

REFINITIV

DELTA REPORT

10-Q

AMPG - AMPLITECH GROUP, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 668

█	CHANGES	4
█	DELETIONS	658
█	ADDITIONS	6

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549 EXHIBIT 31.1

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, 2023

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

27-4566352

(State or other jurisdiction of incorporation or
organization)

(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:

Name of each exchange on

Title of each class

Trading Symbol(s)

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 Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

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

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

As of November 9, 2023, the registrant had 9,687,113 shares of common stock, par value \$0.001 per share, issued and outstanding.

AMPLITECH GROUP, INC.

QUARTERLY REPORT ON FORM 10-Q

September 30, 2023

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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.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

AmpliTech Group, Inc.

Condensed Consolidated Balance Sheets

September	December
30,	31,
2023	2022
<hr/>	
(Unaudited)	

Assets

Current Assets

Cash and cash equivalents	\$ 5,457,706	\$ 13,290,222
Accounts receivable	1,839,648	1,801,769
Inventories, net	6,607,842	6,632,121
Marketable securities	3,097,172	247,450
Prepaid expenses	1,078,249	194,635
Total Current Assets	18,080,617	22,166,197

Property and equipment, net	2,708,360	2,023,687
Operating lease right of use assets	3,672,388	4,197,324
Intangible assets, net	3,021,711	3,134,108
Goodwill	4,696,883	4,696,883
Cost method investment	348,250	348,250
Security deposits	<u>91,481</u>	<u>113,185</u>
Total Assets	<u><u>\$ 32,619,690</u></u>	<u><u>\$ 36,679,634</u></u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued expenses	1,446,399	\$ 860,366
Customer deposits	67,530	210,848
Current portion of financing lease obligations	16,598	33,480
Current portion of operating lease obligations	530,990	586,379
Current portion of notes payable	117,473	144,358
Revenue earnout	<u>-</u>	<u>2,180,826</u>
Total Current Liabilities	<u>2,178,990</u>	<u>4,016,257</u>
Long-term Liabilities		
Financing lease obligations, net of current portion	36,814	49,336
Operating lease obligations, net of current portion	3,310,211	3,768,932
Notes payable, net of current portion	<u>-</u>	<u>89,597</u>
Total Liabilities	<u>5,526,015</u>	<u>7,924,122</u>
Commitments and Contingencies		
Stockholders' Equity		
Series A convertible preferred stock, par value \$0.001, 1,000,000 shares authorized, 0 shares issued and outstanding	<u>-</u>	<u>-</u>
Common stock, par value \$0.001, 500,000,000 shares authorized, 9,687,113 and 9,634,613 shares issued and outstanding, respectively	9,687	9,635
Additional paid-in capital	36,330,708	36,050,161
Accumulated deficit	<u>(9,246,720)</u>	<u>(7,304,284)</u>

Total Stockholders' Equity	<u>27,093,675</u>	<u>28,755,512</u>
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Total Liabilities and Stockholders' Equity	<u>\$ 32,619,690</u>	<u>\$ 36,679,634</u>
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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		For the Nine Months	
	Ended		Ended	
	September	September	September	September
	2023	2022	2023	2022
Revenues				
Revenues	\$ 3,387,169	\$ 5,435,654	\$ 11,572,699	15,119,216
Cost of Goods Sold				
Cost of Goods Sold	<u>1,904,388</u>	<u>2,774,739</u>	<u>6,305,928</u>	<u>8,096,984</u>
Gross Profit	1,482,781	2,660,915	5,266,771	7,022,232
Operating Expenses				
Selling, general and administrative	1,984,452	1,852,345	5,677,778	5,975,440
Research and development	<u>425,573</u>	<u>222,549</u>	<u>1,643,458</u>	<u>811,688</u>
Total Operating Expenses	2,410,025	2,074,894	7,321,236	6,787,128
Income (Loss) From Operations	(927,244)	586,021	(2,054,465)	235,104
Other Income (Expenses)				
Unrealized gain on investments	4,098	213	41,700	213
Realized gain on investments	36,187	-	49,994	-

Interest Income (expense), net	(750)	(9,318)	20,335	(24,316)
Total Other Income (Expenses)	39,535	(9,105)	112,029	(24,103)
Net Income (Loss) Before Income Taxes	(887,709)	576,916	(1,942,436)	211,001
Provision For Income Taxes	-	-	-	-
Net Income (Loss)	<u><u>\$ (887,709)</u></u>	<u><u>\$ 576,916</u></u>	<u><u>\$ (1,942,436)</u></u>	<u><u>\$ 211,001</u></u>
Net Income (Loss) Per Share:				
Basic and diluted	<u><u>\$ (0.09)</u></u>	<u><u>\$ 0.06</u></u>	<u><u>\$ (0.20)</u></u>	<u><u>\$ 0.02</u></u>
Weighted Average Shares Outstanding:				
Basic	<u><u>9,662,003</u></u>	<u><u>9,630,739</u></u>	<u><u>9,645,367</u></u>	<u><u>9,601,084</u></u>
Diluted	<u><u>9,662,003</u></u>	<u><u>9,712,756</u></u>	<u><u>9,645,367</u></u>	<u><u>9,716,868</u></u>
See accompanying notes to the condensed consolidated financial statements				

