

**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 **March 31, 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:

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer  Smaller reporting company   
Emerging growth company

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

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

As of May 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**  
**March 31, 2025**  
**TABLE OF CONTENTS**

	<u>PAGE</u>
<b><u>PART I - FINANCIAL INFORMATION</u></b>	
Item 1. <u>Financial Statements (Unaudited)</u>	4
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	28
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	32
Item 4. <u>Controls and Procedures</u>	32
<b><u>PART II - OTHER INFORMATION</u></b>	
Item 1. <u>Legal Proceedings</u>	33
Item 1A. <u>Risk Factors</u>	33
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	33
Item 3. <u>Defaults Upon Senior Securities</u>	33
Item 4. <u>Mine Safety Disclosures</u>	33
Item 5. <u>Other Information</u>	33
Item 6. <u>Exhibits</u>	33
<b><u>SIGNATURES</u></b>	34

**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**

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
	<u>(Unaudited)</u>	
<b><u>Assets</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 16,942,201	\$ 19,315,984
Accounts receivable	2,223,694	1,256,725
Inventories, net	7,146,080	7,588,764
Prepaid expenses	503,806	169,913
<b>Total Current Assets</b>	<u>26,815,781</u>	<u>28,331,386</u>
Property and equipment, net	2,519,913	2,253,695
Operating lease right of use assets	4,239,148	4,399,975
Intangible assets, net	2,338,886	2,366,119
Goodwill	4,696,883	4,696,883
Cost method investment	348,250	348,250
Long term deposits	1,104,174	824,174
<b>Total Assets</b>	<u>\$ 42,063,035</u>	<u>\$ 43,220,482</u>
<b><u>Liabilities and Stockholders' Equity</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,704,407	\$ 941,408
Customer deposits	36,500	128,089
Current portion of financing lease obligations	15,563	16,522
Current portion of operating lease obligations	459,081	449,622
<b>Total Current Liabilities</b>	<u>2,215,551</u>	<u>1,535,641</u>
<b>Long-term Liabilities</b>		
Financing lease obligations, net of current portion	12,646	15,478
Operating lease obligations, net of current portion	4,020,472	4,139,562
Deferred tax liability	39,000	39,000
<b>Total Liabilities</b>	<u>6,287,669</u>	<u>5,729,681</u>
<b>Commitments and Contingencies</b>	-	-
<b>Stockholders' Equity</b>		
Common stock, par value \$0.001, 500,000,000 shares authorized, 19,658,960 and 19,656,460 shares issued and outstanding, respectively	19,658	19,656
Additional paid-in capital	58,608,356	58,483,272
Accumulated deficit	(22,852,648)	(21,012,127)
<b>Total Stockholders' Equity</b>	<u>35,775,366</u>	<u>37,490,801</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 42,063,035</u>	<u>\$ 43,220,482</u>

See accompanying notes to the condensed consolidated financial statements

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

	<b>For The Three Months Ended</b>	
	<b>March 31, 2025</b>	<b>March 31, 2024</b>
<b>Revenues</b>	\$ 3,599,099	\$ 2,293,331
<b>Cost of Goods Sold</b>	2,411,229	1,410,701
Gross Profit	1,187,870	882,630
<b>Operating Expenses</b>		
Selling, general and administrative	2,338,215	2,033,747
Research and development	739,673	276,755
<b>Total Operating Expenses</b>	3,077,888	2,310,502
<b>Loss From Operations</b>	(1,890,018)	(1,427,872)
<b>Other Income (Expenses)</b>		
Loss on investment in digital assets	-	(3,248,911)
Realized gain on investments	-	25,965
Interest income (expense), net	49,497	(4,343)
<b>Total Other Income (Expenses)</b>	49,497	(3,227,289)
<b>Net Loss Before Income Taxes</b>	(1,840,521)	(4,655,161)
Provision For Income Taxes	-	-
<b>Net Loss</b>	\$ (1,840,521)	\$ (4,655,161)
<b>Net Loss Per Share;</b>		
Basic and diluted	\$ (0.09)	\$ (0.48)
<b>Weighted Average Common Shares Outstanding;</b>		
Basic and diluted	19,657,543	9,715,712

