

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2024

or

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

For the transition period from _____ to _____

Commission File Number 001-40069

AmpliTech Group, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

27-4566352

(I.R.S. Employer
Identification Number)

**155 Plant Avenue
Hauppauge, NY 11788**

(Address of principal executive offices) (Zip Code)

(631)-521-7831

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	AMPG	The Nasdaq Stock Market LLC
Warrants to Purchase Common Stock	AMPGW	The Nasdaq Stock Market LLC

Indicate by check mark whether registrant (1) has filed all reports 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 and post 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of November 8, 2024, the registrant had 11,091,601 shares of common stock, par value \$ 0.001 per share, issued and outstanding.

AMPLITECH GROUP, INC.

QUARTERLY REPORT ON FORM 10-Q
September 30, 2024
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Use of Certain Defined Terms

Except as otherwise indicated by the context, references in this report to “we,” “us,” “our,” “our Company”, “the Company”, “AmpliTech”, “Specialty” or “SMW” “Spectrum” or “SSM”, “AmpliTech Group MMIC Design Center” or “AGMDC”, “AmpliTech Group True G Speed Services” or “AGTGSS” are the combined business of AmpliTech Group, Inc., and its consolidated subsidiary, AmpliTech, Inc., and AMPG’s divisions Specialty Microwave, Spectrum Semiconductor Materials, AmpliTech Group MMIC Design Center and AmpliTech Group True G Speed Services.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements may include words such as “anticipate,” “believe,” “estimate,” “intend,” “could,” “should,” “would,” “may,” “seek,” “plan,” “might,” “will,” “expect,” “anticipate,” “predict,” “project,” “forecast,” “potential,” “continue” negatives thereof or similar expressions. Forward-looking statements speak only as of the date they are made, are based on various underlying assumptions and current expectations about the future and are not guarantees. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, level of activity, performance or achievement to be materially different from the results of operations or plans expressed or implied by such forward-looking statements.

We cannot predict all the risks and uncertainties. Accordingly, such information should not be regarded as representations that the results or conditions described in such statements or that our objectives and plans will be achieved, and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements. These forward-looking statements are found at various places throughout this Quarterly Report on Form 10-Q and include information concerning possible or assumed future results of our operations, including statements about potential acquisition or merger targets; business strategies; future cash flows; financing plans; plans and objectives of management; any other statements regarding future acquisitions, future cash needs, future operations, business plans and future financial results, and any other statements that are not historical facts.

These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. Considering these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of the Quarterly Report on Form 10-Q. All subsequent written and oral forward-looking statements concerning other matters addressed in this Quarterly Report on Form 10-Q and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Quarterly Report on Form 10-Q.

Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

AmpliTech Group, Inc. Condensed Consolidated Balance Sheets

	September 30, 2024 (Unaudited)	December 31, 2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,076,537	\$ 6,726,013
Accounts receivable	1,275,931	2,542,710
Inventories, net	7,548,159	6,537,578
Prepaid expenses	2,747,309	1,342,335
Total Current Assets	12,647,936	17,148,636
Property and equipment, net	2,349,796	2,599,448
Operating lease right of use assets	4,517,685	3,538,798

Intangible assets, net	2,871,625	2,984,133
Goodwill	4,696,883	4,696,883
Cost method investment	348,250	348,250
Security deposits	114,174	91,481
Total Assets	\$ 27,546,349	\$ 31,407,629
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,111,298	\$ 846,179
Customer deposits	145,428	14,239
Current portion of financing lease obligations	17,379	16,799
Current portion of operating lease obligations	447,556	541,324
Current portion of notes payable	854,214	80,841
Total Current Liabilities	2,575,875	1,499,382
Long-term Liabilities		
Financing lease obligations, net of current portion	20,321	32,537
Operating lease obligations, net of current portion	4,255,140	3,171,979
Notes payable, net of current portion	294,381	-
Deferred tax liability	24,000	24,000
Total Liabilities	7,169,717	4,727,898
Commitments and Contingencies	-	-
Stockholders' Equity		
Common stock, par value \$0.001, 500,000,000 shares authorized, 11,091,601 and 9,714,613 shares issued and outstanding, respectively	11,092	9,715
Additional paid-in capital	37,556,381	36,439,739
Accumulated deficit	(17,190,841)	(9,769,723)
Total Stockholders' Equity	20,376,632	26,679,731
Total Liabilities and Stockholders' Equity	\$ 27,546,349	\$ 31,407,629

See accompanying notes to the condensed consolidated financial statements

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AmpliTech Group, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	For The Three Months Ended		For The Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Revenues	\$ 2,834,512	\$ 3,387,169	\$ 7,655,285	\$ 11,572,699
Cost of Goods Sold	1,486,583	1,904,388	4,367,639	6,305,928
Gross Profit	1,347,929	1,482,781	3,287,646	5,266,771
Operating Expenses				
Selling, general and administrative	1,864,245	1,984,452	6,063,047	5,677,778
Research and development	572,422	425,573	1,309,299	1,643,458
Total Operating Expenses	2,436,667	2,410,025	7,372,346	7,321,236
Loss From Operations	(1,088,738)	(927,244)	(4,084,700)	(2,054,465)
Other Income (Expenses)				
Loss on investment in digital assets	-	-	(3,248,911)	-
Unrealized gain on investments	-	4,098	-	41,700
Realized gain on investments	-	36,187	25,965	49,994
Interest Income (expense), net	(100,945)	(750)	(113,472)	20,335
Total Other Income (Expenses)	(100,945)	39,535	(3,336,418)	112,029
Net Loss Before Income Taxes	(1,189,683)	(887,709)	(7,421,118)	(1,942,436)
Provision For Income Taxes	-	-	-	-
Net Loss	\$ (1,189,683)	\$ (887,709)	\$ (7,421,118)	\$ (1,942,436)
Net Loss Per Share;				
Basic and diluted	\$ (0.12)	\$ (0.09)	\$ (0.76)	\$ (0.20)
Weighted Average Common Shares Outstanding;				
Basic and diluted	10,003,556	9,662,003	9,813,200	9,645,367

See accompanying notes to the condensed consolidated financial statements

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AmpliTech Group, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

For The Three Months Ended September 30, 2024

	Common Stock		Additional	Accumulated	Total
	Number of	Par	Paid-In	Deficit	Stockholders'
	Shares	Value	Capital		Equity
Balance, June 30, 2024	9,719,613	\$ 9,720	\$ 36,675,164	\$ (16,001,158)	\$ 20,683,726
Stock based compensation	-	-	94,463	-	94,463
Common stock issued for vesting of RSU's	2,500	3	(3)	-	-
Common stock issued in offering	1,369,488	1,369	786,757	-	788,126
Net loss for the three months ended September 30, 2024	-	-	-	(1,189,683)	(1,189,683)
Balance, September 30, 2024	11,091,601	\$ 11,092	\$ 37,556,381	\$ (17,190,841)	\$ 20,376,632

For The Nine Months Ended September 30, 2024

Balance, December 31, 2023	9,714,613	\$ 9,715	\$ 36,439,739	\$ (9,769,723)	\$ 26,679,731
Stock based compensation	-	-	329,893	-	329,893
Common stock issued for vesting of RSU's	7,500	8	(8)	-	-
Common stock issued in offering	1,369,488	1,369	786,757	-	788,126
Net loss for the nine months ended September 30, 2024	-	-	-	(7,421,118)	(7,421,118)
Balance, September 30, 2024	11,091,601	\$ 11,092	\$ 37,556,381	\$ (17,190,841)	\$ 20,376,632

For the Three Months Ended September 30, 2023

	Common Stock		Additional	Accumulated	Total
	Number of	Par	Paid-In	Deficit	Stockholders'
	Shares	Value	Capital		Equity
Balance, June 30, 2023	9,639,613	\$ 9,640	\$ 36,181,131	\$ (8,359,011)	\$ 27,831,760
Stock based compensation	-	-	149,624	-	149,624
Common stock issued for vesting of RSU's	47,500	47	(47)	-	-
Net loss for the three months ended September 30, 2023	-	-	-	(887,709)	(887,709)
Balance, September 30, 2023	9,687,113	\$ 9,687	\$ 36,330,708	\$ (9,246,720)	\$ 27,093,675

For The Nine Months Ended September 30, 2023

Balance, December 31, 2022	9,634,613	\$ 9,635	\$ 36,050,161	\$ (7,304,284)	\$ 28,755,512
Stock based compensation	-	-	280,599	-	280,599
Common stock issued for vesting of RSU's	52,500	52	(52)	-	-
Net loss for the nine months ended September 30, 2023	-	-	-	(1,942,436)	(1,942,436)
Balance, September 30, 2023	9,687,113	\$ 9,687	\$ 36,330,708	\$ (9,246,720)	\$ 27,093,675

