

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 10-Q

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

For the quarterly period ended June 30, 2025

or

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

For the transition period from _____ to _____

Commission File Number 001-40069

AmpliTech Group, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

27-4566352

(I.R.S. Employer
Identification Number)

155 Plant Avenue

Hauppauge, NY 11788

(Address of principal executive offices) (Zip Code)

(631)-521-7831

(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of August 12, 2025, the registrant had 20,573,595 shares of common stock, par value \$0.001 per share, issued and outstanding.

AMPLITECH GROUP, INC.
QUARTERLY REPORT ON FORM 10-Q
June 30, 2025
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Use of Certain Defined Terms

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

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

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

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

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

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

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

**AmpliTech Group, Inc.
Condensed Consolidated Balance Sheets**

	June 30, 2025	December 31, 2024
	<u>(Unaudited)</u>	
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 11,057,755	\$ 19,315,984
Accounts receivable	5,365,483	1,256,725
Inventories, net	7,855,671	7,588,764
Prepaid expenses and other	749,756	169,913
Total Current Assets	<u>25,028,665</u>	<u>28,331,386</u>
Property and equipment, net	2,568,703	2,253,695
Operating lease right of use assets	4,119,375	4,399,975
Intangible assets, net	10,397,620	2,366,119
Goodwill	4,696,883	4,696,883
Cost method investment	348,250	348,250
Long term deposits	1,484,174	824,174
Total Assets	<u>\$ 48,643,670</u>	<u>\$ 43,220,482</u>
<u>Liabilities and Stockholders' Equity</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 5,351,498	\$ 941,408
Customer deposits	23,854	128,089
Current portion of financing lease obligations	17,065	16,522
Current portion of operating lease obligations	472,538	449,622
Contingent liability	3,000,000	-
Total Current Liabilities	<u>8,864,955</u>	<u>1,535,641</u>
Long-term Liabilities		
Financing lease obligations, net of current portion	31,303	15,478
Operating lease obligations, net of current portion	3,895,878	4,139,562
Deferred tax liability	39,000	39,000
Total Liabilities	<u>12,831,136</u>	<u>5,729,681</u>
Commitments and Contingencies	-	-
Stockholders' Equity		
Common stock, par value \$0.001, 500,000,000 shares authorized, 20,573,595 and 19,656,460 shares issued and outstanding, respectively	20,573	19,656
Additional paid-in capital	60,416,234	58,483,272
Accumulated deficit	(24,624,273)	(21,012,127)
Total Stockholders' Equity	<u>35,812,534</u>	<u>37,490,801</u>
Total Liabilities and Stockholders' Equity	<u>\$ 48,643,670</u>	<u>\$ 43,220,482</u>

See accompanying notes to the condensed consolidated financial statements

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

	For The Three Months Ended		For The Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2025	2024	2025	2024
Revenues	\$ 11,025,927	\$ 2,527,442	\$ 14,625,026	\$ 4,820,773
Cost of Goods Sold	10,163,048	1,470,355	12,574,277	2,881,056
Gross Profit	862,879	1,057,087	2,050,749	1,939,717
Operating Expenses				
Selling, general and administrative	2,129,143	2,165,055	4,467,358	4,198,802
Research and development	658,795	460,122	1,398,468	736,877
Total Operating Expenses	2,787,938	2,625,177	5,865,826	4,935,679
Loss From Operations	(1,925,059)	(1,568,090)	(3,815,077)	(2,995,962)
Other Income (Expenses)				
Loss on investment in digital assets	-	-	-	(3,248,911)
Other income	88,222	-	88,222	-
Realized gain on investments	36,019	-	36,019	25,965
Interest income (expense), net	29,193	(8,184)	78,690	(12,527)
Total Other Income (Expenses)	153,434	(8,184)	202,931	(3,235,473)
Net Loss Before Income Taxes	(1,771,625)	(1,576,274)	(3,612,146)	(6,231,435)
Provision For Income Taxes	-	-	-	-
Net Loss	\$ (1,771,625)	\$ (1,576,274)	\$ (3,612,146)	\$ (6,231,435)
Net Loss Per Share;				
Basic and diluted	\$ (0.09)	\$ (0.16)	\$ (0.18)	\$ (0.64)
Weighted Average Common Shares Outstanding;				
Basic and diluted	20,339,855	9,718,239	19,988,713	9,716,976

See accompanying notes to the condensed consolidated financial statements

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

For The Three Months Ended June 30, 2025

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Number of Shares	Par Value			
Balance, March 31, 2025	19,658,960	\$ 19,658	\$ 58,608,356	\$ (22,852,648)	\$ 35,775,366
Stock based compensation	-	-	98,426	-	98,426
Common stock issued for purchase asset acquisition	914,635	915	1,709,452	-	1,710,367
Net loss for the three months ended June 30, 2025	-	-	-	(1,771,625)	(1,771,625)
Balance, June 30, 2025	<u>20,573,595</u>	<u>\$ 20,573</u>	<u>\$ 60,416,234</u>	<u>\$ (24,624,273)</u>	<u>\$ 35,812,534</u>

For The Six Months Ended June 30, 2025

Balance, December 31, 2024	19,656,460	\$ 19,656	\$ 58,483,272	\$ (21,012,127)	\$ 37,490,801
Stock based compensation	-	-	223,512	-	223,512
Common stock issued for vesting of RSU's	2,500	2	(2)	-	-
Common stock issued for purchase asset acquisition	914,635	915	1,709,452	-	1,710,367
Net loss for the six months ended June 30, 2025	-	-	-	(3,612,146)	(3,612,146)
Balance, June 30, 2025	<u>20,573,595</u>	<u>\$ 20,573</u>	<u>\$ 60,416,234</u>	<u>\$ (24,624,273)</u>	<u>\$ 35,812,534</u>

For The Three Months Ended June 30, 2024

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Number of Shares	Par Value			
Balance, March 31, 2024	9,717,113	\$ 9,717	\$ 36,578,394	\$ (14,424,884)	\$ 22,163,227
Stock based compensation	-	-	96,773	-	96,773
Common stock issued for vesting of RSU's	2,500	3	(3)	-	-
Net loss for the three months ended June 30, 2024	-	-	-	(1,576,274)	(1,576,274)
Balance, June 30, 2024	<u>9,719,613</u>	<u>\$ 9,720</u>	<u>\$ 36,675,164</u>	<u>\$ (16,001,158)</u>	<u>\$ 20,683,726</u>