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AmpliTech Group, Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	For the Nine Months	Ended	September	September
			30,	30,
			2023	2022
Cash Flows from Operating Activities:				
Net income (loss)	\$ (1,942,436)	\$ 211,001		
Adjustments to reconcile net income (loss) to net cash used in operating activities:				
Depreciation and amortization	359,416	293,460		
Amortization of prepaid consulting	-	40,389		
Operating lease cost	411,475	381,921		

Stock based compensation	280,599	346,692
Gain on termination of right-of-use operating lease	(8,461)	-
Loss on disposal of property and equipment	-	1,606
Change in fair value of marketable securities	(41,700)	(213)
Changes in Operating Assets and Liabilities:		
Accounts receivable	(37,879)	(1,007,555)
Other receivable	-	194,616
Inventories	24,279	(2,061,139)
Prepaid expenses	(883,614)	(28,036)
Security deposits	21,704	1,187
Accounts payable and accrued expenses	586,033	(1,451,678)
Operating lease obligations	(392,188)	(305,597)
Customer deposits	(143,318)	(125,474)
Net cash used in operating activities	<u>(1,766,090)</u>	<u>(3,508,820)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(931,692)	(696,253)
Net investment in marketable securities	(2,808,022)	(493,110)
Purchase of cost method investment	-	(98,250)
Net cash used in investing activities	<u>(3,739,714)</u>	<u>(1,287,613)</u>
Cash Flows from Financing Activities:		
Repayment on financing lease liabilities	(29,404)	(32,734)
Proceeds of notes payable	-	441,139
Repayment of notes payable	(116,482)	(575,890)
Payment of revenue earnout	(2,180,826)	-
Net cash used in financing activities	<u>(2,326,712)</u>	<u>(167,485)</u>
Net change in cash and cash equivalents	<u>(7,832,516)</u>	<u>(4,963,918)</u>
Cash and Cash Equivalents, Beginning of the Period	<u>13,290,222</u>	<u>18,018,874</u>
Cash and Cash Equivalents, End of the Period	<u>\$ 5,457,706</u>	<u>\$ 13,054,956</u>

Supplemental disclosures:

Cash paid for interest expense	\$ 23,359	\$ 33,836
Cash paid for income taxes	\$ 10,200	\$ -
Non-Cash Investing and Financing Activities:		
Common Stock issued on vesting of RSUs	\$ 52	\$ 50
Gain on termination of right-of-use operating lease	\$ 8,461	\$ -
Equipment received for prepaid assets	\$ -	\$ 50,644
Financed purchases of property and equipment	\$ -	\$ 145,630
Loss on disposal of property and equipment	\$ -	\$ 1,606

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, 2023

	Common Stock		Additional		Total	
	Number of	Par	Paid-In	Accumulated	Stockholders'	
	Shares	Value	Capital	Deficit	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	<u>9,687,113</u>	\$	<u>9,687</u>	\$	<u>36,330,708</u>	\$	<u>(9,246,720)</u>	\$	<u>27,093,675</u>
For the Nine Months Ended September 30, 2023									
	Common Stock				Additional				Total
	Number of	Par			Paid-In		Accumulated		Stockholders'
	Shares	Value			Capital		Deficit		Total
Balance, December 31, 2022	<u>9,634,613</u>	\$	<u>9,635</u>	\$	<u>36,050,161</u>	\$	<u>(7,304,284)</u>	\$	<u>28,755,512</u>
Stock based compensation	-		-		280,599		-		280,599
Common stock issued for vesting of RSUs	52,500		52		(52)		-		-
Net loss for the nine months ended September 30, 2023	-		-		-		(1,942,436)		(1,942,436)
Balance, September 30, 2023	<u>9,687,113</u>	\$	<u>9,687</u>	\$	<u>36,330,708</u>	\$	<u>(9,246,720)</u>	\$	<u>27,093,675</u>
For the Three Months Ended September 30, 2022									
	Common Stock				Additional				Total
	Number of	Par			Paid-In		Accumulated		Stockholders'
	Shares	Value			Capital		Deficit		Equity
Balance, June 30, 2022	<u>9,629,613</u>	\$	<u>9,630</u>	\$	<u>35,933,313</u>	\$	<u>(6,993,092)</u>	\$	<u>28,949,851</u>
Stock based compensation	-		-		64,419		-		64,419
Common stock issued for vesting of RSU's	2,500		2		(2)		-		-
Net income for the three months ended September 30, 2022	-		-		-		576,916	\$	<u>576,916</u>
Balance, September 30, 2022	<u>9,632,113</u>	\$	<u>9,632</u>	\$	<u>35,997,730</u>	\$	<u>(6,416,176)</u>	\$	<u>29,591,186</u>
For the Nine Months Ended September 30, 2022									

	Common Stock		Additional			Total Stockholders' Total
	Number of Shares	Par Value	Paid-In Capital	Accumulated Deficit		
Balance, December 31, 2021	9,582,113	\$ 9,582	\$ 35,651,088	\$ (6,627,177)	\$ 29,033,493	
Stock based compensation	-	-	346,692	-	346,692	
Common stock issued for vesting of RSUs	50,000	50	(50)	-	-	-
Net income for the nine months ended September 30, 2022	-	-	-	211,001	211,001	
Balance, September 30, 2022	<u>9,632,113</u>	<u>\$ 9,632</u>	<u>\$ 35,997,730</u>	<u>\$ (6,416,176)</u>	<u>\$ 29,591,186</u>	

See accompanying notes to the condensed consolidated financial statements

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

(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 889,250 shares of Company common stock outstanding, 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 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, the Company priced its underwritten public offering of 1,371,428 units at \$7.00 per unit. Each unit issued in the offering consisted of one share of common stock and one warrant. Concurrently, AmpliTech effected a 1-for-20 reverse split of its outstanding common stock and uplisted to the Nasdaq Capital Market, where its common stock and warrants trade under the symbols "AMPG" and "AMPGW," respectively.