See accompanying notes to the condensed consolidated financial statements

AmpliTech Group, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

For The Nine Months Ended

September 30, September 30,

	2024	2023
Cash Flows from Operating Activities:		
Net loss	\$ (7,421,118)	\$ (1,942,436)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	388,590	359,416
Operating lease costs	414,356	411,475
Stock based compensation	329,893	280,599
Amortization of debt discount	89,509	-
Gain on termination of right-of-use operating lease	-	(8,461)
Inventory reserve	17,000	-
Change in fair value of marketable securities	-	(41,700)
Loss on investment of digital assets	3,248,911	-
Changes in Operating Assets and Liabilities:		
Accounts receivable	1,266,779	(37,879)
Inventories	(1,027,581)	24,279
Prepaid expenses	(1,409,447)	(883,614)
Security deposits	(22,693)	21,704
Accounts payable and accrued expenses	265,119	586,033
Operating lease obligations	(399,376)	(392,188)
Customer deposits	131,189	(143,318)
Net cash used in operating activities	(4,128,869)	(1,766,090)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(26,431)	(931,692)
Net investment in marketable securities	(3,248,911)	(2,808,022)
Net cash used in investing activities	(3,275,342)	(3,739,714)
Cash Flows from Financing Activities:		
Net proceeds from issuance of common shares in a private equity offering	788,126	-
Net proceeds from notes payable	1,274,000	-
Repayment on financing lease liabilities	(11,636)	(29,404)
Repayment of notes payable	(295,755)	(116,482)
Payment of revenue earnout	-	(2,180,826)
Net cash from (used in) financing activities	1,754,735	(2,326,712)
Net change in cash and cash equivalents	(5,649,476)	(7,832,516)
Cash and Cash Equivalents, Beginning of the Period	6,726,013	13,290,222
Cash and Cash Equivalents, End of the Period	\$ 1,076,537	\$ 5,457,706
Supplemental disclosures:		
Cash paid for interest expense	\$ 116,673	\$ 23,359
Cash paid for income taxes	\$ -	\$ 10,200
Non-Cash Investing and Financing Activities:		
Common Stock issued on vesting of RSUs	\$ 8	\$ 52
Gain on termination of right-of-use operating lease	\$ -	\$ 8,461
Disposal of property and equipment	\$ 61,133	\$ -
Debt Discount on notes payable	\$ 429,000	\$ -
Operating lease right-of-use asset and liability measurement	\$ 13,932,242	\$ -

See accompanying notes to the condensed consolidated financial statements

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2024 and 2023

(1) Organization and Business Description

AmpliTech Group, Inc. ("AmpliTech" or the "Company") was incorporated under the laws of the State of Nevada on December 30, 2010. On August 13, 2012, the Company acquired AmpliTech, Inc., by issuing 833,750 shares of the Company's common stock to the shareholders of AmpliTech, Inc. in exchange for 100% of the outstanding shares of AmpliTech Inc. (the "Share Exchange"). After the Share Exchange, the selling shareholders owned 60,000 shares of the outstanding 893,750 shares of Company common stock, resulting in a change in control. Accordingly, the transaction was accounted for as a reverse acquisition in which AmpliTech, Inc. was deemed to be the accounting acquirer, and the operations of the Company were consolidated for accounting purposes. The capital balances have been retroactively adjusted to reflect the reverse acquisition.

AmpliTech designs, engineers and assembles microwave component based low noise amplifiers ("LNA") that meet individual customer specifications. Application of the Company's proprietary technology results in maximum frequency gain with minimal background noise distortion as required by each customer. The Company has both domestic and international customers in such industries as aerospace, governmental, defense and commercial satellite.

On September 12, 2019, AmpliTech Group, Inc. acquired the assets of Specialty Microwave Corporation ("Specialty"), a privately held company based in Ronkonkoma, NY. The purchase included all inventory, orders, customers, property and equipment, and all intellectual property. The assets also included all eight team members of Specialty.

Specialty designs and manufactures passive microwave components and related subsystems that meet individual customer specifications for both domestic and international customers for use in satellite communication ground networks.

On February 17, 2021, AmpliTech Group, Inc., common stock and warrants under the symbols "AMPG" and "AMPGW", respectively, commenced trading

on NASDAQ. A reverse split of the outstanding common stock at a 1-for-20 ratio became effective February 17, 2021 as of 12:01 a.m., Eastern Time. In connection with the public offering, 1,371,428 units at an offering price of \$7.00 per unit were sold. Each unit issued in the offering consisted of one share of common stock and one warrant.

In 2021, the Company opened AGMDC, a monolithic microwave integrated circuits ("MMIC") chip design center in Texas and has started to implement several of its proprietary amplifier designs into MMIC components. MMICs are semiconductor chips used in high-frequency communications applications. MMICs are widely desired for power amplification solutions to service emerging technologies, such as phased array antennas and quantum computing. MMICs carry a smaller footprint enabling them to be incorporated into a broader array of systems while reducing costs. AGMDC designs, develops and manufactures state-of-the-art signal processing components for satellite and 5G communications networks, defense, space and other commercial applications, allowing the Company to market its products to a wider base of customers requiring high technology in smaller packages.

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2024 and 2023

On November 19, 2021, AmpliTech Group, Inc. entered into an Asset Purchase Agreement (the "Purchase Agreement") with Spectrum Semiconductor Materials Inc. (the "Seller" or "SSM"), pursuant to which AmpliTech would acquire substantially all the assets of the Company (the "Acquisition"). The Acquisition was completed on December 15, 2021.

Spectrum Semiconductor Materials ("SSM"), located in Silicon Valley (San Jose, CA), is a global authorized distributor of integrated circuit ("IC") packaging and lids for semiconductor device assembly, prototyping, testing, and production requirements.

In August 2022, AmpliTech Group's True G Speed Services (AGTGSS) division was founded to serve and provide complete system integration and ORAN compliant O-RU's (Radio Units) for telcos, enabling the industry to access 'True 5G Speeds'. AGTGSS provides Managed Services, Cyber Security, Cloud Services, Data Sciences and Telco Cloud Services. AGTGSS will also be providing full installation of Private 5G Networks (P5G) which includes the deployment of AmpliTech Group's developed radio units. AGTGSS will implement AmpliTech's low noise amplifier devices in these systems to promote greater coverage, longer range and faster speeds.

(2) Loss on Investment of Digital Assets

During the three months ended March 31, 2024, the Company made several transactions in digital currency in the total amount of approximately \$ 3.25 million. The Company believes that it was fraudulently induced to hold its digital currency with a custodian whom the Company believed to be valid, but no longer exists. The Company is taking steps in an attempt to seek recovery of the funds including discussions with local, federal, and international law enforcement agencies and private consultants and is currently conducting a review of its processes and procedures related to this investment. At the present time, the Company is not aware of, and does not expect any additional losses arising out or relating to the above-described investment. In addition, the Company does not believe that the Company's systems, records, or other assets were otherwise affected or compromised in connection with these investments.

As a result of the fraudulent digital currency transactions noted above, the Company was a victim of a cyber phishing scam that defrauded the Company. During the nine months ended September 30, 2024, the Company recorded a complete loss from the investment in digital assets of \$3,248,911. As of September 30, 2024, the remaining balance of digital assets was \$0.

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2024 and 2023

(3) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying condensed consolidated financial statements have been prepared using the accrual basis of accounting.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the periods presented. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers deposits that can be redeemed on demand and investments and marketable securities that have original maturities of less than three months, when purchased, to be cash equivalents. As of September 30, 2024 the Company's cash and cash equivalents were deposited in four financial institutions.

The Company's policy is to place its cash and cash equivalents with high-quality, major financial and investment institutions to limit the amount of credit exposure. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At September 30, 2024 and December 31, 2023, the Company had \$466,399 and \$3,170,500 in excess of FDIC insured limits, respectively. The Company has not experienced any losses in such accounts.

Accounts Receivable

Accounts receivable consist of trade receivables arising from credit sales to customers in the normal course of business. These receivables are recorded at the time of sale, net of an allowance for current expected credit losses. In accordance with ASC Topic 326, "Financial Instruments – Credit Losses," the Company estimates expected credit losses based on historical bad debt experience, the aging of accounts receivable, the current creditworthiness of our customers, prevailing economic conditions, and reasonable and supportable forward-looking information.

An allowance of \$0 has been recorded at September 30, 2024 and December 31, 2023, respectively.

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2024 and 2023

Inventories

Inventories, which consist primarily of raw materials, work in progress and finished goods, are stated at the lower of cost (first-in, first-out basis) or market (net realizable value).

Inventory quantities and related values are analyzed at the end of each fiscal quarter to determine those items that are slow moving and obsolete. An inventory reserve is recorded for those items determined to be slow moving with a corresponding charge to cost of goods sold. Inventory items that are determined obsolete are written off currently with a corresponding charge to cost of goods sold.

As of September 30, 2024 and December 31, 2023 the reserve for inventory obsolescence was \$ 1,164,000 and \$1,146,000, respectively.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements.

Property and equipment are depreciated as follows:

Description	Useful Life	Method
Office equipment	3 to 7 years	Straight-line
Machinery/shop equipment	7 to 15 years	Straight-line
Computer equipment/software	1 to 7 years	Straight-line
Vehicles	5 years	Straight-line
Leasehold improvements	7 years	Straight-line

Intangible Assets

Definite-lived intangible assets including customer relationships and intellectual property are subject to amortization. Intangible assets are amortized over their estimated useful life on a straight-line basis. Estimated useful lives are determined considering the period the assets are expected to contribute to future cash flows. Indefinite-lived intangible assets are not subject to amortization.