See accompanying notes to the condensed consolidated financial statements

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

**For The Three Months Ended March 31, 2025**

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Number of Shares	Par Value			
<b>Balance, December 31, 2024</b>	<b>19,656,460</b>	<b>\$ 19,656</b>	<b>\$ 58,483,272</b>	<b>\$ (21,012,127)</b>	<b>\$ 37,490,801</b>
Stock based compensation	-	-	125,086	-	125,086
Common stock issued for vesting of RSU's	2,500	2	(2)	-	-
Net loss for the three months ended March 31, 2025	-	-	-	(1,840,521)	(1,840,521)
<b>Balance, March 31, 2025</b>	<b>19,658,960</b>	<b>\$ 19,658</b>	<b>\$ 58,608,356</b>	<b>\$ (22,852,648)</b>	<b>\$ 35,775,366</b>

**For The Three Months Ended March 31, 2024**

<b>Balance, December 31, 2023</b>	<b>9,714,613</b>	<b>\$ 9,715</b>	<b>\$ 36,439,739</b>	<b>\$ (9,769,723)</b>	<b>\$ 26,679,731</b>
Stock based compensation	-	-	138,657	-	138,657
Common stock issued for vesting of RSU's	2,500	2	(2)	-	-
Net loss for the three months ended March 31, 2024	-	-	-	(4,655,161)	(4,655,161)
<b>Balance, March 31, 2024</b>	<b>9,717,113</b>	<b>\$ 9,717</b>	<b>\$ 36,578,394</b>	<b>\$ (14,424,884)</b>	<b>\$ 22,163,227</b>

See accompanying notes to the condensed consolidated financial statements

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

	<b>For The Three Months Ended March 31, 2025</b>	<b>March 31, 2024</b>
	<u>                    </u>	<u>                    </u>
<b>Cash Flows from Operating Activities:</b>		
Net loss	\$ (1,840,521)	\$ (4,655,161)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	122,060	129,123
Operating lease costs	160,827	134,907
Stock based compensation	125,086	138,657
Inventory reserve	-	3,000
Loss on investment of digital assets	-	3,248,911
Changes in Operating Assets and Liabilities:		
Accounts receivable	(966,969)	1,233,310
Inventories	442,684	(711,029)
Prepaid expenses	(333,893)	(580,226)
Long term deposits	(280,000)	(17,999)
Accounts payable and accrued expenses	762,999	119,094
Operating lease obligations	(109,631)	(130,828)
Customer deposits	(91,589)	11,377
Net cash used in operating activities	<u>(2,008,947)</u>	<u>(1,076,864)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(361,045)	(1,575)
Purchase of investment in digital assets	-	(3,248,911)
Net cash used in investing activities	<u>(361,045)</u>	<u>(3,250,486)</u>
<b>Cash Flows from Financing Activities:</b>		
Repayment on finance lease obligations	(3,791)	(4,124)
Repayment of notes payable	-	(17,645)
Net cash used in financing activities	<u>(3,791)</u>	<u>(21,769)</u>
Net change in cash and cash equivalents	(2,373,783)	(4,349,119)
<b>Cash and Cash Equivalents, Beginning of the Period</b>	<u>19,315,984</u>	<u>6,726,013</u>
<b>Cash and Cash Equivalents, End of the Period</b>	<u>\$ 16,942,201</u>	<u>\$ 2,376,894</u>
<b>Supplemental disclosures:</b>		
Cash paid for interest expense	<u>\$ 8,156</u>	<u>\$ 6,142</u>
Cash paid for income taxes	<u>\$ 9,903</u>	<u>\$ -</u>
Non-Cash Investing and Financing Activities:		
Common Stock issued on vesting of RSUs	<u>\$ 2</u>	<u>\$ 2</u>

See accompanying notes to the condensed consolidated financial statements

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 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. The capital balances have been retroactively adjusted to reflect the reverse acquisition.