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 wider base of customers requiring high technology in smaller packages.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

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 acquired 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 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) Summary of Significant Accounting Policies

Basis of Accounting

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

The accompanying unaudited interim condensed consolidated financial statements of AmpliTech Group, Inc. ("Group" or the "Company") have been prepared by management in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all information and footnotes required by generally accepted accounting principles for annual audited financial statements. In the opinion of management, all adjustments of a normal recurring nature, considered necessary for a fair presentation have been included.

The results of operations for the three and nine months ended September 30, 2023, are not necessarily indicative of the results to be expected for the year ending December 31, 2023. The accompanying unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes related thereto for the year ended December 31, 2022, included in Form 10-K filed with the SEC filed on March 31, 2023.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its subsidiaries and divisions. 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.

Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications have no effect on previously reported results of operations.

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, 2023, the Company's cash and cash equivalents were deposited in five financial institutions.

Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At September 30, 2023 and December 31, 2022, the Company had \$4,457,706 and \$12,040,022 more than the FDIC insured limit, respectively.

Accounts Receivable

Trade accounts receivables are recorded at the net invoice value and are not interest bearing.

The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the status of accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change in the future. An allowance of \$0 has been recorded at September 30, 2023 and December 31, 2022, respectively.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

Marketable Securities

The Company's investments in marketable securities are classified based on the nature of the securities and their availability for use in current operations. The Company's marketable securities are stated at fair value with all realized and unrealized gains and losses on investments in marketable securities recognized in other income, net. The realized and unrealized gains and losses on marketable securities are determined using specific identification method.

Inventories

Inventories, which consists 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, 2023, and December 31, 2022, the reserve for inventory obsolescence was \$1,128,000, 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

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

Intangible assets

Intangible assets include trade names, customer relationships and intellectual property acquired through the asset purchase of Specialty Microwave and Spectrum Semiconductor Materials. Intangible assets with definitive lives such as customer relationships and intellectual property, are amortized over their estimated useful lives of fifteen and twenty years. Indefinite life intangibles such as trade names are tested annually for impairment. There were no indicators of impairment during the nine months ended September 30, 2023.

Long-lived assets

The Company reviews its property and equipment, operating lease right-of-use ("ROU") assets and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. The test for impairment is required to be performed by management upon triggering events. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flow expected to be generated by the asset. If such assets are impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. There were no indicators of impairment during the nine months ended September 30, 2023.

Goodwill

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 identifiable assets acquired.

We test goodwill for impairment at a level within the Company referred to as the reporting unit, which is our business segment level or one level below the business segment. We test our goodwill for impairment annually on December 31, or under certain circumstances more frequently, such as when events or circumstances indicate there may be impairment. Such events or circumstances may include a significant deterioration in overall economic conditions, changes in the business climate of our industry, a decline in our market capitalization, operating performance indicators, competition, reorganizations of our business or the disposal of all or a portion of a reporting unit.

To test goodwill for impairment, we may perform both qualitative and quantitative assessments. If we elect to perform a qualitative assessment for a certain reporting unit, we evaluate events and circumstances impacting the reporting unit

to determine the probability that goodwill is impaired. If we perform a quantitative assessment for a certain reporting unit, we calculate the fair value of that reporting unit and compare the fair value to the reporting unit's net book value. We estimate fair values of our reporting units based on projected cash flows, and sales and/or earnings multiples applied to the latest twelve months' sales and earnings of our reporting units. Projected cash flows are based on our best estimate of future sales, operating costs and balance sheet metrics reflecting our view of the financial and market conditions of the underlying business; and the resulting cash flows are discounted using an appropriate discount rate that reflects the risk in the forecasted cash flows.

[Table of Contents](#)**AmpliTech Group, Inc.****Notes To Condensed Consolidated Financial Statements (unaudited)****For The Nine Months Ended September 30, 2023, and 2022**

If we determine it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amount, we measure any loss from an impairment by comparing the fair value of each reporting unit to its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, goodwill is considered impaired, and an impairment loss is recognized in an amount equal to that excess. There were no indicators of impairment during the nine months ended September 30, 2023.

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 could 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, 2023 (see Note 9). These investments are included in other assets on the condensed consolidated balance sheets. There were no indicators of impairment during the nine months ended September 30, 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.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

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 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.

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, 2023, 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.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

Allocate the transaction price to performance obligations in the contract. We typically do not have multiple performance obligations in our contracts with customers. As such, we generally 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 consultants, outside service, and supplies.

Research and development costs for the nine months ended September 30, 2023, and 2022, were \$1,643,458 and \$811,688, respectively.

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, 2023, the Company had no material unrecognized tax benefits.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

Earnings (Loss) Per Share

Basic earnings (loss) per share ("EPS") are determined by dividing the net earnings by the weighted-average number of shares of common shares outstanding during the period. Diluted EPS is determined by dividing net earnings by the weighted average number of common shares used in the basic EPS calculation plus the number of common shares that would be issued assuming conversion of all potentially dilutive securities outstanding under the treasury stock method.