Intangible assets are amortized as follows:

Description	Useful Life	Method
Trade names	Indefinite	N/A
Customer relationships	15 to 20 years	Straight-line
Intellectual property	15 years	Straight-line

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2024 and 2023

Long-Lived Assets

The Company reviews the carrying value of long-lived assets such property and equipment, right-of-use ("ROU") assets, and definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Circumstances which could trigger a review include, but are not limited to; significant decrease in the market price of the asset; significant adverse changes in the business climate or legal factors; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed of significantly before the end of its estimated useful life.

The recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount of fair value less costs to sell and would no longer be depreciated. The depreciable basis of assets that are impaired and continue in use is their respective fair values. During the nine months ended September 30, 2024 and the year ended December 31, 2023, there were no impairments of long-lived assets.

Goodwill and Indefinite-Lived Intangible Assets

We follow the acquisition method of accounting to record the assets and liabilities of acquired businesses at their estimated fair value at the date of acquisition. We initially record goodwill for the amount the consideration transferred exceeds the acquisition-date fair value of net tangible and identifiable intangible assets acquired.

Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are tested for impairment annually on December 31, or more frequently when events or circumstances indicate an impairment may have occurred. When assessing the recoverability of goodwill and indefinite-lived intangible assets, the Company may first assess qualitative factors in determining whether it is more likely than not that the fair value of a reporting unit, including goodwill, or an indefinite-lived intangible asset is less than its carrying amount. The qualitative assessment is based on several factors, including the current operating environment, industry and market conditions, and overall financial performance. The Company may elect to bypass this qualitative assessment for some or all of its reporting units or other indefinite-lived intangible assets and perform a quantitative assessment, based on management's judgment.

If we quantitatively test goodwill and indefinite-lived intangible assets for possible impairment, we calculate the fair value for the reporting unit and indefinite-lived assets and compare the amount to their carrying amount. If the fair value of a reporting unit and indefinite-lived asset exceeds their carrying amount, the reporting unit and indefinite-lived assets are not considered impaired. If the carrying amount of the reporting unit and indefinite-lived assets exceed their fair value, the reporting unit and indefinite-lived assets are considered to be impaired, and an impairment charge is recognized for the difference.

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2024 and 2023

We estimate the fair value of our reporting units and indefinite-lived intangible assets based on the present value of estimated future cash flows. Considerable management judgment is necessary to evaluate the impact of operating and macroeconomic changes and to estimate the future cash flows used to measure fair value. Our estimates of future cash flows consider past performance, current and anticipated market conditions and internal projections and operating plans. Additional assumptions include forecasted growth rates, estimated discount rates, and estimated royalty rates for our indefinite-lived intangible assets.

During the nine months ended September 30, 2024 and the year ended December 31, 2023, there were no impairments of indefinite-lived intangible assets.

Investment Policy-Cost Method

Investments consist of non-controlling equity investments in privately held companies. The Company elected the measurement alternative for these investments without readily determinable fair values and for which the Company does not control or have the ability to exercise considerable influence over operating and financial policies. These investments are accounted for under the cost method of accounting. Under the cost method of accounting, the non-marketable equity securities are carried at cost less any impairment, adjusted for observable price changes of similar investments of the same issuer. Fair value is not estimated for these investments if there are no identified events or changes in circumstances that may influence the fair value of the investment. Under this method, the Company's share of the earnings or losses of such investee companies is not included in the consolidated balance sheet or consolidated statements of operations. The Company held \$348,250 of investments without readily determinable fair values at September 30, 2024 and December 31, 2023, respectively. (see Note 9). These investments are included in other assets on the consolidated balance sheets. There were no indicators of impairment during the nine months ended September 30, 2024 and the year ended December 31, 2023.

Investment in Digital Assets

We account for all digital assets as indefinite-lived intangible assets in accordance with ASC 350, Intangibles—Goodwill and Other. The Company presents digital assets separately from other intangible assets, recorded as digital assets on the condensed consolidated balance sheets. The digital assets are initially recorded at cost and are subsequently remeasured at cost, net of any impairment losses incurred since acquisition.

We performed an analysis this quarter to identify whether events or changes in circumstances, principally decreases in the quoted prices on active exchanges, indicate that it is more likely than not that our digital assets are impaired. In determining if an impairment has occurred, we consider the lowest market price of one unit of digital asset quoted on the active exchange since acquiring the digital asset. When the then current carrying value of a digital asset exceeds the fair value determined each quarter, an impairment loss has occurred with respect to those digital assets in the amount equal to the difference between their carrying values and the prices determined. Gains are not recorded until realized upon sale(s), at which point they are presented net of any impairment losses for the same digital assets. In determining the gain to be recognized upon sale, we calculate the difference between the sales price and carrying value of the digital assets sold immediately prior to sale.

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For the Nine Months Ended September 30, 2024 and 2023

Leases

We lease property and equipment under finance and operating leases. For leases with terms greater than 12 months, we record the related asset and obligation at the present value of lease payments over the lease term. The Company has elected not to separate lease and non-lease components for all property leases for the purpose of calculating ROU assets and lease liabilities. Many of our leases include rental escalation clauses, renewal options and/or termination options that are factored into our determination of lease payments when appropriate. When available, we use the rate implicit in the lease to discount lease payments to present value; however, most of our leases do not provide a readily determinable implicit rate. Therefore, we must estimate our incremental borrowing rate to discount the lease payments based on information available at lease commencement. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow on a collateralized basis considering such factors as lease term and economic environment risks.

Revenue Recognition

We sell our products through a combination of a direct sales force in the United States and independent sales representatives in international markets. Revenue is recognized when a customer obtains control of promised goods based on the consideration we expect to receive in exchange for these goods. This core principle is achieved through the following steps:

Identify the contract with the customer. A contract with a customer exists when (i) we enter into an enforceable contract with a customer that defines each party's rights regarding the goods to be transferred and identifies the payment terms related to these goods, (ii) the contract has commercial substance and, (iii) we determine that collection of substantially all consideration for services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. We do not have significant costs to obtain contracts with customers. For commissions on product sales, we have elected the practical expedient to expense the costs as incurred.

Identify the performance obligations in the contract. Our contracts with customers do not include multiple performance obligations to be completed over a period.

Our performance obligations relate to delivering single-use products to a customer, subject to the shipping terms of the contract. Limited warranties are provided, under which we typically accept returns and provide either replacement parts or refunds.

We do not have significant returns. We do not typically offer extended warranty or service plans.

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Determine the transaction price. Payment by the customer is due under customary fixed payment terms, and we evaluate if collectability is reasonably assured. None of our contracts as of September 30, 2024 contained a significant financing component. Revenue is recorded at the net sales price, which includes estimates of variable consideration such as product returns, rebates, discounts, and other adjustments. The estimates of variable consideration are based on historical payment experience, historical and projected sales data, and current contract terms. Variable consideration is included in revenue only to the extent that it is probable that a significant reversal of the revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenues.

Allocate the transaction price to performance obligations in the contract. We typically do not have multiple performance obligations in our contracts with customers. We recognize revenue upon transfer of the product to the customer's control at contractually stated pricing.

Recognize revenue when or as we satisfy a performance obligation. We generally satisfy performance obligations at a point in time upon either shipment or delivery of goods, in accordance with the terms of each contract with the customer. We do not have significant service revenue.

Cost of Sales

We include product costs such material, direct labor, overhead costs, production-related depreciation expense, outside labor and production supplies in cost of sales.

Shipping and Handling

Shipping and handling charges are generally incurred at the customer's expense. However, when billed to our customers, shipping and handling charges are included in net sales for the applicable period, and the corresponding shipping and handling expense is reported in cost of sales.

Research and Development

Research and development expenditures are charged to operations as incurred. The major components of research and development costs include payroll, consultants, outside service, and supplies.

Research and development costs for the nine months ended September 30, 2024 and 2023, were \$ 1,309,299 and \$1,643,458, respectively.

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
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Income Taxes

The Company's deferred tax assets and liabilities for the expected future tax consequences of events have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and tax bases of certain assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. The deferred tax assets and liabilities are classified according to the financial statement classification of the assets and liabilities generating the differences. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The ASC prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The ASC provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At September 30, 2024 and December 31, 2023, the Company had no material unrecognized tax benefits.

Earnings Per Share

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares of common stock outstanding during each period. Diluted earnings (loss) per share is calculated by adjusting the weighted average number of shares of common stock outstanding for the dilutive effect, if any, of common stock equivalents. Common stock equivalents whose effect would be anti-dilutive are not included in diluted earnings (loss) per share. The Company uses the treasury stock method to determine the dilutive effect, which assumes that all common stock equivalents have been exercised at the beginning of the period and that the funds obtained from those exercises were used to repurchase shares of common stock of the Company at the average closing market price during the period. As of September 30, 2024 and 2023, there were 4,586,800 and 4,247,942, respectively, potential common share equivalents from stock options excluded from the diluted loss per share calculations as their effect is anti-dilutive.

Fair Value Measurements

The fair value of a financial instrument is the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. A fair value hierarchy is used to prioritize the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined in the following three categories:

Level 1: Unadjusted quoted prices that are available in active markets for identical assets or liabilities at the measurement date.