For The Six Months Ended June 30, 2024

Balance, December 31, 2023	9,714,613	\$	9,715	\$	36,439,739	\$	(9,769,723)	\$	26,679,731
Stock based compensation	-		-		235,430				235,430
Common stock issued for vesting of RSU's	5,000		5		(5)		-		-
Net loss for the six months ended June 30, 2024	-		-		-		(6,231,435)		(6,231,435)
Balance, June 30, 2024	9,719,613	\$	9,720	\$	36,675,164	\$	(16,001,158)	\$	20,683,726

See accompanying notes to the condensed consolidated financial statements

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

	For The Six Months Ended	
	June 30, 2025	June 30, 2024
Cash Flows from Operating Activities:		
Net loss	\$ (3,612,146)	\$ (6,231,435)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	378,218	258,445
Operating lease costs	280,600	270,662
Stock based compensation	223,512	235,430
Inventory reserve	-	17,000
Loss on investment of digital assets	-	3,248,911
Changes in Operating Assets and Liabilities:		
Accounts receivable	(4,108,759)	1,403,658
Inventories	(266,907)	(1,013,059)
Prepaid expenses and other	(579,842)	(621,447)
Long term deposits	(660,000)	(17,999)
Accounts payable and accrued expenses	4,410,090	318,022
Operating lease obligations	(220,768)	(265,759)
Customer deposits	(104,235)	1,105
Net cash used in operating activities	(4,260,237)	(2,396,466)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(487,492)	(13,680)
Cash paid for intangible asset acquisition	(3,500,000)	-
Purchase of investment in digital assets	-	(3,248,911)
Net cash used in investing activities	(3,987,492)	(3,262,591)
Cash Flows from Financing Activities:		
Repayment on finance lease obligations	(10,500)	(8,299)
Repayment of notes payable	-	(44,453)
Net cash used in financing activities	(10,500)	(52,752)
Net change in cash and cash equivalents	(8,258,229)	(5,711,809)
Cash and Cash Equivalents, Beginning of the Period	19,315,984	6,726,013
Cash and Cash Equivalents, End of the Period	\$ 11,057,755	\$ 1,014,204
Supplemental disclosures:		
Cash paid for interest expense	\$ 14,746	\$ 14,595
Cash paid for income taxes	\$ 10,856	\$ -
Non-Cash Investing and Financing Activities:		
Disposal of property and equipment	\$ -	\$ 61,133
Common Stock issued on vesting of RSUs	\$ 2	\$ 5
Contingent liability consideration in intangible asset acquisition	\$ 3,000,000	\$ -
Fair value of common stock issued for intangible asset acquisition	\$ 1,710,367	\$ -
Financed purchases of property and equipment	\$ 26,868	\$ 26,868

See accompanying notes to the condensed consolidated financial statements

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Six Months Ended June 30, 2025 and 2024

(1) Organization and Business Description

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

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 substantially all of the assets of Specialty Microwave Corporation, a privately held company based in Ronkonkoma, NY. The purchase included all inventory, orders, customers, property and equipment, and goodwill. Following the closing of the asset purchase, we hired all eight team members of SMW. In connection with the acquisition, the Company began using the trade name “Specialty Microwave”. Specialty designs and manufactures passive microwave components and related subsystems that meet individual customer specifications for both domestic and international customers for use in satellite communication ground networks.

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

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

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Six Months Ended June 30, 2025 and 2024

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

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

On March 26, 2025, we entered into an asset purchase agreement, as amended by that certain amendment dated April 15, 2025, with Titan, and its affiliate (as amended, the “Titan APA”) to purchase certain assets including intellectual property used in developing, manufacturing, marketing and selling products that use radio frequency technology (“5G ORAN radio products). The aggregate purchase price for the assets is \$8,000,000, which consists of \$4,000,000 in cash and \$4,000,000 in restricted shares of common stock. Upon the procurement of the Initial Purchase Order and receipt of assurance of the Subsequent Purchase Orders (the “First Milestone”), the Company issued 914,635 shares of restricted common stock to Titan at \$1.64 per share, based on the 30-day volume-weighted average price (“VWAP”). The fair value of the common stock issued was \$1,710,367 based on the closing stock price on April 24, 2025 of \$1.87 per share. These shares, together with \$3.5 million in cash paid at closing, represented the initial consideration (the “First Milestone”) under the APA. The remaining \$500,000 in cash to be paid and \$2,500,000 in shares of restricted common stock will be issued to Titan upon the transfer and approval of the 5G ORAN radio products’ technology and intellectual property rights by Titan to the Company (the “Second Milestone”). The Second Milestone is expected to be achieved towards the end of the year 2025 and is recorded as a contingent liability of \$3,000,000 as of June 30, 2025.

(2) Loss on Investment of Digital Assets

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

As a result of the fraudulent digital currency transactions noted above, the Company was a victim of a cyber phishing scam that defrauded the Company. During the year ended December 31, 2024, the Company recorded a complete loss from the investment in digital assets of \$3,248,911.

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Six Months Ended June 30, 2025 and 2024

(3) Tariffs

During the six months ended June 30, 2025, the U.S. government increased certain existing tariffs and implemented new tariffs on imported products. In April 2025, the U.S. government increased import tariffs across a wide range of countries at various rates, including on product imports from almost all countries, and individualized higher tariffs on certain countries, which include certain countries where the Company's distribution division sources raw materials and components. As a result, selling prices of the Company's finished products are likely to increase if tariffs continue to be enforced at current levels or are increased in the future, which may have a negative impact on the Company's revenues and cash flows. While some of these tariff announcements have since been followed by announcements of limited exemptions and temporary pauses, due to the uncertainties pertaining to tariffs and tariff levels, it is difficult for the Company to reliably forecast their short-term or ongoing impact to its business or that of its customers. While management is actively evaluating the potential impacts of these tariffs, as well as the Company's ability to mitigate their related impacts, such tariffs may have a negative impact on the Company's revenues, profitability and cash flows.

(4) 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 six months ended June 30, 2025, are not necessarily indicative of the results to be expected for the year ending December 31, 2025. 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 years ended December 31, 2024, and 2023, included in Form 10-K filed with the SEC on March 31, 2025.

Principles of Consolidation

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

Use of Estimates

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

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Six Months Ended June 30, 2025 and 2024

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 June 30, 2025, the Company's cash and cash equivalents were deposited in five financial institutions.