The computation of weighted average shares outstanding and the basic and diluted earnings per share consisted of the following:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Net income (loss)	\$ (887,709)	\$ 576,916	\$ (1,942,436)	\$ 211,001
Basic weighted average shares outstanding	9,662,003	9,630,739	9,645,367	9,601,084
Effect of dilutive stock options and warrants	-	82,017	-	115,602
Diluted weighted average shares outstanding	<u>9,662,003</u>	<u>9,712,756</u>	<u>9,645,367</u>	<u>9,716,868</u>
Basic and Diluted income (loss) per share	\$ (0.09)	\$ 0.06	\$ (0.20)	\$ 0.02

As of September 30, 2023, and 2022, there were 4,247,942 and 3,599,942, respectively, potentially dilutive shares that need to be considered as common share equivalents. As a result of the net loss for the three and nine months ended September 30, 2023, the potentially dilutive shares that need to be considered as common share equivalents are anti-dilutive.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

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.

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.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

Concentration of Credit Risk

Financial instruments that potentially subject the company to concentration of credit risk consist primarily of cash and accounts receivable.

The Company performs ongoing credit evaluations of its customers and maintains allowances for potential credit losses. Therefore, management does not believe significant credit risks exist at September 30, 2023.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The amendments in this update, among other things, require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. As a smaller reporting company, the guidance is

effective for our fiscal years beginning after December 15, 2022. The Company has adopted this pronouncement which did not have a material impact on our results of operation, financial position or cash flow.

(3) Revenues

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

	Three	
	Three Months	Months
	Ending	Ending
AmpliTech Inc.		Sept. 30,
Domestic	\$ 1,120,578	\$ 1,620,220
International	460,435	384,000
Total revenue	\$ 1,581,013	\$ 2,004,220
Spectrum		Sept. 30, 2023 2022
Domestic	\$ 1,201,856	\$ 2,015,346
International	604,300	1,416,088
Total revenue	\$ 1,806,156	\$ 3,431,434
Total revenues	\$ 3,387,169	\$ 5,435,654

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

	Nine	
	Nine Months	Months
	Ending	Ending
AmpliTech Inc.	Sept. 30, 2023	Sept. 30, 2022
Domestic	\$ 3,588,637	\$ 3,767,513
International	977,152	741,156
Total revenue	\$ 4,565,789	\$ 4,508,669

Spectrum

Domestic	\$ 4,577,466	\$ 5,224,385
International	2,429,444	5,386,162
Total revenue	<u>\$ 7,006,910</u>	<u>\$ 10,610,547</u>
Total revenues	<u>\$ 11,572,699</u>	<u>\$ 15,119,216</u>

(4) 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 following table presents summary information by segment for the three months ended September 30, 2023:

	AmpliTech			
	Inc.	Spectrum	Corporate	Total
Revenues	\$ 1,581,013	\$ 1,806,156	-	\$ 3,387,169
Cost of goods sold	874,521	1,029,867	-	1,904,388
Net income (loss)	(790,174)	136,516	(234,051)	(887,709)
Total assets	11,749,153	16,979,655	3,890,882	32,619,690
Depreciation and amortization	97,023	32,270	-	129,293
Interest income (expense), net	971	(601)	(1,120)	(750)

[Table of Contents](#)**AmpliTech Group, Inc.****Notes To Condensed Consolidated Financial Statements (unaudited)****For The Nine Months Ended September 30, 2023, and 2022**

The following table presents summary information by segment for the nine months ended September 30, 2023:

	AmpliTech			
	Inc.	Spectrum	Corporate	Total
Revenues	\$ 4,565,789	\$ 7,006,910	-	\$ 11,572,699
Cost of goods sold	2,516,403	3,789,525	-	6,305,928
Net income (loss)	(2,592,014)	1,330,375	(680,797)	(1,942,436)
Total assets	11,749,153	16,979,655	3,890,882	32,619,690
Depreciation and amortization	262,606	96,810	-	359,416
Interest income (expense), net	28,386	(542)	(7,509)	20,335

(5) Marketable Securities

The following table is a summary of marketable securities at September 30, 2023:

	Adjusted	Unrealized	Unrealized	Fair
	Cost	Gains	Losses	Value
Level 1 (1)				
Money market fund	\$ 339	-	-	\$ 339
Marketable securities	3,055,472	41,700	-	3,097,172
Total	\$ 3,055,811	41,700	-	\$ 3,097,511

Cash and cash equivalents in our marketable securities account at September 30, 2023 was \$339.

(1) Level 1 fair value estimates are based on quoted prices in active markets for identical assets or liabilities.

When evaluating an investment for impairment, the Company reviews factors including the length of time and extent to which fair value has been below cost basis, the financial condition of the issuer, changes in market interest rates and whether it is more likely than not the Company will be required to sell the investment before recovery of the investment's cost basis. As of September 30, 2023, the Company does not consider any of its investments to be impaired.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

(6) Inventories

The inventory consists of the following at September 30, 2023, and December 31, 2022:

	September	December
	30,	31,
	2023	2022
<hr/>		
Raw materials	\$ 1,027,177	\$ 872,184
Work-in progress	215,300	229,771
Finished goods	6,493,365	6,658,166
Subtotal	\$ 7,735,842	\$ 7,760,121
Less: Reserve for obsolescence	(1,128,000)	(1,128,000)
Total inventories	\$ 6,607,842	\$ 6,632,121

(7) Property and Equipment

Property and equipment consisted of the following at September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Lab equipment	\$ 3,360,879	\$ 2,455,045
Manufacturing equipment	129,745	129,745
Automobiles	7,335	7,335
Computer equipment and software	208,312	210,240
Leasehold improvements	84,172	78,042
Furniture and fixtures	<u>170,643</u>	<u>148,987</u>
Subtotal	3,961,086	3,029,394
Less: Accumulated depreciation	<u>(1,252,726)</u>	<u>(1,005,707)</u>
Total property and equipment, net	<u>\$ 2,708,360</u>	<u>\$ 2,023,687</u>

Depreciation expense for the three months ended September 30, 2023, and 2022, was \$91,715 and \$75,602, respectively, of which \$68,819 and \$57,136, respectively were included in cost of goods sold.