Level 2: Significant other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly.

Level 3: Significant unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment.

Notes To Condensed Consolidated Financial Statements
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Cash and cash equivalents, receivables, inventories, prepaid expenses, accounts payable, accrued expenses, and customer deposits approximate fair value, due to their short-term nature. The carrying value of notes payable and short and long-term debt also approximates fair value since these instruments bear market rates of interest.

Assets and liabilities that are measured at fair value on a nonrecurring basis relate primarily to long-lived assets, intangible assets, and goodwill, which are remeasured when the derived fair value is below carrying value in the consolidated balance sheets.

Stock-Based Compensation

The Company records stock-based compensation in accordance with ASC 718, Compensation-Stock Compensation. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments issued and are recognized over the employees required service period, which is generally the vesting period.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash and cash equivalents, marketable securities and accounts receivable.

The Company places its cash and cash equivalents and marketable securities with high-quality, major financial and investment institutions in order to limit the amount of credit exposure. For accounts receivable, the Company performs ongoing credit evaluations of its customers and maintains allowances for potential credit losses.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which enhances the transparency and decision usefulness of income tax disclosures by requiring; (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures. ASU 2023-09 is effective for fiscal years beginning after December 15, 2025, with early adoption permitted. These amendments are to be applied prospectively, with retrospective application permitted. We are currently evaluating the impact this standard will have on our consolidated financial statement disclosures.

AmpliTech Group, Inc.
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In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all disclosures about reportable segment's profit or loss and assets that are currently required annually. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company has adopted this pronouncement and does not expect the adoption to have a material impact on our results of operation, financial position or cash flow.

In August 2023, the FASB issued ASU 2023-05, Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement, which requires a newly-formed joint venture to apply a new basis of accounting to its contributed net assets, resulting in the joint venture initially measuring its contributed net assets at fair value on the formation date. ASU 2023-05 is effective for all joint venture formations with a formation date on or after January 1, 2025, with early adoption permitted. These amendments are to be applied prospectively, with retrospective application permitted for joint ventures formed before the effective date. We are currently evaluating the impact this standard will have on our consolidated financial statement disclosures.

(4) Revenues

The following table presents sales disaggregated based on geographic regions and for the three and nine months ended:

	Three months ended	
	Sept. 30, 2024	Sept. 30, 2023
AmpliTech Inc. and Specialty Microwave		
Domestic sales	\$ 522,919	\$ 1,120,578
International sales	238,970	460,435
Total sales	\$ 761,889	\$ 1,581,013
Spectrum		
Domestic sales	\$ 1,607,677	\$ 1,201,856
International sales	464,946	604,300
Total sales	\$ 2,072,623	\$ 1,806,156
Total sales	\$ 2,834,512	\$ 3,387,169

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	Nine months ended	
	Sept. 30, 2024	Sept. 30, 2023
AmpliTech Inc. and Specialty Microwave		
Domestic sales	\$ 1,918,295	\$ 3,588,637

International sales		646,725		977,152
Total sales	\$	2,565,020	\$	4,565,789
Spectrum				
Domestic sales	\$	3,789,111	\$	4,577,466
International sales		1,301,154		2,429,444
Total sales	\$	5,090,265	\$	7,006,910
Total sales	\$	7,655,285	\$	11,572,699

(5) Segment Reporting

ASC 280, "Segment Reporting", establishes standards for reporting information about operating segments on a basis consistent with the Company's internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for details on the Company's business segments. The Company has two reportable segments, the manufacturing and engineering segment, which is operated by AmpliTech Inc. and Specialty Microwave; and the distribution segment, which is operated by Spectrum. The manufacturing and engineering segment assembles microwave components, and the distribution segment is a global distributor of integrated circuits packages and lids. The Company provides general corporate services to its segments; however, these services are not considered when making operating decisions and assessing segment performance. These services are reported under "Corporate" below and include costs associated with executive management, financing activities and public company compliance.

The following table presents summary information by segment for the three months ended September 30, 2024:

	Manufacturing and Engineering	Distribution	Corporate	Total
Revenue	\$ 761,889	\$ 2,072,623	\$ -	\$ 2,834,512
Cost of Goods Sold	730,027	756,556	-	1,486,583
Net Loss	(1,401,246)	579,172	(367,609)	(1,189,683)
Total Assets	11,883,507	15,580,896	81,946	27,546,349
Depreciation and Amortization	100,641	29,504	-	130,145
Interest Expense, net	9,941	-	91,004	100,945

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AmpliTech Group, Inc. Notes To Condensed Consolidated Financial Statements For the Nine Months Ended September 30, 2024 and 2023

The following table presents summary information by segment for the nine months ended September 30, 2024:

	Manufacturing and Engineering	Distribution	Corporate	Total
Revenue	\$ 2,565,020	\$ 5,090,265	\$ -	\$ 7,655,285
Cost of Goods Sold	2,129,328	2,238,311	-	4,367,639
Net Income (Loss)	(3,721,055)	783,306	(4,483,369)	(7,421,118)
Total Assets	11,883,507	15,580,896	81,946	27,546,349
Depreciation and Amortization	301,242	87,348	-	388,590
Interest Expense, net	17,468	-	96,004	113,472

(6) Inventories

The inventory consists of the following at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Raw Materials	\$ 1,320,434	\$ 959,645
Work-in Progress	100,522	51,140
Finished Goods	7,291,203	6,672,793
Subtotal	\$ 8,712,159	\$ 7,683,578
Less: Reserve for Obsolescence	(1,164,000)	(1,146,000)
Total	\$ 7,548,159	\$ 6,537,578

(7) Property and Equipment

Property and Equipment consisted of the following at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Lab Equipment	\$ 3,412,958	\$ 3,400,207
Manufacturing Equipment	129,745	129,745
Automobiles	7,335	7,335
Computer Equipment and Software	146,785	194,238
Leasehold Improvements	84,172	84,172
Furniture and Fixtures	170,643	170,643
Subtotal	3,951,638	3,986,340
Less: Accumulated Depreciation	(1,601,842)	(1,386,892)
Total	\$ 2,349,796	\$ 2,599,448

Depreciation expense for the three months ended September 30, 2024 and 2023 was \$ 92,567 and \$91,715 respectively, of which \$71,144 and \$68,819 respectively were included in cost of goods sold.

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AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
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Depreciation expense for the nine months ended September 30, 2024 and 2023 was \$ 276,082 and \$247,019 respectively, of which \$213,391 and \$185,239, respectively were included in cost of goods sold.

Property and equipment purchased in the amount of \$ 234,036 under financing leases is included in the totals above. As of September 30, 2024 and 2023, the outstanding balance of the financing leases were \$37,700 and \$49,336, respectively.

Disposal of property and equipment as of September 30, 2024 was \$ 61,133.

(8) Goodwill and Intangible Assets

Goodwill

Goodwill is related to the acquisition of Spectrum Semiconductor Materials Inc. on December 15, 2021. Goodwill is primarily related to expected improvements and technology performance and functionality, as well as sales growth from future product and service offerings and new customers, together with certain intangible assets that do not qualify for separate recognition. Goodwill is generally not amortizable for tax and financial statement purposes. As of September 30, 2024 and December 31, 2023, goodwill was \$4,696,883, respectively.

Other Intangible Assets

Intangible assets consisted of the following at September 30, 2024:

	Gross Carrying Amount	Accumulated Amortization	Net	Weighted Average Life
Trade name	\$ 584,517	\$ -	\$ 584,517	Indefinite
Customer relationships	2,591,491	438,691	2,152,800	16.06
Intellectual Property	202,771	68,463	134,308	9.96
Total	\$ 3,378,779	\$ 507,154	\$ 2,871,625	

Amortization expense for the three months ended September 30, 2024 and 2023 was \$ 37,578, respectively.

Amortization expense for the nine months ended September 30, 2024 and 2023 was \$ 112,508 and \$112,397, respectively.

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AmpliTech Group, Inc.
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Annual amortization of intangible assets are as follows:

2024 remaining	37,465
2025	149,974
2026	149,974
2027	149,974
2028	149,974
Thereafter	1,649,747
	\$2,287,108

(9) Cost Method Investment

On June 10, 2021, the Company entered into a membership interest purchase agreement with SN2N, LLC for an aggregate purchase price of \$ 350,000, to be paid in four tranches. Each tranche represented a 5% membership interest, and in aggregate a 20% membership interest. On June 15, 2022, an amendment to the membership interest purchase agreement was made to reflect a 19.9% membership interest. Considering this amendment, the Company overpaid \$1,750 for the membership interest and was subsequently reimbursed. As of September 30, 2024, the Company has made an investment of \$348,250 for a 19.9% membership interest.

