares of common stock, respectively, were excluded from the computation of diluted earnings per share because the effect of their inclusion would be anti-dilutive.

NOTE 4 – SEGMENT INFORMATION

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

The following tables summarize the Company's segment information:

	For the three months ended June 30,		For the nine months ended June 30,	
	2020	2019	2020	2019
Revenues from external customers				
Advanced Technologies	\$ 4,977,424	\$ 6,528,486	\$ 18,389,057	\$ 13,924,097
Industrial Services	3,463,443	4,400,447	14,385,740	14,447,830
Total revenues	<u>\$ 8,440,867</u>	<u>\$ 10,928,933</u>	<u>\$ 32,774,797</u>	<u>\$ 28,371,927</u>
Gross profit				
Advanced Technologies	\$ 1,837,957	\$ 2,528,340	\$ 8,712,543	\$ 5,831,813
Industrial Services	1,441,895	1,529,673	5,261,899	5,220,582
Total gross profit	<u>\$ 3,279,852</u>	<u>\$ 4,058,013</u>	<u>\$ 13,974,442</u>	<u>\$ 11,052,395</u>
Operating loss				
Advanced Technologies	\$ (1,854,346)	\$ (391,053)	\$ (2,494,371)	\$ (4,058,782)
Industrial Services	(804,397)	106,132	(832,532)	(391,511)
Total operating loss	<u>\$ (2,658,743)</u>	<u>\$ (284,921)</u>	<u>\$ (3,326,903)</u>	<u>\$ (4,450,293)</u>
Other expense				
Advanced Technologies	\$ (1,795,637)	\$ (351,466)	\$ (2,868,033)	\$ (545,851)
Industrial Services	(28,330)	(1,811,388)	(114,637)	(2,596,361)
Total other expense	<u>\$ (1,823,967)</u>	<u>\$ (2,162,854)</u>	<u>\$ (2,982,670)</u>	<u>\$ (3,142,212)</u>
Depreciation and Amortization				
Advanced Technologies	\$ 253,712	\$ 245,248	\$ 1,019,779	\$ 1,112,240
Industrial Services	477,508	750,293	1,139,159	2,096,693
Total depreciation and amortization	<u>\$ 731,220</u>	<u>\$ 995,541</u>	<u>\$ 2,158,938</u>	<u>\$ 3,208,933</u>

	June 30, 2020	September 30, 2019
Identifiable Assets		
Advanced Technologies	\$ 38,335,385	\$ 19,365,582
Industrial Services	15,673,359	16,209,838
Discontinued operations	8,817,277	\$ 8,817,277
Total Assets	<u>\$ 62,826,021</u>	<u>\$ 44,392,697</u>

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

Revenues	For the three months ended		For the nine months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
U.S. Operations	\$ 8,341,384	\$ 10,811,119	\$ 32,464,794	\$ 27,987,544
Non-U.S. Operations	99,483	117,814	310,003	384,383
	<u>\$ 8,440,867</u>	<u>\$ 10,928,933</u>	<u>\$ 32,774,797</u>	<u>\$ 28,371,927</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

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

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

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

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

Level 3 — Level 3 inputs are unobservable inputs for the asset or liability in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include cost method investments, goodwill, intangible assets, and property, plant and equipment, which are measured at fair value using a discounted cash flow approach when they are impaired. Quantitative information for Level 3 assets and liabilities reviewed at each reporting period includes indicators of significant deterioration in the earnings performance, credit rating, asset quality, business prospects of the investee, and financial indicators of the investee’s ability to continue as a going concern.

The Company’s fair value assets at June 30, 2020 and 2019 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, 2020
Assets				
Investment in marketable securities (included in short-term investments)	\$ 1,778,739	\$ -	\$ -	\$ 1,778,739
	<u>\$ 1,778,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,778,739</u>
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)	Balance as of June 30, 2019
Assets				
Investment in marketable securities (included in short-term investments)	\$ 13,692	\$ -	\$ -	\$ 13,692
	<u>\$ 13,692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,692</u>

NOTE 6 – RESTRICTED CASH

A subsidiary of the Company participates in a consortium in order to self-insure group care coverage for its employees. The plan is administrated by Benecon Group and the Company makes monthly deposits in a trust account to cover medical claims and any administrative costs associated with the plan. These funds, as required by the plan are restricted in nature and amounted to \$1,334,245 as of June 30, 2020. The Company also records a liability for claims that have been incurred but not recorded at the end of each year. The amount of the liability is determined by Benecon Group. The liability recorded in accrued expenses amounted to \$124,626 and \$118,889 as of June 30, 2020 and September 30, 2019, respectively.