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AmpliTech Group, Inc

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

Depreciation expense for the nine months ended September 30, 2023, and 2022, was \$247,019 and \$181,063 respectively, of which \$185,239 and \$137,917, 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.

(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 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, 2023, and December 31, 2022, the carrying value of goodwill was \$4,696,883, respectively.

Other Intangible Assets

Intangible assets consisted of the following at September 30, 2023:

	Gross		Weighted Average
	Carrying	Accumulated	
	Amount	Amortization	
Trade name	\$ 584,517	\$ -	\$ 584,517
Customer relationships	2,591,491	302,160	2,289,331
Intellectual property	202,771	54,908	147,863
Total intangibles assets, net	\$ 3,378,779	\$ 357,068	\$ 3,021,711

Amortization expense for the three months ended September 30, 2023 and 2022, was \$37,578, respectively.

Amortization expense for the nine months ended September 30, 2023 and 2022, was \$112,397, respectively.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

Annual amortization of intangible assets are as follows:

2023-remaining	37,577
2024	149,976
2025	149,976
2026	149,976
2027	149,976
Thereafter	1,799,713
	\$ 2,437,194

(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 represents 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. In light of this amendment, the Company overpaid by \$1,750 for the membership interest and was subsequently reimbursed. As of September 30, 2023, the Company has made an investment of \$348,250 for a 19.9% membership interest.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

(10) Leases

The following was included in our balance sheet as of September 30, 2023:

	September 30,	2023
<u>Operating leases</u>		
<i>Assets</i>		
Operating lease ROU assets		\$ 3,672,388
<i>Liabilities</i>		
Current portion of operating lease obligation		\$ 530,990
Operating lease obligations, net of current portion		<u>\$ 3,310,211</u>
Total operating lease liabilities		<u>\$ 3,841,201</u>
<u>Financing leases</u>		
<i>Assets</i>		
Property and equipment, gross		\$ 234,036
Accumulated depreciation		<u>(142,345)</u>
Property and equipment, net		<u>\$ 91,691</u>
<i>Liabilities</i>		
Current portion of financing obligations		\$ 16,598
Financing lease obligations, net of current portion		<u>\$ 36,814</u>
Total financing lease liabilities		<u>\$ 53,412</u>

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

The weighted average remaining lease term and weighted average discount rate at September 30, 2023 were as follows:

	September 30, 2023
Weighted average remaining lease term (years)	
Operating leases	9.46
Financing leases	3.21
Weighted average discount rate	
Operating leases	4.43 %
Financing leases	4.73 %

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, 2023:

2023-remaining	4,689
2024	18,751
2025	18,186
2026	11,976
Thereafter	3,992
Total lease payments	57,594
Less imputed interest	(4,182)
Total lease obligations	53,412
Less current obligations	(16,598)
Long-term lease obligations	\$ 36,814

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

Operating Leases

On December 4, 2015, the Company entered into a new operating lease agreement to rent office space in Bohemia, NY. This five-year agreement commenced February 1, 2016, with an annual rent of \$50,000 and 3.75% increases in each successive lease year. On January 13, 2021, a lease rider was annexed to the original lease whereby the lease term will be extended on a month-by-month basis, commencing on February 1, 2021. The lease was terminated in April 2022.

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. 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 increase by approximately 3% every year.

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.

For the nine months ended September 30, 2023, \$576,866 was paid towards operating leases.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

The following table reconciles future minimum operating lease payments to the discounted lease liability as of September 30, 2023:

2023-remaining	\$ 170,037
2024	696,362
2025	407,580
2026	389,397
2027	393,889
Thereafter	<u>2,718,181</u>
Total lease payments	4,775,446

Less imputed interest	(934,245)
Total lease obligations	3,841,201
Less current obligations	(530,990)
Long-term lease obligations	\$ 3,310,211

(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 of \$9,203 due October 1, 2024. As of September 30, 2023, the balance of this promissory note was \$106,674. Principal payments of \$76,039 along with interest expense of \$6,883 were paid during the nine months ended September 30, 2023.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

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 4.268%. The balance as of September 30, 2023, 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 4.278%. The balance as of September 30, 2023, 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. All UCC filings on the Company assets have been released as well as the Company's 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, 2023, was \$10,499. Principal payments of \$31,201 and interest expense of \$397 were paid for the nine months ended September 30, 2023.

Future principal payments over the term of the notes payable as of September 30, 2023 are as follows:

	Payments
2023-remaining	\$ 27,876
2024	\$ 89,597
Total remaining payments	<u>\$ 117,473</u>

[Table of Contents](#)**AmpliTech Group, Inc.****Notes To Condensed Consolidated Financial Statements (unaudited)****For The Nine Months Ended September 30, 2023, and 2022****(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 be 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.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

Common Stock:

The Company originally authorized 500,000,000 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, the Company priced its underwritten public offering of 1,371,428 units at \$7.00 per unit. Each unit issued in the offering consisted of one share of common stock and one warrant. Concurrently, AmpliTech effected a 1-for-20 reverse split of its outstanding common stock and uplisted to the Nasdaq Capital Market, where its common stock and warrants trade under the symbols "AMPG" and "AMPGW," respectively.