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AmpliTech Group, Inc.
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(10) Leases

The following was included in our balance sheet as of September 30, 2024:

	September 30, 2024
<u>Operating leases</u>	
Assets	

ROU operating lease assets	\$	4,517,685
Liabilities		
Current portion of operating lease	\$	447,556
Operating lease, net of current portion	\$	4,255,140
Total operating lease liabilities	\$	4,702,696
Financing leases		
Assets		
Property and equipment, gross	\$	234,036
Accumulated depreciation		(180,643)
Property and equipment, net	\$	53,393
Liabilities		
Current portion of financing lease	\$	17,379
Financing lease, net of current portion	\$	20,321
Total financing lease liabilities	\$	37,700

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AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
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The weighted average remaining lease term and weighted average discount rate at September 30, 2024 are as follows:

	September 30, 2024
Weighted average remaining lease term (years)	
Operating leases	8.18
Financing leases	2.29
Weighted average discount rate	
Operating leases	6.42%
Financing leases	4.68%

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AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2024 and 2023

Operating Leases

On September 12, 2019, the Company entered into a new operating lease agreement to rent office space in Ronkonkoma, NY. This five- year agreement commenced on September 12, 2019 with an annual rent of \$90,000 and 3% increase in each successive lease year beginning in 2021 . The Company has an option to buy the property during the first two years of the lease for \$1,200,000 and then at fair market value for the remainder of the lease term. This option has expired and was not exercised as of December 31, 2022. On April 13, 2023, this lease was terminated subject to the terms of a Surrender Agreement between the Company and landlord. As a result, a gain on termination of right-of-use operating lease was recognized of \$8,461.

On November 27, 2019, the Company entered a 39-month agreement to lease an automobile with a monthly payment of \$ 420. This lease was paid in full as of March 31, 2023.

On December 15, 2021, the Company assumed the SSM lease agreement for office and warehouse space in San Jose, CA, with the same terms and conditions. Effective February 1, 2020, the lease term will expire on January 31, 2025, with a base rent of \$24,234 for the first 12 months and increases by approximately 3% every year. On September 6, 2024, the lease was amended extending the lease term to March 31, 2030 while maintaining the base rent of \$24,234 and 3% increases for each year thereafter.

On October 15, 2021, the Company entered a new lease for a 20,000 square foot facility at 155 Plant Avenue, Hauppauge, New York, for a term of seven years and two months. The yearly base rent of \$346,242 shall increase at a rate of 2.75% per year to begin on the first anniversary lease commencement date and each year thereafter. The first two months of basic rent shall be abated following the commencement lease date. In the event the landlord decides to sell the property, the Company shall have the right of first offer to purchase subject property. Upon lease execution, the Company paid two months of base rent as a security deposit and one month's rent totaling \$86,560. The Company moved into the new manufacturing and headquarters facility April 1, 2022.

On August 9, 2023, the Company entered a 39-month agreement for \$ 20,880 to lease an automobile with a monthly payment of \$ 605.

On January 15, 2024, the Company entered a triple net lease agreement for a 1,900 square foot facility in Allen, Texas for a term of five years and one month. The yearly base rent of \$53,675 shall increase at a rate of 2.5% per year to begin on the first anniversary lease commencement date and each year thereafter. The first month's rent shall be abated following the commencement lease date. Upon lease execution, the Company paid two months of rent as a security deposit and one month's rent totaling \$17,999. The Company moved into the new facility on August 1, 2024.

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AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
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The following table reconciles future minimum operating lease payments to the discounted lease liability as of September 30, 2024:

2024 remaining	188,322
2025	728,280
2026	743,301

2027	757,493
2028	779,311
Thereafter	2,762,279
Total lease payments	5,958,986
Less imputed interest	(1,256,290)
Total lease obligations	4,702,696
Less current obligations	(447,556)
Long-term lease obligations	<u>\$ 4,255,140</u>

Financing Lease

The Company entered into several 60-month lease agreements to finance certain laboratory and office equipment. As such, the Company has accounted for these transactions as a financing lease.

The following table reconciles future minimum financing lease payments to the discounted lease liability as of September 30, 2024:

2024 remaining	5,687
2025	18,195
2026	11,982
2027	3,994
Total lease payments	39,858
Less imputed interest	(2,158)
Total lease obligations	37,700
Less current obligations	(17,379)
Long-term lease obligations	<u>\$ 20,321</u>

(11) Notes Payable

Promissory Note:

On September 12, 2019, AmpliTech Group, Inc. acquired Specialty, a privately held company based in Ronkonkoma, NY. The purchase included all inventory, orders, customers, property and equipment, and all intellectual property. The assets also included all eight team members of Specialty. The total consideration paid was \$1,143,633, consisting of \$668,633 in cash and a \$475,000 promissory note with an interest rate of 6%. Beginning November 1, 2019, payment of principal and interest shall be due payable in fifty-nine (59) monthly payments of \$9,213 with a final payment due October 1, 2024 of \$9,203. As of September 30, 2024, the balance of this promissory note was \$ 9,166. Principal payments of \$64,473 along with interest expense of \$2,035 were paid during the nine months ended September 30, 2024.

AmpliTech Group, Inc.
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Loan Payable:

On September 12, 2019, the Company was approved for a \$ 250,000 equipment leasing facility which was subsequently increased to \$ 500,000. The Company has borrowed against the leasing facility as follows:

- On May 14, 2020, the Company borrowed \$27,494 to be paid over a three-year term with monthly payments of \$815 at an interest rate of 4.27%. The balance as of September 30, 2024 was \$0. Principal payments of \$3,230 and interest expense of \$ 30 were paid for the nine months ended September 30, 2023. This loan was paid in full in April 2023.
- On June 10, 2020, the Company borrowed \$41,015 to be paid over a three-year term with monthly payments of \$1,216 at an interest rate of 4.28%. The balance as of September 30, 2024 was \$0. Principal payments of \$ 6,012 and interest expense of \$ 68 were paid for the nine months ended September 30, 2023. This loan was paid in full in May 2023.

As of March 14, 2023, the Company closed the equipment line of credit of \$ 500,000, which had \$0 balance. All UCC filings on the Company assets have been released as well as the President's personal guarantee.

In January 2022, the Company purchased machinery for \$ 91,795, applying a deposit of \$9,180 and financing the balance of \$82,616 over 24 payments at an interest rate of 1.90%. The balance as of September 30, 2024 and 2023 was \$ 0 and \$10,499, respectively. Principal payments of \$ 0 and \$31,201 and interest expense of \$0 and \$397 were paid for the nine months ended September 30, 2024 and 2023, respectively.

On July 23, 2024, the Company entered into a business loan and security agreement with Altbanq Lending II LLC in the amount of \$ 1,300,000, with an origination fee of \$26,000 and an original issue discount of \$403,000. The loan is payable within 76 weeks through 38 bi-weekly payments of \$ 44,816 and bears an annual interest rate of 21.2% with prepayment options. The loan is secured by the Company's assets through an UCC filing. Proceeds from the business loan will be used for working capital and 5G licensing and certification fees. The balance as of September 30, 2024 was \$1,139,429, net of the debt discount. Principal payments of \$224,080 and \$89,509 of interest expense were paid for the nine month ended September 30, 2024.

Future principal payments over the term of the loans as of September 30, 2024 are as follows:

	Payments
2024 remaining	<u>\$ 278,062</u>
2025	1,165,216
2026	44,808
Discount	(339,491)
Total remaining payments	<u>\$ 1,148,595</u>

**Notes To Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2024 and 2023**

(12) Stockholders' Equity

The total number of shares of stock this Corporation is authorized to issue shall be five hundred one million (501,000,000) shares, par value \$0.001 per share. Our authorized capital stock consists of 500,000,000 shares of common stock and 1,000,000 shares of blank check preferred stock.

Preferred Stock

On July 10, 2013, the Board of Directors of the Company approved a certificate of amendment to the articles of incorporation and changed the authorized capital stock of the Company to include and authorize 500,000 shares of Preferred Stock, par value \$0.001 per share. On October 7, 2020, the Board of Directors of the Company approved a certificate of amendment to the articles of incorporation and changed the total number of authorized shares of Preferred Stock to 1,000,000 shares, \$0.001 per share.

On October 7, 2020, our Board of Directors and our stockholders approved a resolution to amend and restate the certificate of designation of preferences, rights and limitations of Series A Convertible Preferred Stock to restate that there are 401,000 shares of the Company's blank check Preferred Stock designated as Series A Convertible Preferred Stock. The amended and restated certificate clarifies that the Series A Convertible Preferred Stock convert at a rate of five shares of the Company's common stock for every share of Series A Convertible Preferred Stock, and also restates that the Series A Convertible Preferred Stock shall be entitled to vote on all matters submitted to shareholders of the Company for each share of Series A Convertible Preferred Stock owned on the record date for the determination of shareholders entitled to vote on such matter or, if no such record date is established, on the date such vote is taken, or any written consent of shareholders is solicited. The number of votes entitled to be cast by the holders of the Series A Convertible Preferred Stock equals that number of votes that, together with votes otherwise entitled to be cast by the holders of the Series A Convertible Preferred Stock at a meeting, whether by virtue of stock ownership, proxies, voting trust agreements or otherwise, entitle the holders to exercise 51% of all votes entitled to be cast to approve any action which Nevada law provides may or must be approved by vote or consent of the holders of common stock entitled to vote.

**AmpliTech Group, Inc.
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Common Stock:

The Company originally authorized 50,000,000 shares of common stock with a par value of \$0.001. Effective May 20, 2014, the Company increased its authorized shares of common stock from 50,000,000 to 500,000,000.

On February 17, 2021, AmpliTech Group Inc., common stock and warrants under the symbols "AMPG" and "AMPGW", respectively, commenced trading on NASDAQ.