The Company's policy is to place its cash and cash equivalents with high-quality, major financial and investment institutions to limit the amount of credit exposure. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Additionally, cash and cash equivalents maintained with investment institutions are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, which includes a \$250,000 limit for cash. The investment institution also provides additional "excess of SIPC" coverage, which insures up to \$600 million. At June 30, 2025 and December 31, 2024, the Company had \$4,577,759 and \$18,749,154 in excess of FDIC, SIPC, and excess SIPC insured limits, respectively. The Company has not experienced any losses in such accounts.

Accounts Receivable

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

An allowance of \$0 has been recorded at June 30, 2025 and December 31, 2024, respectively.

Inventories

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

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

As of June 30, 2025 and December 31, 2024, the reserve for inventory obsolescence was \$1,062,000, respectively.

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Six Months Ended June 30, 2025 and 2024

Property and Equipment

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

Property and equipment are depreciated as follows:

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

Intangible Assets

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

Intangible assets are amortized as follows:

Description	Useful Life	Method
Trade names	Indefinite	N/A
Customer relationships	15 to 20 years	Straight-line
Intellectual property	11-15 years	Straight-line

Long-Lived Assets

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

The recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell and would no longer be depreciated. The depreciable basis of assets that are impaired and continue in use is their respective fair values. During the six months ended June 30, 2025 and December 31, 2024, there were no indicators of impairment.

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Goodwill and Indefinite-Lived Intangible Assets

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

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

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

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

Investment Policy-Cost Method

Investments consist of non-controlling equity investments in privately held companies. The Company elected the measurement alternative for these investments without readily determinable fair values and for which the Company does not control or have the ability to exercise considerable influence over operating and financial policies. These investments are accounted for under the cost method of accounting. Under the cost method of accounting, the non-marketable equity securities are carried at cost less any impairment, adjusted for observable price changes of similar investments of the same issuer. Fair value is not estimated for these investments if there are no identified events or changes in circumstances that may influence the fair value of the investment. Under this method, the Company's share of the earnings or losses of such investee companies is not included in the consolidated balance sheet or consolidated statements of operations. The Company held \$348,250 of investments without readily determinable fair values at June 30, 2025 and December 31, 2024, respectively. (see Note 10). These investments are included in other assets on the condensed consolidated balance sheets. There were no indicators of impairment during the six months ended June 30, 2025 and December 31, 2024.

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Investment in Digital Assets

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

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

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 determined implicit rate. Therefore, we must estimate our incremental borrowing rate to discount the lease payments based on information available at lease commencement. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow on a collateralized basis considering such factors as lease term and economic environment risks.

Revenue Recognition

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

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

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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 June 30, 2025 contained a significant financing component. Revenue is recorded at the net sales price, which includes estimates of variable consideration such as product returns, rebates, discounts, and other adjustments. The estimates of variable consideration are based on historical payment experience, historical and projected sales data, and current contract terms. Variable consideration is included in revenue only to the extent that it is probable that a significant reversal of the revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenues.

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

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

Cost of Sales

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

Shipping and Handling

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

Research and Development

In accordance with ASC Topic 730, "Research and Development," the Company expenses research and development costs as incurred. The major components of research and development costs include payroll, consultants, outside service, and supplies.

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Research and development costs for the six months ended June 30, 2025 and 2024 were \$1,398,468 and \$736,877, 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 tax rates enacted 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 June 30, 2025 and December 31, 2024, the Company had no material unrecognized tax benefits.

Loss Per Share

Basic loss per share is calculated by dividing net loss by the weighted average number of shares of common stock outstanding during each period. Diluted loss per share is calculated by adjusting the weighted average number of shares of common stock outstanding for the dilutive effect, if any, of common stock equivalents. Common stock equivalents whose effect would be anti-dilutive are not included in diluted loss per share. The Company uses the treasury stock method to determine the dilutive effect, which assumes that all common stock equivalents have been exercised at the beginning of the period and that the funds obtained from those exercises were used to repurchase shares of common stock of the Company at the average closing market price during the period. As of June 30, 2025 and 2024, there were 4,626,942 and 4,597,942, respectively, potential common share equivalents from stock options excluded from the diluted loss per share calculations as their effect is anti-dilutive.

Fair Value Measurements

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

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

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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 Topic 718, “*Share-Based Payments*.” All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments issued and are recognized over the employees’ required service period, which is generally the vesting period.

Concentration of Credit Risk

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

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

Recently Adopted Accounting Pronouncements

In August 2023, the FASB issued ASU 2023-05, “*Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement*,” which requires a newly-formed joint venture to apply a new basis of accounting to its contributed net assets, resulting in the joint venture initially measuring its contributed net assets at fair value on the formation date. ASU 2023-05 is effective for all joint venture formations with a formation date on or after January 1, 2025, with early adoption permitted. These amendments are to be applied prospectively, with retrospective application permitted for joint ventures formed before the effective date. The adoption of ASU 2023-05 did not have a material impact on the Company’s condensed consolidated financial statements.

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	Six months ended	
	June 30, 2025	June 30, 2024
AmpliTech Inc. and Specialty Microwave		
Domestic sales	\$ 1,358,369	\$ 1,383,976
International sales	8,945,623	419,155
Total sales	\$ 10,303,992	\$ 1,803,131
<u>Spectrum</u>		
Domestic sales	\$ 2,629,042	\$ 2,141,925
International sales	1,691,992	875,717
Total sales	\$ 4,321,034	\$ 3,017,642
Total sales for the six months ended June 30, 2025	\$ 14,625,026	\$ 4,820,773

(6) Segment Reporting

ASC Topic 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. Operating segments are components of an enterprise for which separate discrete financial information is available and regularly evaluated by the CODM to allocate resources and assess performance. The Company has identified its Chief Executive Officer (“CEO”) as the CODM and has determined that it operates in two reportable segments; the manufacturing and engineering segment, which is operated by AmpliTech Inc. and Specialty Microwave; and the distribution segment, which is operated by Spectrum. The manufacturing and engineering segment assembles microwave components, and the distribution segment is a global distributor of integrated circuits packages and lids. The Company provides general corporate services to its segments; however, these services are not considered when making operating decisions and assessing segment performance. These services are reported under “Corporate” below and include costs associated with executive management, financing activities and public company compliance.