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.

Stock Options:

On February 27, 2023, the Company granted one employee ten-year stock options to purchase 2,000 shares of common stock according to the Company's 2020 Plan. The stock options vest in equal quarterly installments over five years commencing on May 27, 2023, with an exercise price of \$2.59 per share. The Company has calculated these options estimated fair market value at \$4,800 using the Black-Scholes model, with the following assumptions: expected term of 7.46 years, stock price of \$2.59, exercise price of \$2.59, volatility of 126.8%, risk-free rate of 4.08%, and no forfeiture rate.

On May 1, 2023, the Company granted one 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 August 1, 2023, with an exercise price of \$3.19 per share. The Company has calculated these options estimated fair market value at \$14,800 using the Black-Scholes model, with the following assumptions: expected term of 7.51 years, stock price of \$3.19, exercise price of \$3.19, volatility of 126.0%, risk-free rate of 3.62%, and no forfeiture rate.

For The Nine Months Ended September 30, 2023, and 2022

On June 5, 2023, the Company granted one employee ten-year stock options to purchase 2,000 shares of common stock according to the Company's 2020 Plan. The stock options vest in equal quarterly installments over three years commencing on September 5, 2023, with an exercise price of \$2.40 per share. The Company has calculated these options estimated fair market value at \$4,200 using the Black-Scholes model, with the following assumptions: expected term of 5.50 years, stock price of \$2.40, exercise price of \$2.40, volatility of 127.3%, risk-free rate of 3.82%, and no forfeiture rate.

On June 12, 2023, the Company granted one employee ten-year stock options to purchase 3,000 shares of common stock according to the Company's 2020 Plan. The stock options vest in equal quarterly installments over three years commencing on September 12, 2023, with an exercise price of \$2.49 per share. The Company has calculated these options estimated fair market value at \$6,600 using the Black-Scholes model, with the following assumptions: expected term of 5.50 years, stock price of \$2.49, exercise price of \$2.49, volatility of 127.0%, risk-free rate of 3.89%, and no forfeiture rate.

On August 18, 2023, the Company granted one 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 November 18, 2023, with an exercise price of \$1.84 per share. The Company has calculated these options estimated fair market value at \$8,500 using the Black-Scholes model, with the following assumptions: expected term of 7.51 years, stock price of \$1.84, exercise price of \$1.84, volatility of 122.5%, risk-free rate of 4.34%, and no forfeiture rate.

On September 25, 2023, the Company granted one employee ten-year stock options to purchase 3,000 shares of common stock according to the Company's 2020 Plan. The stock options vest in equal quarterly installments over five years commencing on December 25, 2023, with an exercise price of \$1.85 per share. The Company has calculated these options estimated fair market value at \$5,100 using the Black-Scholes model, with the following assumptions: expected term of 7.51 years, stock price of \$1.85, exercise price of \$1.85, volatility of 122.5%, risk-free rate of 4.61%, and no forfeiture rate.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

Below is a table summarizing the changes in stock options outstanding for the nine months ended September 30, 2023:

	Number of Options	Weighted Average Exercise Price (\$)
Outstanding at December 31, 2022	916,000	\$ 2.49

Granted	20,000	\$ 2.41
Exercised	-	-
Expired	-	-
Outstanding at September 30, 2023	<u>936,000</u>	<u>\$ 2.49</u>
Exercisable at September 30, 2023	<u>450,235</u>	<u>\$ 3.01</u>

As of September 30, 2023, all outstanding stock options were issued according to the Company's 2020 Plan, and there remains 194,000 shares of common stock available for future issuance under the 2020 Plan.

Stock-based compensation expense related to stock options of \$61,900 and \$183,187 was recorded for the three and nine months ended September 30, 2023. As of September 30, 2023, the remaining unrecognized compensation cost related to non-vested stock options is \$846,303 and is expected to be recognized over 4.99 years. The outstanding stock options have a weighted average remaining contractual life of 4.00 years and a total intrinsic value of \$96,780.

Warrants:

On February 17, 2021, the Company priced its underwritten public offering of 1,371,428 units at \$7.00 per unit. Each unit issued in the offering consisted of one share of common stock and one warrant. Concurrently, AmpliTech effected a 1-for-20 reverse split of its outstanding common stock and uplisted to the Nasdaq Capital Market, where its common stock and warrants trade under the symbols "AMPG" and "AMPGW," respectively.

Maxim Group LLC acted as sole book-running manager for the offering and partially exercised its overallotment option to purchase 205,714 warrants at the public offering price. The warrants expire ten years from the date of issuance.

Effective April 16, 2021, the Company entered into definitive agreements with certain institutional investors to sell 2,715,000 shares of common stock in a registered direct offering priced at the market under NASDAQ rules. Concurrently, the Company agreed to issue to the investors, in a private placement, warrants to purchase an aggregate of 1,900,500 shares of common stock at an exercise price of \$8.48 per share with a five-year term.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

On July 20, 2021, in connection with a product development agreement with an unrelated party, the Company issued warrants to purchase 30,000 shares of common stock. The warrants vest in one year from issuance, with an exercise price of \$5.00 per share. The Company has calculated these warrants estimated fair market value at \$88,803 using the Black-Scholes model, with the following assumptions: expected term 3.0 years, stock price \$3.80, exercise price \$5.00, volatility 149.8%, risk-free rate 0.37%, and no forfeiture rate.