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

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

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

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

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

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 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”). The Acquisition was completed on December 15, 2021.

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

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

**(2) Loss on Investment of Digital Assets**

During the three months 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. As of March 31, 2025, the remaining balance of digital assets was \$0.

**(3) Tariffs**

During the quarter ended March 31, 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 three months ended March 31, 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.

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Use of Estimates

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

Cash and Cash Equivalents

The Company considers deposits that can be redeemed on demand and investments and marketable securities that have original maturities of less than three months, when purchased, to be cash equivalents. As of March 31, 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 March 31, 2025 and December 31, 2024, the Company had \$9,206,167 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 March 31, 2025 and December 31, 2024, respectively.

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

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 March 31, 2025 and December 31, 2024, the reserve for inventory obsolescence was \$1,062,000, respectively.

Property and Equipment

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

Property and equipment are depreciated as follows:

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

Intangible Assets

Definite-lived intangible assets 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	20 years	Straight-line

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

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 three months ended March 31, 2025 and 2024, there were no indicators of impairment.

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.

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

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 March 31, 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 three months ended March 31, 2025 and 2024.

*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.

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Leases

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

Revenue Recognition

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

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

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

Our performance obligations relate to delivering single-use products to a customer, subject to the shipping terms of the contract. Limited warranties are provided, under which we typically accept returns and provide either replacement parts or refunds. We do not have significant returns. We do not typically offer extended warranty or service plans.

*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 March 31, 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.

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

*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.

Research and development costs for the three months ended March 31, 2025 and 2024 were \$739,673 and \$276,755, 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 March 31, 2025 and December 31, 2024, the Company had no material unrecognized tax benefits.

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

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 March 31, 2025 and 2024, there were 4,616,942 and 4,600,442, respectively, potential common share equivalents from stock options excluded from the diluted loss per share calculations as their effect is anti-dilutive.

Fair Value Measurements

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

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

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

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

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.

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

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 November 2023, the FASB issued ASU 2023-07, “*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*,” which updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker (“CODM”) and included within each reported measure of a segment’s profit or loss. ASU 2023-07 also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment’s profit or loss in assessing segment performance and deciding how to allocate resources. ASU 2023-07 is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The adoption of ASU 2023-07 did not have a material impact on the Company’s consolidated financial statements.

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 consolidated financial statements.

*Recently Issued Accounting Pronouncements Not Yet Adopted*

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

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

In November 2024, the FASB issued ASU 2024-03, “Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,” which requires the disaggregated disclosure of specific expense categories, including purchases of inventory, employee compensation, depreciation, and amortization included in each relevant expense caption presented on the statement of operations. The standard also requires disclosure of qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, as well as the total amount of selling expenses and an entity’s definition of selling expenses. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

The Company currently believes there are no other issued and not yet effective accounting standards that are materially relevant to its consolidated financial statements.

**(5) Revenues**

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

	<u>March 31,</u> <u>2025</u>	<u>March 31,</u> <u>2024</u>
<b>AmpliTech Inc. and Specialty Microwave</b>		
Domestic sales	\$ 714,121	\$ 678,182
International sales	271,415	362,685
Total sales	<u>\$ 985,536</u>	<u>\$ 1,040,867</u>
<b><u>Spectrum</u></b>		
Domestic sales	\$ 1,605,114	\$ 781,007
International sales	1,008,449	471,457
Total sales	<u>\$ 2,613,563</u>	<u>\$ 1,252,464</u>

Total sales for the three months ended March 31, 2025 and 2024 were \$ 3,599,099 and \$ 2,293,331.