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The following table presents summary information by segment for the three months ended June 30, 2025:

	<u>Manufacturing and Engineering</u>	<u>Distribution</u>	<u>Corporate</u>	<u>Total</u>
Revenue	\$ 9,318,456	\$ 1,707,471	\$ -	\$ 11,025,927
Cost of Goods Sold	9,216,126	946,922	-	10,163,048
Net Income/(Loss)	(1,416,130)	121,816	(477,311)	(1,771,625)
Research and development	658,795	-	-	658,795
Total Assets	20,761,080	16,397,730	11,484,860	48,643,670
Depreciation and Amortization	103,103	28,655	124,400	256,158
Interest Income (Expense), net	42,022	-	(12,829)	29,193

The following table presents summary information by segment for the six months ended June 30, 2025:

	<u>Manufacturing and Engineering</u>	<u>Distribution</u>	<u>Corporate</u>	<u>Total</u>
Revenue	\$ 10,303,992	\$ 4,321,034	\$ -	\$ 14,625,026
Cost of Goods Sold	9,983,180	2,591,097	-	12,574,277
Net Income (Loss)	(2,999,324)	341,307	(954,129)	(3,612,146)
Research and development	1,398,468	-	-	1,398,468
Total Assets	20,761,080	16,397,730	11,484,860	48,643,670
Depreciation and Amortization	196,376	57,442	124,400	378,218
Interest Income (Expense), net	81,594	-	(2,904)	78,690

(7) Inventories

The inventory consists of the following at June 30, 2025 and December 31, 2024:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Raw Materials	\$ 1,380,004	\$ 1,261,307
Work-in Progress	713,220	190,818
Finished Goods	6,824,447	7,198,639
Subtotal	\$ 8,917,671	\$ 8,650,764
Less: Reserve for Obsolescence	(1,062,000)	(1,062,000)
Total	<u>\$ 7,855,671</u>	<u>\$ 7,588,764</u>

(8) Property and Equipment

Property and Equipment consisted of the following at June 30, 2025 and December 31, 2024:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Lab Equipment	\$ 3,892,884	\$ 3,429,447
Manufacturing Equipment	129,745	129,745
Automobiles	7,335	7,335
Computer Equipment and Software	157,101	146,785

Leasehold Improvements	87,322	84,172
Furniture and Fixtures	<u>208,100</u>	<u>170,643</u>
Subtotal	4,482,487	3,968,127
Less: Accumulated Depreciation	<u>(1,913,784)</u>	<u>(1,714,432)</u>
Total	<u>\$ 2,568,703</u>	<u>\$ 2,253,695</u>

Depreciation expense for the three months ended June 30, 2025 and 2024 was \$104,525 and \$91,857 respectively, of which \$73,667 and \$71,123, respectively were included in cost of goods sold.

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Depreciation expense for the six months ended June 30, 2025 and 2024 was \$199,352 and \$183,515 respectively, of which \$147,233 and \$142,247, respectively were included in cost of goods sold.

Property and equipment purchased in the amount of \$80,426 under financing leases are included in the totals above. (See Note 11).

(9) Goodwill and Intangible Assets

Goodwill

Goodwill is related to the acquisition of Spectrum Semiconductor Materials Inc. on December 15, 2021. Goodwill is primarily related to expected improvements and technology performance and functionality, as well as sales growth from future product and service offerings and new customers, together with certain intangible assets that do not qualify for separate recognition. Goodwill is generally not amortizable for tax and financial statement purposes. As of June 30, 2025 and December 31, 2024 goodwill was \$4,696,883, respectively.

Other Intangible Assets

Intellectual property and customer relationships of approximately \$8,200,000 was acquired through the Titan asset acquisition and will be used in the development and manufacturing of 5G Oran products. Please refer to Note 14 for the description of the intangible asset acquisition.

Intangible assets consisted of the following at June 30, 2025:

	Gross Carrying Amount	Accumulated Amortization	Net	Weighted Average Life
Trade name	\$ 514,284	\$ -	\$ 514,284	Indefinite
Intellectual Property	6,880,288	104,247	6,776,041	10.83
Customer relationships	3,508,710	401,415	3,107,295	14.33
Total	<u>\$ 10,903,282</u>	<u>\$ 505,662</u>	<u>\$ 10,397,620</u>	

Amortization expense for the three months ended June 30, 2025 and 2024 was \$151,633 and \$37,465, respectively.

Amortization expense for the six months ended June 30, 2025 and 2024 was \$178,866 and \$74,930, respectively

Annual amortization of intangible assets are as follows:

2025	\$ 427,664
2026	855,328
2027	855,328
2028	855,328
2029	855,328
Thereafter	<u>6,034,360</u>
	<u>\$ 9,883,336</u>

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(10) Cost Method Investment

On June 10, 2021, the Company entered into a membership interest purchase agreement with SN2N, LLC for an aggregate purchase price of \$350,000, to be paid in four tranches. Each tranche represented a 5% membership interest, and in aggregate a 20% membership interest. On June 15, 2022, an amendment to the membership interest purchase agreement was made to reflect a 19.9% membership interest. Considering this amendment, the Company overpaid \$1,750 for the membership interest and was subsequently reimbursed. As of June 30, 2025, the Company has made an investment of \$348,250 for a 19.9% membership interest.

(11) Leases

The following was included in our balance sheet as of June 30, 2025:

	June 30, 2025
<u>Operating leases</u>	
<i>Assets</i>	
ROU operating lease assets	\$ 4,119,375
 <i>Liabilities</i>	
Current portion of operating lease	\$ 472,538
Operating lease, net of current portion	<u>\$ 3,895,878</u>
Total operating lease liabilities	<u>\$ 4,368,416</u>
 <u>Financing leases</u>	
<i>Assets</i>	
Property and equipment, gross	\$ 80,426
Accumulated depreciation	(35,149)
Property and equipment, net	<u>\$ 45,277</u>
 <i>Liabilities</i>	
Current portion of financing lease	\$ 17,065
Financing lease, net of current portion	<u>\$ 31,303</u>
Total financing lease liabilities	<u>\$ 48,368</u>

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The weighted average remaining lease term and weighted average discount rate at June 30, 2025 are as follows:

Weighted average remaining lease term (years)	June 30, 2025
Operating leases	7.48
Financing leases	2.97
Weighted average discount rate	
Operating leases	6.35%
Financing leases	7.23%

Operating Leases

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

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

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

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The following table reconciles future minimum operating lease payments to the discounted lease liability as of June 30, 2025:

2025	\$	364,122
2026		743,301
2027		757,493
2028		779,311
2029		781,351
Thereafter		1,980,929
Total lease payments		5,406,507
Less imputed interest		(1,038,091)
Total lease obligations		4,368,416
Less current obligations		(472,538)
Long-term lease obligations	\$	<u>3,895,878</u>

Financing Lease

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

The following table reconciles future minimum financing lease payments to the discounted lease liability as of 2025:

2025	\$	11,039
2026		20,082
2027		12,094
2028		8,100
2029		3,375
Total lease payments		54,690
Less imputed interest		(6,322)
Total lease obligations		48,368
Less current obligations		(17,065)
Long-term lease obligations	\$	<u>31,303</u>

(12) Revolving Line of Credit:

On March 25, 2025, AmpliTech Group, Inc., entered into a Bank Loan Agreement (the “Loan Agreement”) with Dime Community Bank (the “Bank”) for a revolving line of credit for up to \$750,000 (the “Revolving Line of Credit”). The Company has established the Revolving Line of Credit for general working purposes and uses, as needed. The term of the Loan Agreement expires once all indebtedness under the Revolving Line of Credit has been paid in full, or until such time as the Bank and the Company agree in writing to terminate the Loan Agreement. In addition to interest, the Company agreed to pay an annual fee of \$500.00 on the anniversary date of each year the Loan Agreement is in effect, subject to change by the Bank with notice. Pursuant to an Assignment of Deposit Agreement dated March 25, 2025 between us and the Bank, the Revolving Line of Credit is secured by a demand deposit account with the Bank which requires us to have a balance no less than \$814,635.

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The Revolving Line of Credit is evidenced by a promissory note, which is due on demand, or if there is no demand, then on March 1, 2026, unless extended, modified or renewed (the “Note”). The Company has agreed to pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning April 1, 2025, with all subsequent interest payments to be due on the same day of each month thereafter. The Note bears a variable interest rate based on changes in the Wall Street Journal Prime Rate as published in the Wall Street Journal from time to time, plus 1.000%, provided however, under no circumstances will the interest rate be less than 6.250% per annum or more than the maximum rate allowed by applicable law. Late payment is subject to a fee of 5.000% of the regularly scheduled payment. In the event of default, the Note bears an interest at a rate per annum equal to 5.000% above the rate that is otherwise applicable to such amounts. As of the June 30, 2025, the outstanding balance on the Revolving Line of Credit was \$0.

(13) Stockholders’ Equity

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

Preferred Stock

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

On October 7, 2020, our Board of Directors and our stockholders approved a resolution to amend and restate the certificate of designation of preferences, rights and limitations of Series A Convertible Preferred Stock to restate that there are 401,000 shares of the Company’s blank check Preferred Stock designated as Series A Convertible Preferred Stock. The amended and restated certificate clarifies that the Series A Convertible Preferred Stock converts 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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Common Stock:

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

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

On May 20, 2022, 30,000 restricted stock units at an exercise price of \$1.96 were issued to a board advisor. Vesting occurred in equal quarterly installments of 2,500 shares beginning on May 20, 2022. The final installment of 2,500 shares were issued on February 20, 2025 and as of March 31, 2025, 30,000 shares of common stock were issued.

On April 24, 2025, the Company issued to Titan Crest, LLC, 914,635 shares of restricted common stock at \$1.64 per share, which is based on the volume weighted average price of the Company’s common stock over the preceding thirty (30) trading days from the date the initial milestone relating to the Titan APA was achieved. The fair value of the common stock issued was \$1,710,367 based on the closing stock price on April 24, 2025 of \$1.87 per share.

2020 Equity Incentive Plan:

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

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

As of June 30, 2025, all outstanding stock options were issued according to the Company’s 2020 Plan, and there remains 725,142 shares of common stock available for future issuance under the 2020 Plan.

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Six Months Ended June 30, 2025 and 2024

Stock Options:

On February 7, 2025, the Company granted an employee ten-year stock options to purchase 25,000 shares of common stock according to the Company's 2020 Plan, of which 12,500 vest immediately and the balance will vest on January 31, 2026. The stock options have an exercise price of \$2.32 per share. The Company has calculated these options estimated fair market value at \$50,600 using the Black-Scholes model, with the following assumptions: expected term of 5.49 years, stock price of \$2.32, exercise price of \$2.32, volatility of 124.6%, risk-free rate of 4.34%, and no forfeiture rate.

On June 17, 2025, the Company granted a board advisor ten-year stock options to purchase 10,000 shares of common stock according to the Company's 2020 Plan, of which 2,500 vest immediately and the balance will vest in quarterly installments over a one year period commencing on June 17, 2025. The stock options have an exercise price of \$1.97 per share. The Company has calculated these options estimated fair market value at \$17,000 using the Black-Scholes model, with the following assumptions: expected term of 5.38 years, stock price of \$1.97, exercise price of \$1.97, volatility of 123.4%, risk-free rate of 3.99%, and no forfeiture rate.

Below is a table summarizing the changes in stock options outstanding for the six months ended June 30, 2025:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price (\$)</u>
Outstanding at December 31, 2024	1,295,000	\$ 2.28
Granted	35,000	\$ 2.22
Exercised	-	-
Forfeited or expired	-	-
Outstanding at June 30, 2025	<u>1,330,000</u>	<u>\$ 2.28</u>
Exercisable at June 30, 2025	<u>821,201</u>	<u>\$ 2.55</u>

Stock-based compensation expense related to stock options of \$98,426 and \$215,857 was recorded for the three and six months ended June 30, 2025, respectively. As of June 30, 2025, the remaining unrecognized compensation cost related to non-vested stock options is \$805,226 and is expected to be recognized over 3.55 years. The outstanding stock options have a weighted average remaining contractual life of 3.85 years and a total intrinsic value of \$289,980.

Warrants:

Below is a table summarizing the changes in warrants outstanding for the six months ended June 30, 2025:

	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price (\$)</u>
Outstanding at December 31, 2024	3,296,942	\$ 7.83
Granted	-	-
Exercised	-	-
Forfeited or expired	-	-
Outstanding at June 30, 2025	<u>3,296,942</u>	<u>\$ 7.83</u>
Exercisable at June 30, 2025	<u>3,296,942</u>	<u>\$ 7.83</u>

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Six Months Ended June 30, 2025 and 2024

Stock-based compensation expense related to warrants of \$0 was recorded for the three and six months ended June 30, 2025, respectively. As of June 30, 2025, the remaining unrecognized compensation cost related to non-vested warrants is \$0. The outstanding warrants have a weighted average remaining contractual life of .73 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 occurred in equal quarterly installments of 2,500 shares beginning on May 20, 2022. The final installment of 2,500 shares was issued on February 20, 2025 and as of June 30, 2025, 30,000 shares of common stock were issued.