Below is a table summarizing the changes in warrants outstanding for the nine months ended September 30, 2023:

	Number of	Weighted Average

		Exercise
	Warrants	Price (\$)
Outstanding at December 31, 2022	3,296,942	\$ 7.83
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding at September 30, 2023	3,296,942	\$ 7.83
Exercisable at September 30, 2023	3,296,942	\$ 7.83

The outstanding warrants have a weighted average remaining contractual life of 2.48 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, 2023, 15,000 RSU's have vested.

On August 18, 2023, the Company granted restricted stock awards under the Company's 2020 Plan to directors of the Company for an aggregate of 45,000 shares of common stock (15,000 each) valued at \$82,800. These restricted stock awards vested immediately.

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AmpliTech Group, Inc.

Notes To Condensed Consolidated Financial Statements (unaudited)

For The Nine Months Ended September 30, 2023, and 2022

Below is a table summarizing the changes in restricted stock units outstanding for the nine months ended September 30, 2023:

	Number of	Weighted
	RSU's	Average
	Exercise	Price (\$)
Outstanding at December 31, 2022	22,500	\$ 1.96
Granted	45,000	\$ 1.84
Exercised	(52,500)	\$ 1.86
Expired	-	-
Outstanding at September 30, 2023	15,000	\$ 1.96
Exercisable at September 30, 2023	-	-

Stock-based compensation expense related to restricted stock units of \$87,724 and \$97,412 was recorded for the three and nine months ended September 30, 2023. As of September 30, 2023, the remaining unrecognized compensation cost related to non-vested restricted stock units is \$27,245. The outstanding restricted stock units have a weighted average remaining contractual life of 1.39 years and a total intrinsic value of \$30,300.

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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 AMPG's divisions Specialty Microwave, Spectrum Semiconductor Materials, AmpliTech Group MMIC Design Center ("AGMDC") and AmpliTech Group True G Speed Services ("AGTGSS").

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.

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, 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 developed radio units. AGTGSS will implement AmpliTech's low noise amplifier devices in these systems to promote greater coverage, longer range and faster speeds.

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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.

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, 2023 and September 30, 2022

Revenues

Sales decreased from \$5,435,654 for the three months ended September 30, 2022, to \$3,387,169 for the three months ended September 30, 2023, a decrease of \$2,048,485 or approximately 37.69%. Sales in the amplifier and related passive microwave components and subsystems division decreased by \$423,207, or 21.12%. The decrease in domestic sales as compared to the same period last year is a result of shipping a major DX rated order from one customer in 2022. Spectrum sales decreased by \$1,625,278, or 47.36%, a decline attributable to a decrease in sales from both domestic and international customers. The effect COVID placed on the supply chain in 2021 and 2022 triggered higher demand for our integrated circuit (IC) products. With COVID restrictions and worldwide supply chain concerns easing, the demand for IC packaging has decreased.

Cost of Goods Sold and Gross Profit

Cost of Goods Sold decreased from \$2,774,739 for the three months ended September 30, 2022, to \$1,904,388 for the three months ended September 30, 2023, a decrease of \$870,351 or 31.37%. This decrease is directly related to the decline in sales. As a result, gross profit was \$1,482,781 for the three months ended September 30, 2023, compared to \$2,660,915 for the three months ended September 30, 2022, a decrease of \$1,178,134, or 44.28%. Overall, gross profit as a percentage of sales decreased to 43.78% from 48.95%, with AmpliTech reporting a gross profit margin of 44.69% while Spectrum's gross profit margin was 42.98%.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased to \$1,984,452 for the three months ended September 30, 2023, from \$1,852,345 for the three months ended September 30, 2022, an increase of \$132,107 or approximately 7.13%. For this current period, there was an increase in recruiting fees, stock compensation and consulting fees.

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Research and Development Expenses

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

Research and development costs for the three months ended September 30, 2023, and 2022, were \$425,573 and \$222,549, respectively. The increase of \$203,024, or 91.23% is a result of hiring additional personnel for the AGMDC division as it completes its MMIC design releases. The company's R&D costs include the launching of over 75 new SKUs of products, such as passive products and the new MMIC based LNA's, Coaxial in line low noise amplifiers as well as Coaxial in line band pass filters. In addition, research and development costs were incurred for cryogenic amplifiers for quantum computing and 5G CAT B 64T64R ORAN Radios.

Income (Loss) From Operations

As a result of the above, the Company reported a loss from operations of \$927,244 and income from operations of \$586,021 for the three months ended September 30, 2023 and 2022, respectively.

Other Income (Expenses)

The Company recorded net interest expense of \$750 and \$9,318 for the three months ended September 30, 2023, and 2022.

Due to market fluctuations, the Company recorded an unrealized gain on investments of \$4,098 and \$213 for the three months ended September 30, 2023 and 2022, respectively. In addition, the Company recorded a realized gain on investments of \$36,187 for the three months ended September 30, 2023.

Net Income (Loss)

The Company reported a net loss of \$887,709 and net income \$576,916 for the three months ended September 30, 2023 and 2022, respectively.