NOTE 7 – ACCOUNTS RECEIVABLE, NET

Accounts receivables, net consist of the following:

	June 30, 2020	September 30, 2019
Accounts receivable	\$ 5,410,652	\$ 7,065,035
Allowance for doubtful accounts	(606,177)	(606,051)
	<u>\$ 4,804,475</u>	<u>\$ 6,458,984</u>

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

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

NOTE 8 – INVENTORY, NET

Inventory, net, consist of the following:

	June 30, 2020	September 30, 2019
Raw materials	\$ 3,767,732	\$ 4,917,700
Work in progress	1,420,929	543,857
Finished goods	6,067,983	3,683,810
	11,256,644	9,145,367
Less: Allowance for inventory obsolescence	(4,665,036)	(3,938,212)
Inventory –net of allowance for inventory obsolescence	<u>\$ 6,591,608</u>	<u>\$ 5,207,155</u>

NOTE 9 – PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	June 30, 2020	September 30, 2019
Land	\$ 790,373	\$ -
Building and leasehold improvements	3,860,026	1,233,733
Furniture and office equipment	631,820	614,569
Computers and software	5,173,341	5,166,922
Trade show display	89,330	89,330
Machinery and equipment	24,133,952	23,463,953
	<u>34,678,842</u>	<u>30,568,507</u>
Less: Accumulated depreciation	(15,520,148)	(13,791,955)
Property and equipment, net	<u>\$ 19,158,694</u>	<u>\$ 16,776,552</u>

Depreciation expense for the three months ended June 30, 2020 and 2019 were \$731,220 and \$995,541 respectively. Depreciation expense for the nine months ended June 30, 2020 and 2019 were \$2,158,938 and \$3,208,933, respectively.

NOTE 10 – LEASES

ASC 842, “Leases”, requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at either the effective date (the “effective date method”) or the beginning of the earliest period presented (the “comparative method”) using a modified retrospective approach. Under the effective date method, the Company’s comparative period reporting is unchanged. In contrast, under the comparative method, the Company’s date of initial application is the beginning of the earliest comparative period presented, and the Topic 842 transition guidance is then applied to all comparative periods presented. Further, under either transition method, the standard includes certain practical expedients intended to ease the burden of adoption. The Company adopted ASC 842 October 1, 2019 using the effective date method and elected certain practical expedients allowing the Company not to reassess:

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

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

The Company entered into a financing lease for a single vehicle in the Industrial services segment with a term of 3 years. The Company enters into operating leases for its facilities in New York, United Kingdom, and India, as well as for vehicles for use in our Industrial Services segment. The operating lease terms range from 2 to 7 years. The Company excluded the renewal option on its applicable facility leases from the calculation of its right-of-use assets and lease liabilities.

Finance and operating lease liabilities consist of the following:

	June 30, 2020	September 30, 2019
Lease liabilities - current		
Finance leases	\$ 22,452	\$ 22,452
Operating leases	671,726	-
	<u>694,178</u>	<u>22,452</u>
Lease liabilities - net of current portion		
Finance leases	\$ 6,223	\$ 20,061
Operating leases	1,838,942	-
	<u>\$ 1,845,165</u>	<u>\$ 20,061</u>

A reconciliation of undiscounted cash flows to finance and operating lease liabilities recognized in the condensed consolidated balance sheet at June 30, 2020 is set forth below:

Years ending September 30,	Finance leases	Operating Leases	Total
Remainder of 2020	\$ 11,872	\$ 288,033	\$ 299,905
2021	17,604	769,867	787,471
2022	-	630,534	630,534
2023	-	504,539	504,539
2024	-	378,949	378,949
2025		344,624	344,624
2026		344,624	344,624
2027		172,312	172,312
Undiscounted lease payments	<u>29,476</u>	<u>3,433,482</u>	<u>3,462,958</u>
Amount representing interest	(801)	(922,814)	(923,615)
Discounted lease payments	<u>\$ 28,675</u>	<u>\$ 2,510,668</u>	<u>\$ 2,539,343</u>

Additional disclosures of lease data are set forth below:

	Nine months ended June 30, 2020
Lease costs:	
Finance lease costs:	
Amortization of right-of-use assets	11,456
Interest on lease liabilities	416
Operating lease costs:	156,777
Total lease cost	<u>168,649</u>
Other information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating leases	11,872
Finance leases	398,580
	<u>410,452</u>
Weighted-average remaining lease term - finance leases (months)	13
Weighted-average remaining lease term - operating leases (months)	73
Weighted-average discount rate - finance leases	6.95%
Weighted-average discount rate - operating leases	6.98%

The Company used the rate implicit in the lease, where known, or its incremental borrowing rate as the rate used to discount the future lease payments.

NOTE 11 – PREPAID AND OTHER CURRENT ASSETS

On June 30, 2020, the Company had prepaid and other current assets consisting of prepayments on inventory purchases of \$407,243, other current assets of \$1,350,324. On September 30, 2019, the Company had prepaid and other current assets consisting of prepayments on inventory purchases of \$530,447, and other current assets of \$1,469,818.