Below is a table summarizing the changes in restricted stock units outstanding for the three and six months ended June 30, 2025:

	Number of RSUs	Weighted Average Exercise Price (\$)
Outstanding at December 31, 2024	2,500	\$ 1.96
Granted	-	-
Vested	(2,500)	\$ 1.96
Forfeited or expired	-	-
Outstanding at June 30, 2025	-	-

Stock-based compensation expense related to restricted stock units of \$0 and \$7,655 was recorded for the three and six months ended June 30, 2025, respectively. As of June 30, 2025, the remaining unrecognized compensation cost related to non-vested restricted stock units is \$0. The outstanding restricted stock units have a weighted average remaining contractual life and a total intrinsic value of \$0.

(14) Commitments and Contingencies

Licensing Agreement:

On July 26, 2024, the Company's AGTGSS division entered into a licensing product agreement. Under the terms of the agreement, the licensor agreed to an exclusive United States distribution and global licensing rights for certain 5G telecom equipment for 18 months for the purpose of marketing, selling, renting, deployment and maintenance of the licensed products with the Company. For services, the Company will pay the Licensor certain software IP license fees and product certification support in the amount of \$1,790,000. As of June 30, 2025, \$1,070,000 was paid towards this licensing agreement.

AmpliTech Group, Inc.
Notes To Condensed Consolidated Financial Statements
For the Six Months Ended June 30, 2025 and 2024

Contingent Liability-Intangible Asset Acquisition:

On March 26, 2025, the Company entered into the Titan APA to purchase the 5G ORAN radio products. The closing of the transactions and the payment of the purchase price contemplated by the Titan APA is conditioned upon certain conditions, including but not limited to (i) the issue of a purchase order (“Initial Purchase Order”) from a third party customer (“Third Party Customer”) for fiscal year delivery to the Company, (ii) a purchase order between the Company and Titan or its affiliate pursuant to which Titan will assist in manufacturing the products to be sold to the Third Party Customer to meet its purchase order, and (iii) receipt of correspondence from Third Party Customer to the Company, indicating Third Party Customer’s intention to issue purchase orders (including such Third Party Customer’s initial purchase order) which purchase orders will be spread out over 3 years (“ Subsequent Purchase Orders”).

The aggregate purchase price for the assets is \$8,000,000, which consists of \$4,000,000 in cash and \$4,000,000 in restricted shares of common stock. Upon the procurement of the Initial Purchase Order and receipt of assurance of the Subsequent Purchase Orders (the “First Milestone”), the Company issued 914,635 shares of restricted common stock to Titan at \$1.64 per share, based on the 30-day volume-weighted average price (“VWAP”). The fair value of the common stock issued was \$1,710,367 based on the closing stock price on April 24, 2025 of \$1.87 per share. These shares, together with \$3.5 million in cash paid at closing, represented the initial consideration (the “First Milestone”) under the APA. The remaining \$500,000 in cash to be paid and \$2,500,000 in shares of restricted common stock will be issued to Titan upon the transfer and approval of the 5G ORAN radio products’ technology and intellectual property rights by Titan to the Company (the “Second Milestone”). The Second Milestone is expected to be achieved towards the end of the year 2025 and is recorded as a contingent liability of \$3,000,000 as of June 30, 2025. As a result of the First Milestone payment of \$5,210,367 and the contingent liability of \$3,000,000, an intangible asset of \$8,210,367 was recorded during the three months ended June 30, 2025. (See Note 9).

In addition, under the Titan APA, the parties are obligated, subject to certain limitations, to indemnify the other for certain customary and other specified matters, including breaches of representations and warranties, breaches of covenants and for certain liabilities and third-party claims. Further, Titan and its affiliate, jointly and severally, agreed for a period of 10 years not to engage in certain competitive activities with respect to the business or proposed business relating to the assets sold to the Company. In addition, the Titan APA contemplates that after the closing, the Company and Titan will enter short-term transition services agreements for up to two of Titan’s employees to provide Company assistance in the assignment and transfer of the purchased assets from Titan to the Company for a fee not to exceed \$430,000.

In connection with the transaction, Titan’s affiliate agreed to transfer all of its rights, title and interest in 5G ORAN radio products technology and intellectual property rights to Titan. Subsequent to the transaction, Titan’s affiliate will continue its business and retain its employees focusing on software solutions and services.

(15) Subsequent events

ATM Offering

On July 22, 2025, the Company entered into an equity distribution agreement, or the Equity Distribution Agreement, with Maxim Group LLC, or Maxim, relating to offer and sell shares of our common stock having an aggregate offering price of up to \$25,000,000 from time to time through Maxim, acting as our exclusive sales agent, in an “At-the-Market Offering” at our discretion.

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 AmpliTech, Inc., and the Company’s divisions, Specialty Microwave, Spectrum Semiconductor Materials, AmpliTech Group MMIC Design Center (“AGMDC”) and AmpliTech Group True G Speed Services (“AGTGSS”).

AmpliTech, Inc. designs, engineers and assembles micro-wave component-based amplifiers that meet individual customer specifications. Our products consist of Radio Frequency (“RF”) amplifiers and related subsystems, operating at multiple frequencies from 50kHz to 44GHz, including low noise amplifiers (“LNA”), medium power amplifiers, cryogenic amplifiers, and custom assembly designs for the global satellite communications, telecom (5G & IoT), space, defense, and quantum computing markets. We also offer non-recurring engineering services on a project-by-project basis, for a predetermined fixed contractual amount, or on a time plus material basis. We have both domestic and international customers in such industries as aerospace, governmental, defense and commercial satellite.

Specialty Microwave designs and manufactures state-of-the-art precision SATCOM microwave components, RF subsystems and specialized electronic assemblies for the military and commercial markets, flexible and rugged waveguides, wave guide adapters and more.

On December 15, 2021, we acquired substantially all of the assets of Spectrum Semiconductor Materials Inc. (“SSM”), a globally authorized distributor of integrated circuit (IC) packaging and lids for semiconductor device assembly, prototyping, testing, and production requirements founded in 1990 and headquartered in San Jose, CA.