On September 9, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with a single institutional investor for the sale by the Company of 1,369,488 shares (the "Shares") of the Company's common stock, par value \$0.001 per share at a per share price of \$0.7302. The closing of the offering occurred on September 11, 2024, subject to satisfaction of customary closing conditions (the "Closing Date"). The gross proceeds to the Company from the offering was approximately \$1.0 million, before deducting the placement agent's fees and other estimated offering expenses payable by the Company in the amount of \$211,875. Pursuant to the Purchase Agreement, the Company agreed not to issue, enter into any agreement to issue or announce the issuance or proposed issuance of, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock or file any registration statement or prospectus, or any amendment or supplement thereto for 30 days after the Closing Date, subject to certain exceptions. In addition, the Company agreed not to effect or enter into an agreement to affect any issuance of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock involving a Variable Rate Transaction (as defined in the Purchase Agreement) until 30 days after the Closing Date, subject to certain exceptions. The offering of the Shares was made pursuant to a shelf registration statement on Form S-3 (File No. 333-278657) (the "Registration Statement"), which was originally filed by the Company with the Securities and Exchange Commission on April 12, 2024, and declared effective on April 24, 2024. The Company filed a prospectus supplement dated September 9, 2024 with the U.S. Securities and Exchange Commission in connection with the offer and sale of the Shares on September 11, 2024 ("Prospectus Supplement").

In connection with the offering of the Shares, on September 9, 2024, the Company entered into a placement agency agreement with Maxim Group LLC (the "Placement Agent") pursuant to which the Company agreed to pay the Placement Agent an aggregate fee equal to 6.5% of the aggregate gross proceeds received by the Company from the sale of the Shares in the offering. The Company also agreed to reimburse the Placement Agent for up to \$25,000 in accountable expenses, including the Placement Agent's legal counsel's fees.

2020 Equity Incentive Plan:

In October 2020, the Board of Directors and shareholders adopted the Company's 2020 Equity Incentive Plan (the "2020 Plan"), effective as of December 14, 2020. Under the 2020 Plan, the Company reserved 1,250,000 shares of common stock to grant shares of the Company's common stock to employees and individuals who perform services for the Company. The purpose of the 2020 Plan is to attract and retain the best available personnel for positions of substantial responsibility, to provide incentives to individuals who perform services for the Company, and to promote the success of the Company's business. The 2020 Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units, Performance Shares, and other stock or cash awards as the Board of Directors may determine.

In 2023, the Board and the shareholders adopted the Company's Amended and Restated 2020 Equity Incentive Plan (the "Amended and Restated Plan"), effective as of December 11, 2023. The Amended and Restated Plan is substantially similar to the 2020 Plan except that it increases the shares of our common stock available for issuance thereunder to 2,250,000 shares of common stock.

As of September 30, 2024, all outstanding stock options were issued according to the Company's 2020 Plan, and there remains 820,142 shares of common stock available for future issuance under the 2020 Plan.

Stock Options:

On January 9, 2024, the Company granted a consultant, ten-year stock options to purchase 2,500 shares of common stock according to the Company's 2020 Plan. The stock options vested immediately, with an exercise price of \$1.86 per share. The Company has calculated these options estimated fair market value at \$3,800 using the Black-Scholes model, with the following assumptions: expected term of 5.00 years, stock price of \$1.86, exercise price of \$1.86, volatility of 116.1%, risk-free rate of 3.97%, and no forfeiture rate.

On January 16, 2024, the Company granted an employee ten-year stock options to purchase 5,000 shares of common stock according to the Company's

2020 Plan. The stock options vest in equal quarterly installments over five years commencing on April 16, 2024, with an exercise price of \$1.93 per share. The Company has calculated these options estimated fair market value at \$8,800 using the Black-Scholes model, with the following assumptions: expected term of 7.51 years, stock price of \$1.93, exercise price of \$1.93, volatility of 120.1%, risk-free rate of 4.01%, and no forfeiture rate.

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2024 and 2023

On January 25, 2024, the Company granted an independent contractor ten-year stock options to purchase 50,000 shares of common stock according to the Company's 2020 Plan. 20,000 stock options vested immediately and the balance of 30,000 shall vest in equal quarterly installments over three years commencing on June 30, 2024, with an exercise price of \$2.19 per share. The Company has calculated these options estimated fair market value at \$98,600 using the Black-Scholes model, with the following assumptions: expected term of 10.00 years, stock price of \$2.19, exercise price of \$2.19, volatility of 123.0%, risk-free rate of 4.07%, and no forfeiture rate.

Below is a table summarizing the changes in stock options outstanding for the nine months ended September 30, 2024:

	Number of Options	Weighted Average Exercise Price (\$)
Outstanding at December 31, 2023	1,236,000	\$ 2.30
Granted	57,500	\$ 2.15
Exercised	-	-
Expired	(8,642)	\$ 2.29
Outstanding at September 30, 2024	1,284,858	\$ 2.30
Exercisable at September 30, 2024	674,560	\$ 2.67

Stock-based compensation expense related to stock options of \$ 89,539 and \$315,227 was recorded for the three and nine months ended September 30, 2024. As of September 30, 2024, the remaining unrecognized compensation cost related to non-vested stock options is \$1,033,048 and is expected to be recognized over 4.30 years. The outstanding stock options have a weighted average remaining contractual life of 4.31 years and a total intrinsic value of \$0.

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2024 and 2023

Warrants:

Below is a table summarizing the changes in warrants outstanding for the nine months ended September 30, 2024:

	Number of Warrants	Weighted Average Exercise Price (\$)
Outstanding at December 31, 2023	3,296,942	\$ 7.83
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding at September 30, 2024	3,296,942	\$ 7.83
Exercisable at September 30, 2024	3,296,942	\$ 7.83

Stock-based compensation expense related to warrants of \$ 0 was recorded for the three and nine months ended September 30, 2024. As of September 30, 2024, the remaining unrecognized compensation cost related to non-vested warrants is \$0. The outstanding warrants have a weighted average remaining contractual life of 1.48 years and a total intrinsic value of \$ 0.

Restricted Stock Units:

On May 20, 2022, 30,000 restricted stock units at an exercise price of \$1.96 were issued to a board advisor. Vesting will occur in equal quarterly installments of 2,500 shares beginning on May 20, 2022. As of September 30, 2024, 25,000 shares of common stock were issued.

Below is a table summarizing the changes in restricted stock units outstanding for the nine months ended September 30, 2024:

	Number of RSU's	Weighted Average Exercise Price (\$)
Outstanding at December 31, 2023	12,500	\$ 1.96
Granted	-	-
Exercised	(7,500)	\$ 1.96
Expired	-	-
Outstanding at September 30, 2024	5,000	\$ 1.96

Stock-based compensation expense related to restricted stock units of \$4,924 and \$14,666 was recorded for the three and nine months ended September 30, 2024. As of September 30, 2024, the remaining unrecognized compensation cost related to non-vested restricted stock units is \$12,579. The outstanding restricted stock units have a weighted average remaining contractual life of .39 years and a total intrinsic value of \$ 0.

(13) Commitments and Contingencies

On July 26, 2024, the Company's AGTGSS division entered into a licensing product agreement. Under the terms of the agreement, the licensor agreed to an exclusive United States distribution and global licensing rights for certain 5G telecom equipment for 18 months for the purpose of marketing, selling, renting, deployment and maintenance of the licensed products with the Company. For services, the Company will pay the Licensor certain software IP license fees in the amount of \$1,250,000. In addition, the licensor may provide certain product certification support for certain fees. As of September 30, 2024, we have paid \$710,000 towards the licensing agreement.

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

The following discussion provides information which management believes is relevant to an assessment and understanding of our results of operations and financial condition. The discussion should be read along with our financial statements and notes thereto contained elsewhere in this Quarterly Report on Form 10-Q. The following discussion and analysis contain forward-looking statements, which involve risks and uncertainties. Our actual results may differ significantly from the results, expectations and plans discussed in these forward-looking statements.

Business Overview

AmpliTech Group Inc. ("AMPG," "AmpliTech" or the "Company"), incorporated in 2010 in the state of Nevada, is the parent company of its subsidiary, AmpliTech, Inc., and the Company's divisions Specialty Microwave, Spectrum Semiconductor Materials, AmpliTech Group MMIC Design Center ("AGMDC") and AmpliTech Group True G Speed Services ("AGTGSS").

AmpliTech, Inc. designs, engineers, and assembles microwave component-based low noise amplifiers ("LNA") that meet individual customer specifications. Application of the Company's proprietary technology results in maximum frequency gain with minimal background noise distortion as required by each customer. The Company has both domestic and international customers in such industries as aerospace, governmental, defense, and commercial satellite.

Specialty designs and manufactures passive microwave components and related subsystems that meet individual customer specifications for both domestic and international customers for use in satellite communication ground networks.

AGMDC designs, develops and manufactures state-of-the-art signal processing components for satellite and 5G communications networks, defense, space and other commercial applications, allowing the Company to market its products to wider base of customers requiring high technology in smaller packages.

Spectrum Semiconductor Materials ("SSM"), located in Silicon Valley (San Jose, CA), is a global authorized distributor of integrated circuit ("IC") packaging and lids for semiconductor device assembly, prototyping, testing, and production requirements.