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

**(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.

The following table presents summary information by segment for the three months ended March 31, 2025:

	Manufacturing and Engineering	Distribution	Corporate	Total
Revenue	\$ 985,536	\$ 2,613,563	\$ -	\$ 3,599,099
Cost of Goods Sold	767,054	1,644,175	-	2,411,229
Net Income/(Loss)	(1,583,194)	219,491	(476,818)	(1,840,521)
Research and development	739,673	-	-	739,673
Total Assets	22,386,921	16,074,839	3,601,275	42,063,035
Depreciation and Amortization	93,273	28,787	-	122,060
Interest Income (Expense), net	39,571	-	9,926	49,497

The following table presents summary information by segment for the three months ended March 31, 2024:

	Manufacturing and Engineering	Distribution	Corporate	Total
Revenue	\$ 1,040,867	\$ 1,252,464	\$ -	\$ 2,293,331
Cost of Goods Sold	775,471	635,230	-	1,410,701
Net Income (Loss)	(1,004,973)	(48,947)	(3,601,241)	(4,655,161)
Research and development	276,755	-	-	276,755
Total Assets	10,980,634	15,386,131	502,234	26,868,999
Depreciation and Amortization	100,201	28,922	-	129,123
Interest Income (Expense), net	(1,680)	-	(2,663)	(4,343)

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

**(7) Inventories**

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

	March 31, 2025	December 31, 2024
Raw Materials	\$ 1,382,491	\$ 1,261,307
Work-in Progress	304,036	190,818
Finished Goods	6,521,553	7,198,639
Subtotal	\$ 8,208,080	\$ 8,650,764
Less: Reserve for Obsolescence	<u>(1,062,000)</u>	<u>(1,062,000)</u>
Total	<u>\$ 7,146,080</u>	<u>\$ 7,588,764</u>

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

**(8) Property and Equipment**

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

	March 31, 2025	December 31, 2024
Lab Equipment	\$ 3,775,284	\$ 3,429,447
Manufacturing Equipment	129,745	129,745
Automobiles	7,335	7,335
Computer Equipment and Software	155,534	146,785
Leasehold Improvements	87,322	84,172
Furniture and Fixtures	173,952	170,643
	<u>4,329,172</u>	<u>3,968,127</u>
Subtotal	4,329,172	3,968,127
Less: Accumulated Depreciation	<u>(1,809,259)</u>	<u>(1,714,432)</u>
	<u>\$ 2,519,913</u>	<u>\$ 2,253,695</u>
Total	<u>\$ 2,519,913</u>	<u>\$ 2,253,695</u>

Depreciation expense for the three months ended March 31, 2025 and 2024 was \$94,827 and \$91,658 respectively, of which \$73,566 and \$71,124, respectively were included in cost of goods sold.

Property and equipment purchased in the amount of \$234,036 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 March 31, 2025 and December 31, 2024 goodwill was \$4,696,883, respectively.

Other Intangible Assets

Intangible assets consisted of the following at March 31, 2025:

	Gross Carrying Amount	Accumulated Amortization	Net Indefinite	Weighted Average Life
Trade name	\$ 514,284	\$ -	\$ 514,284	-
Customer relationships	2,178,631	354,029	1,824,602	16.72
	<u>\$ 2,692,915</u>	<u>\$ 354,029</u>	<u>\$ 2,338,886</u>	
Total	<u>\$ 2,692,915</u>	<u>\$ 354,029</u>	<u>\$ 2,338,886</u>	

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Amortization expense for the three months ended March 31, 2025 and 2024 was \$27,233 and \$37,465, respectively.

Annual amortization of intangible assets are as follows:

2025	\$ 81,699
2026	108,932
2027	108,932
2028	108,932
2029	108,932
Thereafter	<u>1,307,175</u>
	<u>\$ 1,824,602</u>

**(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 March 31, 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 March 31, 2025:

	<b>March 31,</b>
	<b>2025</b>
<b><u>Operating leases</u></b>	
<i>Assets</i>	
ROU operating lease assets	\$ 4,239,148
<i>Liabilities</i>	
Current portion of operating lease	\$ 459,081
Operating lease, net of current portion	<u>\$ 4,020,472</u>
Total operating lease liabilities	<u>\$ 4,479,553</u>
<b><u>Financing leases</u></b>	
<i>Assets</i>	
Property and equipment, gross	\$ 234,036
Accumulated depreciation	(199,792)
Property and equipment, net	<u>\$ 34,244</u>
<i>Liabilities</i>	
Current portion of financing lease	\$ 15,563
Financing lease, net of current portion	<u>\$ 12,646</u>
Total financing lease liabilities	<u>\$ 28,209</u>

The weighted average remaining lease term and weighted average discount rate at March 31, 2025 are as follows:

	<b>March 31,</b>
	<b>2025</b>
<b><u>Weighted average remaining lease term (years)</u></b>	
Operating leases	7.72
Financing leases	1.86
<b><u>Weighted average discount rate</u></b>	

---

Operating leases	6.37%
Financing leases	4.64%

### 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.

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

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.

The following table reconciles future minimum operating lease payments to the discounted lease liability as of March 31, 2025:

2025	\$	545,957
2026		743,301
2027		757,493
2028		779,311
2029		781,351
Thereafter		1,980,929
Total lease payments		5,588,342
Less imputed interest		(1,108,789)
Total lease obligations		4,479,553
Less current obligations		(459,081)
Long-term lease obligations	\$	<u>4,020,472</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 March 31, 2025:

2025	\$	13,507
2026		11,982
2027		3,994
Total lease payments		29,483
Less imputed interest		(1,274)
Total lease obligations		28,209
Less current obligations		(15,563)
Long-term lease obligations	\$	<u>12,646</u>

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

**(12) Notes Payable**

**Promissory Notes:**

On September 12, 2019, AmpliTech Group, Inc. acquired Specialty, a privately held company based in Ronkonkoma, NY. The purchase included all inventory, orders, customers, property and equipment, and all intellectual property. The assets also included all eight team members of Specialty. The total consideration paid was \$1,143,633, consisting of \$668,633 in cash and a \$475,000 promissory note with an interest rate of 6%. Beginning November 1, 2019, payment of principal and interest shall be due payable in fifty-nine (59) monthly payments of \$9,213 with a final payment due October 1, 2024 of \$9,203. Principal payments of \$0 and \$17,645 along with interest expense of \$ 0 and \$782 were paid during the three months ended March 31, 2025 and 2024, respectively. As of March 31, 2025, the balance of this promissory note was \$0.

**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.

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 March 31, 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.

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

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 March 21, 2025, we entered into an equity distribution agreement with Maxim Group LLC., relating to offer and sell shares of our common stock having an aggregate offering price of up to \$25 million. Maxim will act as our exclusive sales agent, in an “At-the-Market Offering” at our discretion, until June 11, 2025. As of March 31, 2025, \$113,110 of financing costs have been deferred and no shares of common stock have been issued.

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 March 31, 2025, all outstanding stock options were issued according to the Company’s 2020 Plan, and there remains 735,142 shares of common stock available for future issuance under the 2020 Plan.

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 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.

Below is a table summarizing the changes in stock options outstanding for the three months ended March 31, 2025:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price (\$)</b>
Outstanding at December 31, 2024	1,295,000	\$ 2.28
Granted	25,000	\$ 2.32
Exercised	-	-
Forfeited or expired	-	-
Outstanding at March 31, 2025	<u>1,320,000</u>	<u>\$ 2.28</u>
Exercisable at March 31, 2025	<u>769,952</u>	<u>\$ 2.59</u>

Stock-based compensation expense related to stock options of \$117,431 and \$133,786 was recorded for the three months ended March 31, 2025 and 2024, respectively. As of March 31, 2025, the remaining unrecognized compensation cost related to non-vested stock options is \$886,652 and is expected to be recognized over 3.80 years. The outstanding stock options have a weighted average remaining contractual life of 4.01 years and a total intrinsic value of \$7,950.