For the Nine Months Ended September 30, 2023 and September 30, 2022

Revenues

Sales decreased from \$15,119,216 for the nine months ended September 30, 2022, to \$11,572,699 for the nine months ended September 30, 2023, a decrease of \$3,546,517 or approximately 23.46%. Sales in the amplifier and related passive microwave components and subsystems division have remained constant with an increase of \$57,120, or 1.27%, resulting primarily from an increase in telecommunication applications. Spectrum sales decreased by \$3,603,637, or 33.96%, a decline primarily attributable to a decrease in sales from international customers. The effect COVID placed on the supply chain in 2021 and 2022 triggered higher demand for our integrated circuit (IC) products. With COVID restrictions and worldwide supply chain concerns easing, the demand for IC packaging has decreased.

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Cost of Goods Sold and Gross Profit

Cost of Goods Sold decreased from \$8,096,984 for the nine months ended September 30, 2022, to \$6,305,928 for the nine months ended September 30, 2023, a decrease of \$1,791,056 or 22.12%. Overall, this decrease is directly related to the decline in sales. As a result, gross profit was \$5,266,771 for the nine months ended September 30, 2023, compared to \$7,022,232 for the nine months ended September 30, 2022, a decrease of \$1,755,461, or 25%. Overall, gross profit as a percentage of sales decreased from 46.45% to 45.51%.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased to \$5,677,778 for the nine months ended September 30, 2023, from \$5,975,440 for the nine months ended September 30, 2022, a decrease of \$297,662 or approximately 4.98%. Expenses such as recruiting fees, rent, utilities, insurance, IR/PR, business development, consulting and employee benefits increased and offset with a decrease in legal, accounting, stock compensation and sales salaries/commissions.

Research and Development Expenses

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

Research and development costs for the nine months ended September 30, 2023, and 2022, were \$1,643,458 and \$811,688, respectively. The increase of \$831,770, or 102.47% is a result of hiring additional personnel for the AGMDC division as it completes its MMIC design releases. The company's R&D costs include the launching of over 75 new SKUs of products, such as passive products and the new MMIC based LNA's, Coaxial in line low noise amplifiers as well as Coaxial in line band pass filters. In addition, research and development costs were incurred for cryogenic amplifiers for quantum computing and 5G CAT B 64T64R ORAN Radios.

Loss From Operations

As a result of the above, the Company reported a loss from operations of \$2,054,465 and income from operations of \$235,104 for the nine months ended September 30, 2023 and 2022, respectively.

Other Income (Expenses)

The Company recorded net interest income of \$20,335 and interest expense of \$24,316 for the nine months ended September 30, 2023, and 2022.

Due to market fluctuations, the Company recorded an unrealized gain on investments of \$41,700 and \$213 for the nine months ended September 30, 2023 and 2022, respectively. In addition, the Company recorded a realized gain on investments of \$49,994 for the nine months ended September 30, 2023.

Net Income (Loss)

The Company reported a net loss of \$1,942,436 and net income \$211,001 for the nine months ended September 30, 2023 and 2022, respectively.

Liquidity and Capital Resources

Operating Activities

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

The net cash used in operating activities for the nine months ended September 30, 2022 was \$3,508,820 resulting primarily from net income and operating changes in accounts receivable, inventories, accounts payable and accrued expenses, operating lease liability and customer deposits.

Investing Activities

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.

The net cash used in investing activities for the nine months ended September 30, 2022 was \$1,287,613, of which \$696,253 related to the purchase of equipment, \$493,110 for the net purchases of marketable securities and \$98,250 for our investment in SN2N.

Financing Activities

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.

The net cash used in financing activities for the nine months ended September 30, 2022 was \$167,485, resulting primarily from the repayments of notes payable and financing lease liabilities

As of September 30, 2023, we had cash and cash equivalents of \$5,457,706, working capital of \$15,901,627, and an accumulated deficit of \$9,246,720.

As of December 31, 2022, we had cash and cash equivalents of \$13,290,222, working capital of \$18,149,940, and an accumulated deficit of \$7,304,284.

We intend to continue to finance our internal growth with cash on hand, cash provided from operations, borrowings, debt or equity offerings, or some combination thereof. We believe that our cash provided from operations and cash on hand will provide enough working capital to fund our operations for the next twelve months.

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.

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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, 2023, 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, 2022.

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, 2023, 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.

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.

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

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
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	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Link base Document
101.DEF	XBRL Taxonomy Extension Definition Link base Document
101.LAB	XBRL Taxonomy Extension Label Link base Document
101.PRE	XBRL Taxonomy Extension Presentation Link base Document

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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, 2023

By: /s/ Fawad Maqbool

Fawad Maqbool

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 14, 2023

By: */s/ Louisa Sanfratello*

Louisa Sanfratello

Chief Financial Officer

(Principal Financial and Accounting Officer)

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EXHIBIT 31.1

**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, 2023** **March 31, 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):

- 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
- 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, 2023
May 28, 2024

By: */s/ Fawad Maqbool*

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

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EXHIBIT 31.2

EXHIBIT 31.2

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

I, Louisa Sanfratello, certify that:

- I have reviewed the quarterly report on Form 10-Q of AmpliTech Group, Inc. (the "registrant") for the quarter ended September 30, 2023 March 31, 2024;
- 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;
- 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, 2023

May 28, 2024

By: /s/ *Louisa Sanfratello*

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

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EXHIBIT 32.1

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

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, 2023** **March 31, 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, 2023**
May 28, 2024

By: */s/ Fawad Maqbool*

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

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

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

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, 2023** **March 31, 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, 2023**
May 28, 2024

By: */s/ Louisa Sanfratello*

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

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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