In August 2022, we formed our AGTGSS division to enable "true G speeds" to the industry. AGTGSS' main function will be to plan and configure 5G radio systems and make them O-RAN compliant. AGTGSS will implement AmpliTech's low noise amplifier devices in these systems to promote greater coverage, longer range and faster speeds.

Our mission is to patent our proprietary IP and trade secrets that were used in small volume niche markets and expand our capabilities through strategic partnerships, joint ventures, mergers/acquisitions with key industry leaders in the 5G/6G, quantum computing, and cybersecurity markets. We believe this will enable us to scale up our products and revenue by developing full systems and subsystems with our unique technology as a core component, which we expect will position us as a global leader in these rapidly emerging technology sectors and addresses large volume markets as well, such as cellphone handsets, laptops, server networks, and many other applications that improve everyday quality of life.

The Company's research and development initiative to expand its product line of low noise amplifiers to include its new 5G and wireless infrastructure products and MMIC designs is progressing significantly. Our combined engineering and manufacturing resources are expected to complement the development of new subsystems for satellite, wireless, and 5G infrastructure, as well as advanced military and commercial markets.

Loss on Investment of Digital Assets

During the three months ended March 31, 2024, the Company made several transactions in digital currency in the total amount of approximately \$3.25 million. The Company believes that it was fraudulently induced to hold its digital currency with a custodian whom the Company believed to be valid, but no longer exists. The Company is taking steps in an attempt to seek recovery of the funds including discussions with local, federal, and international law enforcement agencies and private consultants and is currently conducting a review of its processes and procedures related to this investment. At the present time, the Company is not aware of, and does not expect any additional losses arising out or relating to the above-described investment. In addition, the Company does not believe that the Company's systems, records, or other assets were otherwise affected or compromised in connection with these investments.

As a result of the fraudulent digital currency transactions noted above, the Company was a victim of a cyber phishing scam that defrauded the Company. During the nine months ended September 30, 2024, the Company recorded a complete loss from the investment in digital assets of \$3,248,911. As of September 30, 2024, the remaining balance of digital assets was \$0.

Corporate Information

Our principal executive offices are located at 155 Plant Avenue, Hauppauge, NY 11788. Our telephone number is (631) 521-7831. Our corporate website is www.amplitechinc.com. The information on our website is not a part of, or incorporated in, this prospectus.

Results of Operations

For the Three Months Ended September 30, 2024 and September 30, 2023

Revenues

Sales decreased from \$3,387,169 for the three months ended September 30, 2023, to \$2,834,512 for the three months ended September 30, 2024, a decrease of \$552,657 or approximately 16.32%. Sales in the amplifier and related passive microwave components and subsystems division decreased by \$819,124, or 51.81%, while Spectrum sales increased by \$266,467, or 14.75%. Overall, this decline is attributable to a decrease in sales from both domestic and international customers because of global economic uncertainty. The global recession and adverse market conditions are affecting our business in terms of lost revenue.

Cost of Goods Sold and Gross Profit

Cost of goods sold decreased from \$1,904,388 for the three months ended September 30, 2023, to \$1,486,583 for the three months ended September 30, 2024, a decrease of \$417,805 or 21.94%. Overall, this decrease is directly related to the decline in sales. As a result, gross profit was \$1,347,929 for the three months ended September 30, 2024, compared to \$1,482,781 for the three months ended September 30, 2023, a decrease of \$134,852, or 9.10%. Overall, the Company maintained a healthy gross profit margin as a percentage of sales of 47.55% as compared to 43.78% for the three months

ended September 30, 2023, an increase of 3.78%, amid inflationary pressures.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased to \$1,864,245 for the three months ended September 30, 2024, from \$1,984,452 for the three months ended September 30, 2023, a decrease of \$120,207 or approximately 6.06%, as a result in the decrease in salaries, office expense and IR/PR, offset against the increase in legal and accounting expenses.

Research and Development Expenses

Research and development expenditures are charged to operations as incurred. The major components of research and development costs include salaries and benefits, consultants, outside service, and supplies.

Research and development costs for the three months ended September 30, 2024, and 2023, were \$572,422 and \$425,573 respectively, an increase of \$146,849, or 34.51%, resulting from an increase in rent, moving expenses and software licensing.

Loss From Operations

As a result of the above, the Company reported a loss from operations of \$1,088,738 and \$927,244 for the three months ended September 30, 2024, and 2023, respectively, an increase of \$161,494 or 17.42%.

Other Income (Expenses)

The Company recorded interest expense, net of \$100,945 and \$750 for the three months ended September 30, 2024, and 2023, respectively, an increase of \$100,195 because of the debt financing obtained during the quarter.

Due to market fluctuations, the Company recorded an unrealized gain on investments of \$4,098 and a realized gain on investments of \$36,187 for the three months ended September 30, 2023.

Net Loss

The Company reported a net loss of \$1,189,683 and \$887,709 for the three months ended September 30, 2024 and 2023, an increase of \$301,974, or 34.02%.

For the Nine Months Ended September 30, 2024 and September 30, 2023

Revenues

Sales decreased from \$11,572,699 for the nine months ended September 30, 2023, to \$7,655,285 for the nine months ended September 30, 2024, a decrease of \$3,917,414 or approximately 33.85%. Sales in the amplifier and related passive microwave components and subsystems division decreased by \$2,000,769, or 43.82%. Spectrum sales decreased by \$1,916,645, or 27.35%. This decrease in sales is attributable to the decrease in global demand and recessionary market dynamics affecting most of our customers across all divisions and product lines.

Cost of Goods Sold and Gross Profit

Cost of Goods Sold decreased from \$6,305,928 for the nine months ended September 30, 2023, to \$4,367,639 for the nine months ended September 30, 2024, a decrease of \$1,938,289 or 30.74%. Overall, this decrease is directly related to the decline in sales. As a result, gross profit was \$3,287,646 for the nine months ended September 30, 2024, compared to \$5,266,771 for the nine months ended September 30, 2023, a decrease of \$1,979,125 or 37.58%. Overall, gross profit as a percentage of sales decreased from 45.51% to 42.95%, or 2.56%.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased to \$6,063,047 for the nine months ended September 30, 2024, from \$5,677,778 for the nine months ended September 30, 2023, an increase of \$385,269 or approximately 6.79%. This increase represents primarily an increase in legal, consulting and accounting fees, offset against the decrease in trade show expenses, employee benefits and IR/PR.

Research and Development Expenses

Research and development expenditures are charged to operations as incurred. The major components of research and development costs include consultants, outside service, and supplies.

Research and development costs for the nine months ended September 30, 2024, and 2023, were \$1,309,299 and \$1,643,458, respectively, a decrease of \$344,159 or 20.33%, resulting from a decrease in consulting/foundry expenses as the major MMIC development efforts have been completed offset against an increase in rent, moving expenses and software licensing.

Loss From Operations

As a result of the above, the Company reported a loss from operations of \$4,084,700 and \$2,054,465 for the nine months ended September 30, 2024 and 2023, respectively, an increase of \$2,030,235, or 98.82%.

Other Income (Expenses)

The Company recorded net interest expense of \$113,472 and net interest income of \$20,335 for the nine months ended September 30, 2024 and 2023, an increase of \$133,807, or 658.01%. Interest expense increased as a result of the debt financing obtained during the quarter.

Due to market fluctuations, the Company recorded a realized gain on investments of \$25,965 and \$49,994 for the nine months ended September 30, 2024 and 2023, respectively. In addition, the Company recorded an unrealized gain on investments of \$41,700 for the nine months ended September 30, 2023.

As a result of the fraudulent digital currency transactions noted above, during the nine months ended September 30, 2024, the Company recorded an

impairment loss of \$3,248,911 related to digital assets.

Net Loss

The Company reported a net loss of \$7,421,118 and \$1,942,436 for the nine months ended September 30, 2024 and 2023, respectively, an increase of \$5,478,682, or 282.05%.

Cash Flow

Operating Activities

The net cash used in operating activities for the nine months ended September 30, 2024, was \$4,128,869 resulting primarily from the net loss and operating changes in accounts receivable, inventories, prepaid expenses, accounts payable and accrued expenses, customer deposits and operating lease obligations.

The net cash used in operating activities for the nine months ended September 30, 2023 was \$1,766,090 resulting primarily from the net loss and operating changes in accounts receivable, inventories, prepaid expenses, accounts payable and accrued expenses, operating lease liability and customer deposits

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Investing Activities

The net cash used in investing activities for the nine months ended September 30, 2024, was \$3,275,342 of which \$26,431 related to the purchase of equipment and \$3,248,911 related to investment in marketable securities.

The net cash used in investing activities for the nine months ended September 30, 2023, was \$3,739,714 of which \$931,692 related to the purchase of equipment and \$2,808,022 for the net purchases of marketable securities.

Financing Activities

The net cash from financing activities for the nine months ended September 30, 2024, was \$1,754,735, resulting primarily from the net proceeds received from the issuance of common stock and notes payable, offset with the repayments of notes payable and financing lease liabilities.

The net cash used in financing activities for the nine months ended September 30, 2023, was \$2,326,712, resulting primarily from the repayments of notes payable, financing lease liabilities, and the revenue earnout.