Warrants:

Below is a table summarizing the changes in warrants outstanding for the three months ended March 31, 2025:

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

**AmpliTech Group, Inc.**  
**Notes To Condensed Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Stock-based compensation expense related to warrants of \$0 was recorded for the three months ended March 31, 2025 and 2024, respectively. As of March 31, 2025, the remaining unrecognized compensation cost related to non-vested warrants is \$0. The outstanding warrants have a weighted average remaining contractual life of .98 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 were issued on February 20, 2025 and as of March 31, 2025, 30,000 shares of common stock were issued.

Below is a table summarizing the changes in restricted stock units outstanding for the three months ended March 31, 2025:

	<b>Number of RSUs</b>	<b>Weighted Average Exercise Price (\$)</b>
Outstanding at December 31, 2024	2,500	\$ 1.96
Granted	-	-
Vested	(2,500)	\$ 1.96
Forfeited or expired	-	-
Outstanding at March 31, 2025	-	-

Stock-based compensation expense related to restricted stock units of \$7,655 and \$4,871 was recorded for the three months ended March 31, 2025 and 2024, respectively. As of March 31, 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**

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 March 31, 2025, \$890,000 was paid towards this licensing agreement.

On March 26, 2025, the Company entered into an asset purchase agreement with Titan Crest, LLC, a Delaware limited liability company (“Titan”), and its affiliate, to purchase certain assets including intellectual property used in developing, manufacturing, marketing and selling products that use radio frequency technology (“5G ORAN radio products”) (as amended by that certain amendment to asset purchase agreement dated April 15, 2025, the “APA”). The closing of the transactions and the payment of the purchase price contemplated by the 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’ 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 of which the first \$3,500,000 in cash was paid and \$1,500,000 in restricted common stock was issued on April 24, 2025, upon the procurement of the Initial Purchase Order and receipt of assurance of the Subsequent Purchase Orders (the “First Milestone”). 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 First Milestone was achieved. 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 of the 5G ORAN radio products’ technology and intellectual property rights by Titan to the Company. The second milestone is expected to be achieved towards the end of the year.

In addition, under the 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 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**

On April 24, 2025, the Company agreed to issue to Titan Crest, LLC, a Delaware limited liability company, 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 asset purchase agreement was achieved. The shares of common stock are being issued as part of the initial payment for the acquisition of certain assets pursuant to an asset purchase agreement dated March 26, 2025, as amended by that certain amendment to asset purchase agreement dated April 15, 2025 with Titan. Under the APA, subject to and payable in two tranches upon achievement of the milestones set forth in the APA, the Company agreed to pay an aggregate purchase price of \$8,000,000 for the assets. Such purchase price consists of \$4,000,000 in cash, of which \$3,500,000 has been paid as of April 24, 2025 upon achievement of the first milestone and \$4,000,000 in restricted shares of common stock, of which \$1,500,000 shares of common stock equal to 914,635 shares of common stock will be issued as a result of achievement of the first milestone. The second milestone is expected to be achieved towards the end of the year.

In addition, the 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.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

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

### **Business Overview**

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

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

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

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

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

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

Our mission is to patent our proprietary IP and trade secrets that were used in small volume niche markets and expand our capabilities through strategic partnerships, joint ventures, mergers/acquisitions with key industry leaders in the 5G/6G, quantum computing, and cybersecurity markets. We believe this will enable us to scale up our products and revenue by developing full systems and subsystems with our unique technology as a core component, which we expect will position us as a global leader in these rapidly emerging technology sectors and addresses large volume markets as well, such as 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. As of March 31, 2025, the remaining balance of digital assets was \$0.

## **Recent Developments**

### *ATM Offering*

On March 21, 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 million from time to time through Maxim, acting as our exclusive sales agent, in an "At-the-Market Offering" at our discretion.