NOTE 12 - OTHER ASSETS

As of June 30, 2020, the Company had other assets of \$1,515,194 which was comprised of rent security of \$127,373, and other assets of \$1,387,821. As of September 30, 2019, the Company had other assets of \$497,857 which was comprised of rent security of \$140,246 and other assets of \$357,611.

NOTE 13 – SHORT-TERM LIABILITIES

The Company's subsidiaries have revolving lines of credit with various banks in order to fund operations. As of June 30, 2020, these accounts had no balance.

As of June 30, 2020, there were \$6,334,945 in current portion of long-term liabilities.

NOTE 14 – 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 CFO, is President, for total consideration of \$550,000. As of June 30, 2020, there were \$221,509 due from Ducon and as of June 30, 2019, there were no payables or receivables due to or from Ducon.

On May 1, 2020, Company invested \$500,000 in a registered S-1 stock offering of Telidyne Inc., an OTC listed company, by purchasing 166,667 shares of common stock at \$3.00 per share. Telidyne Inc. is controlled by the Company's CFO and Executive Director, Aron Govil.

NOTE 15 – LONG-TERM LIABILITIES

Notes payable

On October 25, 2019, the Company, issued a note payable to an independent third-party in the amount of \$1,725,000. This note carries interest of 8% and matures on April 25, 2021. After deduction of an original issue discount of \$225,000 and legal fees of \$5,000, the Company received \$1,495,000 in cash.

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

On April 24, 2020, the Company, issued a note payable to an independent third-party in the amount of \$1,725,000. This note carries interest of 8% and matures on June 23, 2021. After deduction of an original issue discount of \$225,000 and legal fees of \$5,000, the Company received \$1,495,000 in cash.

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

Long-term lease liabilities

On October 1, 2019, the Company adopted ASU 2016-02 (Topic 842), "Leases". ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. As of June 30, 2020, the Company has lease liabilities of \$2,539,343 of which \$694,178 is classified as short-term. The Company has calculated that at September 30, 2019 it would have had an additional \$1,351,317 with \$289,235 classified as short-term.

Mortgage Payable

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

Series 1 preferred stock dividends payable

On March 20, 2020, the Company had announced that it would pay its semiannual dividend to the holders of record on close of business on March 31, 2020 of Series 1 Preferred Stock by April 6, 2020. In light of the COVID-19 lock down announced by the state government, the Company on March 26, 2020, decided to postpone the payment of this dividend for 90 days. The Company paid these dividends with shares of Series 1 Preferred Stock on July 6, 2020 to the shareholders of record as of June 30, 2020.

Paycheck Protection Program Loans

In April and May of 2020, the Company and its subsidiaries applied for and were granted \$3,471,100 in Paycheck Protection Program loans under the CARES Act. These loans bear interest of 2% and mature in two years. The Company will apply for and fully expects these loans to be forgiven under the provisions of the CARES Act and any subsequent legislation that may be applicable. These loans are recorded under Other long-term liabilities on our Condensed Consolidated Balance Sheet as of June 30, 2020, net of the short-term portion of \$1,301,663.

NOTE 16 – STOCKHOLDERS' EQUITY

Preferred Stock

The Company is authorized to issue 20,000,000 shares of Preferred Stock, \$0.001 par value. As of June 30, 2020, and September 30, 2019, there were 3,316,683 and 3,110,718 shares issued and outstanding, respectively.

Series 1 Preferred Stock

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

For the nine months ended June 30, 2020, 105,965 shares of Series 1 Preferred Stock were issued to pay \$1,059,650 worth of dividends to holders of Series 1 Preferred Stock.

During the nine months ended June 30, 2020, the Company purchased 162,888 shares of its Series 1 Preferred Stock on the open market at an average price per share of \$1.17, for an aggregate cost of approximately \$190,483, as part of its ongoing share repurchase program announced earlier. The Company retired these shares on July 13, 2020.

As of June 30, 2020, and September 30, 2019, there were 2,216,683 and 2,110,718 shares of Series 1 Preferred Stock issued and outstanding, respectively.

Series A Preferred stock

During the nine-month period ended June 30, 2020, the Company did not issue any Series A Preferred Stock.

As of June 30, 2020, and September 30, 2019, there were 1,000,000 shares of Series A Preferred Stock issued and outstanding.

Series C Preferred Stock

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

For the nine months ended June 30, 2020, 100,000 shares of Series C Preferred Stock were issued to Aron Govil, Executive Director and CFO of the Company as part of his employment agreement. In order to determine the fair market value of these shares the Company used the closing price of its Series 1 preferred stock of \$0.95 on October 3, 2019. On July 10, 2020, Aron Govil transferred 50,000 shares of the Series C Preferred Stock to Saagar Govil.

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

Common Stock

The Company is authorized to issue 20,000,000 shares of common stock, \$0.001 par value. As of June 30, 2020, there were 16,263,715 shares issued and outstanding and at September 30, 2019, there were 3,962,790 shares issued and outstanding.