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.

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

On March 26, 2025, we entered into an asset purchase agreement, as amended by that certain amendment dated April 15, 2025, with Titan, and its affiliate (as amended, the “Titan APA”) to purchase certain assets including intellectual property used in developing, manufacturing, marketing and selling products that use radio frequency technology (“5G ORAN radio products”). The aggregate purchase price for the assets is \$8,000,000, which consists of \$4,000,000 in cash and \$4,000,000 in restricted shares of common stock. Upon the procurement of the Initial Purchase Order and receipt of assurance of the Subsequent Purchase Orders (the “First Milestone”), the Company issued 914,635 shares of restricted common stock to Titan at \$1.64 per share, based on the 30-day volume-weighted average price (“VWAP”). The fair value of the common stock issued was \$1,710,367 based on the closing stock price on April 24, 2025 of \$1.87 per share. These shares, together with \$3.5 million in cash paid at closing, represented the initial consideration (the “First Milestone”) under the APA. The remaining \$500,000 in cash to be paid and \$2,500,000 in shares of restricted common stock will be issued to Titan upon the transfer and approval of the 5G ORAN radio products’ technology and intellectual property rights by Titan to the Company (the “Second Milestone”). The Second Milestone is expected to be achieved towards the end of the year 2025 and is recorded as a contingent liability of \$3,000,000 as of June 30, 2025.

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 cell phone handsets, laptops, server networks, and many other applications that improve everyday quality of life.

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

Loss on Investment of Digital Assets

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

As a result of the fraudulent digital currency transactions noted above, the Company was a victim of a cyber phishing scam that defrauded the Company. During the three months ended March 31, 2024, the Company recorded a complete loss from the investment in digital assets of \$3,248,911.

Recent Developments

ATM Offering

On July 22, 2025, we entered into an equity distribution agreement, or the Equity Distribution Agreement, with Maxim Group LLC, or Maxim, relating to offer and sell shares of our common stock having an aggregate offering price of up to \$25,000,000 from time to time through Maxim, acting as our exclusive sales agent, in an "At-the-Market Offering" at our discretion.

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 report.

Results of Operations

For the Three Months Ended June 30, 2025 and June 30, 2024

Revenues

Sales increased from \$2,527,442 for the three months ended June 30, 2024, to \$11,025,927 for the three months ended June 30, 2025, an increase of \$8,498,485 or approximately 336.25%. This increase in sales is predominantly from the 5G orders that needed to be fulfilled per the Titan Asset Acquisition. Sales in the amplifier and related passive microwave components and subsystems division increased by \$6,874, while Spectrum sales decreased by \$57,707, or 3.27%.

Cost of Goods Sold and Gross Profit

Cost of goods sold increased from \$1,470,355 for the three months ended June 30, 2024, to \$10,163,048 for the three months ended June 30, 2025, an increase of \$8,692,693 or 591.20%. This increase is directly attributable to the significant ramp-up in 5G product sales resulting from the recent Titan APA. Gross profit for the same period was \$862,879 compared to \$1,057,087, a decrease of \$194,208, or 18.37%. Gross profit as a percentage of sales declined to 7.83% from 41.82%, reflecting the Company's strategy to penetrate the multi-billion-dollar global telecommunications market, dominated by major network operators (MNO's).

AmpliTech is strategically investing in building long-term business relationships with global network operators by providing innovative, carrier-grade ORAN true 5G radios and high-performance Private 5G solutions. This initial phase of market penetration emphasizes top-line revenue growth and customer acquisition over short-term margins. These investments are expected to yield significantly higher gross margins in the latter half of 2025 (Q3 and Q4) and beyond, as the company transitions from initial deployment phases to long-term recurring business with these Tier 1 operators.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased to \$2,129,143 for the three months ended June 30, 2025, from \$2,165,055 for the first three months ended June 30, 2024, a decrease of \$35,912 or approximately 1.66%. This decrease is primarily due to the decrease in parent company expenses relating to accounting, consulting and legal expenses for this period.

Research and Development Expenses

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

Research and development costs for the three months ended June 30, 2025, and 2024, were \$658,795 and \$460,122, respectively, an increase of \$198,673, or 43.18%, mainly attributable to our MIMO 64T64R Oran Cat B radio network and low-noise block down converter units, also known as LNB's.

Loss From Operations

As a result of the above, the Company reported a loss from operations of \$1,925,059 and \$1,568,090 for the three months ended June 30, 2025, and 2024, respectively.

Other Income (Expenses)

Other income consists of \$88,222 realized gain on foreign currency exchange rates.

Due to market fluctuations, the Company recorded a realized gain on investments of \$36,019 for the three months ended June 30, 2025.

The Company recorded interest income, net of \$29,193 and interest expense, net of \$8,184 for the three months ended June 30, 2025 and 2024, respectively.

Net Loss

The Company reported a net loss of \$1,771,625 and \$1,576,274 for the three months ended June 30, 2025 and 2024, respectively.

For the Six Months Ended June 30, 2025 and June 30, 2024

Revenues

Sales increased from \$4,820,773 for the six months ended June 30, 2024, to \$14,625,026 for the six months ended June 30, 2025, an increase of \$9,804,253 or approximately 203.38%. This increase in sales is predominantly from the 5G orders that needed to be fulfilled per the Titan APA.

Cost of Goods Sold and Gross Profit

Cost of goods sold increased from \$2,881,056 for the six months ended June 30, 2024, to \$12,574,277 for the six months ended June 30, 2025, an increase of \$9,693,221 or 336.45%. Overall, this increase is directly related to the increase in sales from the asset acquisition. As a result, gross profit was \$2,050,749 for the six months ended June 30, 2025, compared to \$1,939,717 for the six months ended June 30, 2024, an increase of \$111,032, or 5.72%. Overall, gross profit as a percentage of sales decreased to 14.02% from 40.24%, reflecting the Company's strategy to penetrate the multi-billion-dollar global telecommunications market. AmpliTech is strategically investing in building long-term business relationships with these global network operators by providing innovative, carrier-grade ORAN true 5G radios and high-performance Private 5G solutions. This initial phase of market penetration emphasizes top-line revenue growth and customer acquisition over short-term margins. These investments are expected to yield significantly higher gross margins in the latter half of 2025 (Q3 and Q4) and beyond, as the company transitions from initial deployment phases to long-term recurring business with these Tier 1 operators.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased to \$4,467,358 for the six months ended June 30, 2025, from \$4,198,802 for the first six months ended June 30, 2024, an increase of \$268,556 or approximately 6.40%. The increase is primarily due to the increase in trade show expense, legal expense and consulting.