### *Asset Purchase Agreement*

On March 26, 2025, the Company entered into an asset purchase agreement with Titan Crest, LLC, a Delaware limited liability company ("Titan"), and its affiliate, to purchase certain assets including intellectual property used in developing, manufacturing, marketing and selling products that use radio frequency technology ("5G ORAN radio products") (as amended by that certain amendment to asset purchase agreement dated April 15, 2025, the "APA"). The closing of the transactions and the payment of the purchase price contemplated by the 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 of which the first \$3,500,000 in cash was paid and \$1,500,000 in restricted common stock was issued on April 24, 2025, upon the procurement of the Initial Purchase Order and receipt of assurance of the Subsequent Purchase Orders (the "First Milestone"). 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 First Milestone was achieved. 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 of the 5G ORAN radio products' technology and intellectual property rights by Titan to the Company. The second milestone is expected to be achieved towards the end of the year.

In addition, under the 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 APA contemplates that after the closing, the Company and Titan will enter short-term transition services agreements for up to two of the 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.

### *Revolving Line of Credit*

On March 25, 2025, the Company 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.

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 March 31, 2025, the outstanding balance on the Revolving Line of Credit was \$0.

Among other things, the Loan Agreement contains customary representations and warranties, events of default, negative and affirmative covenants and financial covenants, and certain limitations on dispositions of assets. The Loan Agreement also contains usual and customary events of default (with customary grace periods, as applicable) and provides that, upon the occurrence of an event of default, payment of all amounts payable under the Note may be accelerated at the Bank’s option and/or the Bank’s commitment and obligations will terminate without notice to the Company.

#### *Letter of Intent*

On March 20, 2025, the Company entered into a non-binding letter of intent with a contract manufacturer on behalf of its end user for the purchase of \$78 million of the Company’s Oran radios. If fulfilled, deliveries of the order are expected to start in FY2025 and will substantially increase each year thereafter into 2027. The non-binding letter of intent is subject to the parties entering into a series of definitive purchase orders. No assurance can be given that the Company will enter into any purchase orders for the total amount of \$78 million, however, to date the Company has received \$810,000 in purchase orders.

## 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](http://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 March 31, 2025 and March 31, 2024*

#### *Revenues*

Sales increased from \$2,293,331 for the three months ended March 31, 2024, to \$3,599,099 for the three months ended March 31, 2025, an increase of \$1,305,768 or approximately 56.94%. Sales in the amplifier and related passive microwave components and subsystems division decreased by \$55,331, or 5.32%. 5G sales were approximately \$75,000. Spectrum sales increased by \$1,361,099, or 108.67%, an increase attributable to a rebound in the Asian markets.

#### *Cost of Goods Sold and Gross Profit*

Cost of goods sold increased from \$1,410,701 for the three months ended March 31, 2024, to \$2,411,229 for the three months ended March 31, 2025, an increase of \$1,000,528 or 70.92%. Overall, this increase is directly related to the increase in sales. As a result, gross profit was \$882,630 for the three months ended March 31, 2024, compared to \$1,187,870 for the three months ended March 31, 2025, an increase of \$305,240, or 34.58%. Overall, gross profit as a percentage of sales decreased to 33.00% from 38.49%, representing a shift in the sales mix away from our higher gross margin products, specifically for the Specialty and Spectrum divisions, while maintaining fixed production and overhead costs.

#### *Selling, General and Administrative Expenses*

Selling, general and administrative expenses increased to \$2,338,215 for the three months ended March 31, 2025, from \$2,033,747 for the first three months ended March 31, 2024, an increase of \$304,468 or approximately 14.97%. This increase is primarily due to the increase in trade show expense as the 5G division exhibited at the MWC in Barcelona, an increase in legal expenses and consulting services related to the valuation of our intellectual property.

#### *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 March 31, 2025, and 2024, were \$739,673 and \$276,755, respectively, an increase of \$462,918, or 167.27%, mainly attributable to the completion of 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 \$1,890,018 and \$1,427,872 for the three months ended March 31, 2025, and 2024, respectively.

#### *Other Income (Expenses)*

As a result of the fraudulent digital current transactions noted above, during the three months ended March 31, 2024, the Company recorded an impairment loss of \$3,248,911 related to digital assets.