During the nine months ended June 30, 2020, 5,218,695 shares of the Company's common stock have been issued to satisfy \$4,428,000 of notes payable, \$220,537 in accrued interest, and \$2,285,387 of excess value of shares issued recorded as interest expense; 6,643,872 shares were issued in Securities Subscription Agreements (See below); 438,358 shares were issued in exchange for \$428,538 of goods and services.

Subscription Rights Offering

On December 4, 2019, the "Company entered into a Subscription Agreement relating to the public offering of 338,393 shares (the "Shares") of the Company's common stock, par value \$0.001 per share, all of which were sold by the Company (the "Offering") to an accredited investor. The Offering price of the Shares was \$1.12 per share for gross proceeds of \$379,000. After deducting offering expenses of \$18,950 the Company received \$360,050 in net proceeds.

On January 24, 2020, the "Company entered into a Subscription Agreement relating to the public offering of 500,000 shares (the "Shares") of the Company's common stock, par value \$0.001 per share, all of which were sold by the Company (the "Offering") to an accredited investor. The Offering price of the Shares was \$1.50 per share for gross proceeds of \$750,000. After deducting offering expenses of \$37,500 the Company received \$712,500 in net proceeds.

On February 26, 2020, the "Company entered into a Subscription Agreement relating to the public offering of 347,000 shares (the "Shares") of the Company's common stock, par value \$0.001 per share, all of which were sold by the Company (the "Offering") to an accredited investor. The Offering price of the Shares was \$1.30 per share for gross proceeds of \$451,100. After deducting offering expenses of \$2,500 the Company received \$448,600 in net proceeds.

On June 1, 2020, the "Company entered into a Subscription Agreement relating to the public offering of 3,055,556 shares (the "Shares") of the Company's common stock, par value \$0.001 per share, all of which were sold by the Company (the "Offering") to accredited investors. The Offering price of the Shares was \$1.80 per share for gross proceeds of \$5,500,000. After deducting offering expenses of \$395,000 the Company received \$5,105,000 in net proceeds.

On June 9, 2020, the "Company entered into a Subscription Agreement relating to the public offering of 2,402,923 shares (the "Shares") of the Company's common stock, par value \$0.001 per share, all of which were sold by the Company (the "Offering") to accredited investors. The Offering price of the Shares was \$2.24 per share for gross proceeds of \$5,382,548. After deducting offering expenses of \$386,778 the Company received \$4,995,769 in net proceeds.

NOTE 17 – SHARE-BASED COMPENSATION

For the nine months ended June 30, 2020 and 2019, the Company recognized \$167,212 and \$112,200 of share-based compensation expense on its outstanding options, respectively. As of June 30, 2020, \$332,781 of unrecognized share-based compensation expense is expected to be recognized over a period of four years. Future compensation amounts will be adjusted for any change in estimated forfeitures.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

The Company has moved its corporate activities to New York City with a lease of 2,500 square feet of office space at a rate of \$11,556 per month that expires June 30, 2020. The Company has recognized \$104,000 of lease expense for this lease, for the nine months ended June 30, 2020. The Company has not renewed this lease but will continue to rent the space on a month-by-month basis.

The Company's IS segment owns approximately 25,000 square feet of warehouse space in Manchester, PA and approximately 43,000 square feet of office and warehouse space in York, PA. The IS segment also leases approximately 15,500 square feet of warehouse space in Emigsville, PA from a third party in a three-year lease at a monthly rent of \$4,555 expiring on August 31, 2022.

The Company's AT 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, the Company has recognized \$58,077 of lease expense for this lease, for the nine months ended June 30, 2020, (ii) approximately 27,000 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, the Company recognized \$152,880 of lease expense for prior lease on this property, in the six months ended March 31, 2020, and has recognized \$53,654 of lease expense for the current lease during the three months ended June 30, 2020 and (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 2021 and 2026, the Company has recognized \$65,961 of lease expense for this lease for the nine months ended June 30, 2020.

NOTE 19 – DISCONTINUED OPERATIONS

During fiscal 2019, the Company reached a strategic decision to exit the environmental products business, which was part of Industrial Services group. Additionally, the Company sold its Electronics Manufacturing segment. Accordingly, the Company has reported the results of the environmental control products business and the Electronics Manufacturing segment as discontinued operations in the Consolidated Statements of Operations and in the Consolidated Balance Sheets.