Research and Development Expenses

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

Research and development costs for the six months ended June 30, 2025, and 2024, were \$1,398,468 and \$736,877, respectively, an increase of \$661,591, or 89.78%, mainly attributable to our MIMO 64T64R Oran Cat B radio network and low-noise block down converter units, also known as LNB's.

Loss From Operations

As a result of the above, the Company reported a loss from operations of \$3,815,077 and \$2,995,962 for the six months ended June 30, 2025, and 2024, respectively.

Other Income (Expenses)

As a result of the fraudulent digital currency transactions previously disclosed, during the six months ended June 30, 2024, the Company recorded an impairment loss of \$3,248,911 related to digital assets.

Other income consists of \$88,222 realized gain on foreign currency exchange rates.

Due to market fluctuations, the Company recorded a realized gain on investments of \$36,019 and \$25,965 for the six months ended June 30, 2025 and 2024, respectively.

The Company recorded interest income, net of \$78,690 and interest expense, net of \$12,527 for the six months ended June 30, 2025 and 2024, respectively.

Net Loss

The Company reported a net loss of \$3,612,146 and \$6,231,435 for the six months ended June 30, 2025 and 2024, respectively.

Cash Flow

Operating Activities

The net cash used in operating activities for the six months ended June 30, 2025, was \$4,260,237 resulting primarily from the net loss and operating changes in accounts receivable, inventory, prepaid expenses, long-term deposits, accounts payable and accrued expenses and operating lease obligations and customer deposits.

The net cash used in operating activities for the six months ended June 30, 2024, was \$ 2,396,466 resulting primarily from the net loss, loss on investment of digital assets and operating changes in accounts receivable, inventories, prepaid expenses, accounts payable and accrued expenses, customer deposits and operating lease obligations.

Investing Activities

The net cash used in investing activities for the six months ended June 30, 2025, was \$3,987,492 for the purchase of equipment and the Titan Asset Acquisition.

The net cash used in investing activities for the six months ended June 30, 2024, was \$3,262,591 for the purchase of equipment and investment in digital assets.

Financing Activities

The net cash used in financing activities for the six months ended June 30, 2025, was \$10,500 resulting primarily from the repayments of financing lease obligations.

The net cash used in financing activities for the six months ended June 30, 2024, was \$52,752, resulting primarily from the repayments of notes payable and financing lease obligations.

Operating Capital and Capital Expenditure Requirements

As of June 30, 2025, we had cash and cash equivalents of \$11,057,755, working capital of \$16,163,710, and an accumulated deficit of \$24,624,273. As of December 31, 2024, we had cash and cash equivalents of \$19,315,984, working capital of \$26,795,745 and an accumulated deficit of \$21,012,127. Based on our existing cash and cash equivalents, our working capital, our current and forecasted level of operations, and our forecasted cash flows, we believe that we will be able to meet our obligations and pay our liabilities arising from normal business operations when they come due and to provide for our capital requirements for the next 12 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.

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 six month period ended June 30, 2025 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, 2024.

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

Under the supervision and with the participation of management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of June 30, 2025, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. As a result of this evaluation, our chief executive officer and chief financial officer have concluded that, as of June 30, 2025, our disclosure controls and procedures were not effective due to the material weaknesses in internal control over financial reporting described below. Notwithstanding the identified material weaknesses, management, including our chief executive officer and chief financial officer, believes the condensed consolidated financial statements included in this report fairly represent, in all material respects, our financial condition, results of operations and cash flows as of and for the periods presented in accordance with GAAP.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the 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. 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.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Management has evaluated the effectiveness of our internal control over financial reporting based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of this evaluation, management has concluded that, as of June 30, 2025 our internal control over financial reporting was not effective due to the material weaknesses in internal control over financial reporting due to previously identified material weaknesses resulting from lack of written documentation of our internal controls and procedures, having ineffective internal controls related to our information technology general controls and lack of personnel resources to ensure adequate segregation of duties, as disclosed in the Form 10-K for the fiscal year ended December 31, 2024 ("Form 10-K").

We continue to focus on our remediation plan disclosed in our Form 10-K.

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

Changes in Internal Control over Financial Reporting

Except for the foregoing, 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.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

Carefully consider the risks set forth in the section captioned “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 before making an investment decision. You should read the section captioned “Cautionary Statement Regarding Forward Looking Statements” above for a discussion of what types of statements are forward-looking statements, as well as the significance of such statements in the context of this report.

During the six months ended June 30, 2025, the U.S. government increased certain existing tariffs and implemented new tariffs on imported products. In April 2025, the U.S. government increased import tariffs across a wide range of countries at various rates, including on product imports from almost all countries, and individualized higher tariffs on certain countries, which include certain countries where the Company sources raw materials and components. As a result, selling prices of the Company’s finished products are likely to increase if tariffs continue to be enforced at current levels or are increased in the future, which may have a negative impact on the Company’s revenues and cash flows. Some of these tariff announcements have since been followed by announcements of limited exemptions and temporary pauses, however, due to the uncertainties pertaining to tariffs and tariff levels, it is difficult for us to reliably forecast their short-term or ongoing impact to our business or that of our customers. While we are actively evaluating the potential impacts of these tariffs, as well as our ability to mitigate their related impacts, such tariffs may have a negative impact on our revenues, profitability and cash flows.

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

<i>Exhibit No.</i>	<i>Description</i>
31.1**	<u>Rule 13a-14(a)/ 15d-14(a) Certification of Principal Executive Officer</u>
31.2**	<u>Rule 13a-14(a)/ 15d-14(a) Certification of Principal Financial Officer</u>
32.1**	<u>Section 1350 Certification of Principal Executive Officer</u>
32.2**	<u>Section 1350 Certification of Principal Financial Officer</u>
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

*Filed herewith

** furnished herewith

† Pursuant to item 601(b)(10)(iv) of Regulation S-K, certain information has been excluded because it is both not material and the type of information that the registrant treats as private or confidential.

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: August 14, 2025

By: */s/ Fawad Maqbool*

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

Date: August 14, 2025

By: */s/ Louisa Sanfratello*

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