As of September 30, 2024, we had cash and cash equivalents of \$1,076,537 working capital of \$10,072,061 and an accumulated deficit of \$17,190,841.

As of December 31, 2023, we had cash and cash equivalents of \$6,726,013, working capital of \$15,649,254, and an accumulated deficit of \$9,769,723.

Operating Capital and Capital Expenditure Requirements

As of September 30, 2024, we had an accumulated deficit of \$17.2 million. We expect to generate operating losses and negative operating cash flows for the remainder of the year and into early next quarter of 2025, although we anticipate that our operating losses to be reduced by revenue from new products that were developed earlier this year. As of September 30, 2024, we maintain cash and cash equivalents of \$1.1 million. Based on our existing cash and cash equivalents, our working capital, our current and forecasted level of operations, and our forecasted cash flows, we believe that we will be able to meet our obligations and repay our liabilities arising from normal business operations when they come due and to provide for our capital requirements for the next 12 months. We are actively seeking dilutive or non-dilutive capital to support our growth.

Critical Accounting Policies, Estimates and Assumptions

The SEC defines critical accounting policies as those that are, in management's view, most important to the portrayal of our financial condition and results of operations and those that require significant judgment and estimates.

The discussion and analysis of our financial condition and results of operations is based upon financial statements which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities. On an on-going basis, we evaluate our estimates, including the allowance for doubtful accounts, the salability and recoverability of inventory, income taxes and contingencies. We base our estimates on historical experience and on other assumptions that we believe to be reasonable under the circumstances, the results of which form our basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The Company believes there have been no significant changes during the nine-month period ended September 30, 2024, to the items disclosed as critical accounting policies in management's discussion and analysis in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

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We cannot predict what future laws and regulations might be passed that could have a material effect on our results of operations. We assess the impact of significant changes in laws and regulations on a regular basis and update the assumptions and estimates used to prepare our financial statements when we deem it necessary.

Off Balance Sheet Transactions

None.

Item 3. Quantitative and Qualitative Disclosures About Market Risk .

Smaller reporting companies are not required to provide the information required by this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, including our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures

(as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act as of the end of the period covered by this report. Our management does not expect that our disclosure controls and procedures will prevent all error and all fraud. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Based on that evaluation, as of September 30, 2024, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were not effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes that have affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) during the period covered by this report. Please refer to the Form 10-Q for the quarter ended March 31, 2024 filed with the SEC on May 28, 2024 and our Form 10-Q for the quarter ended June 30, 2024 filed with the SEC on August 14, 2024.

We will continue to enhance corporate oversight over process-level controls and structures to ensure that there is appropriate assignment of authority, responsibility, and accountability to enable remediation of our material weaknesses. We believe that our remediation plan will be sufficient to rectify the identified material weaknesses and strengthen our internal control over financial reporting. As we continue to evaluate, and work to improve, our internal control over financial reporting, management may determine that additional measures to address control deficiencies or modifications to the remediation plan are necessary.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

To the best of our knowledge, there are no pending legal proceedings to which we are a party or of which any of our property is the subject.

Item 1A. Risk Factors.

In addition to risk factors set forth below, you should carefully consider the risks set forth in the section captioned "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and Form 10-Q for the quarter ended March 31, 2024 and the quarter ended June 30, 2024, before making an investment decision. You should read the section captioned "Cautionary Statement Regarding Forward Looking Statements" above for a discussion of what types of statements are forward-looking statements, as well as the significance of such statements in the context of this report.

As of September 30, 2024, we had an accumulated deficit of \$17.2 million. We expect to generate operating losses and negative operating cash flows for the remainder of the year and into early next quarter of 2025, although we anticipate that our operating losses to be reduced by revenue from new products that were developed earlier this year. As of September 30, 2024, we maintain cash and cash equivalents of \$1.1 million. Based on our existing cash and cash equivalents, our working capital, our current and forecasted level of operations, and our forecasted cash flows, we believe that we will be able to meet our obligations and repay our liabilities arising from normal business operations when they come due and to provide for our capital requirements for the next 12 months. We are actively seeking dilutive or non-dilutive capital to support our growth.

The listing of our common stock on the Nasdaq Capital Market is contingent on our compliance with the Nasdaq Capital Market's conditions for continued listing. On September 27, 2024, the Company received a notice (the "Notice") from The NASDAQ Stock Market LLC indicating that the Company is not in compliance with the minimum bid price requirement of \$1.00 per share under the Nasdaq Listing Rules (the "Listing Rules"). Based on the closing bid price of the Company's listed securities for the last 30 consecutive business days from August 15, 2024 to September 26, 2024, the Company no longer meets the minimum bid price requirement set forth in Listing Rules 5550(a)(2). The Notice is only a notification of deficiency and has no current effect on the listing or trading of the Company's securities on The Nasdaq Capital Market. The Notice states that under the Listing Rules 5810(c)(3)(A), the Company is provided with a compliance period of 180 calendar days, or until March 26, 2025, to regain compliance under the Listing Rules. To regain compliance under the Listing Rules, the Company's common stock must be at least \$1.00 for a minimum of ten consecutive business days. In the event the Company does not regain compliance by March 26, 2025, the Company may be eligible for additional time to regain compliance or may face delisting.

On July 23, 2024, the Company entered into a business loan and security agreement with Altbang, in the amount of \$1,300,000, with an origination fee of \$26,000 and an original issue discount of \$403,000. The loan is payable within 76 weeks through 38 bi-weekly payments of \$44,816 and bears an annual interest rate of 21.2% with prepayment options. The loan is secured by the Company's assets through an UCC filing. The balance as of September 30, 2024 was \$1,139,429, net of the debt discount. Principal payments of \$224,080 and \$89,509 of interest expense were paid for the nine-month ended September 30, 2024. In the event the Company is unable to repay or defaults, Altbang will have a right to exercise its rights to the collateral as a secured party.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information.

None.

Item 6. Exhibits.

(a) Exhibits

Exhibit No.	Description
10.1	License Product Agreement (Incorporated by reference from the Registrant's Current Report on Form 8-K filed on August 1, 2024)

10.2	Loan and Security Agreement with Altbank Lending II LLC (Incorporated by reference from the Registrant's Current Report on Form 8-K filed on July 29, 2024)
10.3	Form of Securities Purchase Agreement (Incorporated by reference from the Registrant's Current Report on Form 8-K filed on September 11, 2024)
10.4	Form of Placement Agency Agreement (Incorporated by reference from the Registrant's Current Report on Form 8-K filed on September 11, 2024)
10.5	Form of Lock-Up Agreement (Incorporated by reference from the Registrant's Current Report on Form 8-K filed on September 11, 2024)
31.1	Rule 13a-14(a)/ 15d-14(a) Certification of Principal Executive Officer
31.2	Rule 13a-14(a)/ 15d-14(a) Certification of Principal Financial Officer
32.1	Section 1350 Certification of Principal Executive Officer
32.2	Section 1350 Certification of Principal Financial Officer
101. INS	Inline XBRL Instance Document
101. SCH	Inline XBRL Taxonomy Extension Schema Document
101. CAL	Inline XBRL Taxonomy Extension Calculation Link base Document
101. DEF	Inline XBRL Taxonomy Extension Definition Link base Document
101. LAB	Inline XBRL Taxonomy Extension Label Link base Document
101. PRE	Inline XBRL Taxonomy Extension Presentation Link base Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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 thereunto duly authorized.

AmpliTech Group, Inc.

Date: November 14, 2024

By: /s/ Fawad Maqbool
Fawad Maqbool
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2024

By: /s/ Louisa Sanfratello
Louisa Sanfratello
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002**

I, Fawad Maqbool, certify that:

1. I have reviewed the quarterly report on Form 10-Q of AmpliTech Group, Inc.(the "registrant") for the quarter ended September 30, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, 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(s), 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(s), 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 material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 14, 2024

By: /s/ Fawad Maqbool

Fawad Maqbool
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF
PRINCIPAL FINANCIAL OFFICER PURSUANT TO
SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002**

I, Louisa Sanfratello, certify that:

1. I have reviewed the quarterly report on Form 10-Q of AmpliTech Group, Inc. (the "registrant") for the quarter ended September 30, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, 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(s), 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 material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 14, 2024

By: /s/ Louisa Sanfratello

Louisa Sanfratello
Chief Financial Officer
(Principal Financial and Accounting Officer)

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

Fawad Maqbool, the President and Chief Executive Officer of AmpliTech Group, Inc. (the "Registrant"), certifies, under the standards set forth and solely for the purposes of 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Quarterly Report on Form 10-Q of the Registrant for the quarter ended September 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: November 14, 2024

By: /s/ Fawad Maqbool

Fawad Maqbool
President and Chief Executive Officer
(Principal Executive Officer)

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

Louisa Sanfratello, Chief Financial Officer of AmpliTech Group, Inc. (the "Registrant"), certifies, under the standards set forth and solely for the purposes of 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to her knowledge, the Quarterly Report on Form 10-Q of the Registrant for the quarter ended September 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: November 14, 2024

By: /s/ Louisa Sanfratello

Louisa Sanfratello
Chief Financial Officer
(Principal Financial and Accounting Officer)