Income (loss) from discontinued operations, net of tax and the loss on sale of discontinued operations, net of tax, of the ROB Cemtrex Companies and the environmental products business which are presented in total as discontinued operations, net of tax in the Company's Consolidated Statements of Operations for the three and nine months ended June 30, 2020 and 2019, are as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2020	2019	2020	2019
Total net sales	\$ -	\$ 11,523,119	\$ -	\$ 34,972,164
Cost of sales	-	7,009,550	-	21,008,465
Operating, selling, general and administrative expenses	-	4,811,870	-	14,576,012
Other expenses	-	(341,366)	-	(43,615)
Income (loss) from discontinued operations	-	43,065	-	(568,698)
Loss on sale of discontinued operations	-	-	-	-
Income tax provision	-	264,988	-	198,328
Discontinued operations, net of tax	\$ -	\$ (221,923)	\$ -	\$ (767,026)

NOTE 20 - SUBSEQUENT EVENTS

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

Potential Impacts of COVID-19 on our Business

The current COVID-19 pandemic has impacted our business operations and the results of our operations in the second and third quarters, primarily with delays in expected orders by many customers and deployment of newer versions of surveillance software since our technical facility in Pune, India has been under lock down. Overall bookings level in the IS segment of our business is down by more than 50%, however our AT segment has experienced relatively less slow down. In addition, due to delays in certain supply chain areas, the expected launch times of our new products and new versions are also delayed by several months.

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

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

Common shares issued subsequent to financial statements date.

In July and August of 2020, the Company issued 479,619 shares of common stock to satisfy \$600,000 worth of notes payable.

Preferred shares issued for dividend

On July 6, the Company issued 111,134 shares of its Series 1 Preferred Stock to for the dividends that were accrued for the March 31, 2020 dividend payment but were delayed due the COVID-19 crisis. The dividend was paid to shareholders of record as of June 30, 2020.

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 research & development from a small environmental monitoring instruments company into a world leading multi-industry technology company. The Company now specializes in the development of Internet of Things (IoT), Artificial Intelligence (AI) and Virtual Reality (VR) enabled technologies that drive innovation in a wide range of sectors, including consumer products, industrial manufacturing, digital applications, and intelligent security & surveillance systems. Unless the context requires otherwise, all references to "we", "our", "us", "Company", "registrant", "Cemtrex" or "management" refer to Cemtrex, Inc. and its subsidiaries.

The Company continuously assesses the composition of its portfolio businesses to ensure it is aligned with its strategic objectives and positioned to maximize growth and return in the coming years. During fiscal 2019, the Company made a strategic decision to exit its Electronics Manufacturing group by selling all companies in that business segment on August 15, 2019. During fiscal 2019, the Company also reached a strategic decision to exit its original environmental products business and sold those operations.

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

Advanced Technologies (AT)

Cemtrex's Advanced Technologies segment delivers cutting-edge technologies in the Internet of Things (IoT), Wearables and Smart Devices, such as the SmartDesk. Through the Company's advanced engineering and product design, Company delivers Virtual Reality (VR) and Augmented Reality (AR) products that provide higher productivity, progressive design and impactful experiences for consumer products, digital applications and industrial manufacturing.

The AT business segment also includes the Company's majority owned subsidiary, Vicon Industries, which provides end-to-end security solutions to meet the toughest corporate, industrial and governmental security challenges. Vicon's products include browser-based Video monitoring systems and facial recognition systems, cameras, servers, and access control systems for every aspect of security and surveillance in industrial and commercial facilities, federal prisons, hospitals, universities, schools, and federal and state government offices. Vicon provides cutting edge, mission critical security and video surveillance solutions utilizing Artificial Intelligence (AI).

Industrial Services (IS)

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

Significant Accounting Policies and Estimates

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

Certain of our accounting policies are deemed "significant", as they are both most important to the financial statement presentation and require management's most difficult, subjective or complex judgments as a result of the need to make estimates about the effect of matters that are inherently uncertain. For a discussion of our significant accounting policies, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended September 30, 2019.

Results of Operations - For the three months ending June 30, 2020 and 2019

Total revenue for the three months ended June 30, 2020 and 2019 was \$8,440,867 and \$10,928,933, respectively, a decrease of \$2,488,066, or 23%. Loss from continuing operations for the three months ended June 30, 2020 and 2019 was \$4,490,368 and \$1,667,033, respectively, an increase of \$2,823,335, or 169%. Total revenue for the quarter decreased, as compared to total revenue in the same period last year, due to shutdowns and limited operations of businesses due to the COVID-19 crisis. Loss from continuing operations increased due to decreased sales during the COVID-19 crisis.

Revenues

Our Advanced Technologies segment revenues for the three months ended June 30, 2020, decreased by \$1,551,062 or 24% to \$4,977,424 from \$6,520,486 for the three months ended June 30, 2019. This decrease is mainly due to the impact of the COVID-19 crisis.

Our Industrial Services segment revenues for the three months ended June 30, 2020, decreased by \$937,004 or 21%, to \$3,463,443 from \$4,440,447 for the three months ended June 30, 2019. This decrease is mainly due to the impact of the COVID-19 crisis.