Due to market fluctuations, the Company recorded a realized gain on investments of \$25,965 for the three months ended March 31, 2024.

The Company recorded interest income, net of \$49,497 and interest expense, net of \$4,343 for the three months ended March 31, 2025, and 2024, respectively.

#### *Net Loss*

The Company reported a net loss of \$1,840,521 and \$4,655,161 for the three months ended March 31, 2025 and 2024, respectively.

## **Cash Flow**

### Operating Activities

The net cash used in operating activities for the three months ended March 31, 2025, was \$2,008,947 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.

The net cash used in operating activities for the three months ended March 31, 2024, was \$1,076,864 resulting primarily from the net loss and operating changes in accounts receivable, inventory, prepaid expenses, accounts payable and accrued expenses customer deposits and operating lease obligations.

### Investing Activities

The net cash used in investing activities for the three months ended March 31, 2025, was \$361,045 for the purchase of equipment.

The net cash used in investing activities for the three months ended March 31, 2024, was \$3,250,486 for the purchase of equipment and investment in digital assets.

### Financing Activities

The net cash used in financing activities for the three months ended March 31, 2025, was \$3,791 resulting primarily from the repayments of financing lease obligations.

The net cash used in financing activities for the three months ended March 31, 2024, was \$21,769, resulting primarily from the repayments of notes payable and financing lease obligations.

As of March 31, 2025, we had cash and cash equivalents of \$16,942,201, working capital of \$24,600,230, and an accumulated deficit of \$22,852,648.

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.

## **Operating Capital and Capital Expenditure Requirements**

As of March 31, 2025, we maintain cash and cash equivalents of \$16,694,201. 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 three month period ended March 31, 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 March 31, 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 March 31, 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 March 31, 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 quarter ended March 31, 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.**

On April 24, 2025, upon achievement of the First Milestone pursuant to the APA, as partial payment for certain assets to be paid in the form of stock, the Company issued Titan 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 First Milestone was achieved. The securities issued and issuable pursuant to the APA have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state, and are being offered and sold in reliance on the exemption from registration under the Securities Act, afforded by Section 4(a)(2) and/or Rule 506 promulgated thereunder. Titan has represented to the Company that is an “accredited investor” (as that term is defined in Rule 501(a) of Regulation D promulgated under Section 4(a)(2) of the Securities Act).

### **Item 3. Defaults Upon Senior Securities.**

None.

### **Item 4. Mine Safety Disclosures.**

Not applicable

### **Item 5. Other Information.**

None.

### **Item 6. Exhibits.**

(a) Exhibits

***Exhibit No.***    ***Description***

---

10.1	<u>Form of Director Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on January 21, 2025)</u>
10.2	<u>Equity Distribution Agreement (incorporated by reference to Exhibit 1.1 to the Current Report on Form 8-K filed on March 24, 2025)</u>
10.3	<u>Form of Asset Purchase Agreement (incorporated by reference to Exhibit 10.32 to the Current Report on Form 8-K filed on March 31, 2025)</u>
10.4	<u>Bank Loan Agreement (incorporated by reference to Exhibit 10.33 to the Current Report on Form 8-K filed on March 31, 2025)</u>
10.5	<u>Promissory Note (incorporated by reference to Exhibit 10.34 to the Current Report on Form 8-K filed on March 31, 2025)</u>
10.6†*	<u>Form of Amendment to Asset Purchase Agreement</u>
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	Inline XBRL Instance Document
101. SCH	Inline XBRL Taxonomy Extension Schema Document
101. CAL	Inline XBRL Taxonomy Extension Calculation Link base Document
101. DEF	Inline XBRL Taxonomy Extension Definition Link base Document
101. LAB	Inline XBRL Taxonomy Extension Label Link base Document
101. PRE	Inline XBRL Taxonomy Extension Presentation Link base Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\*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: May 15, 2025

By: /s/ Fawad Maqbool

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

Date: May 15, 2025

By: /s/ Louisa Sanfratello

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