Gross Profit

Gross Profit for the three months ended June 30, 2020 was \$3,279,852 or 39% of revenues as compared to gross profit of \$4,058,013 or 38% of revenues for the three months ended June 30, 2019. Gross profit decreased in the three months ended June 30, 2020, compared to the three months ended June 30, 2019 due to lower sales, however the percentage increase is due to a shift by management in the last fiscal year to focus on products with higher gross margins. The Company's gross profit margins vary from product to product and from customer to customer.

General and Administrative Expenses

General and administrative expenses for the three months ended June 30, 2020 increased \$1,549,578 or 38% to \$5,606,659 from \$4,057,081 for the three months ended June 30, 2019. General and administrative expenses as a percentage of revenue was 66% and 37% of revenues for the three-month periods ended June 30, 2020 and 2019. The increase in General and Administrative Expenses both as a percentage of revenue is the reduction in sales from the same quarter last year and on a dollar per dollar basis is the result of increased salaries expense.

Research and Development Expenses

Research and Development expenses for the three months ended June 30, 2020 was \$331,936 compared to \$285,583 for the three months ended June 30, 2019. Research and Development expenses are primarily related to the Advanced Technologies Segment's development of proprietary technology and further developments of the SmartDesk and Artificial Intelligence (AI) connected with security and surveillance systems software.

Other Income/(Expense)

Other income/(expense) for the third quarter of fiscal 2020 was \$(1,823,967) as compared to \$(2,162,854) for the third quarter of fiscal 2019. Other income/(Expense) for the three months ended June 30, 2020 was primarily due to interest expense.

Provision for Income Taxes

During the third quarter of fiscal 2020 the Company recorded an income tax expense of \$7,658 compared to a benefit of \$780,742 for the third quarter of fiscal 2019. 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.

Comprehensive loss

The Company had a comprehensive loss of \$4,149,335 or 49% of revenues, for the three-month period ended June 30, 2020 as compared to a comprehensive loss of \$3,103,266 or 28% of revenues, for the three months ended June 30, 2019. Comprehensive loss increased in the third quarter as compared to comprehensive loss in the same period last year, as a result of the reduction in sales due to the COVID-19 crisis.

Results of Operations - For the nine months ending June 30, 2020 and 2019

Total revenue for the nine months ended June 30, 2020 and 2019 was \$32,774,797 and \$28,371,927, respectively, an increase of \$4,402,870, or 16%. Loss from continuing operations for the nine months ended June 30, 2020 and 2019 was \$6,506,774 and \$5,638,254, respectively, an increase of \$868,520, or 15%. Total revenue for the first three quarters increased, as compared to total revenue in the same period last year, due to sales increases in the Advanced Technologies Segment. Loss from continuing operations increased due to the loss of sales in the third quarter due to the COVID-19 crisis.

Revenues

Our Advanced Technologies segment revenues for the nine months ended June 30, 2020, increased by \$4,464,960 or 32% to \$18,389,057 from \$13,924,097 for the nine months ended June 30, 2019. This increase represents mainly the consolidation of Vicon Industries, Inc starting in the second quarter of fiscal year 2019.

Our Industrial Services segment revenues for the nine months ended June 30, 2020, decreased by \$62,090 or 0.4%, to \$14,385,740 from \$14,447,830 for the nine months ended June 30, 2019. The decrease was primarily due to the timing and recognition of revenue.

Gross Profit

Gross Profit for the nine months ended June 30, 2020 was \$13,974,442 or 43% of revenues as compared to gross profit of \$11,052,395 or 39% of revenues for the nine months ended June 30, 2019. Gross profit increased in the nine months ended June 30, 2020, compared to the nine months ended June 30, 2019 due to a shift by management in the last fiscal year to focus on products with higher gross margins. The Company's gross profit margins vary from product to product and from customer to customer.

General and Administrative Expenses

General and administrative expenses for the nine months ended June 30, 2020 increased \$1,822,183 or 13% to \$16,187,890 from \$14,365,707 for the nine months ended June 30, 2019. General and administrative expenses as a percentage of revenue was 49% and 51% of revenues for the nine-month periods ended June 30, 2020 and 2019. The decrease in General and Administrative Expenses as a percentage of revenue is the result of reduction in overhead expenses. This increase on a dollar per dollar basis represents mainly the consolidation of Vicon Industries, Inc starting in the second quarter of fiscal year 2019.

Research and Development Expenses

Research and Development expenses for the nine months ended June 30, 2020 was \$1,113,455 compared to \$1,136,981 for the nine months ended June 30, 2019. Research and Development expenses are primarily related to the Advanced Technologies Segment's development of proprietary technology and further developments of the SmartDesk and Artificial Intelligence (AI) connected with security and surveillance systems software.

Other Income/(Expense)

Other income/(expense) for the first three quarters of fiscal 2020 was \$(2,982,670) as compared to \$(3,142,212) for the first three quarters of fiscal 2019. Other income/(Expense) for the nine months ended June 30, 2020 was primarily due to interest expense.

Provision for Income Taxes

During the first three quarters of fiscal 2020 the Company recorded an income tax expense of \$197,201 compared to a benefit of \$1,954,251 for the first three quarters of fiscal 2019. 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.

Comprehensive loss

The Company had a comprehensive loss of \$8,623,905 or 26% of revenues, for the nine-month period ended June 30, 2020 as compared to a comprehensive loss of \$9,249,975 or 33% of revenues, for the nine months ended June 30, 2019. Comprehensive loss decreased in the first three quarters as compared to comprehensive loss in the same period last year, as a result of the increased sales and foreign currency translation gain.

Effects of Inflation

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

Liquidity and Capital Resources

Working capital was \$17,165,395 at June 30, 2020 compared to \$3,240,348 at September 30, 2019. This includes cash and equivalents and restricted cash of \$14,273,738 at June 30, 2020 and \$2,858,085 at September 30, 2019, respectively. The increase in working capital was primarily due to the Company's raising of capital through equity offerings in June 2020.

Accounts receivable decreased \$1,654,509 or 26% to \$4,804,475 at June 30, 2020 from \$6,458,984 at September 30, 2019. The decrease in accounts receivable is attributable to lower sales in the third quarter of fiscal year 2020 due to the COVID-19 crisis.

Inventories increased \$1,384,453 or 27% to \$6,591,608 at June 30, 2020 from \$5,207,155 at September 30, 2019. The increase inventories is attributable to the purchase of inventories to fulfill sales bookings not shipped in the third quarter.

Operating activities used \$2,227,538 of cash for the nine months ended June 30, 2020 compared to providing \$3,361,482 of cash for the nine months ended June 30, 2019. The decrease in operating cash flows was primarily due to the increase in operating assets, as compared to the same period a year ago. Discontinued operations for the nine months ended June 30, 2019 provided cash of \$1,636,714.

Investment activities used \$6,653,700 of cash for the nine months ended June 30, 2020 compared to using cash of \$2,114,350 during the nine-month period ended June 30, 2019. Investing activities for the first three quarters of fiscal year 2020 were driven by the Company's investment in fixed assets and marketable securities. Discontinued operations for the nine months ended June 30, 2019 used cash of \$119,482.

Financing activities provided \$20,176,160 of cash in the nine-month period ended June 30, 2020 as compared to providing cash of \$81,739 in the nine-month period ended June 30, 2019. Financing activities were primarily driven by proceeds from notes payable, proceeds from bank loans, and proceeds from securities purchase agreements offset by payments on bank loans, notes payable, expenses of notes payable and equity offerings, and use of the Company's revolving credit lines. Discontinued operations for the nine months ended June 30, 2019 used cash of \$78,123.

We believe that our cash on hand and cash generated by operations is sufficient to meet the capital demands of our current operations during the 2020 fiscal year (ending September 30, 2020). Any major increases in sales, particularly in new products, may require substantial capital investment. Failure to obtain sufficient capital could materially adversely impact our growth potential.

Overall, there is no guarantee that cash flow from our existing or future operations and any external capital that we may be able to raise will be sufficient to meet our expansion goals and working capital needs.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Our CEO and our CFO have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2020. Based on their evaluation, our management has concluded that as of June 30, 2020 there is a material weakness in our internal control over financial reporting. The material weakness relates to the Company lacking sufficient accounting personnel. The shortage of accounting personal resulted in the Company lacking entity level controls around the review of period-end reporting processes, accounting policies and public disclosures. This deficiency is common in small companies, similar to us, with limited personnel.

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

Changes in Internal Control Over Financial Reporting

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

Limitations on the Effectiveness of Controls

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

Part II Other Information

Item 1. Legal Proceedings.

NONE.

Item 1A. Risk Factors

See Risk Factors included in our Annual Report on Form 10-K for 2019.

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

During the nine months ended June 30, 2020, the Company issued an aggregate of 5,567,053 shares of common stock in exchange for aggregate consideration of \$7,362,462, which was used for working capital and research and development. Such shares were issued pursuant to the exemption contained under Section 4(a)(2) of the Securities Act of 1933, as amended.

Item 6. Exhibits

Exhibit No.	Description
2.2	Stock Purchase Agreement regarding the stock of Advanced Industrial Services, Inc., AIS Leasing Company, AIS Graphic Services, Inc., and AIS Energy Services, LLC, Dated December 15, 2015. (6)
2.3	Asset Purchase agreement between Periscope GmbH and ROB Centrex Assets UG, ROB Centrex Automotive GmbH, and ROB Centrex Logistics GmbH. (7)
3.1	Certificate of Incorporation of the Company. (1)
3.2	By Laws of the Company. (1)
3.3	Certificate of Amendment of Certificate of Incorporation, dated September 29, 2006. (1)
3.4	Certificate of Amendment of Certificate of Incorporation, dated March 30, 2007. (1)
3.5	Certificate of Amendment of Certificate of Incorporation, dated May 16, 2007. (1)
3.6	Certificate of Amendment of Certificate of Incorporation, dated August 21, 2007. (1)
3.7	Certificate of Amendment of Certificate of Incorporation, dated April 3, 2015. (3)
3.8	Certificate of Designation of the Series A Preferred Shares, dated September 8, 2009. (2)
3.9	Certificate of Designation of the Series 1 Preferred Stock. (11)
3.1	Certificate of Amendment of Certificate of Incorporation, dated September 7, 2017. (12)
3.11	Certificate of Designations of Series B Redeemable Convertible Preferred Stock. (21)
3.12	Certificate of Correction to the Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as amended, of Centrex, Inc (6)
3.13	Amended Certificate of Designation of the Series 1 Preferred Shares, dated March 30, 2020. (16)
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	Dealer-Manager Agreement between Centrex, Inc. and Advisory Group Equity Services, Ltd. doing business as RHK Capital. dated November 21, 2018 (8)
10.2	At-The-Market Offering Agreement dated January 28, 2019, by and among Centrex, Inc. and Advisory Group Equity Services, Ltd. doing business as RHK Capital. (9)
10.3	Securities Purchase Agreement by and between Intercostal Capital, dated July 1, 2019 and Centrex, Inc., (13)
10.4	Share transfer and purchase agreement between Centrex, Ltd., Centrex, Inc. and Finvest GmbH i.G., Dennis Wenz, and Laura Wenz., dated August 15, 2019 (15)
10.5	Amendment of the Term Loan Agreement between Vicon and NIL Funding, dated March 4, 2020. (17)
10.6	Consulting Agreement, dated April 22, 2020 between Centrex, Inc. and Adtron, Inc. (5)
10.7	Securities Purchase Agreement dated June 1, 2020 (18)
10.8	Securities Purchase Agreement dated June 9, 2020 (19)
14.1	Corporate Code of Business Ethics. (4)
21.1*	Subsidiaries of the Registrant
31.1*	Certification of Chief Executive Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Vice President of Finance and Principal Financial Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act Of of 2002.
32.2*	Certification of Vice President of Finance and Principal Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act Of of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase
*	Filed herewith
1	Incorporated by reference from Form 10-12G filed on May 22, 2008.
2	Incorporated by reference from Form 8-K filed on September 10, 2009.
3	Incorporated by reference from Form 8-K filed on August 22, 2016.
4	Incorporated by reference from Form 8-K filed on July 1, 2016.
5	Incorporated by reference from Form S-8 filed on May 1, 20120
6	Incorporated by reference from Form 8-K filed on June 12, 2019.
7	Incorporated by reference from Form 8-K/A filed on November 24, 2017.
8	Incorporated by reference from Form 8-K filed on November 21, 2018.

- 9 Incorporated by reference from Form 8-K filed on January 28, 2019.
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 10-K filed on July 2, 2019.
14 Incorporated by reference from Form 8-K filed on March 22, 2019.
15 Incorporated by reference from Form 8-K filed on August 21, 2019.
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.

Signatures

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

Centrex, Inc.

Dated: August 14, 2020

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

Dated: August 14, 2020

/s/ Aron Govil
Aron Govil
Chief Financial Officer
and Principal Financial Officer

Name of consolidated subsidiary or entity	State or other jurisdiction of incorporation or organization	Date of incorporation or formation (date of acquisition, if applicable)	Attributable interest
Cemtrex Ltd	Hong Kong	September 4, 2013	100%
Advanced Industrial Services, Inc.	Pennsylvania	July 20, 1984 (December 15, 2015)	100%
Cemtrex Advanced Technologies, Inc.	New York	July 11, 2017	100%
Cemtrex Technologies Pvt Ltd.	India	December 21, 2017	100%
Vicon Industries, Inc.	New York	March 23, 2018	95%
Vicon Industries Limited	United Kingdom	March 23, 2018	95%
IQinVision, Inc.	California	March 23, 2018	95%
Vicon Deutschland GmbH	Germany	March 23, 2018	95%
TeleSite U.S.A., Inc.	New Jersey	March 23, 2018	95%
Vicon Systems Ltd.	Israel	March 23, 2018	95%

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

I, Saagar Govil, certify that:

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

/s/ Saagar Govil

Saagar Govil
Chief Executive Officer

Dated: August 14, 2020

**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, Aron Govil, certify that:

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

/s/ Aron Govil

Aron Govil
Chief Financial Officer
and Principal Financial Officer

Dated: August 14, 2020

**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, 2020, 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 14, 2020

**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, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Aron Govil, 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/ Aron Govil

Aron Govil
Chief Financial Officer
and Principal Financial Officer

Dated: August 14, 2020
